

**Quinton Township School District  
Board of Education  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

**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, 2020**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

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

**For the Fiscal Year Ended June 30, 2020**

Prepared by:

**Quinton Township School  
Board of Education Administration**

<b>OUTLINE OF CAFR</b>		<b>Page</b>
<b>INTRODUCTORY SECTION</b>		<b>1</b>
Letter of Transmittal		2-6
Organizational Chart		7
Roster of Officials		8
Consultants and Advisors		9
<b>FINANCIAL SECTION</b>		<b>10</b>
<b>Independent Auditor's Report</b>		<b>11-13</b>
<b>Required Supplementary Information - Part I</b>		<b>14</b>
<b>Management's Discussion and Analysis</b>		<b>15-23</b>
<b>Basic Financial Statements</b>		<b>24</b>
A. District-Wide Financial Statements:		25
A-1 Statement of Net Position		26
A-2 Statement of Activities		27
B. Fund Financial Statements:		28
Governmental Funds:		
B-1 Balance Sheet		29-30
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances		31
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		32
Proprietary Funds:		
B-4 Statement of Net Position		33
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position		34
B-6 Statement of Cash Flows		35
Fiduciary Funds:		
B-7 Statement of Fiduciary Net Position		36
B-8 Statement of Changes in Fiduciary Net Position		37
<b>Notes to the Financial Statements</b>		<b>38-65</b>
<b>Required Supplementary Information - Part II</b>		<b>66</b>
C. Budgetary Comparison Schedules:		67
C-1 Budgetary Comparison Schedule - General Fund		68-74
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual <b>(if applicable)</b>		N/A
C-1b Community Development Block Grant - Budget and Actual <b>(if applicable)</b>		N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund		75
<b>Notes to the Required Supplementary Information – Part II</b>		<b>76</b>
C-3 Budget-to-GAAP Reconciliation - Note to RSI		77

	<b>Page</b>
<b>Required Supplementary Information – Part III</b>	<b>78</b>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	79
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability - PERS	80
L-2 Schedule of District Contributions - PERS	81
L-3 Schedule of the District’s Proportionate Share of Net Pension Liability - TPAF	82
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	83
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	84
<b>Notes to the Required Supplementary Information – Part III</b>	<b>85-87</b>
<b>Other Supplementary Information</b>	<b>88</b>
D. School Based Budget Schedules (if applicable):	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	89
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	90-92
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	93
F. Capital Projects Fund:	94
F-1 Summary Schedule of Project Expenditures	95
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	96
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	97
G. Proprietary Funds:	98
Enterprise Fund:	
G-1 Combining Schedule of Net Position	99
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	100
G-3 Combining Schedule of Cash Flows	101

	<b>Page</b>
G. Proprietary Funds: (Continued)	
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	102
H-1 Combining Statement of Fiduciary Net Position	103
H-2 Combining Statement of Changes in Fiduciary Net Position	104
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	105
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	105
I. Long-Term Debt:	106
I-1 Schedule of Serial Bonds	107
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	108
<b>STATISTICAL SECTION (Unaudited)</b>	109
<b>Introduction to the Statistical Section</b>	110
<b>Financial Trends</b>	
J-1 Net Position by Component	111
J-2 Changes in Net Assets/Net Position	112-113
J-3 Fund Balances - Governmental Funds	114
J-4 Changes in Fund Balances - Governmental Funds	115-116
J-5 General Fund Other Local Revenue by Source	117
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	118
J-7 Direct and Overlapping Property Tax Rates	119
J-8 Principal Property Taxpayers	120
J-9 Property Tax Levies and Collections	121
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	122
J-11 Ratios of General Bonded Debt Outstanding	123
J-12 Direct and Overlapping Governmental Activities Debt	124
J-13 Legal Debt Margin Information	125
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	126
J-15 Principal Employers	127
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	128
J-17 Operating Statistics	129
J-18 School Building Information	130
J-19 Schedule of Required Maintenance Expenditures by School Facility	131

	<b>Page</b>
<b>Operating Information (Continued)</b>	
J-20 Insurance Schedule	132
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios/Renaissance School Project Framework, Financial Performance, Fiscal Ratios	N/A
<b>SINGLE AUDIT SECTION</b>	<b>133</b>
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 <i>Government Auditing Standards</i>	134-135
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 <i>Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)</i> , and New Jersey OMB's Circular 15-08	136-138
K-3 Schedule of Expenditures of Federal Awards, Schedule A	139
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	140
K-5 Notes to the Schedules of Awards and Financial Assistance	141-143
K-6 Schedule of Findings and Questioned Costs	144-145
K-7 Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	146

## **INTRODUCTORY SECTION**



# Quinton Township School District

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

---

Karen Mathews  
Business Administrator/Board Secretary  
kmathews@quintonschool.info

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

December 15, 2020

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, 2020, 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 PreK to 8. Approximately 43% 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 57% attend the Salem County Vocational Technical School and the academy programs, 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 the Quinton School District pays tuition.

## **2. ECONOMIC CONDITIONS AND OUTLOOK**

Growth of businesses and employment levels are not expected in Quinton Township. The future outlook for the District finances continues to depend primarily upon the funding provided by the Governor and State Legislature and the funding received from the Quinton Township residents through the tax levy.

## **3. MAJOR INITIATIVES**

The District has continued its commitment toward offering a quality education. For the year ended June 30, 2020, the District directed its efforts and resources toward the following goals and initiatives:

1. By June 2021, 55.6% of the students in grades 1-8 will meet or exceed expectations on the English Language Arts NJSLA - ELA assessment (3-8) and/or other measures of success (grades 1-2) 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.

2. By June 2021, 100% of our students who are in grades K-4 will increase their foundational Fountas and Pinnell Oral Comprehension levels by two levels.

3. By June 2021, 53.5% of the students in grades 1-8 will meet or exceed expectations on the Mathematics NJSLA - Math assessment (3-8) and/or other measures of success (grades 1-2) as a result of implementing the Go Math and Big Ideas Programs, Intervention and Referral Services, Professional Development, and IXL.

4. By June 2021, 80.0% of the students in grades 8 will meet or exceed expectations on the Mathematics NJSLA - Algebra assessment as a result of implementing the Go Math and Big Ideas Programs, Intervention and Referral Services, Professional Development, IXL, Accelerated Mathematics 7 Course, and Algebra I Course.

5. By June 2021, 100% of the staff will participate in professional development in the following Danielson Domains, as identified through data collected throughout the 2020-21 school year: Increase student engagement (3C) of all students by setting instructional outcomes (1C) that are differentiated for students of varied abilities and preparing choice assessments (3D), as necessary, to ensure that all students have met the instructional outcomes. Lesson plans will include formative/summative assessment (1F) specifics aligned with all objectives, which will include the following types as necessary: (3D) factual knowledge, conceptual understanding,

### **3. MAJOR INITIATIVES (CONTINUED)**

reasoning, social interaction (3A), management (2C), and communication (3A). In addition, teachers will create meaningful synchronous and asynchronous engagement that demonstrates knowledge of students, engages families and communities, creates environments of respect and rapport, uses questioning and discussion techniques, and uses assessment for learning.

6. By June 2021, 100% of our students (Grades PreK-8) will participate in our comprehensive guidance program by participating in a targeted lesson to address one or more of the following topics: Social/Emotional Wellness and College and/or Career Preparation.

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 attended many online workshops that addressed a variety of topics. Major professional development initiatives included English Language Arts literacy (Lucy Calkins Reader's and Writer's Workshop), phonics first development with a total school word wall initiative, and instructional strategies for the implementation of the GoMath! and Big Ideas mathematics series, which includes Algebra I. All staff development activities were focused on the school's mission, vision and goals, the pupil performance objectives, and the professional development plans of the certificated staff.

### **4. MAJOR ACHIEVEMENT**

The Quinton Township School District continues to strive for excellence and raise the bar for the staff as well as the students. Data collected with regards to PARCC scores places Quinton Township School near the top of the Demographic Factor A Performance Group and exceeds a high percentage of districts above its Demographic Factor Group. The District is proud of the fact that our Algebra students perform well on the PARCC assessment and are able to enter high school already having passed one of the graduation requirements set forth of the State Board of Education.

Additionally, in 2019, per the requirements of the N.J.A.C. 6A:30, the Quinton Township School District completed the New Jersey Quality Single Accountability Continuum (NJQSAC) review and was designated as "high performing."

### **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.

## **5. INTERNAL ACCOUNTING CONTROLS (CONTINUED)**

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

## **6. BUDGETARY CONTROLS**

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

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

## **7. ACCOUNTING SYSTEM AND REPORTS**

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

## **8. DEBT ADMINISTRATION**

As of June 30, 2020, the District's outstanding debt issues included \$1,220,000 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, workers 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

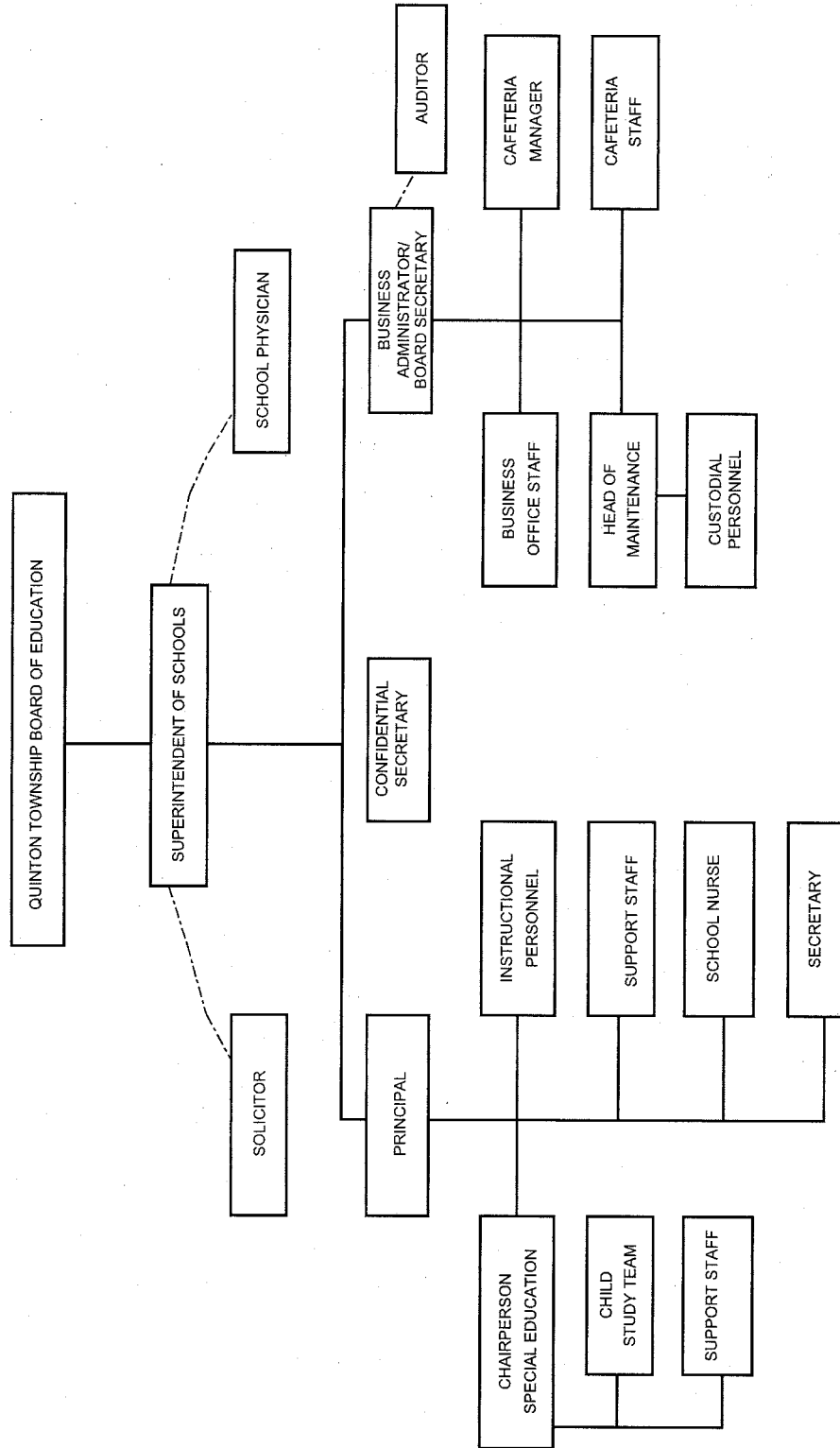
We would like to express our appreciation to the members of the Quinton Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial 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,

Stewart Potter  
Stewart Potter  
Superintendent

Karen Mathews  
Karen Mathews  
Business Administrator/Board Secretary

**QUINTON TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL STRUCTURE**



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2020**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Stacey B. Sickler, President	2021
Amy Keen, Vice President	2021
Thomas R. Boyles	2020
William McDonald	2021
Thomas McKee III	2022
Joanne Nacucchio	2020
Abram Norman	2022
Tracy Scull	2020
Michael Sites	2022
<b><u>OTHER OFFICIALS</u></b>	
Stewart Potter, Superintendent	
Mindy Bacon, Principal	
Karen Mathews, 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

**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, 2020, 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, 2020, 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

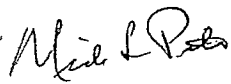
themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal 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 December 15, 2020, 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  
Glassboro, New Jersey

December 15, 2020

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Quinton Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020  
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, 2020. 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, 2020  
Unaudited

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

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

Quinton Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020  
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 - is 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, 2020  
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 \$5,550,218 on June 30, 2020. Approximately .77% of the total assets are from Business-type Activities, while the balance of the total assets is 99.23%, attributable to Governmental Activities (see Exhibit A-1).

