

**Quinton Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

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, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2017

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
hmayhew@quintonschool.info

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

October 6, 2017

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, 2017, 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 NJ OMB Treasury Circular Letter 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 forty-six percent of Quinton Township high school students attend Salem High School through a sending/receiving relationship, for which the Quinton School District pays tuition. The remaining fifty-four 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 our 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 paraprofessional/instructional support position and reduce the computer education teacher position to 40%. Two recent teacher retirements, the reduction in the amount of per student tuition by one of the local high schools, and the addition of Title IV funding assisted the District with offsetting funding shortages and the District was able to reinstate the part-time basic skills position, increase the computer teacher position to 50%, and increase the guidance counselor position to 100%.

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, 2017, the District directed its efforts and resources toward the following goals and initiatives:

1. By June 2017, the number of grade 1-8 students identified for Title I mathematics using multiple measures will reflect less than 16% of the total population.

This objective was not attained with 23% 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 2016-17 school year.

This percentage goal was selected based on last year's goal, which did not include PARCC scores.

2. By June 2017, less than 24% of the students in grades 1 through 8 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 reading, writing, and phonics series.

This objective was not attained with 33% 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 2016-17 school year.

3. By June 2017, 100% of the instructional staff will gain a better understanding of the Danielson Domains, specifically Domains 3B and 3C to support the development of creating engaging lessons and utilizing higher-level questioning techniques, which open opportunities for student-to-student discussions, while continuing to hold 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 3B and 3C.

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! and Big Ideas mathematics 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 NJAC 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 complied with applicable laws and regulations.

6. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets, though not applicable, would be approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of the fund balance at year-end.

7. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the 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, 2017, the District's outstanding debt issues included \$1,966,000 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's Circular 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,

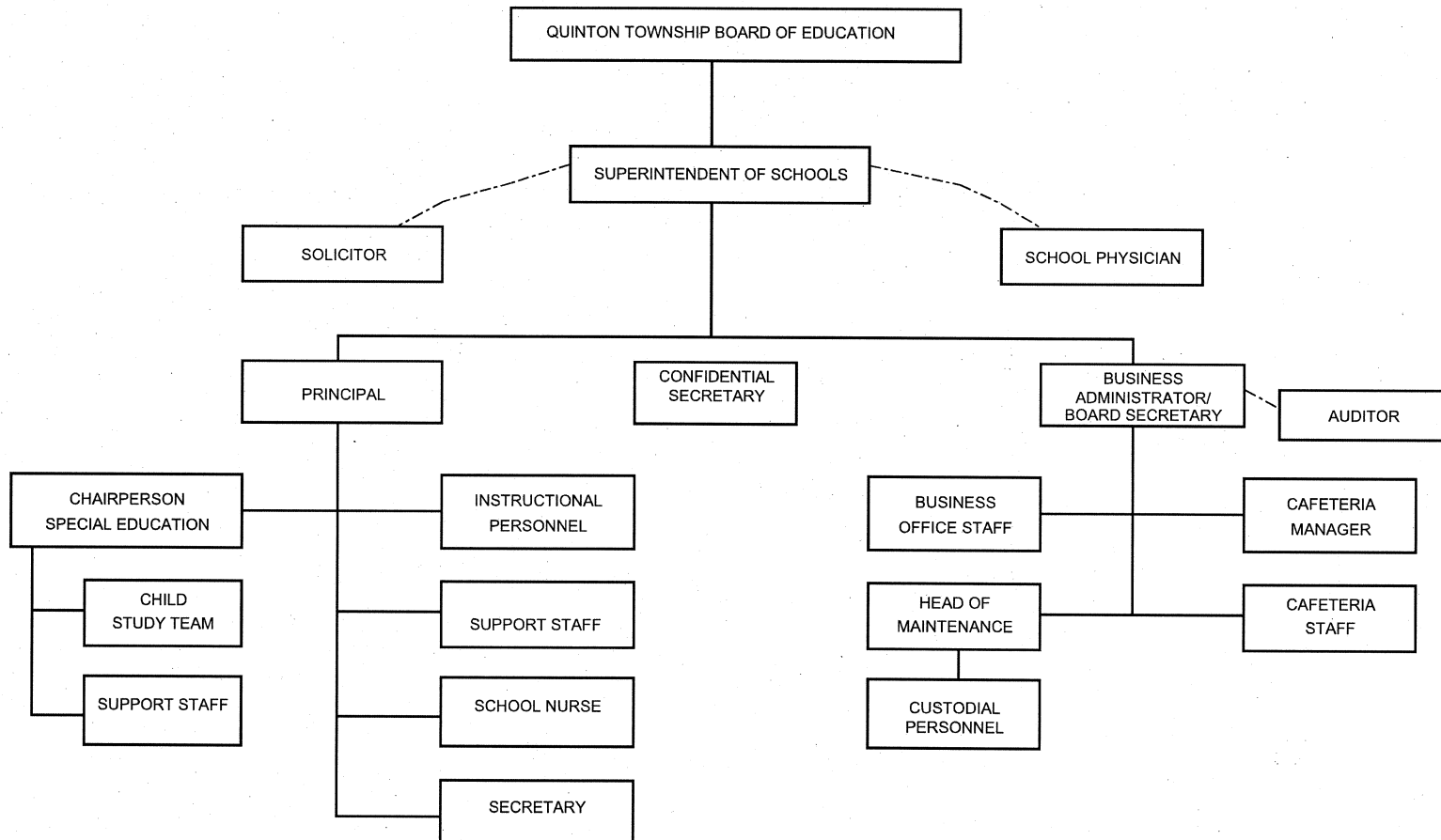
Margaret Delia

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, 2017

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Pam DeWilde, President	2018
Stacey B. Sickler, Vice President	2018
Ernest Davis III	2019
Thomas McKee III	2019
Joanne Nacucchio	2017
Tracy Scull	2017
Michael Sites	2019
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

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

FISCAL AGENT

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

OFFICIAL DEPOSITORIES

Fulton Bank of New Jersey
East Avenue
Woodstown, NJ 08098

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Quinton Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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, 2017, 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 October 6, 2017, 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

October 6, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Quinton Township School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
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, 2017. Comparative financial data between the current year (2016-2017) and the prior year (2015-2016) 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 and Analysis
Fiscal Year Ended June 30, 2017
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 and Analysis
Fiscal Year Ended June 30, 2017
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 and Analysis
Fiscal Year Ended June 30, 2017
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 \$6,396,121 on June 30, 2017. Approximately 1.7% of the total assets are from Business-type Activities, while the balance of the total assets is 98.3%, attributable to Governmental Activities (see Exhibit A-1).

Quinton Township School District's Net Position

	FY 2017		FY 2016		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2017	FY 2016
ASSETS						
Current and other assets	\$ 1,340,283	\$ 52,751	\$ 1,310,832	\$ 57,928	\$ 1,393,034	\$ 1,368,760
Capital assets	4,995,898	7,189	5,381,213	8,431	5,003,087	5,389,644
Total assets	6,336,181	59,940	6,692,045	66,359	6,396,121	6,758,404
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	296,476		163,991		296,476	163,991
LIABILITIES						
Current liabilities			28,765			28,765
Noncurrent liabilities	1,994,845		2,232,473		1,994,845	2,232,473
Net pension liability	1,286,019		999,378		1,286,019	999,378
Total liabilities	3,280,864		3,260,616		3,280,864	3,260,616
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	6,655		99,752		6,655	99,752
NET POSITION						
Invested in capital assets,						
Net of related debt	3,029,898	7,189	3,180,213	8,431	3,037,087	3,188,644
Restricted	1,360,724		1,330,500		1,360,724	1,330,500
Unrestricted	(1,045,484)	52,751	(1,015,045)	57,928	(992,733)	(957,117)
Total net position	\$ 3,345,138	\$ 59,940	\$ 3,495,668	\$ 66,359	\$ 3,405,078	\$ 3,562,027

Quinton Township School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

Financial Analysis of the District as a Whole (Continued)

The District's combined net position was \$3,405,078 on June 30, 2017. This was a decrease of \$156,949.

Table 3 Shows changes in net position for fiscal year 2017.

Changes in Net Position - The District's total revenues are \$7,454,837 for the fiscal period ended June 30, 2017, (see Table 3). Property taxes and state grants and entitlements accounted for 92.2% of the District's revenue, 5.8% is derived from federal and state aid for specific programs, and the remainder, 2% from fees charged for services and miscellaneous resources (see Exhibit A-2).

Table 3

Quinton Township School District's Changes in Net Position

	FY 2017		FY 2016		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2017	FY 2016
REVENUES:						
Program revenues						
Charges for services		\$ 59,529		\$ 64,071	\$ 59,529	\$ 64,071
Federal & state categorical grants	\$ 340,440	99,106	\$ 352,924	116,472	439,546	469,396
General revenues						
Property taxes	2,662,510		2,527,377		2,662,510	2,527,377
Grants and entitlements	4,213,975		4,054,278		4,213,975	4,054,278
Other	79,277		39,524		79,277	39,524
Total revenues	7,296,202	158,635	6,974,103	180,543	7,454,837	7,154,646
EXPENSES:						
Instruction-related	2,254,140		2,356,056		2,254,140	2,356,056
Tuition and student support services	1,987,795		1,705,277		1,987,795	1,705,277
General administration	208,805		213,251		208,805	213,251
School administration	113,085		112,818		113,085	112,818
Central services	156,122		154,717		156,122	154,717
Plant operations & maintenance	872,054		895,351		872,054	895,351
Pupil transportation	367,124		411,077		367,124	411,077
Employee benefits	1,365,447		1,201,392		1,365,447	1,201,392
Interest on debt	85,143		92,612		85,143	92,612
Capital outlay	37,017		87,986		37,017	87,986
Food service		165,054		173,722	165,054	173,722
Total expenses	7,446,732	165,054	7,230,537	173,722	7,611,786	7,404,259
Increase (decrease) in net position	\$ (150,530)	\$ (6,419)	\$ (256,434)	\$ 6,821	\$ (156,949)	\$ (249,613)

Quinton Township School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

Changes in Net Position (Continued) - The District's predominant expenses are related to instruction and student support services, which is approximately 55.7%. Employee benefits made up 17.9% of the District's expenses. Another 6.3% is related to Administrative and Business departments, 4.8% for transportation expenses, and 11.5% is related to Maintenance & Operations. Interest on debt made up 1.1% and food service 2.1% of the overall expenditures. The remaining .6% is capital outlay.