Quinton Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020  
Unaudited

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

Quinton Township School District's Net Position						
	FY 2020		FY 2019		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2020	FY 2019
<b>ASSETS</b>						
Current and other assets	\$ 1,557,156	\$ 34,349	\$ 1,538,502	\$ 40,361	\$ 1,591,505	\$ 1,578,863
Capital assets	3,950,134	8,579	4,322,911	9,835	3,958,713	4,332,746
Total assets	<u>5,507,290</u>	<u>\$ 42,928</u>	<u>5,861,413</u>	<u>\$ 50,196</u>	<u>5,550,218</u>	<u>5,911,609</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pension	39,227		52,521		39,227	52,521
<b>LIABILITIES</b>						
Current liabilities	91,769		11,573		91,769	11,573
Noncurrent liabilities	1,236,020		1,493,480		1,236,020	1,493,480
Net pension liability	726,644		877,249		726,644	877,249
Total liabilities	<u>2,054,433</u>		<u>2,382,302</u>		<u>2,054,433</u>	<u>2,382,302</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pension	298,372		224,979		298,372	224,979
	<u>298,372</u>		<u>224,979</u>		<u>298,372</u>	<u>224,979</u>
<b>NET POSITION</b>						
Invested in capital assets,						
Net of related debt	2,730,134	\$ 8,579	2,847,911	\$ 9,835	2,738,713	2,857,746
Restricted	1,484,305		1,533,924		1,484,305	1,533,924
Unrestricted	(1,020,727)	34,349	(1,075,182)	40,361	(986,378)	(1,034,821)
Total net position	<u>\$ 3,193,712</u>	<u>\$ 42,928</u>	<u>\$ 3,306,653</u>	<u>\$ 50,196</u>	<u>\$ 3,236,640</u>	<u>\$ 3,356,849</u>

The District's combined net position was \$3,236,640 on June 30, 2020. This was a decrease of \$120,209.

Table 3 Shows changes in net position for fiscal year 2020.

**Changes in Net Position** - The District's total revenues are \$7,998,642 for the fiscal period ended June 30, 2020, (see Table 3). Property taxes and state grants and entitlements accounted for 93.7% of the District's revenue, 4.8% is derived from federal and state aid for specific programs, and the remainder, 1.5% from fees charged for services and miscellaneous resources (see Exhibit A-2).

Quinton Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020  
Unaudited

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

**Table 3**

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

	FY 2020		FY 2019		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2020	FY 2019
<b>REVENUES:</b>						
Program revenues						
Charges for services		\$ 42,997		\$ 69,227	\$ 42,997	\$ 69,227
Federal & state categorical grants	\$ 293,518	91,916	\$ 324,037	92,279	385,434	416,316
General revenues						
Property taxes	2,742,405		2,694,976		2,742,405	2,694,976
Grants and entitlements	4,755,550		4,936,713		4,755,550	4,936,713
Other	72,256		36,659		72,256	36,659
<b>Total revenues</b>	<b>7,863,729</b>	<b>134,913</b>	<b>7,992,385</b>	<b>161,506</b>	<b>7,998,642</b>	<b>8,153,891</b>
<b>EXPENSES:</b>						
Instruction-related	2,352,361		2,309,979		2,352,361	2,309,979
Tuition and student support services	2,111,759		1,679,334		2,111,759	1,679,334
General administration	203,552		208,353		203,552	208,353
School administration	110,494		111,436		110,494	111,436
Central services	136,875		167,658		136,875	167,658
Plant operations & maintenance	462,744		456,644		462,744	456,644
Pupil transportation	415,828		448,786		415,828	448,786
Employee benefits	1,687,694		2,011,599		1,687,694	2,011,599
Interest on debt	58,481		67,725		58,481	67,725
Capital outlay	36,143		36,143		36,143	36,143
Food service		142,181		174,030	142,181	174,030
Transfer of funds to charter school	8,988				8,988	
Depreciation	391,751		388,320		391,751	388,320
<b>Total expenses</b>	<b>7,976,670</b>	<b>142,181</b>	<b>7,885,977</b>	<b>174,030</b>	<b>8,118,851</b>	<b>8,060,007</b>
<b>Increase (decrease) in net position</b>	<b>\$ (112,941)</b>	<b>\$ (7,268)</b>	<b>\$ 106,408</b>	<b>\$ (12,524)</b>	<b>\$ (120,209)</b>	<b>\$ 93,884</b>

The District's predominant expenses are related to instruction and student support services, which is approximately 55%. Employee benefits made up 20.8% of the District's expenses. Another 5.5% is related to Administrative and Business departments, 5.1% for transportation expenses, and 5.7% is related to Maintenance & Operations. Depreciation accounts for another 4.8% and food service 1.8% of the overall expenditures. The remaining 1.3% is made up of interest on debt, capital outlay and transfer to charter school.

Quinton Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020  
Unaudited

**Governmental Activities**

Revenues for Governmental Activities (Exhibit B-2) were \$7,624,021, while total expenses amounted to \$7,685,563. This resulted in a decrease in net position in Governmental Activities of \$61,542 for FY 2020.

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 expenditures exceeded revenues by \$7,268 (Exhibit B-5).
- Charges for services represent \$42,997 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 \$91,916.

**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 \$1,465,387 (See Exhibit B-2). The district tax levy increased \$47,429. The District's expenditures increased \$317,875, of which \$490,126 is the result of instruction and related services offset by decreases in employee benefits and capital outlay.

**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 \$593,284 in fund balance. Actual revenue and expenditure increases led to a decrease of \$61,542 in fund balance (see Exhibit B-2).

**Capital Assets**

The Quinton Township School District's investment in capital assets for its Governmental, Fiduciary, and Business-type Activities as of June 30, 2020, amounts to \$3,958,713 (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).

Quinton Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020  
Unaudited

**Capital Assets (Continued)**

**Table 4**

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

	FY 2020			FY 2019			Total	
	Governmental	Fiduciary	Business-Type	Governmental	Fiduciary	Business-Type	FY 2020	FY 2019
Land	\$ 8,757			\$ 8,757			\$ 8,757	\$ 8,757
Site improvements	10,543			12,717			10,543	12,717
Buildings	3,787,896			4,157,738			3,787,896	4,157,738
Machinery & equipment	142,938		\$ 8,579	143,699		\$ 5,946	151,517	149,645
Total	\$ 3,950,134	None	\$ 8,579	\$ 4,322,911	None	\$ 5,946	\$ 3,958,713	\$ 4,328,857

**Long-Term Debt**

At year-end, the District had \$1,236,020 of outstanding debt. Of this amount, \$1,220,000 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 \$16,020 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.

**COVID-19 Pandemic**

In March 2020, the World Health Organization characterized a novel strain of coronavirus, known as COVID-19, as a pandemic. Concerns related to the spread of COVID-19 and the related containment measures intended to mitigate its impact have created substantial disruption to the global economy. As part of our response to the COVID-19 pandemic, we are following business continuity processes led by our Administrative team. Our main priority is the health and safety of our students and staff. Our actions have been driven by government mandates and guidelines. In March 2020, schools were closed due to the coronavirus pandemic. Eventually, all New Jersey schools were closed for the balance of the school year and students completed their studies via remote online instruction. In preparation for the 2020-21 school year amidst the continuing pandemic, the NJ Department of Education provided school districts with guidance to prepare a restart and recovery plan. One of the requirements of this plan, per state guidance, is the provision of some degree of in-person instruction. A

Quinton Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020  
Unaudited

**COVID-19 Pandemic (Continued)**

family opt-out provision allowing for full time remote instruction was later added to the guidance. In response, the District has developed its return to school plan for 2020-21. The plan requires the District to adequately provide reasonable accommodations for students and staff identified as being at a higher risk for severe illness from COVID-19. These accommodations will come mainly in the form of a full-virtual model for both teachers and students. The District will also rely heavily upon social distancing, mask wearing for students and staff, along with sanitation and cleaning procedures. The District expects the COVID-19 matter to impact its operating results. However, the related financial impact and duration cannot be reasonable estimated at this time.

**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 Karen Mathews, 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, 2020

	Governmental Activities	Business-type Activities	Total Governmental Funds FY 2020
<b>ASSETS</b>			
Cash and cash equivalents	\$ 629,111	\$ 21,117	\$ 650,228
Receivables, net	577,237	10,146	587,383
Inventory		3,086	3,086
Restricted assets:			
Cash and cash equivalents	72,115		72,115
Capital reserve account - cash	278,693		278,693
Capital assets:			
Non-depreciable assets	8,757		8,757
Assets net of depreciation	3,941,377	8,579	3,949,956
Total Assets	<u>5,507,290</u>	<u>\$ 42,928</u>	<u>5,550,218</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows related to pension	39,227		39,227
<b>LIABILITIES</b>			
Accounts payable	91,769		91,769
Non-current liabilities:			
Due within one year	261,528		261,528
Due beyond one year	974,492		974,492
Net pension liability	726,644		726,644
Total liabilities	<u>2,054,433</u>		<u>2,054,433</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	298,372		298,372
	<u>298,372</u>		<u>298,372</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,730,134	\$ 8,579	2,738,713
Restricted for:			
Capital projects	278,693		278,693
Debt service	72,115		72,115
Other purposes	1,133,497		1,133,497
Unrestricted	(1,020,727)	34,349	(986,378)
Total net position	<u>\$ 3,193,712</u>	<u>\$ 42,928</u>	<u>\$ 3,236,640</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2020

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	\$ 1,802,070			\$ (1,802,070)		\$ (1,802,070)
Special education	463,883		\$ 233,274	(230,609)		(230,609)
Other special education	56,841			(56,841)		(56,841)
Other instruction	29,567			(29,567)		(29,567)
Support services:						
Student & instructional related services	2,111,759		45,812	(2,065,947)		(2,065,947)
General administrative services	203,552			(203,552)		(203,552)
School administrative services	110,494			(110,494)		(110,494)
Central services	136,875			(136,875)		(136,875)
Plant operations & maintenance	462,744			(462,744)		(462,744)
Pupil transportation	415,828			(415,828)		(415,828)
Employee benefits	1,687,694		10,000	(1,677,694)		(1,677,694)
Interest on long-term debt	58,481			(58,481)		(58,481)
Capital outlay	36,143		4,432	(31,711)		(31,711)
Transfer of funds to charter school	8,988			(8,988)		(8,988)
Unallocated depreciation	391,751			(391,751)		(391,751)
Total governmental activities	7,976,670		293,518	(7,683,152)		(7,683,152)
Business-type activities:						
Food service	142,181	\$ 42,997	91,916		\$ (7,268)	(7,268)
Total business-type activities	142,181	42,997	91,916		(7,268)	(7,268)
Total primary government	\$ 8,118,851	\$ 42,997	\$ 385,434	\$ (7,683,152)	\$ (7,268)	\$ (7,690,420)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				\$ 2,524,049		\$ 2,524,049
Taxes levied for debt service				218,356		218,356
Federal and state aid not restricted				4,755,550		4,755,550
Tuition charges				12,954		12,954
Investment earnings				5,689		5,689
Miscellaneous income				59,445		59,445
Loss on disposal of capital assets				(5,832)		(5,832)
Total general revenues, special items, extraordinary items, and transfers				7,570,211		7,570,211
Change in net position				(112,941)	\$ (7,268)	(120,209)
Net position - beginning				3,306,653	50,196	3,356,849
Net position - end				\$ 3,193,712	\$ 42,928	\$ 3,236,640

See accompanying notes to the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

QUINTON TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2020

	Major Funds			Total Governmental Funds FY 2020
	General Fund	Special Revenue Fund	Debt Service Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 684,335		\$ 72,115	\$ 756,450
Tax levy receivable	457,070			457,070
Receivables	66,496	\$ 53,671		120,167
Restricted cash and cash equivalents	278,693			278,693
<b>Total assets</b>	<b>\$ 1,486,594</b>	<b>\$ 53,671</b>	<b>\$ 72,115</b>	<b>1,612,380</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Cash overdraft		\$ 55,224		55,224
Accounts payable	\$ 89,123	2,646		91,769
<b>Total liabilities</b>	<b>89,123</b>	<b>57,870</b>		<b>146,993</b>
Fund balances:				
Restricted for:				
Capital reserve account	278,693			278,693
Maintenance reserve account	25,000			25,000
Excess surplus - current year	465,870			465,870
Excess surplus - prior year designated for subsequent year's expenditures	590,756			590,756
Debt service fund			72,115	72,115
Assigned to:				
Designated by the BOE for subsequent year's expenditures	51,871			51,871
Other purposes	1,417			1,417
Unassigned:				
General fund	(16,136)			(16,136)
Special revenue fund		(4,199)		(4,199)
<b>Total fund balances</b>	<b>1,397,471</b>	<b>(4,199)</b>	<b>72,115</b>	<b>1,465,387</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,486,594</b>	<b>\$ 53,671</b>	<b>\$ 72,115</b>	

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2020

	<u>FY 2020</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 \$9,518,281 and the accumulated depreciation is \$5,568,147 (see Note 6).	3,950,134
Net pension liability adjustment for GASB Statement No. 68 and 71	(985,789)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds (see Note 7).	<u>(1,236,020)</u>
Net position of Governmental Activities	<u><u>\$ 3,193,712</u></u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2020

	Major Funds		Non-Major Funds		Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds FY 2020
<b>REVENUES:</b>					
Local tax levy	\$ 2,524,049		\$ 218,356		\$ 2,742,405
Tuition charges	12,954				12,954
Interest earned on investments	4,766				4,766
Interest earned on capital reserve funds	923				923
Miscellaneous	59,445	\$ 16,047			75,492
	<u>2,602,137</u>	<u>16,047</u>	<u>218,356</u>		<u>2,836,540</u>
State sources	4,414,884	42,625	95,126		4,552,635
Federal sources		234,846			234,846
	<u>7,017,021</u>	<u>293,518</u>	<u>313,482</u>		<u>7,624,021</u>
<b>EXPENDITURES:</b>					
Current:					
Regular instruction	1,799,970				1,799,970
Special education instruction	230,609	233,274			463,883
Other special instruction	56,841				56,841
Other instruction	29,567				29,567
Support services & undistributed costs:					
Student & instruction related services	2,080,953	45,181			2,126,134
General administrative services	203,552				203,552
School administrative services	110,494				110,494
Central services	136,875				136,875
Plant operations and maintenance	462,744				462,744
Pupil transportation	415,828				415,828
Employee benefits	1,500,632	10,000			1,510,632
Debt service:					
Principal			255,000		255,000
Interest and other charges			58,481		58,481
Capital outlay	42,142	4,432			46,574
Transfer of funds to charter school	8,988				8,988
	<u>7,079,195</u>	<u>292,887</u>	<u>313,481</u>		<u>7,685,563</u>
Excess (deficiency) of revenues over expenditures	<u>(62,174)</u>	<u>631</u>	<u>1</u>		<u>(61,542)</u>
Other financing sources (uses):					
Transfer			72,114	\$ (72,114)	
Total other financing sources (uses)			<u>72,114</u>	<u>(72,114)</u>	
Net change in fund balances	(62,174)	631	72,115	(72,114)	(61,542)
Fund balance - July 1	1,459,645	(4,830)		\$ 72,114	1,526,929
Fund balance - June 30	<u>\$ 1,397,471</u>	<u>\$ (4,199)</u>	<u>\$ 72,115</u>		<u>\$ 1,465,387</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, 2020

Total net change in fund balances - Governmental Funds (from B-2)		\$ (61,542)
<p>Amounts reported for Governmental Activities in the Statement of Activities (A-2)          are different because:</p>		
<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>		
Capital outlays	24,806	
Depreciation expense	<u>(391,751)</u>	(366,945)
<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		255,000
<p>In the Statement of Activities, only the loss on disposal of capital assets is reported, whereas, in          the Governmental Funds, the proceeds from a sale increase financial resources. Thus, the change          in net position will differ from the change in fund balance by the cost of the asset removed.</p>		
		(5,832)
<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>		
		63,918
<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>		
		<u>2,460</u>
Change in net position of Governmental Activities		<u>\$ (112,941)</u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

	Business-type Activities - Food Service Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 21,117
Accounts receivable	10,146
Inventories	3,086
Total current assets	34,349
Noncurrent assets:	
Furniture, machinery & equipment	88,139
Less: accumulated depreciation	(79,560)
Total non-current assets	8,579
Total assets	\$ 42,928
<b>NET POSITION</b>	
Invested in capital assets net of related debt	\$ 8,579
Unrestricted	34,349
Total net position	\$ 42,928

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, 2020

	Business-type Activities - Food Service Fund
<b>OPERATING REVENUES:</b>	
Local sources:	
Daily sales - reimbursable programs:	\$ 30,810
Daily sales - non-reimbursable programs	12,187
	42,997
<b>OPERATING EXPENSES:</b>	
Salaries	44,271
Employee benefits	4,337
Purchased professional technical services	16,678
Supplies and materials	6,404
Cost of sales - reimbursable	63,219
Cost of sales - non-reimbursable	6,016
Depreciation	1,256
	142,181
Total operating expenses	142,181
Operating income (loss)	(99,184)
<b>NON-OPERATING REVENUES:</b>	
State sources:	
National school lunch program - state	1,638
Federal sources:	
National school lunch program	55,987
National school breakfast program	29,174
Food distribution program	5,117
	91,916
Total non-operating revenues (expenses)	91,916
Net income (loss)	(7,268)
Total net position - beginning	50,196
Total net position - ending	\$ 42,928

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2020

	Business-type Activities - Food Service Fund
Cash flows from operating activities:	
Receipts from customers	\$ 42,997
Payments to suppliers	(86,066)
Payments to employees	(44,271)
Payments for employee benefits	(4,337)
Net cash provided (used) by operating activities	(91,677)
Cash flows from non-capital financing activities:	
Cash received from state, federal & local reimbursements	80,842
Net cash provided by non-capital financing activities	80,842
Net increase in cash and cash equivalents	(10,835)
Cash and cash equivalents - July 1	31,952
Cash and cash equivalents - June 30	\$ 21,117
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (99,184)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	1,256
Food distribution program	5,117
Change in assets and liabilities:	
(Increase) decrease in inventory	1,134
	\$ (91,677)

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

	Technology Trust	Unemployment Compensation Trust	Agency Funds	FY 2020
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 10,073	\$ 14,235	\$ 5,967	\$ 30,275
Total assets	<u>\$ 10,073</u>	<u>\$ 14,235</u>	<u>5,967</u>	<u>30,275</u>
Noncurrent assets:				
Furniture, machinery & equipment	\$ 10,394			10,394
Less: accumulated depreciation	<u>(10,394)</u>			<u>(10,394)</u>
Total noncurrent assets				
Total assets	<u>\$ 10,073</u>	<u>\$ 14,235</u>	<u>5,967</u>	<u>30,275</u>
<b>LIABILITIES</b>				
Current liabilities:				
Due to student groups			5,967	5,967
Total current liabilities			<u>5,967</u>	<u>5,967</u>
<b>NET POSITION</b>				
Held in trust for:				
Unemployment claims		\$ 14,235		14,235
Technology expenditures	\$ 10,073			10,073
Total net position	<u>\$ 10,073</u>	<u>\$ 14,235</u>	<u>None</u>	<u>\$ 24,308</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, 2020

	Trust Funds		FY 2020
	Technology Trust	Unemployment Compensation Trust	
ADDITIONS:			
Contributions:			
Plan members		\$ 5,627	\$ 5,627
Total contributions		5,627	5,627
Investment earnings:			
Interest	\$ 75	32	107
Total investment earnings	75	32	107
Total additions	75	5,659	5,734
DEDUCTIONS:			
General supplies	10,797		10,797
Total deductions	10,797		10,797
Change in net position	(10,722)	5,659	(5,063)
Net position - July 1	20,795	8,576	29,371
Net position - June 30	\$ 10,073	\$ 14,235	\$ 24,308

See accompanying notes to the basic financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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. GASBS 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, 2020**

**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 as of June 30, 2020, consisted of the following:

Food	\$ 2,156
Supplies	930
	<u>\$ 3,086</u>

The value of federal donated commodities as 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, 2020**

**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

GASBS 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 monies 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 GASBS No. 33. In applying GASBS 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, 2020**

**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 Position, 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, 2020**

**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, 2020**

**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 is 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, 2020**

**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 Adopted**

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement, originally effective for period's beginning after June 15, 2018, is postponed until June 15, 2019.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This Statement, originally effective for periods beginning after June 15, 2018, is postponed until June 15, 2019.

**W. Recent Effective Accounting Pronouncements Postponed by Statement 95**

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement originally effective for periods

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**W. Recent Effective Accounting Pronouncements Postponed by Statement 95 (Continued)**

beginning after December 31, 2018, is postponed until December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61." This Statement, originally effective for periods beginning after December 15, 2018, is postponed until December 15, 2019, and will not have any effect on financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020 is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

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

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management expects this Statement will have an impact on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.



**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASBS Statement No. 32." This Statement provides guidance on the accounting and financial reporting related to the reporting of fiduciary component units. This Statement is effective for periods beginning after June 15, 2021. Management does not expect this Statement will have a significant impact on the financial statements.

**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 as of June 30, 2020 and 2019, was \$1,031,311 and \$1,023,240. As of June 30, 2020 and 2019, \$0 of the District's bank balance of \$1,179,771 and \$1,172,872, respectively, was exposed to Custodial Credit Risk.

**NOTE 3: INVESTMENTS**

As of June 30, 2020 and 2019, the District did not have any investments.

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

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

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3: INVESTMENTS (CONTINUED)**

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

**NOTE 4: RECEIVABLES**

Receivables as of June 30, 2020, (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	\$ 66,292	\$ 462
Township of Quinton	457,070	
Other	9,079	
Federal aid	44,796	9,684
	<u>\$ 577,237</u>	<u>\$ 10,146</u>

**NOTE 5: CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The June 30, 2020, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2019	\$ 277,770
Interest earnings	923
Deposits	0
Ending balance, June 30, 2020	<u>\$ 278,693</u>

**NOTE 6: CAPITAL ASSETS**

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2020.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 6: CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2019	Additions	Disposals/ Adjustments	Balance June 30, 2020
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	797,316	\$ 24,806	\$ 26,800	795,322
Totals at historical cost	<u>9,511,518</u>	<u>24,806</u>	<u>26,800</u>	<u>9,509,524</u>
Less: accumulated depreciation				
Site improvements	(183,266)	(2,174)		(185,440)
Building & building improvements	(4,360,481)	(369,842)		(4,730,323)
Machinery & equipment	(653,617)	(19,735)	20,968	(652,384)
Total accumulated depreciation	<u>(5,197,364)</u>	<u>(391,751)</u>	<u>20,968</u>	<u>(5,568,147)</u>
Governmental activities capital assets, net	<u>\$ 4,322,911</u>	<u>\$ (366,945)</u>		<u>\$ 3,950,134</u>
Business-type activities:				
Machinery & equipment	\$ 88,139			\$ 88,139
Less: accumulated depreciation	(78,304)	\$ (1,256)		(79,560)
Business-type capital assets, net	<u>\$ 9,835</u>	<u>\$ (1,256)</u>		<u>\$ 8,579</u>
Fiduciary-type activities:				
Machinery & equipment	\$ 10,394			\$ 10,394
Less: accumulated depreciation	(10,394)			(10,394)
	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

Depreciation was charged as unallocated expense since it could not be specifically identified to one program/function for Governmental Activities.

**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, 2020, 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 as of June 30, 2020, was \$150,000.

\$1,821,000 School Bonds, dated July 29, 2010, payable in annual installments through February 15, 2029. Interest is paid semi-annually at an interest rate at 4%. The remaining balance as of June 30, 2020, was \$1,070,000.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

**Long-Term Obligation Activity**

Changes in long-term obligations for the fiscal year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Compensated absences	\$ 18,480	\$ 2,100	\$ 4,560	\$ 16,020	
Bonds payable	1,475,000		255,000	1,220,000	\$ 250,000
	<u>\$ 1,493,480</u>	<u>\$ 2,100</u>	<u>\$ 259,560</u>	<u>\$ 1,236,020</u>	<u>\$ 250,000</u>

**Bonds Payable**

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

Year Ended June 30,	Principal	Interest	Total
2021	\$ 250,000	\$ 48,988	\$ 298,988
2022	105,000	38,800	143,800
2023	110,000	34,600	144,600
2024	115,000	30,200	145,200
2025	125,000	25,600	150,600
2026-2029	515,000	51,800	566,800
	<u>\$ 1,220,000</u>	<u>\$ 229,988</u>	<u>\$ 1,449,988</u>

**Bonds Authorized But Not Issued**

As of June 30, 2020, the Board has \$0 of bonds authorized but not issued.

**Other**

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

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

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

For the year ended June 30, 2020, 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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/financial-reports.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. The TPAF and PERS provide for employee contributions of 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the TPAF and PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to the PERS for the years ending June 30, 2020, 2019, and 2018, were \$39,227, \$44,317, and \$42,749, respectively, equal to the required contributions for each year. The School District's share of the TPAF for the years ending June 30, 2020, 2019, and 2018, was \$668,205, \$629,097, and \$545,802, respectively, paid by the State of New Jersey on behalf of the Board, which equaled the required contributions for each year.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8: PENSION FUNDS (CONTINUED)**

**Funding Policy (Continued)** - Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District for the years ending June 30, 2020, 2019, and 2018 was \$158,334, \$163,132, and \$167,531, for the employer's share of Social Security contributions for the 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, 2020, 2019, and 2018, was \$2,897,870, \$3,018,473, and \$3,025,440; pension wages were \$2,187,741, \$2,274,718, and \$2,277,197, for the TPAF and \$310,596, \$298,741, and \$313,123, for the PERS.

For the year ended June 30, 2020, the District recognized pension expense of (\$24,691). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		\$ 229,054
Net difference between expected and actual experience		8,210
Net difference between projected and actual earnings on pension plan investments		19,482
Changes in proportion and differences between District contributions and proportionate share of contributions		41,626
District contributions subsequent to the measurement date	\$ 39,227	
	\$ 39,227	\$ 298,372

\$39,227 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, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ (62,707)
2022	(97,559)
2023	(85,245)
2024	(47,731)
2025	(5,130)
Thereafter	0
	\$ (298,372)

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8: PENSION FUNDS (CONTINUED)**

**Funding Policy (Continued)**

Additional information – Collective balances at June 30, 2019 and 2018, are as follows:

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	<u>18,018,482,972</u>	<u>19,689,501,539</u>
District's proportion	0.0040327728%	0.0044554200%

**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 contributions for the years ending June 30, 2020, 2019, and 2018, were \$10,660, \$9,392, and \$6,285, for covered employees. The District also contributed for life and disability insurance.

**NOTE 9: POSTEMPLOYMENT BENEFITS**

The State of New Jersey Provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)**

retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

**Total Non-Employer OPEB Liability**

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2020, was \$12,339,983. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability. Note that actual numbers will be published in the NJ State's CAFR at: <https://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**Total OPEB Liability**

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2019, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF) See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4
Discount rate	3.50%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.



**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Total OPEB Liability (Continued)**

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013, for the TPAF, PERS, and PFRS, respectively.

The below table summarizes the changes in the Total OPEB liability reported by the State of New Jersey:

	Total OPEB Liability	
	June 30, 2018	June 30, 2019
Balance at beginning of measurement period	\$ 53,639,841,858	\$ 46,110,832,982
Changes for the year:		
Service cost	1,984,642,729	1,734,404,850
Interest	1,970,236,232	1,827,787,206
Changes of benefit terms	-	-
Differences between expected and actual experience	(5,002,065,740)	(7,323,140,818)
Changes in assumptions or other inputs	(5,291,448,855)	622,184,027
Contributions - Member	42,614,005	37,971,171
Benefit payments	(1,232,987,247)	(1,280,958,373)
Net changes	(7,529,008,876)	(4,381,751,937)
Balance at end of measurement period	\$ 46,110,832,982	\$ 41,729,081,045

There were no changes in benefit terms from 2017 to 2018 and 2019.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018 to 3.50% in 2019.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate -**

The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the School District using a discount rate of 3.5%, as well as using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Total OPEB Liability (School Retirees)	\$ 14,578,396	\$ 12,339,983	\$ 10,561,910

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Cost**

**Trend Rates** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the School District, using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (School Retirees)	\$ 10,167,596	\$ 12,339,983	\$ 15,215,777

Additional information – Collective balances as of June 30, 2019 and 2018, are as follows:

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	\$ 1,921,145,183	\$ 1,377,313,892
Collective deferred inflows of resources	20,887,639,826	16,189,378,926
Collective OPEB Expense	1,015,664,874	2,129,660,368
District's proportion	0.03%	0.03%

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2020, the Board of Education recognized \$245,540 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense associated with the School District. This expense and revenue were based on the OPEB Plan's June 30, 2019, measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (10,484,965,300)
Changes of assumptions or other inputs		(8,481,529,343)
<b>Total</b>	<b>None</b>	<b>\$ (18,966,494,643)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,			
2020	\$	(2,546,527,182)	
2021		(2,546,527,182)	
2022		(2,546,527,182)	
2023		(2,546,527,182)	
2024		(2,546,527,182)	
Thereafter		(6,233,858,733)	
	\$	(18,966,494,643)	

**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 as of June 30, 2020, is \$16,020. The liability for compensated absences in the Food Service Fund as of June 30, 2020, is \$0.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11: LABOR CONTRACTS**

As of June 30, 2020, 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 expired on June 30, 2019.