Governmental Activities

Revenues for Governmental Activities (Exhibit B-2) were \$7,296,202, while total expenses amounted to \$7,237,985. This resulted in an increase in net position in Governmental Activities of \$58,217 for FY 2017.

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 expenses exceeded revenues by \$6,419 (Exhibit B-5).
- Charges for services represent \$59,529 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 \$99,106.

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 \$1,340,284 (See Exhibit B-2). Increased state and federal aid amounted to \$141,647. The District's expenditures increased \$164,430, of which \$321,028 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 \$689,104 in fund balance and \$100 budgeted interest on capital reserve. Actual expenditure increases led to an increase of \$58,217 in fund balance (see Exhibit B-2).

Quinton Township School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
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, 2017, amounts to \$5,003,087 (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 2017			FY 2016			Total	
	Governmental	Fiduciary	Business-Type	Governmental	Fiduciary	Business-Type	FY 2017	FY 2016
Land	\$ 8,757			\$ 8,757			\$ 8,757	\$ 8,757
Construction in progress								
Site improvements	17,065			22,100			17,065	22,100
Buildings	4,897,422			5,267,263			4,897,422	5,267,263
Machinery & equipment	72,654		\$ 7,189	83,093	\$ 314	\$ 8,431	79,843	91,838
Total	\$ 4,995,898	None	\$ 7,189	\$ 5,381,213	\$ 314	\$ 8,431	\$ 5,003,087	\$ 5,389,958

Long-Term Debt

At year-end, the District had \$1,994,845 of outstanding debt. Of this amount, \$1,966,000 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 \$28,845 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, 2017

	Governmental Activities	Business-type Activities	Total Governmental Funds FY 2017
ASSETS			
Cash and cash equivalents	\$ 382,492	\$ 44,402	\$ 426,894
Receivables, net	772,894	3,578	776,472
Inventory		4,771	4,771
Restricted assets:			
Cash and cash equivalents	107,614		107,614
Capital reserve account - cash	77,283		77,283
Capital assets:			
Non-depreciable assets	8,757		8,757
Assets net of depreciation	4,987,141	7,189	4,994,330
Total Assets	<u>6,336,181</u>	<u>\$ 59,940</u>	<u>6,396,121</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pension	<u>296,476</u>		<u>296,476</u>
LIABILITIES			
Non-current liabilities:			
Due within one year	249,528		249,528
Due beyond one year	1,745,317		1,745,317
Net pension liability	<u>1,286,019</u>		<u>1,286,019</u>
Total liabilities	<u>3,280,864</u>		<u>3,280,864</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>6,655</u>		<u>6,655</u>
NET POSITION			
Invested in capital assets, net of related debt	3,029,898	\$ 7,189	3,037,087
Restricted for:			
Capital projects	184,897		184,897
Other purposes	1,175,827		1,175,827
Unrestricted	<u>(1,045,484)</u>	52,751	<u>(992,733)</u>
Total net position	<u>\$ 3,345,138</u>	<u>\$ 59,940</u>	<u>\$ 3,405,078</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017

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	\$ 1,718,572			\$ (1,718,572)		\$ (1,718,572)
Special education	479,693		\$ 293,880	(185,813)		(185,813)
Other special education	24,101			(24,101)		(24,101)
Other instruction	31,773			(31,773)		(31,773)
Support services:						
Tuition	1,474,852			(1,474,852)		(1,474,852)
Student & instructional related services	512,943		24,829	(488,114)		(488,114)
General administrative services	208,805			(208,805)		(208,805)
School administrative services	113,085			(113,085)		(113,085)
Central services	156,122			(156,122)		(156,122)
Plant operations & maintenance	872,054			(872,054)		(872,054)
Pupil transportation	367,124			(367,124)		(367,124)
Employee benefits	1,365,447		20,516	(1,344,931)		(1,344,931)
Interest on long-term debt	85,143			(85,143)		(85,143)
Capital outlay	37,017		1,214	(35,803)		(35,803)
Total governmental activities	7,446,731		340,439	(7,106,292)		(7,106,292)
Business-type activities:						
Food service	165,054	\$ 59,529	99,106		\$ (6,419)	(6,419)
Total business-type activities	165,054	59,529	99,106		(6,419)	(6,419)
Total primary government	\$ 7,611,785	\$ 59,529	\$ 439,545	\$ (7,106,292)	\$ (6,419)	\$ (7,112,711)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				\$ 2,440,557		\$ 2,440,557
Taxes levied for debt service				221,953		221,953
Federal and state aid not restricted				4,213,975		4,213,975
Tuition charges				32,944		32,944
Investment earnings				2,100		2,100
Miscellaneous income				44,233		44,233
Total general revenues, special items, extraordinary items, and transfers				6,955,762		6,955,762
Change in net position				(150,530)	\$ (6,419)	(156,949)
Net position - beginning				3,495,668	66,359	3,562,027
Net position - end				\$ 3,345,138	\$ 59,940	\$ 3,405,078

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds			Non-Major Funds	Total Governmental Funds FY 2017
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
ASSETS					
Cash and cash equivalents	\$ 486,577			\$ 107,614	\$ 594,191
Tax levy receivable	610,138		\$ 55,488		665,626
Receivables	64,109	\$ 43,159			107,268
Restricted cash and cash equivalents	77,283				77,283
Total assets	<u>\$1,238,107</u>	<u>\$ 43,159</u>	<u>\$ 55,488</u>	<u>\$ 107,614</u>	<u>\$ 1,444,368</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft		\$ 48,597	\$ 55,488		\$ 104,085
Total liabilities		<u>48,597</u>	<u>55,488</u>		<u>104,085</u>
Fund balances:					
Restricted for:					
Capital reserve account	77,283				77,283
Excess surplus - current year	631,094				631,094
Excess surplus - prior year designated for subsequent year's expenditures	456,952				456,952
Capital projects fund				\$ 107,614	107,614
Assigned to:					
Designated by the BOE for subsequent year's expenditures	87,781				87,781
Unassigned:					
General fund	(15,003)				(15,003)
Special revenue fund		(5,438)			(5,438)
Total fund balances	<u>1,238,107</u>	<u>(5,438)</u>		<u>107,614</u>	<u>1,340,283</u>
Total liabilities and fund balances	<u>\$1,238,107</u>	<u>\$ 43,159</u>	<u>\$ 55,488</u>	<u>\$ 107,614</u>	

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	<u>FY 2017</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 \$9,435,581 and the accumulated depreciation is \$4,439,683 (see Note 6).	4,995,898
Net pension liability adjustment for GASB Statement No. 68 and 71	(996,198)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(1,994,845)
Net position of Governmental Activities	<u>\$ 3,345,138</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds		Non-Major Funds		Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds FY 2017
REVENUES:					
Local tax levy	\$ 2,440,557		\$ 221,953		\$ 2,662,510
Tuition charges	32,944				32,944
Interest earned on investments	1,984				1,984
Interest earned on capital reserve funds	116				116
Miscellaneous	44,233	\$ 19,053			63,286
	<u>2,519,834</u>	<u>19,053</u>	<u>221,953</u>		<u>2,760,840</u>
State sources	4,115,785	55,517	98,190	\$ 1,214	4,270,706
Federal sources		264,655			264,655
	<u>6,635,619</u>	<u>339,225</u>	<u>320,143</u>	<u>1,214</u>	<u>7,296,201</u>
EXPENDITURES:					
Current:					
Regular instruction	1,714,316				1,714,316
Special education instruction	185,813	293,880			479,693
Other special instruction	24,101				24,101
Other instruction	31,773				31,773
Support services & undistributed costs:					
Tuition	1,474,852				1,474,852
Student & instruction related services	484,717	23,696			508,413
General administrative services	208,805				208,805
School administrative services	113,085				113,085
Central services	156,122				156,122
Plant operations and maintenance	495,153				495,153
Pupil transportation	367,124				367,124
Employee benefits	1,286,872	20,516			1,307,388
Debt service:					
Principal			235,000		235,000
Interest and other charges			85,143		85,143
Capital outlay	36,143			874	37,017
	<u>6,578,876</u>	<u>338,092</u>	<u>320,143</u>	<u>874</u>	<u>7,237,985</u>
Excess (deficiency) of revenues over expenditures	<u>56,743</u>	<u>1,133</u>		<u>340</u>	<u>58,216</u>
Other financing sources (uses):					
Transfer to general fund	2		(2)		
	<u>2</u>		<u>(2)</u>		
Total other financing sources (uses)	2		(2)		
Net change in fund balances	56,745	1,133	(2)	340	58,216
Fund balance - July 1	1,181,362	(6,571)	2	107,274	1,282,067
Fund balance - June 30	<u>\$ 1,238,107</u>	<u>\$ (5,438)</u>		<u>\$ 107,614</u>	<u>\$ 1,340,283</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2017

Total net change in fund balances - Governmental Funds (from B-2)	\$ 58,216
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	(385,316)
<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	235,000
<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>	
	(61,059)
<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>	
	2,629
Change in net position of Governmental Activities	\$ (150,530)

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Food Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 44,402
Accounts receivable	3,578
Inventories	4,771
Total current assets	52,751
Noncurrent assets:	
Furniture, machinery & equipment	83,140
Less: accumulated depreciation	(75,951)
Total non-current assets	7,189
Total assets	\$ 59,940
NET POSITION	
Invested in capital assets net of related debt	\$ 7,189
Unrestricted	52,751
Total net position	\$ 59,940

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2017

	Business-type Activities - Food Service Fund
OPERATING REVENUES:	
Local sources:	
Daily sales - reimbursable programs:	\$ 43,440
Daily sales - non-reimbursable programs	16,089
	59,529
OPERATING EXPENSES:	
Salaries	49,318
Employee benefits	3,773
Purchased professional technical services	8,095
Other purchased services (400-500 series)	67
Supplies and materials	9,914
Cost of sales - reimbursable	82,177
Cost of sales - non-reimbursable	10,468
Depreciation	1,242
	165,054
Total operating expenses	165,054
Operating income (loss)	(105,525)
NON-OPERATING REVENUES:	
State sources:	
National school lunch program - state	1,490
Federal sources:	
National school lunch program	59,489
National school breakfast program	27,510
Food distribution program	10,617
	99,106
Total non-operating revenues (expenses)	99,106
Net income (loss)	(6,419)
Total net position - beginning	66,359
Total net position - ending	\$ 59,940