**NOTE 12: DEFERRED COMPENSATION**

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

Voya, Lincoln Investment Planning, Inc., and MetLife.

**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 current fiscal year, the District did not incur any 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, 2020**

**NOTE 14: RISK MANAGEMENT (CONTINUED)**

**Property and Liability Insurance (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:

Fiscal Year	Interest Contributions	Employee Contributions	Employer Contributions	Amount Reimbursed	Ending Balance
2019-2020	\$ 32	\$ 5,627			\$ 14,235
2018-2019	21	5,574		\$ 980	8,576
2017-2018	15	5,833	\$ 8,742	28,757	3,961

**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, 2020, amounted to \$3,843. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2021	\$ 3,843
2022	3,843
2023	1,921
	<u>\$ 9,607</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, 2020**

**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 as of June 30, 2020.

**Restricted Fund Balance:**

**Capital Reserve Account** - Of the \$278,693 balance in the Capital Reserve account at June 30, 2020, \$0 has been designated for utilization in the 2020-2021 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long-range facilities plan.

**Maintenance Reserve Account** - As of June 30, 2020, there was \$25,000 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** - As of June 30, 2020, excess surplus created in FY 2019 of \$590,756 will be utilized for expenditures in the 2020-2021 budget, while excess surplus created in FY 2020 of \$465,870 is restricted and will be utilized for budget expenditures in 2021-2022.

**Debt Service Fund** - As of June 30, 2020, there was \$72,115 fund balance of which \$72,114 will be utilized for expenditures in the 2020-2021 budget.

**Committed Fund Balance** - The District had no fund balance as of June 30, 2020.

**Assigned Fund Balance** - As of June 30, 2020, the Board has assigned \$51,871 of General Fund balance to expenditures in the 2020-2021 budget. \$1,417 was assigned for other purposes as of the year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

**Unassigned Fund Balance** - As of June 30, 2020, the District has a deficit of (\$16,136) of unassigned fund balance in the General Fund. The District also has a deficit of (\$4,199) 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 as of June 30, 2020, is \$1,056,626.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 18: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$16,136 (Exhibit B-1) in the General Fund and \$4,199 in the Special Revenue Fund as of June 30, 2020, 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, 2020.

**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, 2020, the investment in SREC's was \$0. All SREC's available as of June 30, 2020, 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 60% of the District's 2019-2020 governmental operations, excluding capital projects, while local tax levy accounted for approximately 36%.

**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

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 22: TAX ABATEMENTS (CONTINUED)**

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, 2019.

**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, 2020 and December 15, 2020, the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the collection of certain anticipated revenues, such as interest, food service revenues, and child-care fees. Other financial impact could occur though such potential impact is unknown at this time.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,524,049		\$ 2,524,049	\$ 2,524,049	
Tuition from LEA's				12,954	\$ 12,954
Interest on investments	2,000		2,000	4,766	2,766
Interest on capital reserve funds				923	923
Miscellaneous	10,000		10,000	59,445	49,445
<b>Total - local sources</b>	<b>2,536,049</b>		<b>2,536,049</b>	<b>2,602,137</b>	<b>66,088</b>
State sources:					
Equalization aid	2,710,834		2,710,834	2,710,834	
Transportation aid	209,903		209,903	209,903	
Special education aid	291,684		291,684	291,684	
Security aid	80,638		80,638	80,638	
School choice	257,386		257,386	257,386	
Extraordinary aid				53,338	53,338
TPAF post-retirement medical (on-behalf non-budgeted)				180,674	180,674
TPAF - long term disability insurance (on-behalf non-budgeted)				514	514
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				487,017	487,017
Reimbursed TPAF social security contributions (non-budgeted)				158,334	158,334
<b>Total - state sources</b>	<b>3,550,445</b>		<b>3,550,445</b>	<b>4,430,322</b>	<b>879,877</b>
<b>Total revenues</b>	<b>\$ 6,086,494</b>	<b>None</b>	<b>\$ 6,086,494</b>	<b>\$ 7,032,459</b>	<b>\$ 945,965</b>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 109,988	\$ 645	\$ 110,633	\$ 110,188	\$ 445
Kindergarten	152,677	10,899	163,576	161,484	2,092
Grades 1-5	904,963	(19,111)	885,852	882,346	3,506
Grades 6-8	437,412	7,567	444,979	443,889	1,090
Regular programs - home instruction:					
Salaries of teachers	1,500		1,500	300	1,200
Purchased professional - education services	5,000		5,000	3,290	1,710
Regular programs - undistributed instruction:					
Other salaries for instruction	101,714	(30,203)	71,511	67,480	4,031
Purchased professional - education services	40,967	2,000	42,967	41,851	1,116
Purchased technical services	630		630	140	490
Other purchased services (400-500 series)	59,873		59,873	35,507	24,366
General supplies	57,653		57,653	48,752	8,901
Textbooks	500		500		500
Miscellaneous expenditures	5,225		5,225	4,743	482
Total regular programs	1,878,102	(28,203)	1,849,899	1,799,970	49,929
Resource room:					
Salaries of teachers	215,618		215,618	215,589	29
Other salaries for instruction	34,470	(21,437)	13,033	11,814	1,219
General supplies	2,776	505	3,281	3,206	75
Total resource room	252,864	(20,932)	231,932	230,609	1,323
Total special education	252,864	(20,932)	231,932	230,609	1,323
Basic skills/remedial:					
Salaries of teachers	26,509	(5,472)	21,037	21,037	
Other salaries for instruction	3,085	52,597	55,682	35,691	19,991
General supplies	200		200	113	87
Total basic skills/remedial	29,794	47,125	76,919	56,841	20,078
School sponsored co-curricular activities:					
Salaries	51,360		51,360	28,907	22,453
Total school sponsored co-curricular activities	51,360		51,360	28,907	22,453

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs - instruction:					
Salaries	2,240		2,240	660	1,580
Total other instructional programs	2,240		2,240	660	1,580
Total other programs	83,394	47,125	130,519	86,408	44,111
Total - instruction	2,214,360	(2,010)	2,212,350	2,116,987	95,363
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	1,153,379	(334,772)	818,607	818,607	
Tuition to other LEAs within state - special	38,100	21,834	59,934	59,934	
Tuition to County voc. school district - regular		334,772	334,772	334,771	1
Tuition to county special services district/ regional day schools	342,443	(30,822)	311,621	302,434	9,187
Total undistributed expenditures - instruction	1,533,922	(8,988)	1,524,934	1,515,746	9,188
Attendance and social work services:					
Salaries	14,180	(1,476)	12,704	12,407	297
Total attendance and social work services	14,180	(1,476)	12,704	12,407	297
Health services:					
Salaries	64,955	64	65,019	65,019	
Purchased professional - technical services	3,225	(64)	3,161	2,756	405
Other purchased services (400-500 series)	300	56	356	331	25
Supplies and materials	5,700	(56)	5,644	1,968	3,676
Total health services	74,180		74,180	70,074	4,106
Related services:					
Salaries of teachers	63,503	(56)	63,447	62,951	496
Purchased professional - education services	52,200	2,010	54,210	49,411	4,799
Supplies and materials	906	56	962	962	
Total related services	116,609	2,010	118,619	113,324	5,295
Extraordinary services:					
Purchased professional - education services	142,068	27,216	169,284	167,431	1,853
Total extraordinary services	142,068	27,216	169,284	167,431	1,853
Guidance services:					
Salaries of other professional staff	82,383	(1,862)	80,521	70,470	10,051
Supplies and materials	5,410		5,410	4,793	617
Total guidance services	87,793	(1,862)	85,931	75,263	10,668

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study team:					
Salaries of other professional staff	77,885		77,885	75,147	2,738
Purchased professional - education services	8,000	1,400	9,400	6,045	3,355
Other purchased professional - technical services	5,000	(156)	4,844		4,844
Supplies and materials	1,307	2,094	3,401	3,401	
Miscellaneous expenditures	200		200	150	50
Total child study team	92,392	3,338	95,730	84,743	10,987
Improvement of instruction services:					
Salaries of other professional staff		300	300	300	
Total improvement of instruction services		300	300	300	
Educational media services/school library:					
Salaries	28,113		28,113	27,472	641
Purchased professional-technical services		1,000	1,000	1,000	
Other purchased services (400-500 series)	2,200	(1,000)	1,200	895	305
Supplies and materials	2,325		2,325	1,851	474
Total educational media services/school library	32,638		32,638	31,218	1,420
Instructional staff training:					
Purchased professional - education services	10,500	944	11,444	8,044	3,400
Other purchased services (400-500 series)	5,500	(1,244)	4,256	2,403	1,853
Total instructional staff training	16,000	(300)	15,700	10,447	5,253
Support services general administration:					
Salaries	134,067		134,067	133,169	898
Legal services	5,000	(158)	4,842	2,225	2,617
Audit fees	14,000		14,000	12,175	1,825
Other purchased professional services	17,250	401	17,651	17,141	510
Communications/telephone	15,500		15,500	10,661	4,839
BOE other purchased services	500		500		500
Other purchased services (400-500 series)	15,500	10,201	25,701	16,350	9,351
Supplies and materials	2,500	(243)	2,257	1,131	1,126
BOE in house training/meeting supplies	1,500		1,500	222	1,278
Judgments against the school district	2,500		2,500	2,500	
Miscellaneous expenditures	6,050		6,050	4,522	1,528
BOE membership dues and fees	3,750		3,750	3,456	294
Total support services general administration	218,117	10,201	228,318	203,552	24,766

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration:					
Salaries of principals/assistant principals	87,720		87,720	87,720	
Salaries of secretarial and clerical assistants	16,851	1,027	17,878	17,851	27
Other purchased services (400-500 series)	3,000	(1,000)	2,000	434	1,566
Supplies and materials	3,000	(27)	2,973	1,963	1,010
Miscellaneous expenditures	2,850		2,850	2,526	324
<b>Total support services school administration</b>	<b>113,421</b>		<b>113,421</b>	<b>110,494</b>	<b>2,927</b>
Central services:					
Salaries	58,030		58,030	56,676	1,354
Purchased professional services	58,000		58,000	58,000	
Purchased technical services	21,000		21,000	20,381	619
Miscellaneous purchased services (400-500 series)	1,000		1,000		1,000
Supplies and materials	4,000		4,000	1,818	2,182
Miscellaneous expenditures	700		700		700
<b>Total central services</b>	<b>142,730</b>		<b>142,730</b>	<b>136,875</b>	<b>5,855</b>
Required maintenance for school facilities:					
Cleaning, repair, and maintenance services	66,875	2,914	69,789	69,789	
Supplies and materials	3,000	4,000	7,000	4,937	2,063
<b>Total required maintenance for school facilities</b>	<b>69,875</b>	<b>6,914</b>	<b>76,789</b>	<b>74,726</b>	<b>2,063</b>
Other operation & maintenance of plant services:					
Salaries	162,486	7,804	170,290	162,971	7,319
Purchased professional and technical services	10,135		10,135	2,868	7,267
Cleaning, repair, and maintenance services	80,100	(12,913)	67,187	7,911	59,276
Other purchased property services	35,000		35,000	29,689	5,311
Insurance	35,000	(12,639)	22,361	22,339	22
Miscellaneous purchased services (400-500 series)	950	872	1,822	1,722	100
General supplies	41,550	(150)	41,400	38,468	2,932
Energy (electricity)	100,000		100,000	81,592	18,408
Energy (oil)	75,000	(6,088)	68,912	28,733	40,179
<b>Total other operation &amp; maintenance of plant services</b>	<b>540,221</b>	<b>(23,114)</b>	<b>517,107</b>	<b>376,293</b>	<b>140,814</b>
Security:					
Salaries	12,906		12,906	11,725	1,181
<b>Total security</b>	<b>12,906</b>		<b>12,906</b>	<b>11,725</b>	<b>1,181</b>
<b>Total operation &amp; maintenance of plant services</b>	<b>623,002</b>	<b>(16,200)</b>	<b>606,802</b>	<b>462,744</b>	<b>144,058</b>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services:					
Salaries - regular	5,000		5,000	5,000	
Aid in lieu - nonpublic	15,000	(1,705)	13,295	8,359	4,936
Aid in lieu - charter school		895	895	600	295
Aid in lieu - choice	5,000	810	5,810	3,472	2,338
Contracted services (between home and school) - vendors	190,989		190,989	190,989	
Contracted services (other than between home and school) - vendors	3,000		3,000	1,707	1,293
Contracted services (regular students) - ESC & CTSA	100,000	(3,283)	96,717	96,717	
Contracted services (special education students) - ESC & CTSA	103,000	26,283	129,283	108,984	20,299
<b>Total student transportation services</b>	<b>421,989</b>	<b>23,000</b>	<b>444,989</b>	<b>415,828</b>	<b>29,161</b>
Unallocated benefits:					
Social security contributions	50,000		50,000	43,104	6,896
Other retirement contributions - regular	57,715		57,715	49,069	8,646
Unemployment compensation	2,000		2,000	153	1,847
Workers' compensation	40,000		40,000	34,993	5,007
Health benefits	633,929	(50,216)	583,713	530,214	53,499
Tuition reimbursement	12,000		12,000	12,000	
Unused sick payment to terminated/retired staff	4,590		4,590	4,560	30
<b>Total unallocated benefits</b>	<b>800,234</b>	<b>(50,216)</b>	<b>750,018</b>	<b>674,093</b>	<b>75,925</b>
TPAF post-retirement medical (on-behalf non-budgeted)				180,674	(180,674)
TPAF - long term disability insurance (on-behalf non-budgeted)				514	(514)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				487,017	(487,017)
Reimbursed TPAF social security contributions (non-budgeted)				158,334	(158,334)
<b>Total non-budgeted</b>				<b>826,539</b>	<b>(826,539)</b>
<b>Total undistributed expenditures</b>	<b>4,429,275</b>	<b>(12,977)</b>	<b>4,416,298</b>	<b>4,911,078</b>	<b>(494,780)</b>
<b>Total expenditures - current expense</b>	<b>6,643,635</b>	<b>(14,987)</b>	<b>6,628,648</b>	<b>7,028,065</b>	<b>(399,417)</b>
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Required maintenance		5,999	5,999	5,999	
<b>Total equipment</b>		<b>5,999</b>	<b>5,999</b>	<b>5,999</b>	
Facilities acquisition and construction services:					
Assessment for debt service on SDA Funding	36,143		36,143	36,143	
<b>Total facilities acquisition and construction services</b>	<b>36,143</b>		<b>36,143</b>	<b>36,143</b>	
<b>Total capital outlay</b>	<b>36,143</b>	<b>5,999</b>	<b>42,142</b>	<b>42,142</b>	
Transfer of funds to charter school		8,988	8,988	8,988	
<b>Total expenditures</b>	<b>\$ 6,679,778</b>		<b>\$ 6,679,778</b>	<b>\$ 7,079,195</b>	<b>\$ (399,417)</b>



QUINTON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2020

	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	\$ (593,284)		\$ (593,284)	\$ (46,736)	\$ 546,548
Net changes in fund balance	(593,284)		(593,284)	(46,736)	546,548
Fund balances - July 1	1,763,681		1,763,681	1,763,681	
Fund balances - June 30	<u>\$ 1,170,397</u>	None	<u>\$ 1,170,397</u>	<u>\$ 1,716,945</u>	<u>\$ 546,548</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital reserve				\$ 278,693	
Maintenance reserve				25,000	
Excess surplus - designated for subsequent year's expenditures				590,756	
Excess surplus - current year				465,870	
<b>Assigned Fund Balance:</b>					
Year-end encumbrances				1,417	
Designated for subsequent year's expenditures				51,871	
<b>Unassigned Fund Balance</b>					
				<u>303,338</u>	
				1,716,945	
Reconciliation to Governmental Fund Statements (GAAP):					
June state aid payments not recognized on GAAP Basis				<u>(319,474)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 1,397,471</u>	

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal sources	\$ 215,613	\$ 26,739	\$ 242,352	\$ 242,352	
State sources	41,994		41,994	41,994	
Local sources	16,432		16,432	16,047	\$ 385
<b>Total revenues</b>	<b>\$ 274,039</b>	<b>\$ 26,739</b>	<b>\$ 300,778</b>	<b>\$ 300,393</b>	<b>\$ 385</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 109,150	\$ 919	\$ 110,069	\$ 110,069	
Other salaries for instruction	28,945		28,945	28,945	
Purchased professional and technical services	4,024	(1,598)	2,426	2,041	\$ 385
Other purchased services (400-500 series)	89,485		89,485	89,485	
General supplies	2,151	583	2,734	2,734	
<b>Total instruction</b>	<b>233,755</b>	<b>(96)</b>	<b>233,659</b>	<b>233,274</b>	<b>385</b>
Support Services:					
Other salaries	7,408	(55)	7,353	7,353	
Personal services - employee benefits	9,875	125	10,000	10,000	
Purchased professional and technical services	14,806		14,806	14,806	
Other purchased services (400-500 series)	3,763	26	3,789	3,789	
Supplies and materials		26,739	26,739	26,739	
<b>Total support services</b>	<b>35,852</b>	<b>26,835</b>	<b>62,687</b>	<b>62,687</b>	
Facilities acquisition and construction services:					
Noninstructional equipment	4,432		4,432	4,432	
<b>Total facilities acquisition and construction services</b>	<b>4,432</b>		<b>4,432</b>	<b>4,432</b>	
<b>Total expenditures</b>	<b>\$ 274,039</b>	<b>\$ 26,739</b>	<b>\$ 300,778</b>	<b>\$ 300,393</b>	<b>\$ 385</b>

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

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2020

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

	<u>General Fund C-1</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources:			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 7,032,459	[C-2]	\$ 300,393
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			(7,506)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	304,036		4,830
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(319,474)</u>		<u>(4,199)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 7,017,021</u>	[B-2]	<u>\$ 293,518</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 7,079,195		\$ 300,393
Difference - budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes.			<u>(7,506)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 7,079,195</u>	[B-2]	<u>\$ 292,887</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	Fiscal Year Ended						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0040327728%	0.0044554200%	0.0046145632%	0.0043421455%	0.0044519698%	0.0050370847%	0.0050840131%
District's proportionate share of the net pension liability (asset)	\$ 726,644	\$ 877,249	\$ 1,074,197	\$ 1,286,019	\$ 999,378	\$ 943,080	\$ 971,656
District's covered-employee payroll	298,741	313,123	314,887	328,470	318,249	313,974	346,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	243.24%	280.16%	341.14%	391.52%	314.02%	300.37%	280.74%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.59%	48.10%	40.13%	47.92%	52.08%	48.72%
Measurement date	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14	06/30/13

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

	Fiscal Year Ended						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 39,227	\$ 44,317	\$ 42,749	\$ 38,575	\$ 38,275	\$ 41,525	\$ 38,307
Contributions in relation to the contractually required contribution	39,227	44,317	42,749	38,575	38,275	41,525	38,307
Contribution deficiency (excess)	None	None	None	None	None	None	None
District's covered-employee payroll	\$ 298,741	\$ 313,123	\$ 314,887	\$ 328,470	\$ 318,249	\$ 313,974	\$ 346,108
Contributions as a percentage of covered-employee payroll	13.13%	14.15%	13.58%	11.74%	12.03%	13.23%	11.07%
Measurement date	06/30/19	06/30/18	06/30/17	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 Seven Fiscal Years

	Fiscal Year Ended						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0215349286%	0.0219648689%	0.0210875964%	0.0211885168%	0.0242945076%	0.0219285515%	0.0219285515%
District's proportionate share of the net pension liability (asset)	\$ 13,216,189	\$ 13,973,578	\$ 14,218,018	\$ 16,668,236	\$ 15,355,166	\$ 11,720,097	\$ 11,285,602
District's covered-employee payroll	2,274,718	2,277,197	2,358,215	2,361,334	2,274,968	1,991,320	2,329,433
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	581.00%	613.63%	602.91%	705.88%	674.96%	588.56%	484.48%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.48%	25.41%	22.33%	28.71%	33.64%	33.76%
Measurement date	06/30/19	06/30/18	06/30/17	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 shared percentage determined under paragraph 48 or GASB 48 of GASB No. 68 is zero percentage. 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.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Schedule of Changes in the Total OPEB Liability and Related Ratios  
 Last Three Fiscal Years

	Fiscal Year Ended		
	2020	2019	2018
Total OPEB liability			
Service cost	\$ 399,793	\$ 467,026	\$ 565,643
Interest	529,439	558,004	484,162
Changes of benefit terms			
Differences between expected and actual experience	(1,868,502)	(961,648)	
Changes of assumptions or other inputs	183,990	(1,544,928)	(2,008,599)
Member contributions	11,229	12,442	13,042
Benefit payments	(378,801)	(359,991)	(354,194)
Net change in total OPEB liability	(1,122,852)	(1,829,095)	(1,299,946)
Total OPEB liability - beginning	13,462,835	15,291,930	16,591,876
Total OPEB liability - ending	<u>\$ 12,339,983</u>	<u>\$ 13,462,835</u>	<u>\$ 15,291,930</u>
Covered employee payroll	\$ 2,573,459	\$ 2,590,320	\$ 2,673,102
Total OPEB liability as a percentage of covered employee payroll	479.51%	519.74%	572.07%

**Notes to Schedule:**

*Changes of benefit terms:*

There were no changes in benefit terms during the year.

*Changes of assumptions:*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in the period:

3.50%	3.87%	3.58%
-------	-------	-------

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

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**NOTES RELATED TO PENSIONS**

**NOTE 1: CONTRIBUTIONS**

The contribution policy for the 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, 2019, measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.75%
Salary increases:	
Through 2026	2.00 – 6.11% based on age
Thereafter	3.00 – 7.00% based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**NOTES RELATED TO PENSIONS**

**NOTE 1: CONTRIBUTIONS**

The contribution policy for the 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, 2019, measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.75%
Salary increases:	
Through 2026	2.00 – 6.11% based on age
Thereafter	3.00 – 7.00% based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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.state.nj.us/treasury/pensions/gasb-notices.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, 2020

	Total Brought Forward Ex. E-1a	Title I Part A	(See E-2) Preschool Education	Totals	
				FY 2020	FY 2019
<b>REVENUES:</b>					
Federal sources	\$ 139,217	\$ 103,135		\$ 242,352	\$ 259,293
State sources			\$ 41,994	41,994	48,300
Local sources	16,047			16,047	16,516
<b>Total revenues</b>	<b>155,264</b>	<b>103,135</b>	<b>41,994</b>	<b>300,393</b>	<b>324,109</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	3,734	64,341	41,994	110,069	113,090
Other salaries for instruction		28,945		28,945	63,493
Purchased professional and technical services	2,041			2,041	10,770
Other purchased services (400-500 series)	89,485			89,485	94,355
General supplies	2,734			2,734	5,066
<b>Total instruction</b>	<b>97,994</b>	<b>93,286</b>	<b>41,994</b>	<b>233,274</b>	<b>286,774</b>
Support services:					
Other salaries	7,353			7,353	7,399
Personal services - employee benefits	2,864	7,136		10,000	19,335
Purchased professional educational services					3,316
Purchased professional and technical services	12,093	2,713		14,806	2,908
Other purchased services (400-500 series)	3,789			3,789	4,377
Supplies and materials	26,739			26,739	
<b>Total support services</b>	<b>52,838</b>	<b>9,849</b>		<b>62,687</b>	<b>37,335</b>
Facilities acquisition and construction services:					
Noninstructional equipment	4,432			4,432	
<b>Total facilities acquisition and construction services</b>	<b>4,432</b>			<b>4,432</b>	
<b>Total expenditures</b>	<b>\$ 155,264</b>	<b>\$ 103,135</b>	<b>\$ 41,994</b>	<b>\$ 300,393</b>	<b>\$ 324,109</b>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

	Total Brought Forward Ex. E-1b	IDEA Preschool Program	IDEA Basic Program	Title II, Part A Teacher & Principal Training & Recruiting	Total Carried Forward
REVENUES:					
Federal sources	\$ 36,739	\$ 2,400	\$ 89,485	\$ 10,593	\$ 139,217
Local sources	16,047				16,047
Total revenues	<u>52,786</u>	<u>2,400</u>	<u>89,485</u>	<u>10,593</u>	<u>155,264</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	2,834			900	3,734
Purchased professional and technical services	2,041				2,041
Tuition			89,485		89,485
General supplies	2,734				2,734
Total instruction	<u>7,609</u>		<u>89,485</u>	<u>900</u>	<u>97,994</u>
Support services:					
Other salaries	7,353				7,353
Personal services - employee benefits	2,864				2,864
Purchased professional and technical services		2,400		9,693	12,093
Other purchased services (400-500 series)	3,789				3,789
Supplies and materials	26,739				26,739
Total support services	<u>40,745</u>	<u>2,400</u>		<u>9,693</u>	<u>52,838</u>
Facilities acquisition and construction services:					
Noninstructional equipment	4,432				4,432
Total facilities acquisition and construction services	<u>4,432</u>				<u>4,432</u>
Total expenditures	<u>\$ 52,786</u>	<u>\$ 2,400</u>	<u>\$ 89,485</u>	<u>\$ 10,593</u>	<u>\$ 155,264</u>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

	Safety Grant	Culture Club	Rural Education Achievement Program	Title IV	Total Carried Forward
REVENUES:					
Federal sources			\$ 26,739	\$ 10,000	\$ 36,739
Local sources	\$ 4,432	\$ 11,615			16,047
Total revenues	4,432	11,615	26,739	10,000	52,786
EXPENDITURES:					
Instruction:					
Salaries of teachers		2,834			2,834
Purchased professional and technical services		2,041			2,041
General supplies		2,734			2,734
Total instruction		7,609			7,609
Support services:					
Other salaries				7,353	7,353
Personal services - employee benefits		217		2,647	2,864
Other purchased services (400-500 series)		3,789			3,789
Supplies and materials			26,739		26,739
Total support services		4,006	26,739	10,000	40,745
Facilities acquisition and construction services:					
Noninstructional equipment	4,432				4,432
Total facilities acquisition and construction services	4,432				4,432
Total expenditures	\$ 4,432	\$ 11,615	\$ 26,739	\$ 10,000	\$ 52,786

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Special Revenue Fund  
 Preschool Education Aid Schedule of Expenditures -  
 Budgetary Basis  
 For the Fiscal Year Ended June 30, 2020

	Budgeted	Actual	Variance
Expenditures:			
Instruction:			
Salaries of teachers	\$ 41,994	\$ 41,994	
Total expenditures	\$ 41,994	\$ 41,994	

**CALCULATION OF BUDGET AND CARRYOVER**

Total revised 2019-2020 Preschool Education Aid allocation	\$ 41,994
Add: Actual ECPA Carryover (June 30, 2019)	
Add: Budgeted transfer from the General Fund 2019-2020	
Total Preschool Education Aid Funds available for 2019/2020 budget	41,994
Less: 2018-2019 budgeted Preschool Education Aid (including prior year budgeted carryover)	41,994
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2020	
Add: June 30, 2020, unexpended Preschool Education Aid	
2019-2020 Carryover - Preschool Education Aid/Preschool	
2019-2020 Preschool Education Aid carryover budgeted for Preschool programs 2019-2020	

## **CAPITAL PROJECTS FUND**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 June 30, 2020

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP		Canceled Appropriation 06/30/20
			Prior Years	Expenditures to Date Current Year	
Install roof-mounted photovoltaic system	12/30/09	\$ 570,734	\$ 498,620	None	\$ 72,114

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, 2020

Other financing sources (uses):	
Canceled appropriations transfer to debt service fund	\$ (72,114)
Fund balance - beginning	72,114
	<hr/>

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, 2020

	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>570,734</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	498,576		498,576	482,220
	<u>498,620</u>		<u>498,620</u>	<u>\$ 570,735</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 72,114</u>	<u>None</u>	<u>\$ 72,114</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, 2020