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

	Business-type Activities - Food Service Fund
Cash flows from operating activities:	
Receipts from customers	\$ 59,529
Payments to suppliers	(98,425)
Payments to employees	(49,318)
Payments for employee benefits	(3,773)
Net cash provided (used) by operating activities	(91,987)
Cash flows from non-capital financing activities:	
Cash received from state, federal & local reimbursements	88,414
Net cash provided by non-capital financing activities	88,414
Net increase in cash and cash equivalents	(3,573)
Cash and cash equivalents - July 1	47,975
Cash and cash equivalents - June 30	\$ 44,402
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (105,525)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	1,242
Food distribution program	10,617
Change in assets and liabilities: (Increase) decrease in inventory	1,679
	\$ (91,987)

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Technology Trust	Unemployment Compensation Trust	Agency Funds	FY 2017
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 15,629	\$ 18,128	\$ 4,285	\$ 38,042
Total assets	<u>\$ 15,629</u>	<u>\$ 18,128</u>	<u>\$ 4,285</u>	<u>38,042</u>
LIABILITIES				
Current liabilities:				
Due to student groups			\$ 4,285	4,285
Total current liabilities			<u>\$ 4,285</u>	<u>4,285</u>
NET POSITION				
Held in trust for:				
Unemployment claims		\$ 18,128		18,128
Technology expenditures	\$ 15,629			15,629
Total net position	<u>\$ 15,629</u>	<u>\$ 18,128</u>		<u>\$ 33,757</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Trust Funds		FY 2017
	Technology Trust	Unemployment Compensation Trust	
ADDITIONS:			
Contributions:			
Plan members		\$ 5,287	\$ 5,287
Others	\$ 5,221		5,221
Total contributions	5,221	5,287	10,508
Investment earnings:			
Interest	20	21	41
Total investment earnings	20	21	41
Total additions	5,241	5,308	10,549
DEDUCTIONS:			
Salaries	1,500		1,500
General supplies	820		820
Unemployment claims		403	403
Depreciation	314		314
Total deductions	2,634	403	3,037
Change in net position	2,607	4,905	7,512
Net position - July 1	13,022	13,223	26,245
Net position - June 30	\$ 15,629	\$ 18,128	\$ 33,757

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017, consisted of the following:

Food	\$ 3,031
Commodities	1,740
	<u>\$ 4,771</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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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. 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 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 November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Recent Accounting Pronouncements Not Yet Effective (Continued)

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

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, 2017 and 2016, was \$649,833 and \$1,049,599. As of June 30, 2017 and 2016, \$0 of the District's bank balance of \$771,137 and \$1,211,814, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2017 and 2016, the District did not have any investments.

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

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

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

NOTE 4: RECEIVABLES

Receivables at June 30, 2017, (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	\$ 62,942	\$ 59
Township of Quinton	665,626	
Other LEA's	1,168	
Other	500	
Federal aid	42,658	3,519
	<u>\$ 772,894</u>	<u>\$ 3,578</u>

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2016	\$ 77,167
Interest earnings	116
Deposits	<u>0</u>
Ending balance, June 30, 2017	<u><u>\$ 77,283</u></u>

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2017.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6: CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 8,757			\$ 8,757
Total capital assets not being depreciated	<u>8,757</u>			<u>8,757</u>
Site improvements	195,983			195,983
Building & building improvements	8,518,219			8,518,219
Machinery & equipment	<u>712,622</u>			<u>712,622</u>
Totals at historical cost	<u>9,426,824</u>			<u>9,426,824</u>
Less: accumulated depreciation				
Site improvements	(173,883)	\$ (5,035)		(178,918)
Building & building improvements	(3,250,955)	(369,842)		(3,620,797)
Machinery & equipment	<u>(629,529)</u>	<u>(10,439)</u>		<u>(639,968)</u>
Total accumulated depreciation	<u>(4,054,367)</u>	<u>(385,316)</u>		<u>(4,439,683)</u>
Governmental activities capital assets, net	<u>\$ 5,381,214</u>	<u>\$ (385,316)</u>		<u>\$ 4,995,898</u>
Business-type activities:				
Machinery & equipment	\$ 83,140			\$ 83,140
Less: accumulated depreciation	<u>(74,709)</u>	<u>\$ (1,242)</u>		<u>(75,951)</u>
Business-type capital assets, net	<u>\$ 8,431</u>	<u>\$ (1,242)</u>		<u>\$ 7,189</u>
Fiduciary-type activities:				
Machinery & equipment	\$ 10,394			\$ 10,394
Less: accumulated depreciation	<u>(10,080)</u>	<u>\$ (314)</u>		<u>(10,394)</u>
	<u>\$ 314</u>	<u>\$ (314)</u>	<u>None</u>	<u>None</u>

Depreciation was charged to the following governmental programs:

Instruction	\$ 8,414
Operation and maintenance	<u>376,902</u>
Total	<u>\$ 385,316</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.

Permanently funded debt as of June 30, 2017, 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 at 4.125%. The remaining balance at June 30, 2017, was \$610,000.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

\$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, 2017, was \$1,356,000.

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2017, are as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Compensated absences	\$ 31,473	\$ 4,257	\$ 6,885	\$ 28,845	\$ 8,528
Bonds payable	2,201,000		235,000	1,966,000	241,000
	<u>\$ 2,232,473</u>	<u>\$ 4,257</u>	<u>\$ 241,885</u>	<u>\$ 1,994,845</u>	<u>\$ 249,528</u>

Bonds Payable

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

Year Ended June 30,	Principal	Interest	Total
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	105,000	38,800	143,800
2023-2027	605,000	126,600	731,600
2028-2029	260,000	15,600	275,600
	<u>\$ 1,966,000</u>	<u>\$ 432,837</u>	<u>\$ 2,398,837</u>

Bonds Authorized But Not Issued

As of June 30, 2017, the Board has \$0 of bonds authorized but not issued.

Other

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

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

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

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Other (Continued)

For the year ended June 30, 2017, 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 New Jersey legislation. TPAF and PERS provide for employee contributions of 7.2% 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8: PENSION FUNDS (CONTINUED)

The District's contributions to PERS for the years ending June 30, 2017, 2016, and 2015, were \$38,575, \$38,275, and \$41,525, respectively, equal to the required contributions for each year. The School District's share of TPAF for the years ending June 30, 2017, 2016, and 2015, were \$435,266, \$371,643, and \$339,856, 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, 2017, 2016, and 2015: \$163,397, \$164,978, and \$159,761 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, 2017, 2016, and 2015, were \$2,920,329, \$2,973,581, and \$2,854,649, covered payroll was \$2,247,358, \$2,222,562 and \$2,169,475 for TPAF and \$301,111, \$317,262, and \$294,178 for PERS.

For the year ended June 30, 2017, the District recognized pension expense of \$99,634. At June 30, 2017, 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	\$ 239,036	
Net difference between expected and actual experience	18,865	
Net difference between projected and actual earnings on pension plan investments	67,105	
Changes in proportion and differences between District contributions and proportionate share of contributions		\$ 73,759
District contributions subsequent to the measurement date	38,575	
	\$ 363,581	\$ 73,759

\$38,575, 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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, 2017**

NOTE 8: PENSION FUNDS (CONTINUED)

Year Ended June 30,	Amount
2018	\$ 53,948
2019	53,948
2020	67,999
2021	55,101
2022	20,251
Thereafter	0
	<u>\$ 251,247</u>

Additional information – Collective balances at June 30, 2016 and 2015, are as follows:

	June 30, 2016	June 30, 2015
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	<u>29,617,131,759</u>	<u>22,447,996,119</u>
District's proportion	0.0043421455%	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, 2017, 2016, and 2015, were \$3,826, \$7,308, and \$4,030 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, 2017**

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, is \$28,845. The liability for compensated absences in the Food Service Fund at June 30, 2017, is \$0.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, 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 it intended to qualify as Internal Revenue Code Section 105 medical reimbursement plan. The maximum amount, which a participant may make as contributions, shall be \$1,500 for medical care expenses and \$5,000 for dependent childcare expenses.

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2017, 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, 2017**

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>
2016-2017	\$ 21	\$ 5,287		\$ 403	\$ 18,128
2015-2016	14	5,496			13,223
2014-2015	6	5,124		3,210	7,713

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, 2017, amounted to \$6,861. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2018	\$ 6,861
2019	2,859
	<u>\$ 9,720</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 order requires committed, assigned, and then unassigned to be used/spent first when expenditures are made.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

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, 2017.

Restricted Fund Balance:

Capital Reserve Account - Of the \$77,283 balance in the capital reserve account at June 30, 2017, \$0 has been designated for utilization in the 2017-2018 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, 2017, 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, 2017, excess surplus created in FY 2016 of \$456,952 will be utilized for expenditures in the 2017-2018 budget, while excess surplus created in FY 2017 of \$631,094 is restricted and will be utilized for budget expenditures in 2018-2019.

Debt Service Fund - At June 30, 2019, there was \$0 fund balance.

Committed Fund Balance - The District had no fund balance at June 30, 2017.

Assigned Fund Balance - At June 30, 2017, the Board has assigned \$87,781 of General Fund balance to expenditures in the 2017-2018 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, 2017, the District has a deficit of (\$15,003) of unassigned fund balance in the General Fund. The District also has a deficit of (\$5,438) 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, 2017, is \$1,088,046.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$15,003 (Exhibit B-1) in the General Fund and \$5,438 in the Special Revenue Fund as of June 30, 2017, 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

There were no interfund balances remaining on the balance sheet at June 30, 2017.

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, 2017, the investment in SREC's was \$0. All SREC's available as of June 30, 2017, were sold by year-end and the amount was recorded as a receivable for \$0.

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 2016-2017 governmental operations, excluding capital projects, while local tax levy accounted for approximately 36%.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 22: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Quinton did not have any tax abatements for the year ended December 31, 2016.