	Business-type Activities Food Service Fund	
	FY 2020	FY 2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 21,117	\$ 31,952
Accounts receivable:		
State	462	71
Federal	9,684	4,118
Inventory	3,086	4,220
Total current assets	<u>34,349</u>	<u>40,361</u>
Noncurrent assets		
Furniture, machinery & equipment	88,139	88,139
Less: accumulated depreciation	(79,560)	(78,304)
Total noncurrent assets	<u>8,579</u>	<u>9,835</u>
Total assets	<u>\$ 42,928</u>	<u>\$ 50,196</u>
Net position		
Invested in capital assets net of related debt	\$ 8,579	\$ 9,835
Unrestricted	34,349	40,361
Total net position	<u>\$ 42,928</u>	<u>\$ 50,196</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, 2020

	Business-type Activities Food Service Fund	
	FY 2020	FY 2019
<b>OPERATING REVENUES:</b>		
Local sources:		
Daily sales - reimbursable programs	\$ 30,810	\$ 47,737
Daily sales - non-reimbursable programs	12,187	21,490
Total operating revenue	42,997	69,227
<b>OPERATING EXPENSES:</b>		
Salaries	44,271	61,035
Employee benefits	4,337	11,154
Purchased professional/technical services	16,678	7,051
Other purchased services (400-500 series)		80
Supplies and materials	6,404	5,950
Cost of sales - reimbursable	63,219	80,813
Cost of sales - non-reimbursable	6,016	6,837
Depreciation	1,256	1,110
Total operating expenses	142,181	174,030
Operating income (loss)	(99,184)	(104,803)
<b>NON-OPERATING REVENUES:</b>		
State sources:		
National school lunch program - state	1,638	1,540
Federal sources:		
National school lunch program	55,987	55,166
National school breakfast program	29,174	24,874
Food distribution program	5,117	10,699
Total non-operating revenues (expenses)	91,916	92,279
Income (loss) before operating transfers	(7,268)	(12,524)
Net income (loss)	(7,268)	(12,524)
Total net position - July 1	50,196	62,720
Total net position - June 30	\$ 42,928	\$ 50,196

QUINTON TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2020

	Business-type Activities Food Service Fund	
	FY 2020	FY 2019
Cash flows from operating activities:		
Receipts from customers	\$ 42,997	\$ 69,227
Payments to suppliers	(86,066)	(89,892)
Payments to employees	(44,271)	(61,035)
Payments for employee benefits	(4,337)	(11,154)
Net cash provided (used) by operating activities	<u>(91,677)</u>	<u>(92,854)</u>
Cash flows from non-capital financing activities:		
Cash received from state, federal, and local reimbursements	80,842	82,952
Net cash provided by non-capital financing activities	<u>80,842</u>	<u>82,952</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets		(4,999)
Net cash provided by capital and related financing activities		<u>(4,999)</u>
Net increase in cash and cash equivalents	(10,835)	(14,901)
Cash and cash equivalents - July 1	31,952	46,853
Cash and cash equivalents - June 30	<u>\$ 21,117</u>	<u>\$ 31,952</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (99,184)	\$ (104,803)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,256	1,110
Food distribution program	5,117	10,699
Change in assets and liabilities:		
(Increase) decrease in inventory	1,134	140
	<u>\$ (91,677)</u>	<u>\$ (92,854)</u>

## **FIDUCIARY FUNDS**

QUINTON TOWNSHIP SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2020

	Trust Funds		Agency Funds	Total	
	Technology Trust	Unemployment Compensation Trust	Student Activity	FY 2020	FY 2019
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,073	\$ 14,235	\$ 5,967	\$ 30,275	\$ 35,295
Capital assets					
Machinery and equipment	10,394			10,394	10,394
Less: Accumulated depreciation	(10,394)			(10,394)	(10,394)
Total assets	<u>\$ 10,073</u>	<u>\$ 14,235</u>	<u>5,967</u>	<u>30,275</u>	<u>35,295</u>
<b>LIABILITIES</b>					
Due to student groups			5,967	5,967	5,924
Total liabilities			<u>5,967</u>	<u>5,967</u>	<u>5,924</u>
<b>NET POSITION</b>					
Invested in capital assets net of related debt					
Held in trust for:					
Unemployment claims		\$ 14,235		14,235	8,576
Technology expenditures	\$ 10,073			10,073	20,795
Total net position	<u>\$ 10,073</u>	<u>\$ 14,235</u>	<u>None</u>	<u>\$ 24,308</u>	<u>\$ 29,371</u>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2020

	Trust Funds		Total	
	Technology Trust	Unemployment Compensation Trust	FY 2020	FY 2019
ADDITIONS:				
Contributions:				
Plan members		\$ 5,627	\$ 5,627	\$ 5,574
Total contributions		5,627	5,627	5,574
Investment earnings:				
Interest	\$ 75	32	107	120
Total investment earnings	75	32	107	120
Total additions	75	5,659	5,734	5,694
DEDUCTIONS:				
Salaries				
Purchased professional- educational services				
General supplies	10,797		10,797	
Unemployment claims				980
Total deductions	10,797		10,797	980
Change in net position	(10,722)	5,659	(5,063)	4,714
Net position July 1	20,795	8,576	29,371	24,657
Net position June 30	\$ 10,073	\$ 14,235	\$ 24,308	\$ 29,371

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
ACTIVITIES:				
Quinton School	\$ 5,924	\$ 6,976	\$ 6,933	\$ 5,967

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<b>ASSETS</b>				
Cash and cash equivalents		\$ 3,358,179	\$ 3,358,179	
	None	\$ 3,358,179	\$ 3,358,179	None
<b>LIABILITIES</b>				
Employees' net pay		\$ 1,749,404	\$ 1,749,404	
Payroll deductions and withholdings		1,608,542	1,608,542	
Interfund payable		233	233	
	None	\$ 3,358,179	\$ 3,358,179	None



## **LONG-TERM DEBT**

QUINTON TOWNSHIP SCHOOL DISTRICT  
 Schedule of Serial Bonds  
 June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
Refunding Bonds - Series 2007	11/20/07	\$ 1,705,000	03/01/21	\$ 150,000	4.125%	\$ 305,000		\$ 155,000	\$ 150,000
School Bonds - Series 2010	07/29/10	1,821,000	02/15/21	100,000	4.000%	1,170,000		100,000	1,070,000
			02/15/22	105,000	4.000%				
			02/15/23	110,000	4.000%				
			02/15/24	115,000	4.000%				
			02/15/25	125,000	4.000%				
			02/15/26	125,000	4.000%				
			02/15/27	130,000	4.000%				
			02/15/28	130,000	4.000%				
			02/15/29	130,000	4.000%				
						\$ 1,475,000	None	\$ 255,000	\$ 1,220,000

QUINTON TOWNSHIP SCHOOL DISTRICT  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 218,356		\$ 218,356	\$ 218,356	
State sources:					
Debt service aid type II	95,126		95,126	95,126	
Total revenues	<u>313,482</u>		<u>313,482</u>	<u>313,482</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	58,482		58,482	58,481	\$ 1
Redemption of principal	255,000		255,000	255,000	
Total regular debt service	<u>313,482</u>		<u>313,482</u>	<u>313,481</u>	<u>1</u>
Total expenditures	<u>313,482</u>		<u>313,482</u>	<u>313,481</u>	<u>1</u>
Excess of revenues over expenditures				1	1
Other financing sources (uses)					
Transfers from capital projects fund				72,114	<u>(72,114)</u>
Net change in fund balance				72,115	<u>(72,115)</u>
Fund balance - June 30				<u>\$ 72,115</u>	<u>\$ (72,115)</u>

**STATISTICAL SECTION  
(UNAUDITED)**

**QUINTON TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION**

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	111-117
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	118-121
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	122-125
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	126-127
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	128-132

QUINTON TOWNSHIP SCHOOL DISTRICT  
Net Position by Component  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2020  
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Invested in capital assets, net of related debt	\$ 1,208,641	\$ 3,887,080	\$ 3,683,403	\$ 3,478,707	\$ 3,422,983	\$ 3,180,213	\$ 3,029,898	\$ 2,923,937	\$ 2,847,911	\$ 2,730,134
Restricted	3,821,716	932,017	894,040	984,602	1,341,533	1,330,500	1,360,724	1,382,525	1,533,924	1,484,305
Unrestricted	(112,564)	(120,685)	(102,905)	(74,980)	(1,012,414)	(1,015,045)	(1,045,484)	(1,106,217)	(1,075,182)	(1,020,727)
Total governmental activities net position	\$ 4,917,793	\$ 4,698,412	\$ 4,474,538	\$ 4,388,329	\$ 3,752,102	\$ 3,495,668	\$ 3,345,138	\$ 3,200,245	\$ 3,306,653	\$ 3,193,712
Business-type activities:										
Invested in capital assets, net of related debt	\$ 16,551	\$ 14,695	\$ 12,839	\$ 11,227	\$ 9,777	\$ 8,431	\$ 7,189	\$ 5,946	\$ 9,835	\$ 8,579
Restricted	7									
Unrestricted	47,972	48,991	45,231	38,625	49,761	57,928	52,751	56,774	40,361	34,349
Total business-type activities net position	\$ 64,530	\$ 63,686	\$ 58,070	\$ 49,852	\$ 59,538	\$ 66,359	\$ 59,940	\$ 62,720	\$ 50,196	\$ 42,928
District-wide:										
Invested in capital assets, net of related debt	\$ 1,225,192	\$ 3,901,775	\$ 3,696,242	\$ 3,489,934	\$ 3,432,760	\$ 3,188,644	\$ 3,037,087	\$ 2,929,883	\$ 2,857,746	\$ 2,738,713
Restricted	3,821,716	932,017	894,040	984,602	1,341,533	1,330,500	1,360,724	1,382,525	1,533,924	1,484,305
Unrestricted	(64,592)	(71,694)	(57,674)	(36,355)	(962,653)	(957,117)	(992,733)	(1,049,443)	(1,034,821)	(986,378)
Total District-wide	\$ 4,982,316	\$ 4,762,098	\$ 4,532,608	\$ 4,438,181	\$ 3,811,640	\$ 3,562,027	\$ 3,405,078	\$ 3,262,965	\$ 3,356,849	\$ 3,236,640

QUINTON TOWNSHIP SCHOOL DISTRICT  
Changes in Net Assets/Net Position  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2020  
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>EXPENSES:</b>										
Governmental activities:										
Instruction										
Regular	\$ 1,520,650	\$ 1,650,055	\$ 1,678,354	\$ 1,643,917	\$ 1,726,312	\$ 1,774,170	\$ 1,718,573	\$ 1,750,352	\$ 1,731,754	\$ 1,802,070
Special education	538,101	378,334	383,088	426,283	392,601	461,616	479,693	507,691	502,786	463,883
Other special education	55,376	57,929	60,951	64,566	78,913	86,077	24,101	55,790	31,326	56,841
Other instruction	21,142	12,105	15,907	19,658	24,509	34,193	31,773	38,423	44,113	29,567
Support services										
Student instruction and related services	1,423,069	1,871,925	1,698,319	1,735,227	1,350,822	1,705,277	1,987,795	1,777,246	1,679,334	2,111,759
General administration	225,433	249,069	220,975	157,218	195,980	213,251	208,805	230,237	208,353	203,552
School administrative services	101,315	105,679	108,290	109,228	109,080	112,818	113,085	111,937	111,436	110,494
Central services	126,528	159,119	134,101	138,704	150,056	154,717	156,122	159,498	167,658	136,875
Administrative information technology	2,407	710	877	1,153	3,945					
Plant operations and maintenance	461,492	485,393	857,647	892,364	936,742	895,351	872,054	967,588	456,644	462,744
Pupil transportation	348,761	358,172	433,606	518,502	406,084	411,077	367,124	373,826	448,786	415,828
Unallocated benefits	966,144	1,049,975	1,122,520	1,099,198	1,129,248	1,201,392	1,365,447	1,549,047	2,011,599	1,687,694
Interest on long-term debt	62,450	153,286	113,313	106,713	99,813	92,612	85,143	76,643	67,725	58,481
Capital outlay	671	552	2,897	36,143	38,513	87,986	37,017	36,143	36,143	36,143
Unallocated depreciation	99,647	154,450							388,320	391,751
Transfer of funds to charter school										8,988
<b>Total governmental activities expenses</b>	<b>5,953,186</b>	<b>6,686,753</b>	<b>6,830,845</b>	<b>6,948,874</b>	<b>6,642,618</b>	<b>7,230,537</b>	<b>7,446,732</b>	<b>7,634,421</b>	<b>7,885,977</b>	<b>7,976,670</b>
Business-type activities										
Food service	149,157	171,360	177,446	192,012	172,595	173,722	165,054	164,522	174,030	142,181
<b>Total business-type activities expense</b>	<b>149,157</b>	<b>171,360</b>	<b>177,446</b>	<b>192,012</b>	<b>172,595</b>	<b>173,722</b>	<b>165,054</b>	<b>164,522</b>	<b>174,030</b>	<b>142,181</b>
<b>Total District expenses</b>	<b>\$ 6,102,343</b>	<b>\$ 6,858,113</b>	<b>\$ 7,008,291</b>	<b>\$ 7,140,886</b>	<b>\$ 6,815,213</b>	<b>\$ 7,404,259</b>	<b>\$ 7,611,786</b>	<b>\$ 7,798,943</b>	<b>\$ 8,060,007</b>	<b>\$ 8,118,851</b>
<b>PROGRAM REVENUES:</b>										
Governmental activities										
Charges for services										
Instruction (tuition)	\$ 55,568									
Operating grants and contributions	326,664	\$ 296,606	\$ 290,779	\$ 316,595	\$ 317,662	\$ 352,924	\$ 340,440	\$ 352,718	\$ 324,037	\$ 293,518
<b>Total governmental activities program revenues</b>	<b>382,232</b>	<b>296,606</b>	<b>290,779</b>	<b>316,595</b>	<b>317,662</b>	<b>352,924</b>	<b>340,440</b>	<b>352,718</b>	<b>324,037</b>	<b>293,518</b>

QUINTON TOWNSHIP SCHOOL DISTRICT  
Changes in Net Assets/Net Position  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2020  
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services										
Food service	63,042	68,856	62,890	65,200	63,026	64,071	59,529	66,284	69,227	42,997
Operating grants and contributions	91,488	101,660	108,940	118,594	119,255	116,472	99,106	101,018	92,279	91,916
Total business-type activities program revenues	154,530	170,516	171,830	183,794	182,281	180,543	158,635	167,302	161,506	134,913
Total District program revenue	<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>	<u>\$ 520,020</u>	<u>\$ 485,543</u>	<u>\$ 428,431</u>
Net (expense) revenue:										
Governmental activities	\$ (5,570,954)	\$ (6,390,147)	\$ (6,540,066)	\$ (6,632,279)	\$ (6,324,956)	\$ (6,877,613)	\$ (7,106,292)	\$ (7,281,703)	\$ (7,561,940)	\$ (7,683,152)
Business-type activities	5,373	(844)	(5,616)	(8,218)	9,686	6,821	(6,419)	2,780	(12,524)	(7,268)
Total District-wide net expense	<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>	<u>\$ (7,278,923)</u>	<u>\$ (7,574,464)</u>	<u>\$ (7,690,420)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes levied for government purposes (net)	\$ 2,133,830	\$ 2,154,507	\$ 2,191,097	\$ 2,307,609	\$ 2,307,609	\$ 2,307,609	\$ 2,440,557	\$ 2,489,368	\$ 2,474,558	\$ 2,524,049
Taxes levied for debt service	111,695	239,279	214,935	217,738	220,343	219,768	221,953	220,093	220,418	218,356
Unrestricted grants and contributions	3,381,566	3,558,213	3,845,541	3,887,996	4,018,067	4,054,278	4,213,975	4,329,301	4,936,713	4,755,550
Restricted grants	2,717,885	110,656								
Tuition charges	189,818	75,874	52,580	86,591	69,749	69,963	32,944	14,939	3,346	12,954
Investment earnings	6,754	4,553	2,846	1,620	1,664	2,136	2,100	2,169	7,711	5,689
Miscellaneous income	15,062	27,684	9,193	44,516	5,681	44,724	44,233	80,940	23,913	59,445
Loss on disposal of assets					(529)	(77,299)				(5,832)
Prior year receivables canceled					(506)				1,689	
Total governmental activities	<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>	<u>7,136,810</u>	<u>7,668,348</u>	<u>7,570,211</u>
Total District-wide	<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>	<u>\$ 7,136,810</u>	<u>\$ 7,668,348</u>	<u>\$ 7,570,211</u>
Change in net position:										
Governmental activities	\$ 2,985,656	\$ (219,381)	\$ (223,874)	\$ (86,209)	\$ 297,122	\$ (256,434)	\$ (150,530)	\$ (144,893)	\$ 106,408	\$ (112,941)
Business-type activities	5,373	(844)	(5,616)	(8,218)	9,686	6,821	(6,419)	2,780	(12,524)	(7,268)
Total District	<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>	<u>\$ (142,113)</u>	<u>\$ 93,884</u>	<u>\$ (120,209)</u>



QUINTON TOWNSHIP SCHOOL DISTRICT  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2020  
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Restricted	\$ 892,677	\$ 683,272	\$ 615,703	\$ 725,184	\$ 1,084,825	\$1,169,298	\$ 1,165,329	\$ 1,258,011	\$ 1,418,044	\$ 1,360,319
Assigned	30,028	10,900	49,633	21,574	97,590	53,926	87,781	52,400	43,766	53,288
Unassigned	(18,584)	(26,304)	(16,759)	(33,704)	(32,554)	(41,862)	(15,003)	(17,391)	(2,165)	(16,136)
Total general fund	<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>	<u>\$ 1,293,020</u>	<u>\$ 1,459,645</u>	<u>\$ 1,397,471</u>
All other governmental funds:										
Unreserved, reported in:										
Debt service fund		\$ 1	\$ 1		\$ 1	\$ 2				\$ 72,115
Capital projects fund	\$2,899,039	237,844	237,844	\$ 237,844	159,117	107,274	\$ 107,614	\$ 72,114	\$ 72,114	
Special revenue fund	(9,101)	(5,208)	(5,078)	(5,665)	(4,759)	(6,571)	(5,438)	(4,758)	(4,830)	(4,199)
Total all other governmental funds	<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>	<u>\$ 67,356</u>	<u>\$ 67,284</u>	<u>\$ 67,916</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>REVENUES:</b>										
Tax Levy	\$ 2,245,525	\$ 2,393,786	\$ 2,406,032	\$ 2,525,347	\$ 2,527,952	\$ 2,527,377	\$ 2,662,510	\$ 2,709,461	\$ 2,694,976	\$ 2,742,405
Tuition charges	189,818	75,874	52,580	86,591	69,749	69,963	32,944	14,939	3,346	12,954
Interest earnings	6,754	4,553	2,846	1,620	1,664	2,136	2,100	2,169	7,711	5,689
Miscellaneous	19,315	31,536	12,833	44,516	9,702	58,211	63,286	95,841	40,429	75,492
State sources	6,195,256	3,618,384	3,896,455	3,944,059	4,066,559	4,118,180	4,270,707	4,377,567	4,526,797	4,552,635
Federal sources	226,606	343,239	236,225	260,532	265,149	275,535	264,655	289,551	259,293	234,846
<b>Total revenue</b>	<b>8,883,274</b>	<b>6,467,372</b>	<b>6,606,971</b>	<b>6,862,665</b>	<b>6,940,775</b>	<b>7,051,402</b>	<b>7,296,202</b>	<b>7,489,528</b>	<b>7,532,552</b>	<b>7,624,021</b>
<b>EXPENDITURES:</b>										
Instruction:										
Regular	1,517,731	1,645,602	1,667,073	1,641,649	1,731,387	1,779,285	1,714,316	1,770,197	1,725,394	1,799,970
Special	484,542	383,509	382,893	430,123	392,601	461,616	479,693	507,691	502,786	463,883
Other	57,701	57,929	60,951	64,566	78,913	86,077	24,101	55,790	31,326	56,841
School sponsored/other instructional	21,142	12,105	15,907	19,658	24,509	34,193	31,773	38,423	44,113	29,567
Undistributed:										
Student & instruction related services	1,415,815	1,861,516	1,696,431	1,734,858	1,335,466	1,694,402	1,983,265	1,768,824	1,682,650	2,126,134
General administration	215,268	239,213	219,645	203,091	195,980	213,251	208,805	230,237	208,353	203,552
School administration	101,315	105,679	108,290	109,228	109,080	112,818	113,085	111,937	111,436	110,494
Central administration	126,528	159,119	134,101	138,704	150,056	154,717	156,122	159,498	167,658	136,875
Administration information technology	2,407	710	877	1,153	3,945					
Operations & maintenance of plant services	457,498	481,399	467,628	496,773	556,729	515,590	495,153	593,549	497,028	462,744
Student transportation	348,761	358,172	433,606	518,502	406,084	411,077	367,124	373,826	448,786	415,828
Unallocated benefits	966,144	1,049,975	1,122,520	1,099,198	1,120,919	1,204,931	1,307,388	1,470,177	1,575,696	1,510,632
Debt service expenditures										
Principal	125,000	190,000	200,000	210,000	220,000	225,000	235,000	241,000	250,000	255,000
Interest	62,450	153,286	113,313	106,713	99,813	92,612	85,143	76,643	67,725	58,481
Capital outlay	1,767,910	2,662,712	2,897	36,143	155,801	87,986	37,017	71,643	54,737	46,574
Transfer of funds to charter schools										8,988
<b>Total expenditures</b>	<b>7,670,212</b>	<b>9,360,926</b>	<b>6,626,132</b>	<b>6,810,359</b>	<b>6,581,283</b>	<b>7,073,555</b>	<b>7,237,985</b>	<b>7,469,435</b>	<b>7,367,688</b>	<b>7,685,563</b>
Excess deficiency of revenues over (under) expenditures	1,213,062	(2,893,554)	(19,161)	52,306	359,492	(22,153)	58,217	20,093	164,864	(61,542)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other financing sources (uses):										
Proceeds from borrowing	1,821,000									
Prior year receivables canceled					(506)				1,689	
Transfers in - internal service fund				11,583						
Total other financing sources (uses)	<u>1,821,000</u>			<u>11,583</u>	<u>(506)</u>				<u>1,689</u>	
Net change in fund balance	<u>\$ 3,034,062</u>	<u>\$ (2,893,554)</u>	<u>\$ (19,161)</u>	<u>\$ 63,889</u>	<u>\$ 358,986</u>	<u>\$ (22,153)</u>	<u>\$ 58,217</u>	<u>\$ 20,093</u>	<u>\$ 166,553</u>	<u>\$ (61,542)</u>
Debt service as a percentage of noncapital expenditures	3.18%	5.13%	4.73%	4.68%	4.98%	4.55%	4.45%	4.29%	4.34%	4.10%

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
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
2018	899	64,591	15,450			80,940
2019	11,620	2,369	9,924			23,913
2020	12,948	26,695	19,802			59,445
	<u>\$ 50,101</u>	<u>\$ 139,867</u>	<u>\$ 134,416</u>	<u>\$ 18,963</u>	<u>\$ 12,044</u>	<u>\$ 355,391</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
2011	5,517,400	134,185,600	25,020,000	4,980,700	16,070,200	0	519,000	186,292,900	932,672	187,225,572	199,452,818	1.173
2012	6,646,600	137,882,200	22,455,500	3,254,900	15,831,800	0	519,000	186,590,000	693,983	187,283,983	212,846,522	1.239
2013	6,621,900	139,077,400	23,327,600	3,049,300	15,625,200	0	519,000	188,220,400	689,715	188,910,115	205,798,052	1.271
2014	6,646,300	138,997,900	23,921,500	3,067,300	15,512,800	0	519,000	188,664,800	705,781	189,370,581	189,793,640	1.302
2015	6,324,500	141,458,200	22,327,500	3,109,800	15,843,200	0	519,000	189,582,200	674,941	190,257,141	195,320,224	1.328
2016	6,268,500	141,702,200	22,042,900	3,157,900	15,243,600	0	519,000	188,934,100	651,835	189,585,935	182,708,281	1.334
2017	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	1.367
2018	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
2019	6,347,900	143,145,000	22,287,900	3,156,900	15,650,400	0	519,000	191,107,100	637,414	191,744,514	177,312,729	1.409
2020	7,378,500	142,621,600	21,467,200	3,112,800	15,605,200	0	519,000	190,704,300	659,202	191,363,502	172,649,194	1.421

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	
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	1.253	0.114	1.367	0.285	0.022	1.106	2.780
2018	1.290	0.114	1.404	0.300	0.020	1.123	2.847
2019	1.294	0.115	1.409	0.320	0.019	1.076	2.824
2020	1.308	0.113	1.421	0.345	0.019	1.068	2.853

Source: Municipal Tax Collector

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

Taxpayer	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Eastern Concrete Materials Inc.	3,366,600	1.86%	2,674,200	1.43%
I.S. Smick Lumber Company Inc.	2,980,200	1.65%		
Taxpayer #1	2,423,600	1.34%	2,374,800	1.27%
4 C's Rental	1,990,000	1.10%	1,696,000	0.91%
Rams Golf LLC	1,168,300	0.65%	1,272,800	0.68%
Third Garden Ltd Partnership	1,037,500	0.57%	882,500	0.47%
337 Washington Street LLC	903,000	0.50%		
Taxpayer #2	857,800	0.47%	827,400	0.44%
Taxpayer #3	845,900	0.47%		
American Tower Corp	769,100	0.42%		
Glendon Elmer Investment Properties			771,700	0.41%
Verizon-New Jersey			742,093	0.40%
Taxpayer #4			696,300	0.37%
Taxpayer #5			663,600	0.35%
	<u>16,342,000</u>	<u>9.02%</u>	<u>12,601,393</u>	<u>6.73%</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	
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
2018	2,709,461	2,483,673	91.67%	225,788
2019	2,694,976	2,245,815	83.33%	449,161
2020	2,742,405	2,285,335	83.33%	457,070

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



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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes	Business-type	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases		Capital Leases		
2011	\$ 3,246,000					\$ 3,246,000	3.07%
2012	3,056,000			\$ 470,000		3,526,000	3.25%
2013	2,856,000					2,856,000	2.66%
2014	2,646,000					2,646,000	2.47%
2015	2,426,000					2,426,000	2.22%
2016	2,201,000					2,201,000	1.95%
2017	1,966,000					1,966,000	1.73%
2018	1,725,000					1,725,000	1.50%
2019	1,475,000					1,475,000	1.23%
2020	1,220,000					1,220,000	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			
2011	\$ 3,246,000		\$ 3,246,000	1.74%	1,240
2012	3,056,000		3,056,000	1.64%	1,179
2013	2,856,000		2,856,000	1.52%	1,110
2014	2,646,000		2,646,000	1.40%	1,038
2015	2,426,000		2,426,000	1.28%	958
2016	2,201,000		2,201,000	1.16%	878
2017	1,966,000		1,966,000	1.04%	790
2018	1,725,000		1,725,000	0.90%	697
2019	1,475,000		1,475,000	0.77%	598
2020	1,220,000		1,220,000	0.64%	498

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, 2019  
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Quinton	\$ 2,086,270	100.00%	\$ 2,086,270
Salem County General Obligation Debt	38,650,075	3.44%	1,328,418
Subtotal, overlapping debt			3,414,688
Township of Quinton School District			1,220,000
Total direct and overlapping debt			<u>\$ 4,634,688</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								
	2019	\$ 173,588,476								
	2018	171,350,399								
	2017	175,234,516								
		<u>\$ 520,173,391</u>								
Average equalized valuation of taxable property		\$ 173,391,130								
Debt limit (3% of average equalized value)		5,201,734								
Total net debt applicable to limit		<u>1,220,000</u>								
Legal debt margin		<u>\$ 3,981,734</u>								
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 5,565,499	\$ 6,057,461	\$ 5,995,996	\$ 5,816,938	\$ 5,719,550	\$ 5,796,107	\$ 5,723,389	\$ 5,553,968	\$ 5,317,889	\$ 5,201,734
Total net debt applicable to limit	<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>	<u>1,725,000</u>	<u>1,475,000</u>	<u>1,220,000</u>
Legal debt margin	<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>	<u>\$ 3,828,968</u>	<u>\$ 3,842,889</u>	<u>\$ 3,981,734</u>
Total net debt applicable to the limit as a percentage of debt limit	58.32%	50.45%	47.63%	45.49%	42.42%	37.97%	34.35%	31.06%	27.74%	23.45%