NOTE 23: 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 24: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and October 6, 2017, 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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,440,557		\$ 2,440,557	\$ 2,440,557	
Tuition from LEA's				32,944	\$ 32,944
Interest on investments	2,000		2,000	1,984	(16)
Interest on capital reserve funds	150		150	116	(34)
Miscellaneous				44,233	44,233
Total - local sources	2,442,707		2,442,707	2,519,834	77,127
State sources:					
Equalization aid	2,632,989		2,632,989	2,632,989	
Transportation aid	196,117		196,117	196,117	
Special education aid	207,275		207,275	207,275	
Security aid	78,139		78,139	78,139	
School choice	221,060		221,060	221,060	
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	
Professional learning community aid	3,700		3,700	3,700	
Extraordinary aid				49,205	49,205
Other state aid - nonpublic transportation				1,740	1,740
TPAF post-retirement medical (on-behalf non-budgeted)				197,636	197,636
TPAF - long term disability insurance (on-behalf non-budgeted)				436	436
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				237,194	237,194
Reimbursed TPAF social security contributions (non-budgeted)				163,397	163,397
Total - state sources	3,462,092		3,462,092	4,111,700	649,608
Total revenues	\$ 5,904,799	None	\$ 5,904,799	\$ 6,631,534	\$ 726,735

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 103,657		\$ 103,657	\$ 102,506	\$ 1,151
Kindergarten	159,437	\$ (1,395)	158,042	156,176	1,866
Grades 1-5	871,373	(34,230)	837,143	828,205	8,938
Grades 6-8	421,285	(17,000)	404,285	402,325	1,960
Regular programs - home instruction:					
Salaries of teachers	1,500	(60)	1,440	900	540
Purchased professional - education services	1,500	1,800	3,300	3,300	
Regular programs - undistributed instruction:					
Other salaries for instruction	37,577	10,938	48,515	45,790	2,725
Purchased professional - education services	37,720		37,720	36,720	1,000
Purchased technical services	565		565	215	350
Other purchased services (400-500 series)	50,865	20,022	70,887	64,829	6,058
General supplies	49,445	18,635	68,080	67,808	272
Textbooks	2,500	(782)	1,718		1,718
Miscellaneous expenditures	5,000	542	5,542	5,542	
Total regular programs	1,742,424	(1,530)	1,740,894	1,714,316	26,578
Resource room:					
Salaries of teachers	139,559	33,332	172,891	171,648	1,243
Other salaries for instruction	5,099	8,659	13,758	13,757	
General supplies	832		832	408	424
Total resource room	145,490	41,991	187,481	185,813	1,667
Total special education	145,490	41,991	187,481	185,813	1,667
Basic skills/remedial:					
Salaries of teachers	49,953	(27,041)	22,912	22,704	208
Other salaries for instruction	9,468	(6,650)	2,818	1,213	1,605
General supplies	870		870	184	686
Total basic skills/remedial	60,291	(33,691)	26,600	24,101	2,499
School sponsored co-curricular activities:					
Salaries	33,996		33,996	30,573	3,423
Other purchased services (300-500 series)	200		200		200
Total school sponsored co-curricular activities	34,196		34,196	30,573	3,623

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs - instruction:					
Salaries	2,030		2,030	1,200	830
Total other instructional programs	2,030		2,030	1,200	830
Total other programs	96,517	(33,691)	62,826	55,874	6,952
Total - instruction	1,984,431	6,770	1,991,201	1,956,003	35,197
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	1,192,854		1,192,854	1,123,486	69,368
Tuition to other LEAs within state - special	83,210		83,210	83,210	
Tuition to county special services district/ regional day schools	430,662	(6,451)	424,211	261,705	162,506
Tuition to private schools for the handicapped - within state		6,451	6,451	6,451	
Total undistributed expenditures - instruction	1,706,726		1,706,726	1,474,852	231,874
Attendance and social work services:					
Salaries	14,180		14,180	14,180	
Total attendance and social work services	14,180		14,180	14,180	
Health services:					
Salaries	71,552	(1,539)	70,013	64,170	5,843
Purchased professional - technical services	3,725		3,725	2,955	770
Other purchased services (400-500 series)	850		850		850
Supplies and materials	4,840		4,840	3,673	1,167
Total health services	80,967	(1,539)	79,428	70,798	8,630
Related services:					
Salaries of teachers	60,701		60,701	59,631	1,070
Purchased professional - education services	30,000	7,000	37,000	34,344	2,656
Supplies and materials	100	844	944	931	13
Total related services	90,801	7,844	98,645	94,906	3,739
Extraordinary services:					
Salaries other instructional staff	47,474	(16,144)	31,330	18,422	12,908
Purchased professional - education services	123,396		123,396	123,396	
Total extraordinary services	170,870	(16,144)	154,726	141,818	12,908
Guidance services:					
Salaries of other professional staff	50,069	1,539	51,608	51,607	1
Supplies and materials	5,400		5,400	4,668	732
Total guidance services	55,469	1,539	57,008	56,275	733

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study team:					
Salaries of other professional staff	71,073		71,073	70,483	590
Purchased professional - education services	14,240	(2,175)	12,065	4,685	7,380
Other purchased professional - technical services	2,500	2,475	4,975	4,975	
Supplies and materials	1,650	(300)	1,350	1,293	57
Miscellaneous expenditures	200		200	50	150
Total child study team	89,663		89,663	81,486	8,177
Improvement of instruction services:					
Salaries of other professional staff	5,000		5,000	3,060	1,940
Total improvement of instruction services	5,000		5,000	3,060	1,940
Educational media services/school library:					
Salaries	23,266	(500)	22,766	10,980	11,786
Other purchased services (400-500 series)	2,750		2,750	1,869	881
Supplies and materials	1,550	500	2,050	1,858	192
Total educational media services/school library	27,566		27,566	14,707	12,859
Instructional staff training:					
Purchased professional - education services	6,100		6,100	4,720	1,380
Other purchased services (400-500 series)	6,000		6,000	2,767	3,233
Total instructional staff training	12,100		12,100	7,487	4,613
Support services general administration:					
Salaries	151,913		151,913	151,588	325
Legal services	3,000	2,500	5,500	4,506	994
Audit fees	12,500		12,500	12,325	175
Architectural/engineering services					
Other professional services	33,020	(2,500)	30,520	4,588	25,932
Communications/telephone	16,400		16,400	12,326	4,074
BOE other purchased services	500		500		500
Other purchased services (400-500 series)	15,600		15,600	10,395	5,205
Supplies and materials	2,500	(183)	2,317	2,146	171
BOE in house training/meeting supplies	1,000	183	1,183	1,182	1
Judgments against the school district	2,500		2,500	2,500	
Miscellaneous expenditures	4,200		4,200	3,719	481
BOE membership dues and fees	4,000		4,000	3,530	470
Total support services general administration	247,133		247,133	208,805	38,328

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration:					
Salaries of principals/assistant principals	93,110		93,110	92,652	458
Salaries of secretarial and clerical assistants	16,595	108	16,703	16,703	
Other purchased services (400-500 series)	1,500	(108)	1,392	891	501
Supplies and materials	3,500		3,500	1,958	1,542
Miscellaneous expenditures	1,350		1,350	881	469
Total support services school administration	116,055		116,055	113,085	2,970
Central services:					
Salaries	131,752		131,752	131,702	50
Purchased technical services	20,800		20,800	19,668	1,132
Miscellaneous purchased services (400-500 series)	2,000		2,000	879	1,121
Supplies and materials	5,000		5,000	2,778	2,222
Miscellaneous expenditures	1,200		1,200	1,095	105
Total central services	160,752		160,752	156,122	4,630
Required maintenance for school facilities:					
Cleaning, repair, and maintenance services	42,450	13,235	55,685	54,562	1,123
Supplies and materials	2,500	(1,000)	1,500	46	1,454
Total required maintenance for school facilities	44,950	12,235	57,185	54,608	2,577
Other operation & maintenance of plant services:					
Salaries	182,106	(8,470)	173,636	172,197	1,439
Purchased professional and technical services	4,700		4,700	3,146	1,554
Cleaning, repair, and maintenance services	56,650	10,000	66,650	61,620	5,030
Insurance	37,500		37,500	36,202	1,298
Miscellaneous purchased services (400-500 series)	450	(95)	355	185	170
General supplies	25,200	7,900	33,100	33,083	17
Energy (electricity)	90,000	152	90,152	90,152	
Energy (oil)	70,000	(20,377)	49,623	32,259	17,364
Total other operation & maintenance of plant services	466,606	(10,890)	455,716	428,844	26,872
Security:					
Salaries	11,516	185	11,701	11,701	
Total security	11,516	185	11,701	11,701	
Total operation & maintenance of plant services	523,072	1,530	524,602	495,153	29,449

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	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	254,000		254,000	186,001	67,999
Contracted services (other than between home and school) - vendors	3,000		3,000	1,820	1,180
Contracted services (regular students) - ESC & CTSA	80,000		80,000	75,769	4,231
Contracted services (special education students) - ESC & CTSA	193,000		193,000	87,489	105,511
Aid in lieu - nonpublic	7,072	2,205	9,277	9,277	
Aid in lieu - choice	7,072	(2,205)	4,867	1,768	3,099
Total student transportation services	549,144		549,144	367,124	182,020
Unallocated benefits:					
Social security contributions	50,000		50,000	38,839	11,161
Other retirement contributions - regular	56,000		56,000	44,156	11,844
Unemployment compensation	2,000		2,000	165	1,835
Workers' compensation	32,000		32,000	31,376	624
Health benefits	556,681		556,681	555,433	1,248
Tuition reimbursement	12,000		12,000	9,975	2,025
Other employee benefits	15,000		15,000	8,265	6,735
Total unallocated benefits	723,681		723,681	688,209	35,472
TPAF post-retirement medical (on-behalf non-budgeted)				197,636	(197,636)
TPAF - long term disability insurance (on-behalf non-budgeted)				436	(436)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				237,194	(237,194)
Reimbursed TPAF social security contributions (non-budgeted)				163,397	(163,397)
Total non-budgeted				598,663	(598,663)
Total undistributed expenditures	4,573,179	(6,770)	4,566,409	4,586,730	(20,321)
Total expenditures - current expense	6,557,610		6,557,610	6,542,733	14,876
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	36,143		36,143	36,143	
Total capital outlay	36,143		36,143	36,143	
Total expenditures	\$ 6,593,753		\$ 6,593,753	\$ 6,578,876	\$ 14,876
Other financing sources (uses):					
Transfer from debt service				\$ 2	
Total other financing sources (uses)				\$ 2	

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	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	\$ (688,954)		\$ (688,954)	\$ 52,660	\$ 741,611
Net changes in fund balance	(688,954)		(688,954)	52,660	741,611
Fund balances - July 1	1,501,395		1,501,395	1,501,395	
Fund balances - June 30	\$ 812,441	None	\$ 812,441	\$ 1,554,055	\$ 741,611
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 77,283	
Excess surplus - designated for subsequent year's expenditures				456,952	
Excess surplus - current year				631,094	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				87,781	
Unassigned Fund Balance				300,945	
				1,554,055	
Reconciliation to Governmental Fund Statements (GAAP):					
June state aid payments not recognized on GAAP Basis				(315,948)	
Fund balance per Governmental Funds (GAAP)				\$ 1,238,107	