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

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2011	2,617	\$ 105,818,395	40,435	12.00%
2012	2,593	108,581,875	41,875	11.40%
2013	2,573	107,227,202	41,674	11.70%
2014	2,549	107,226,234	42,066	6.20%
2015	2,532	109,096,284	43,087	9.20%
2016	2,508	113,105,784	45,098	7.80%
2017	2,488	113,676,720	45,690	6.90%
2018	2,475	114,926,625	46,435	6.60%
2019	2,465	119,542,640	48,496	5.40%
2020	2,448	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	2020		2011	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Quinton Township School	63	5.40%	58	4.47%
Hudock's Custard Stand	30	2.57%	30	2.31%
Bobbit Pontiac	25	2.14%	25	1.93%
Marlboro Farm Market			25	1.93%
Quinton Township	20	1.72%	20	1.54%
I.S. Smick Lumber Company Inc.	20	1.72%	20	1.54%
EMS Café	15	1.29%		
Bradway's Farm Market/Farmer John's Deli & Restaurant			15	1.16%
Butler Gardens/C & L Work Clothes			15	1.16%
Salem Packing	15	1.29%	15	1.16%
Hitchner's Furniture	10	0.86%		
Quinton Diner	10	0.86%	10	0.77%
Bud's Market	5	0.43%	5	0.39%
Marty's Crabs	5	0.43%	5	0.39%
	<u>218</u>	<u>13.29%</u>	<u>243</u>	<u>14.26%</u>

Source: District officials

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	27	27	28	28	28	30	29	31	31.60	27.80
Special education	5	4	4	4.5	4.5	5	4.5	5.0	4.75	6.43
Other special education	5	2	1	1	1	2	1			
Other instruction	3	4	4	3.5	3	3.5	3.5	3.5	3.20	3.27
Support services:										
Student & instruction related services	3	3	3	3.0	3.5	3.5	3.5	4.5	4.40	4.50
General administration	2	2	2	1.5	1.5	1.5	1.5	1.5	1.50	1.50
School administration	2	2	2	2	2	2	2	2	1.90	2.00
Business administrative services	2	2	2	2	2	2.5	2.5	2.5	2.50	1.50
Plants operations and maintenance	4	5	5	4.5	4.5	4.5	4.5	4.5	4.60	3.60
Food service	3	3	3	3	3	2	2	3	3.50	4.60
Total	<u>56</u>	<u>54</u>	<u>54</u>	<u>53</u>	<u>53</u>	<u>56.5</u>	<u>54</u>	<u>57.5</u>	<u>58</u>	<u>55.2</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				
2011	350	\$ 5,714,852	\$ 16,328	21.54%	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%
2018	326	7,080,149	21,718	10.16%	33.5	11.7	1:24	322.1	307.0	-5.92%	95.32%
2019	306	6,995,226	22,860	5.26%	32.9	10.7	1:24	305.6	289.7	-5.12%	94.80%
2020	294	7,325,508	24,917	9.00%	33.7	8.7	1:24	291.2	280.7	-4.69%	96.38%

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).



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

Elementary	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	353	371	370	344	357	349	342	326	306	294

Number of Schools at June 30, 2020

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, 2020

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

School Facilities	Gross Square Footage	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Quinton	58,738	\$ 37,413	\$ 45,825	\$ 24,326	\$ 25,475	\$ 126,561	\$ 73,142	\$ 54,608	\$ 85,391	\$ 64,020	\$ 74,726	\$ 611,487

\* 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, 2020  
Unaudited

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

	Coverage	Deductible	
<b>Article I - Property</b>			
Blanket buildings & contents	\$ 13,311,268	\$ 1,000	per occurrence
<b>Article II - Electronic Data Processing</b>			
Blanket - hardware/software	260,000	1,000	per occurrence
<b>Article III - Equipment Breakdown</b>			
Combined single limit	100,000,000	1,000	
<b>Article IV - Crime</b>			
<i>Insuring Agreement 1 - Public employee dishonesty w/faithful performance</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 2 - Theft, disappearance &amp; destruction - loss of money &amp; securities on or off premises</i>	25,000	500	per occurrence
<i>Insuring Agreement 3 - Theft, disappearance &amp; destruction - money orders &amp; counterfeit paper currency</i>	25,000	500	per occurrence
<i>Insuring Agreement 4 - Forgery or alteration</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 5 - Computer fraud</i>	50,000	1,000	per occurrence
<b>Article V - Comprehensive General Liability</b>			
Bodily injury and property damage	11,000,000	None	combined single limit
Bodily injury from products and completed operations	11,000,000	None	annual aggregate
Sexual abuse	11,000,000	None	per occurrence
	17,000,000		annual NJSIG aggregate
Personal and advertising - injury limit	11,000,000	None	per occurrence/annual aggregate
			aggregate
Employee benefits liability	11,000,000	1,000	per claim/annual aggregate
Premises Medical payments	10,000	None	each accident
Premises Medical payments	5,000	None	limit per person
Terrorism	1,000,000	None	per occurrence
<b>Article VI - Automobile</b>			
Bodily injury and property damage	11,000,000	None	combined single limit
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
<b>Public Employee Surety Bonds</b>			
Liberty Mutual			
Employee bond - Karen Mathews, 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, 2020, 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 December 15, 2020.

#### ***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.

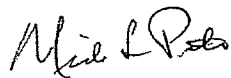
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies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

December 15, 2020

# 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

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, 2020. 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, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major state program is not modified with respect to this matter.

### ***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, 2020, and have issued our report thereon dated December 15, 2020, 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  
Glassboro, New Jersey

December 15, 2020

QUINTON TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2020

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, 2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2020			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	S010A190030	ESEA428020	\$103,135	07/1/19-	06/30/20			\$ 73,504	\$ (103,135)					\$ (29,631)	\$ 103,135
Title I - Part A Improving Basic Programs	84.010A	S010A180030	ESEA428019	\$110,079	07/1/18-	06/30/19	\$ (61,832)		61,832							110,079
Subtotal							(61,832)		135,336	(103,135)				(29,631)	213,214	
Title II-A Teacher & Principal Training & Recruiting	84.367A	S367A190029	ESEA428020	10,593	07/1/19-	06/30/20			10,503	(10,593)				(90)	10,593	
Title II-A Teacher & Principal Training & Recruiting	84.367A	S367A180029	ESEA428019	10,362	07/1/18 -	06/30/19	(3,507)		3,507						10,362	
Subtotal							(3,507)		14,010	(10,593)				(90)	20,955	
Title IV - Student Support & Academic Enrichment	84.424	S424A190031	ESEA428020	10,000	07/1/19-	06/30/20			7,408	(10,000)				(2,592)	10,000	
Subtotal									7,408	(10,000)				(2,592)	10,000	
Special Education Cluster																
IDEA Part B, Basic Regular	84.027	H027A190100	IDEA428020	89,485	07/1/19-	06/30/20			89,485	(89,485)					89,485	
IDEA Preschool	84.173	H173A190114	IDEA428020	2,400	07/1/19-	06/30/20				(2,400)				(2,400)	2,400	
Total Special Education Cluster									89,485	(91,885)				(2,400)	91,885	
Rural Education Achievement Program	84.358	S358B190030	S358A190192	26,739	07/1/19 -	09/30/20			9,150	(26,739)				(17,589)	26,739	
Rural Education Achievement Program	84.358	S358B180030	S358A181500	34,497	07/1/18 -	09/30/19	(7,961)		7,961						34,497	
Subtotal							(7,961)		17,111	(26,739)				(17,589)	61,236	
Total Special Revenue Fund							(73,300)		263,350	(242,352)				(52,302)	397,290	
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program	10.555	201NJ304N1099	N/A	5,117	07/1/19-	06/30/20			5,117	(5,117)					5,117	
Food Distribution Program	10.555	191NJ304N1099	N/A	10,699	07/1/18 -	06/30/19	2,791			(2,791)					10,699	
National School Lunch Program	10.555	201NJ304N1099	N/A	55,987	07/1/19-	06/30/20			50,054	(55,987)				(5,933)	55,987	
National School Lunch Program	10.555	191NJ304N1099	N/A	55,167	07/1/18 -	06/30/19	(2,580)		2,580						55,167	
National School Breakfast Program	10.553	201NJ304N1099	N/A	29,174	07/1/19-	06/30/20			25,423	(29,174)				(3,751)	29,174	
National School Breakfast Program	10.553	191NJ304N1099	N/A	24,874	07/1/18 -	06/30/19	(1,538)		1,538						24,874	
Total Enterprise Fund/Child Nutrition Cluster							(1,327)		84,712	(93,069)				(9,684)	181,018	
Total Federal Financial Awards							\$ (74,627)		\$ 348,062	\$ (335,421)				\$ (61,986)	\$ 578,308	

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, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2019		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	June 30, 2020			MEMO	
			From	To	Deferred Revenue (Accts. Rec.)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
State Aid Public:															
Equalization Aid	20-495-034-5120-078	\$ 2,710,834	07/1/19	06/30/20				\$ 2,710,834	\$ (2,710,834)				\$ 243,925	\$ 2,710,834	
Special Education Categorical Aid	20-495-034-5120-089	291,684	07/1/19	06/30/20				291,684	(291,684)				26,246	291,684	
Security Aid	19-495-034-5120-084	80,638	07/1/19	06/30/20				80,638	(80,638)				7,256	80,638	
School Choice Aid	19-495-034-5120-068	257,386	07/1/19	06/30/20				257,386	(257,386)				23,160	257,386	
Transportation Aid	19-495-034-5120-014	209,903	07/1/19	06/30/20				209,903	(209,903)				18,887	209,903	
Extraordinary Aid	20-495-034-5120-044	53,338	07/1/19	06/30/20					(53,338)		\$ (53,338)			53,338	
Extraordinary Aid	19-495-034-5120-044	47,521	07/1/18	06/30/19	\$ (47,521)			47,521						47,521	
Reimbursed Nonpublic Transportation Costs	n/a	4,350	07/1/18	06/30/19	(4,350)			4,350						4,350	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	158,334	07/1/19	06/30/20				158,334	(158,334)					158,334	
On-Behalf TPAF Pension Contribution	20-495-034-5094-002	487,017	07/1/19	06/30/20				487,017	(487,017)					487,017	
On-Behalf TPAF Post Retirement Medical	20-495-034-5094-001	180,674	07/1/19	06/30/20				180,674	(180,674)					180,674	
On-Behalf TPAF Long Term Disability Insurance	20-495-034-5094-004	514	07/1/19	06/30/20				514	(514)					514	
<b>Total General Fund</b>					<b>(51,871)</b>			<b>4,428,855</b>	<b>(4,430,322)</b>			<b>(53,338)</b>	<b>319,474</b>	<b>4,482,193</b>	
Special Revenue Fund:															
Preschool Education Aid	20-495-034-5120-086	41,994	07/1/19	06/30/20				41,994	(41,994)				4,199	41,994	
<b>Total Special Revenue Fund</b>								<b>41,994</b>	<b>(41,994)</b>				<b>4,199</b>	<b>41,994</b>	
Debt Service Fund:															
Debt Service Aid Type II	20-495-034-5120-075	95,126	07/1/19	06/30/20				95,126	(95,126)					95,126	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	20-100-010-3350-023	1,638	07/1/19	06/30/20				1,176	(1,638)		(462)			1,638	
National School Lunch Program (State Share)	19-100-010-3350-023	1,540	07/1/18	06/30/19	(71)			71						1,540	
<b>Total Enterprise Fund</b>					<b>(71)</b>			<b>1,247</b>	<b>(1,638)</b>		<b>(462)</b>			<b>3,178</b>	
<b>Total State Financial Assistance</b>					<b>\$ (51,942)</b>			<b>\$ 4,567,222</b>	<b>\$ (4,569,080)</b>		<b>\$ (53,800)</b>		<b>\$ 323,673</b>	<b>\$ 4,622,491</b>	
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf TPAF Pension Contribution									\$ (487,017)						
On-Behalf TPAF Post Retirement Medical									(180,674)						
On-Behalf TPAF Long Term Disability Insurance									(514)						
									(668,205)						
<b>Total for State Financial Assistance - Major Program Determination</b>									<b>\$ (3,900,875)</b>						

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

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF  
AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2020**

**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 basis 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, 2020**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$15,438) for the General Fund and (\$6,875) for the Special Revenue Fund (See Exhibit C-3). See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,414,884	\$ 4,414,884
Special Revenue Fund	\$ 234,846	42,625	277,471
Debt Service Fund		95,126	95,126
Food Service Fund	90,278	1,638	91,916
Total Financial Assistance	<u>\$ 325,124</u>	<u>\$ 4,554,273</u>	<u>\$ 4,879,397</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, 2020, Quinton Township School District has food commodities totaling \$0 in inventory.

**NOTE 6: OTHER**

The amount reported as the TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2020. The TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for the TPAF members for the year ended June 30, 2020.

**NOTE 7: 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF  
AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2020**

**NOTE 8: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR  
PROGRAM DETERMINATION**

On-behalf State Programs for the 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, 2020**

**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?   X   Yes        No

Identification of major programs:

GMIS Numbers

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

Name of State Program

State Aid Public:  
Equalization Aid  
Special Education Categorical Aid  
Security Aid  
School Choice

**QUINTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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**

**State Aid Public** - Equalization Aid 495-034-5120-078, Special Education Categorical Aid 495-034-5120-089, Security Aid 495-034-5120-084, School Choice Aid 495-034-5120-068, Adjustment Aid 495-034-5120-085

**Eligibility**

Finding 2020-001

Criteria - The District must complete a set of work papers as of October 15th of each school year to provide information for filing the Application for State School Aid (ASSA).

Condition - The ASSA application did not agree to the supporting documentation provided by the District.

Context - Choice students were reported in the Choice section of the ASSA application and in the total on-roll student's section of the ASSA application.

Effect - Incorrect allocation of state aid provided by the SFRA.

Cause - The Business Administrator did not realize the Choice students automatically added into the total on-roll student's section in the software.

Recommendation - The Business Administrator establish appropriate internal control procedures to ensure the accuracy of total on-roll students reported on the ASSA report.

View of responsible Officials - The Business Administrator agrees with this finding.



**QUINTON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Status of Prior Year Findings

N/A

Findings

N/A

Condition

N/A

Current Status

N/A