QUINTON TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 268,741	\$ (4,086)	\$ 264,655	\$ 264,655	
State sources	54,384		54,384	54,384	
Local sources	17,053	2,000	19,053	19,053	
Total revenues	\$ 340,178	\$ (2,086)	\$ 338,092	\$ 338,092	
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 131,088	\$ (5,973)	\$ 125,115	\$ 125,115	
Other salaries for instruction	62,049		62,049	62,049	
Purchased professional and technical services	1,800	(1,000)	800	800	
Tuition	97,217		97,217	97,217	
General supplies	6,734	1,714	8,448	8,448	
Other objects	600	(349)	251	251	
Total instruction	299,488	(5,608)	293,880	293,880	
Support Services:					
Other salaries	1,000	2,670	3,670	3,670	
Personal services - employee benefits	18,637	1,879	20,516	20,516	
Purchased professional - educational services	10,000		10,000	10,000	
Other purchased services (400-500 series)	5,953	598	6,551	6,551	
Contracted service transportation (between home and school) - vendors	3,000		3,000	3,000	
Contracted service transportation (other than between home and school) - vendors	600	(125)	475	475	
Cost of sales	1,500	(1,500)			
Total support services	40,690	3,522	44,212	44,212	
Total expenditures	\$ 340,178	\$ (2,086)	\$ 338,092	\$ 338,092	

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, 2017

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

	General Fund C-1	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 6,631,534	[C-2] \$ 338,092
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	320,033	6,571
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(315,948)	(5,438)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 6,635,619	[B-2] \$ 339,225
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 6,578,876	\$ 338,092
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 6,578,876	[B-2] \$ 338,092

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 Four Fiscal Years

	Fiscal Year Ended			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0043421455%	0.0044519698%	0.0050370847%	0.0050840131%
District's proportionate share of the net pension liability (asset)	\$ 999,378	\$ 999,378	\$ 943,080	\$ 971,656
District's covered-employee payroll	317,262	294,178	313,974	348,348
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	315.00%	339.72%	300.37%	278.93%
Plan fiduciary net position as a percentage of the total pension liability	40.13%	47.92%	52.08%	48.72%
Measurement date	06/30/16	06/30/15	06/30/14	06/30/13

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

	Fiscal Year Ended			
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 38,575	\$ 38,275	\$ 41,525	\$ 38,307
Contributions in relation to the contractually required contribution	<u>38,275</u>	<u>38,275</u>	<u>41,525</u>	<u>38,307</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 317,262	\$ 294,178	\$ 313,974	\$ 348,348
Contributions as a percentage of covered-employee payroll	12.16%	13.01%	13.23%	11.00%
Measurement date	06/30/16	06/30/15	06/30/14	06/30/13

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

	Fiscal Year Ended			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0211885168%	0.0242945076%	0.0219285515%	0.0219285515%
District's proportionate share of the net pension liability (asset)	\$ 16,668,236	\$ 15,355,166	\$ 11,720,097	\$ 11,285,602
District's covered-employee payroll	2,222,562	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	749.96%	707.78%	588.56%	484.48%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%
Measurement date	06/30/16	06/30/15	06/30/14	06/30/13

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, 2017**

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, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.65%

Pre-Retirement mortality rates were based on the RP-2000 Employee Pre-Retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2017

	Total Brought Forward Ex. E-1a	IDEA Basic	Title I Part A	(See E-2) Preschool Education	Totals	
					FY 2017	FY 2016
REVENUES:						
Federal sources	\$ 59,548	\$ 94,833	\$ 110,274		\$ 264,655	\$ 275,535
State sources				\$ 54,384	54,384	65,714
Local sources	19,053				19,053	13,487
Total revenues	78,601	94,833	110,274	54,384	338,092	354,736
EXPENDITURES:						
Instruction:						
Salaries of teachers	38,917		31,814	54,384	125,115	139,588
Other salaries for instruction			62,049		62,049	64,993
Purchased professional and technical services	800				800	2,706
Tuition	2,384	94,833			97,217	103,336
General supplies	8,448				8,448	3,899
Other objects	251				251	
Total instruction	50,800	94,833	93,863	54,384	293,880	314,522
Support services:						
Other salaries	3,670				3,670	1,000
Personal services - employee benefits	8,105		12,411		20,516	14,477
Purchased professional - educational services	6,000		4,000		10,000	11,000
Other purchased services (400-500 series)	6,551				6,551	8,414
Contracted service transportation (between home and school) - vendors	3,000				3,000	3,520
Contracted service transportation (other than between home and school) - vendors	475				475	
Cost of sales						1,803
Total support services	27,801		16,411		44,212	40,214
Total expenditures	\$ 78,601	\$ 94,833	\$ 110,274	\$ 54,384	\$ 338,092	\$ 354,736

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	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		\$ 2,384	\$ 18,297	\$ 31,779	\$ 7,088	\$ 59,548
Local sources	\$ 19,053					19,053
Total revenues	19,053	2,384	18,297	31,779	7,088	78,601
EXPENDITURES:						
Instruction:						
Salaries of teachers	4,047		8,900	24,882	1,088	38,917
Purchased professional and technical services	800					800
Tuition		2,384				2,384
General supplies	7,409		1,039			8,448
Other objects			251			251
Total instruction	12,256	2,384	10,190	24,882	1,088	50,800
Support services:						
Other salaries			3,670			3,670
Personal services - employee benefits	246		962	6,897		8,105
Purchased professional - educational services					6,000	6,000
Other purchased services (400-500 series)	6,551					6,551
Contracted service transportation (between home and school) - vendors			3,000			3,000
Contracted service transportation (other than between home and school) - vendors			475			475
Total support services	6,797		8,107	6,897	6,000	27,801
Total expenditures	\$ 19,053	\$ 2,384	\$ 18,297	\$ 31,779	\$ 7,088	\$ 78,601

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Canvas Prints	Safety Grant	Culture Club	Sustainable New Jersey	Go! Grant	Total Carried Forward
REVENUES:						
Local sources	\$ 1,000	\$ 2,453	\$ 10,000	\$ 2,000	\$ 3,600	\$ 19,053
Total revenues	1,000	2,453	10,000	2,000	3,600	19,053
EXPENDITURES:						
Instruction:						
Salaries of teachers	375		2,775	488	409	4,047
Purchased professional and technical services			800			800
General supplies	375		2,365	1,478	3,191	7,409
Total instruction	750		5,940	1,966	3,600	12,256
Support services:						
Personal services - employee benefits			212	34		246
Other purchased services (400-500 series)	250	2,453	3,848			6,551
Total support services	250	2,453	4,060	34		6,797
Total expenditures	\$ 1,000	\$ 2,453	\$ 10,000	\$ 2,000	\$ 3,600	\$ 19,053

QUINTON TOWNSHIP SCHOOL DISTRICT
 Special Revenue Fund
 Preschool Education Aid Schedule of Expenditures -
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	Budgeted	Actual	Variance
Expenditures:			
Instruction:			
Salaries of teachers	\$ 54,384	\$ 54,384	
Total expenditures	\$ 54,384	\$ 54,384	

CALCULATION OF BUDGET AND CARRYOVER

Total revised 2016-2017 Preschool education aid allocation	\$ 54,384
Add: Actual ECPA Carryover (June 30, 2016)	
Add: Budgeted transfer from the General Fund 2016-2017	
Total Preschool Education Aid Funds available for 2016/2017 budget	54,384
Less: 2015-2016 budgeted preschool education aid (including prior year budgeted carryover)	54,384
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2017	
Add: June 30, 2017, unexpended preschool education aid	
2016-2017 Carryover - preschool education aid/preschool	
2016-2017 Preschool education aid carryover budgeted for preschool programs 2016-2017	

CAPITAL PROJECTS FUND

QUINTON TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 June 30, 2017

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriation June 30, 2017
			Prior Years	Current Year	
Install roof-mounted photovoltaic system	12/30/09	\$ 570,734	\$ 462,246	\$ 874	\$ 107,614

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, 2017

Revenues and Other Financing Sources	
State Sources: SDA Grant	\$ 1,214
Total revenues	<u>1,214</u>
OPERATING EXPENSES:	
Construction services	874
Total expenses	<u>874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>340</u>
Fund balance - beginning	<u>107,274</u>
Fund balance - ending	<u><u>\$ 107,614</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, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	\$ 88,515		\$ 88,515	\$ 88,515
State Sources: SDA Grant		\$ 1,214	1,214	1,214
Bond proceeds	481,005		481,005	481,005
	<u>569,520</u>	<u>1,214</u>	<u>570,734</u>	<u>570,734</u>
Expenditures and other financing uses				
Purchased professional and technical services	44		44	88,515
Construction services	462,202	874	463,076	482,220
	<u>462,246</u>	<u>874</u>	<u>463,120</u>	<u>\$ 570,735</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 107,274</u>	<u>\$ 340</u>	<u>\$ 107,614</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, 2017

	Business-type Activities Food Service Fund	
	FY 2017	FY 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 44,402	\$ 47,975
Accounts receivable:		
State	59	52
Federal	3,519	3,451
Inventory	4,771	6,450
Total current assets	<u>52,751</u>	<u>57,928</u>
Noncurrent assets		
Furniture, machinery & equipment	83,140	83,140
Less: accumulated depreciation	(75,951)	(74,709)
Total noncurrent assets	<u>7,189</u>	<u>8,431</u>
Total assets	<u>\$ 59,940</u>	<u>\$ 66,359</u>
Net position		
Invested in capital assets net of related debt	\$ 7,189	\$ 8,431
Unrestricted	52,751	57,928
Total net position	<u>\$ 59,940</u>	<u>\$ 66,359</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, 2017

	Business-type Activities Food Service Fund	
	FY 2017	FY 2016
OPERATING REVENUES:		
Local sources:		
Daily sales - reimbursable programs	\$ 43,440	\$ 43,830
Daily sales - non-reimbursable programs	16,089	20,241
Total operating revenue	<u>59,529</u>	<u>64,071</u>
OPERATING EXPENSES:		
Salaries	49,318	50,316
Employee benefits	3,773	3,849
Purchased professional/technical services	8,095	2,880
Other purchased services (400-500 series)	67	70
Supplies and materials	9,914	6,538
Cost of sales - reimbursable	82,177	100,372
Cost of sales - non-reimbursable	10,468	8,351
Depreciation	1,242	1,346
Total operating expenses	<u>165,054</u>	<u>173,722</u>
Operating income (loss)	<u>(105,525)</u>	<u>(109,651)</u>
NON-OPERATING REVENUES:		
State sources:		
National school lunch program - state	1,490	1,683
Federal sources:		
National school lunch program	59,489	67,929
National school breakfast program	27,510	33,439
Food distribution program	10,617	13,421
Total non-operating revenues (expenses)	<u>99,106</u>	<u>116,472</u>
Income (loss) before operating transfers	<u>(6,419)</u>	<u>6,821</u>
Net income (loss)	(6,419)	6,821
Total net position - July 1	66,359	59,538
Total net position - June 30	<u><u>\$ 59,940</u></u>	<u><u>\$ 66,359</u></u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Business-type Activities Food Service Fund	
	FY 2017	FY 2016
Cash flows from operating activities:		
Receipts from customers	\$ 59,529	\$ 64,071
Payments to suppliers	(98,425)	(105,950)
Payments to employees	(49,318)	(50,316)
Payments for employee benefits	(3,773)	(3,849)
Net cash provided (used) by operating activities	(91,987)	(96,044)
Cash flows from non-capital financing activities:		
Cash received from state, federal, and local reimbursements	88,414	105,013
Net cash provided by non-capital financing activities	88,414	105,013
Net increase in cash and cash equivalents	(3,573)	8,969
Cash and cash equivalents - July 1	47,975	39,006
Cash and cash equivalents - June 30	\$ 44,402	\$ 47,975
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (105,525)	\$ (109,651)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,242	1,346
Food distribution program	10,617	13,421
Change in assets and liabilities:		
(Increase) decrease in inventory	1,679	(1,160)
	\$ (91,987)	\$ (96,044)

FIDUCIARY FUNDS

QUINTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Trust Funds		Agency Funds	Total	
	Technology Trust	Unemployment Compensation Trust	Student Activity	FY 2017	FY 2016
ASSETS					
Cash and cash equivalents	\$ 15,629	\$ 18,128	\$ 4,285	\$ 38,042	\$ 40,367
Capital assets, net					314
Total assets	\$ 15,629	\$ 18,128	\$ 4,285	38,042	40,681
LIABILITIES					
Due to student groups			\$ 4,285	4,285	9,915
Payroll deductions and withholdings					4,512
Interfund payable:					
Due general fund					9
Total liabilities			\$ 4,285	4,285	14,436
NET POSITION					
Invested in capital assets net of related debt					314
Held in trust for:					
Unemployment claims		\$ 18,128		18,128	13,223
Technology expenditures	\$ 15,629			15,629	12,708
Total net position	\$ 15,629	\$ 18,128		\$ 33,757	\$ 26,245

QUINTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Trust Funds		Total	
	Technology Trust	Unemployment Compensation Trust	FY 2017	FY 2016
ADDITIONS:				
Contributions:				
Plan members		\$ 5,287	\$ 5,287	\$ 5,496
Others	\$ 5,221		5,221	5,270
Total contributions	5,221	5,287	10,508	10,766
Investment earnings:				
Interest	20	21	41	27
Total investment earnings	20	21	41	27
Total additions	5,241	5,308	10,549	10,793
DEDUCTIONS:				
Salaries	1,500		1,500	
General supplies	820		820	
Unemployment claims		403	403	
Depreciation	314		314	471
Total deductions	2,634	403	3,037	471
Change in net position	2,607	4,905	7,512	10,322
Net position July 1	13,022	13,223	26,245	15,923
Net position June 30	\$ 15,629	\$ 18,128	\$ 33,757	\$ 26,245

QUINTON TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
ACTIVITIES:				
Quinton School	\$ 9,915	\$ 18,374	\$ 24,004	\$ 4,285

QUINTON TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
ASSETS				
Cash and cash equivalents	\$ 4,521	\$ 3,807,348	\$ 3,811,869	
	<u>\$ 4,521</u>	<u>\$ 3,807,348</u>	<u>\$ 3,811,869</u>	<u>None</u>
LIABILITIES				
Employees' net pay		\$ 1,681,751	\$ 1,681,751	
Payroll deductions and withholdings	\$ 4,512	2,125,490	2,130,002	
Interfund payable	9	107	116	
	<u>\$ 4,521</u>	<u>\$ 3,807,348</u>	<u>\$ 3,811,869</u>	<u>None</u>

LONG-TERM DEBT

QUINTON TOWNSHIP SCHOOL DISTRICT
 Schedule of Serial Bonds
 June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
Refunding Bonds - Series 2007	11/20/07	\$ 1,705,000	03/01/18	\$ 150,000	4.125%	\$ 755,000		\$ 145,000	\$ 610,000
			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	02/15/18	91,000	3.000%	1,446,000		90,000	1,356,000
			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>\$ 2,201,000</u>	<u>None</u>	<u>\$ 235,000</u>	<u>\$ 1,966,000</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 221,953		\$ 221,953	\$ 221,953	
State sources:					
Debt service aid type II	98,190		98,190	98,190	
Total revenues	<u>320,143</u>		<u>320,143</u>	<u>320,143</u>	
EXPENDITURES:					
Regular debt service:					
Interest	85,143		85,143	85,143	
Redemption of principal	235,000		235,000	235,000	
Total regular debt service	<u>320,143</u>		<u>320,143</u>	<u>320,143</u>	
Total expenditures	<u>320,143</u>		<u>320,143</u>	<u>320,143</u>	
Other financing sources (uses)					
Transfers to general fund				<u>(2)</u>	
Excess (deficiency) of revenues & other financing sources over (under) expenditures and other financing uses				<u>(2)</u>	
Fund balance - July 1	2		2	2	
Fund balance - June 30	<u>\$ 2</u>	<u>None</u>	<u>\$ 2</u>	<u>None</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, 2017
 Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 3,029,898
Restricted	698,870	1,059,975	831,202	3,821,716	932,017	894,040	984,602	1,341,533	1,330,500	1,360,724
Unrestricted	130,200	(136,530)	(156,067)	(112,564)	(120,685)	(102,905)	(74,980)	(1,012,414)	(1,015,045)	(1,045,484)
Total governmental activities net position	\$ 1,738,187	\$ 1,855,710	\$ 1,932,137	\$ 4,917,793	\$ 4,698,412	\$ 4,474,538	\$ 4,388,329	\$ 3,752,102	\$ 3,495,668	\$ 3,345,138
Business-type activities:										
Invested in capital assets, net of related debt	\$ 11,037	\$ 11,583	\$ 18,407	\$ 16,551	\$ 14,695	\$ 12,839	\$ 11,227	\$ 9,777	\$ 8,431	\$ 7,189
Restricted				7						
Unrestricted	17,451	23,429	40,750	47,972	48,991	45,231	38,625	49,761	57,928	52,751
Total business-type activities net position	\$ 28,488	\$ 35,012	\$ 59,157	\$ 64,530	\$ 63,686	\$ 58,070	\$ 49,852	\$ 59,538	\$ 66,359	\$ 59,940
District-wide:										
Invested in capital assets, net of related debt	\$ 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	\$ 3,037,087
Restricted	698,870	1,059,975	831,202	3,821,716	932,017	894,040	984,602	1,341,533	1,330,500	1,360,724
Unrestricted	147,651	(113,101)	(115,317)	(64,592)	(71,694)	(57,674)	(36,355)	(962,653)	(957,117)	(992,733)
Total District-wide	\$ 1,766,675	\$ 1,890,722	\$ 1,991,294	\$ 4,982,316	\$ 4,762,098	\$ 4,532,608	\$ 4,438,181	\$ 3,811,640	\$ 3,562,027	\$ 3,405,078

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets/Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2017
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES:										
Governmental activities:										
Instruction										
Regular	\$ 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	\$ 1,718,573
Special education	785,273	572,604	751,713	538,101	378,334	383,088	426,283	392,601	461,616	479,693
Other special education	40,363	45,454	54,923	55,376	57,929	60,951	64,566	78,913	86,077	24,101
Other instruction	15,196	27,630	24,702	21,142	12,105	15,907	19,658	24,509	34,193	31,773
Support services										
Tuition	1,223,725	933,497	839,128	1,002,081	1,444,631	1,277,332	1,316,172	834,407	1,153,824	1,474,852
Student instruction and related services	365,590	406,113	459,975	420,988	427,294	420,987	419,055	516,415	551,453	512,943
General administration	239,005	267,800	227,213	225,433	249,069	220,975	157,218	195,980	213,251	208,805
School administrative services	91,988	95,236	93,270	101,315	105,679	108,290	109,228	109,080	112,818	113,085
Central services	114,184	122,935	121,487	126,528	159,119	134,101	138,704	150,056	154,717	156,122
Administrative information technology	2,849	1,972	6,826	2,407	710	877	1,153	3,945		
Plant operations and maintenance	319,428	318,676	402,756	461,492	485,393	857,647	892,364	936,742	895,351	872,054
Pupil transportation	373,515	402,393	437,155	348,761	358,172	433,606	518,502	406,084	411,077	367,124
Unallocated benefits	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	1,365,447
Interest on long-term debt	75,807	72,950	66,650	62,450	153,286	113,313	106,713	99,813	92,612	85,143
Capital outlay	6,784	3,619	21,049	671	552	2,897	36,143	38,513	87,986	37,017
Unallocated depreciation	91,639	90,271	87,676	99,647	154,450					
Total governmental activities expenses	<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>	<u>7,446,732</u>
Business-type activities										
Food service	146,095	179,696	142,979	149,157	171,360	177,446	192,012	172,595	173,722	165,054
Total business-type activities expense	<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>	<u>165,054</u>
Total District expenses	<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>	<u>\$ 7,611,786</u>
PROGRAM REVENUES:										
Governmental activities										
Charges for services										
Instruction (tuition)	\$ 65,898	\$ 66,059	\$ 65,134	\$ 55,568						
Operating grants and contributions	535,835	329,351	473,862	326,664	\$ 296,606	\$ 290,779	\$ 316,595	\$ 317,662	\$ 352,924	\$ 340,440
Total governmental activities program revenues	<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>	<u>340,440</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets/Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2017
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Food service	66,967	68,573	66,349	63,042	68,856	62,890	65,200	63,026	64,071	59,529
Operating grants and contributions	73,873	114,028	100,775	91,488	101,660	108,940	118,594	119,255	116,472	99,106
Total business-type activities program revenues	140,840	182,601	167,124	154,530	170,516	171,830	183,794	182,281	180,543	158,635
Total District program revenue	<u>\$ 742,573</u>	<u>\$ 578,011</u>	<u>\$ 706,120</u>	<u>\$ 536,762</u>	<u>\$ 467,122</u>	<u>\$ 462,609</u>	<u>\$ 500,389</u>	<u>\$ 499,943</u>	<u>\$ 533,467</u>	<u>\$ 499,075</u>
Net (expense) revenue:										
Governmental activities	\$ (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)	\$ (7,106,292)
Business-type activities	(5,255)	2,905	24,145	5,373	(844)	(5,616)	(8,218)	9,686	6,821	(6,419)
Total District-wide net expense	<u>\$ (5,483,799)</u>	<u>\$ (5,588,025)</u>	<u>\$ (5,739,770)</u>	<u>\$ (5,565,581)</u>	<u>\$ (6,390,991)</u>	<u>\$ (6,545,682)</u>	<u>\$ (6,640,497)</u>	<u>\$ (6,315,270)</u>	<u>\$ (6,870,792)</u>	<u>\$ (7,112,711)</u>
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes levied for government purposes (net)	\$ 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	\$ 2,440,557
Taxes levied for debt service	103,500	101,682	91,493	111,695	239,279	214,935	217,738	220,343	219,768	221,953
Unrestricted grants and contributions	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	4,213,975
Restricted grants			553,381	2,717,885	110,656					
Tuition charges	228,103	179,883	174,561	189,818	75,874	52,580	86,591	69,749	69,963	32,944
Investment earnings	24,919	10,007	9,866	6,754	4,553	2,846	1,620	1,664	2,136	2,100
Miscellaneous income	11,763	2,969	5,947	15,062	27,684	9,193	44,516	5,681	44,724	44,233
Loss on disposal of assets	(1,050)							(529)	(77,299)	
Cost of issuance	(125,214)									
Premiums received on sale of bonds	20,214									
Prior year receivables canceled								(506)		
Total governmental activities	<u>5,546,742</u>	<u>5,708,453</u>	<u>5,840,342</u>	<u>8,556,610</u>	<u>6,170,766</u>	<u>6,316,192</u>	<u>6,546,070</u>	<u>6,622,078</u>	<u>6,621,179</u>	<u>6,955,762</u>
Business-type activities:										
Contributed capital		3,619								
Total business-type activities		<u>3,619</u>								
Total District-wide	<u>\$ 5,546,742</u>	<u>\$ 5,712,072</u>	<u>\$ 5,840,342</u>	<u>\$ 8,556,610</u>	<u>\$ 6,170,766</u>	<u>\$ 6,316,192</u>	<u>\$ 6,546,070</u>	<u>\$ 6,622,078</u>	<u>\$ 6,621,179</u>	<u>\$ 6,955,762</u>
Change in net position:										
Governmental activities	\$ 68,198	\$ 117,523	\$ 76,427	\$ 2,985,656	\$ (219,381)	\$ (223,874)	\$ (86,209)	\$ 297,122	\$ (256,434)	\$ (150,530)
Business-type activities	(5,255)	6,524	24,145	5,373	(844)	(5,616)	(8,218)	9,686	6,821	(6,419)
Total District	<u>\$ 62,943</u>	<u>\$ 124,047</u>	<u>\$ 100,572</u>	<u>\$ 2,991,029</u>	<u>\$ (220,225)</u>	<u>\$ (229,490)</u>	<u>\$ (94,427)</u>	<u>\$ 306,808</u>	<u>\$ (249,613)</u>	<u>\$ (156,949)</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2017
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Restricted				\$ 892,677	\$ 683,272	\$ 615,703	\$ 725,184	\$ 1,084,825	\$ 1,169,298	\$ 1,165,329
Assigned				30,028	10,900	49,633	21,574	97,590	53,926	87,781
Unassigned				(18,584)	(26,304)	(16,759)	(33,704)	(32,554)	(41,862)	(15,003)
Reserved	\$ 751,123	\$ 1,066,495	\$ 719,343							
Unreserved	135,496	(46,430)	(62,104)							
Total general fund	<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>	<u>\$ 1,238,107</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	\$ 107,614
Special revenue fund	(14,157)	(8,806)	(9,101)	(9,101)	(5,208)	(5,078)	(5,665)	(4,759)	(6,571)	(5,438)
Total all other governmental funds	<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>	<u>\$ 102,176</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES:										
Tax Levy	\$ 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	\$ 2,662,510
Tuition charges	228,103	179,883	174,561	189,818	75,874	52,580	86,591	69,749	69,963	32,944
Interest earnings	24,919	10,007	9,866	6,754	4,553	2,846	1,620	1,664	2,136	2,100
Miscellaneous	11,763	2,969	9,723	19,315	31,536	12,833	44,516	9,702	58,211	63,286
State sources	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	4,270,707
Federal sources	229,651	230,667	901,209	226,606	343,239	236,225	260,532	265,149	275,535	264,655
Total revenue	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	7,296,202
EXPENDITURES:										
Instruction:										
Regular	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	1,714,316
Special	743,501	532,468	686,354	484,542	383,509	382,893	430,123	392,601	461,616	479,693
Other	40,168	47,913	54,549	57,701	57,929	60,951	64,566	78,913	86,077	24,101
School sponsored/other instructional	15,196	27,630	24,702	21,142	12,105	15,907	19,658	24,509	34,193	31,773
Undistributed:										
Instruction	1,223,725	933,497	839,128	1,002,081	1,444,631	1,277,332	1,316,172	834,407	1,153,824	1,474,852
Student & instruction related services	356,990	384,073	454,411	413,734	416,885	419,099	418,686	501,059	540,578	508,413
General administration	209,806	222,684	213,883	215,268	239,213	219,645	203,091	195,980	213,251	208,805
School administration	91,988	95,236	93,270	101,315	105,679	108,290	109,228	109,080	112,818	113,085
Central administration	114,184	122,935	121,487	126,528	159,119	134,101	138,704	150,056	154,717	156,122
Administration information technology	2,849	1,972	6,826	2,407	710	877	1,153	3,945		
Operations & maintenance of plant services	339,450	342,203	400,501	457,498	481,399	467,628	496,773	556,729	515,590	495,153
Student transportation	373,515	402,393	437,155	348,761	358,172	433,606	518,502	406,084	411,077	367,124
Unallocated benefits	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	1,307,388
Capital outlay	13,085	3,619	332,259	1,767,910	2,662,712	2,897	36,143	155,801	87,986	37,017
Debt service expenditures										
Principal	115,000	115,000	120,000	125,000	190,000	200,000	210,000	220,000	225,000	235,000
Interest	75,807	72,950	66,650	62,450	153,286	113,313	106,713	99,813	92,612	85,143
Total expenditures	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	7,237,985
Excess deficiency of revenues over (under) expenditures	162,382	138,797	(257,770)	1,213,062	(2,893,554)	(19,161)	52,306	359,492	(22,153)	58,217

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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			
Total other financing sources (uses)				1,821,000			11,583	(506)		
Net change in fund balance	\$ 162,382	\$ 138,797	\$ (257,770)	\$ 3,034,062	\$ (2,893,554)	\$ (19,161)	\$ 63,889	\$ 358,986	\$ (22,153)	\$ 58,217
Debt service as a percentage of noncapital expenditures	3.17%	3.19%	2.99%	3.18%	5.13%	4.73%	4.68%	4.98%	4.55%	4.45%

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	E-Rate	AVA Closeout	Annual Totals
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
2017	1,907	5,054	18,309	18,963		44,233
	<u>\$ 39,008</u>	<u>\$ 52,517</u>	<u>\$ 89,240</u>	<u>\$ 18,963</u>	<u>\$ 12,044</u>	<u>\$ 211,772</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
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	196,976,381	1.334
2017	6,012,500	141,162,500	24,371,300	3,195,000	15,429,900	0	519,000	190,690,200	609,244	191,299,444	188,463,979	1.404

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	
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
2017	1.287	0.117	1.404	0.300	0.020	1.123	2.847

Source: Municipal Tax Collector

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

Taxpayer	2017		2008	
	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	1.39%	2,685,000	1.43%
Taxpayer #1	2,373,600	1.24%	1,996,411	1.07%
Wild Oaks Club			2,111,000	1.13%
Faith Farm Inc.	1,900,400	0.99%		
4 C's Rental	1,696,000	0.89%	1,696,000	0.91%
Ram Golf LLC	1,262,800	0.66%		
Third Garden Ltd Partnership	882,500	0.46%	882,500	0.47%
Taxpayer #2	805,000	0.42%		
Corbett Aggregates Companies LLC	730,800	0.38%		
Taxpayer #3	720,100	0.38%	1,024,400	0.55%
Verizon			626,100	0.33%
Taxpayer #4	695,100	0.36%	771,700	0.41%
Bonaccurco			694,100	0.37%
American Tower Corporation			583,900	0.31%
	<u>13,731,500</u>	<u>7.18%</u>	<u>13,071,111</u>	<u>6.98%</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	
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
2017	2,662,510	1,996,884	75.00%	665,626

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		Activities Capital Leases		
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	1.93%
2017	1,966,000					1,966,000	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			
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
2017	1,966,000		1,966,000	1.03%	805

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, 2016
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Quinton	\$ 2,254,914	100.00%	\$ 2,254,914
Salem County General Obligation Debt	39,534,364	3.89%	1,539,661
Subtotal, overlapping debt			3,794,575
Township of Quinton School District			1,966,000
Total direct and overlapping debt			<u>\$ 5,760,575</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
2016	\$ 185,203,956
2015	194,958,312
2014	192,176,584
	<u>\$ 572,338,852</u>

Average equalized valuation of taxable property	\$ 190,779,617
Debt limit (3% of average equalized value)	5,723,389
Total net debt applicable to limit	<u>1,966,000</u>
Legal debt margin	<u>\$ 3,757,389</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 5,723,389
Total net debt applicable to limit	<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>	<u>1,966,000</u>
Legal debt margin	<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>	<u>\$ 3,757,389</u>
Total net debt applicable to the limit as a percentage of debt limit	38.92%	36.48%	31.55%	58.32%	50.45%	47.63%	45.49%	42.42%	37.97%	34.35%

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
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	113,816,976	44,304	6.90%
2017	2,443	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	2017		2008	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Quinton Township School	60	4.82%		
Hudock's Custard Stand	30	2.41%		
Bobbit Pontiac	25	2.01%		
Quinton Township	20	1.61%		
Smick's Lumber	20	1.61%		
EMS Café	15	1.20%		
Salem Packing	15	1.20%		
Hitchner's Furniture	10	0.80%		
Quinton Diner	10	0.80%		
Bud's Market	5	0.40%		
Marty's Crabs	5	0.40%		
	<u>215</u>	<u>12.44%</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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	31	31	29	27	27	28	28	28	30	29
Special education	5	5	5	5	4	4	4.5	4.5	5	4.5
Other special education	5	5	6	5	2	1	1	1	2	1
Other instruction	3	3	3	3	4	4	3.5	3	3.5	3.5
Support services:										
Student & instruction related services	3	3	3	3	3	3	3.0	3.5	3.5	3.5
General administration	2	2	2	2	2	2	1.5	1.5	1.5	1.5
School administration	2	2	2	2	2	2	2	2	2	2
Business administrative services	2	2	2	2	2	2	2	2	2.5	2.5
Plants operations and maintenance	4	4	4	4	5	5	4.5	4.5	4.5	4.5
Food service	3	3	3	3	3	3	3	3	2	2
Total	<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>	<u>54</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				
2008	338	\$ 5,822,353	\$ 17,226	28.23%	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%
2017	349	6,880,825	19,716	3.19%	33.5	12.5	1:24	342.3	324.4	-3.29%	94.77%

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	338	371	350	353	371	370	344	357	349	342

Number of Schools at June 30, 2017
 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, 2017

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

School Facilities	Gross Square Footage	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Quinton	58,738	\$ 50,496	\$ 22,044	\$ 50,717	\$ 37,413	\$ 45,825	\$ 24,326	\$ 25,475	\$ 126,561	\$ 73,142	\$ 54,608	\$ 510,607

* 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, 2017
Unaudited

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

	Coverage	Deductible	
Article I - Property			
Blanket buildings & contents	\$ 12,841,364	\$ 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

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

Exhibit K-1

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, 2017, 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 October 6, 2017.

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

October 6, 2017

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
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Exhibit K-2

**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, 2017. 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, 2017.

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's Circular 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, 2017, and have issued our report thereon dated October 6, 2017, 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

October 6, 2017

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

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, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2017			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	S010A160030	NCLB428017	\$110,274	07/1/16-	06/30/17			\$ 72,912	\$ (110,274)						\$	110,274
Title I - Part A Improving Basic Programs	84.010A	S010A150030	NCLB428016	112,432	07/1/15-	06/30/16	\$ (54,169)		54,169								112,432
Title II-A Teacher & Principal Training & Recruiting	84.367A	S367A160029	NCLB428017	7,088	07/1/16-	06/30/17			7,088	(7,088)							7,088
Title II-A Teacher & Principal Training & Recruiting	84.367A	S367A150029	NCLB428016	8,028	07/1/15-	06/30/16	(678)		678								8,028
IDEA Part B, Basic Regular	84.027	H027A160100	IDEA428017	94,833	07/1/16-	06/30/17			94,833	(94,833)							94,833
IDEA Preschool	84.173	H173A160114	IDEA428017	2,384	07/1/15-	06/30/16			2,384	(2,384)							2,384
Rural Education Achievement Program	84.358	S358B160030	S358A161442	31,779	07/1/16-	09/30/17			26,482	(31,779)		(5,297)					31,779
Rural Education Achievement Program	84.358	S358B150030	S358A151442	29,356	07/1/15-	09/30/16	(4,893)		4,893								29,356
Passed-through Bridgeton Public Schools																	
Title I - McKinney-Venuto Education for Homeless	84.196	S196A160031	NCLB428017	18,297	07/1/16-	06/30/17			18,297	(18,297)							18,297
Total Special Revenue Fund							(59,740)		281,736	(264,655)		(42,659)					414,471
U.S. Department of Agriculture																	
Passed-through State Department of Education:																	
Enterprise Fund:																	
Food Distribution Program	10.550	N/A	N/A	10,617	07/1/16-	06/30/17			10,617	(8,877)			\$ 1,740				8,877
Food Distribution Program	10.550	N/A	N/A	13,421	07/1/15-	06/30/16	2,962			(2,962)							13,421
National School Lunch Program	10.555	171NJ304N1099	N/A	59,489	07/1/16-	06/30/17			57,197	(59,489)		(2,292)					59,489
National School Lunch Program	10.555	16161NJ304N1099	N/A	67,929	07/1/15-	06/30/16	(2,056)		2,056								67,929
National School Breakfast Program	10.553	171NJ304N1099	N/A	27,510	07/1/16-	06/30/17			26,282	(27,510)		(1,228)					27,510
National School Breakfast Program	10.553	16161NJ304N1099	N/A	33,439	07/1/15-	06/30/16	(1,395)		1,395								33,439
Total Enterprise Fund							(489)		97,547	(98,838)		(3,520)	1,740				210,665
Total Federal Financial Awards							\$ (60,229)		\$ 379,283	\$ (363,493)		\$ (46,179)	\$ 1,740				\$ 625,136

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

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2016			Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Expenditures	June 30, 2017			MEMO	
			From	To	Deferred Revenue (Accts. Rec.)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
State Aid Public:															
Equalization Aid	17-495-034-5120-078	\$ 2,632,989	07/1/16	- 06/30/17			\$ 2,632,989	\$ (2,632,989)					\$ 240,285	\$ 2,632,989	
Special Education Categorical Aid	17-495-034-5120-089	207,275	07/1/16	- 06/30/17			207,275	(207,275)					18,916	207,275	
Security Aid	17-495-034-5120-084	78,139	07/1/16	- 06/30/17			78,139	(78,139)					7,131	78,139	
School Choice Aid	17-495-034-5120-068	221,060	07/1/16	- 06/30/17			221,060	(221,060)					20,174	221,060	
Under Adequacy Aid	17-495-034-5120-096	20,832	07/1/16	- 06/30/17			20,832	(20,832)					1,901	20,832	
Additional Adjustment Aid	17-495-034-5120-085	94,740	07/1/16	- 06/30/17			94,740	(94,740)					8,646	94,740	
PARCC Readiness Aid	17-495-034-5120-098	3,620	07/1/16	- 06/30/17			3,620	(3,620)					330	3,620	
Per Pupil Growth Aid	17-495-034-5120-097	3,620	07/1/16	- 06/30/17			3,620	(3,620)					330	3,620	
Professional Learning Community Aid	17-495-034-5120-101	3,700	07/1/16	- 06/30/17			3,700	(3,700)					338	3,700	
Transportation Aid	17-495-034-5120-014	196,117	07/1/16	- 06/30/17			196,117	(196,117)					17,897	196,117	
Extraordinary Aid	17-100-034-5120-044	49,205	07/1/16	- 06/30/17				(49,205)		\$ (49,205)				49,205	
Extraordinary Aid	16-100-034-5120-044	26,431	07/1/15	- 06/30/16	\$ (26,431)		26,431							26,431	
Reimbursed Nonpublic Transportation Costs	n/a	1,740	07/1/16	- 06/30/17				(1,740)		(1,740)				1,740	
Reimbursed Nonpublic Transportation Costs	n/a	1,740	07/1/15	- 06/30/16	(1,740)		1,740							1,740	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	163,397	07/1/16	- 06/30/17			163,397	(163,397)						163,397	
On-Behalf TPAF Pension Contribution	17-100-034-5094-002	237,194	07/1/16	- 06/30/17			237,194	(237,194)						237,194	
On-Behalf TPAF Post Retirement Contribution	17-100-034-5094-001	197,636	07/1/16	- 06/30/17			197,636	(197,636)						197,636	
On-Behalf TPAF Long Term Disability Insurance	17-100-034-5094-004	436	07/1/16	- 06/30/17			436	(436)						436	
Total General Fund					(28,171)		4,088,926	(4,111,700)		(50,945)			315,948	4,139,871	
Special Revenue Fund:															
Preschool Education Aid	17-495-034-5120-086	54,384	07/1/16	- 06/30/17			54,384	(54,384)					5,438	54,384	
Total Special Revenue Fund							54,384	(54,384)					5,438	54,384	
Capital Projects Fund:															
SDA Grant	4280-050-09-100(X)	2,744,878	09/01/09	- 06/30/12			1,215		\$ (1,215)					2,743,663	
Debt Service Fund:															
Debt Service Aid Type II	17-495-034-5120-075	98,190	07/1/16	- 06/30/17			98,190	(98,190)						98,190	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	17-100-010-3350-023	1,489	07/1/16	- 06/30/17			1,430	(1,489)		(59)				1,489	
National School Lunch Program (State Share)	16-100-010-3350-023	1,683	07/1/15	- 06/30/16	(52)		52							1,683	
Total Enterprise Fund					(52)		1,482	(1,489)		(59)				3,172	
Total State Financial Assistance					\$ (28,223)		\$ 4,244,197	\$ (4,265,763)	\$ (1,215)	\$ (51,004)			\$ 321,386	\$ 7,039,280	
Less: On-Behalf TPAF Pension System Contributions								\$ (435,266)							
Total for State Financial Assistance - Major Program Determination								\$ (3,830,497)							

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

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2017

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, 2017

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,085 for the General Fund and \$1,133 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):

	Federal	State	Total
General Fund		\$ 4,115,785	\$ 4,115,785
Special Revenue Fund	\$ 264,655	55,517	320,172
Debt Service Fund		98,190	98,190
Capital Projects Fund		1,215	1,215
Food Service Fund	97,616	1,490	99,106
Total Financial Assistance	<u>\$ 362,271</u>	<u>\$ 4,272,197</u>	<u>\$ 4,634,468</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, 2017, Quinton Township School District has food commodities totaling \$1,740 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, 2017. 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, 2017.

NOTE 7: ADJUSTMENTS

The amount reported as adjustments on Schedule A is the result of receipt of prior year receivable canceled.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 8: INDIRECT COST RATE

The Quinton Township School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 9: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

QUINTON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 X No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Federal awards

N/A

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

- 495-034-5120-078
- 495-034-5120-089
- 495-034-5120-084
- 495-034-5120-068
- 495-034-5120-096
- 495-034-5120-098

Name of State Program

- State Aid Public:
- Equalization Aid
- Special Education Categorical Aid
- Security Aid
- School Choice
- Under Adequacy Aid
- PARCC Readiness Aid

QUINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State awards (Continued)

<u>GMIS Numbers</u>	<u>Name of State Program</u>
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-101	Professional Learning Community Aid
495-034-5120-014	Transportation Aid

Section I – Summary of Auditor’s Results

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, 2017

No matters were reported.