

**SCHOOL DISTRICT
OF
QUINTON TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Quinton Township Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2021

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Quinton Township Board of Education
Salem, New Jersey**

For the Fiscal Year Ended June 30, 2021

Prepared by

**Quinton Township Board of Education
Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE QUINTON TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION

Quinton Township School District

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

Karen Mathews
Business Administrator/Board Secretary
kmathews@quintonschoolinfo

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

February 2, 2022

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, 2021, 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, 2022, the District directed its efforts and resources toward the following goals and initiatives:

1. By June, 2022 59.3% 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, 2022 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, 2022 57.5% 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, 2022 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, 2022 100% of the staff will participate in professional development to achieve a more equitable experience to understand students' learning styles with personalized learning. Not all students learn the same, which is why not all instruction or activities should be the same.

MAJOR INITIATIVES (CONTINUED)

6. By June, 2022 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 NJSLA 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)

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.

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

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

6. BUDGETARY CONTROLS

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

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

7. ACCOUNTING SYSTEM AND REPORTS

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

8. DEBT ADMINISTRATION

As of June 30, 2021, the District's outstanding debt issues included \$970,000 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 Nightlinger, Colavita & Volpa 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

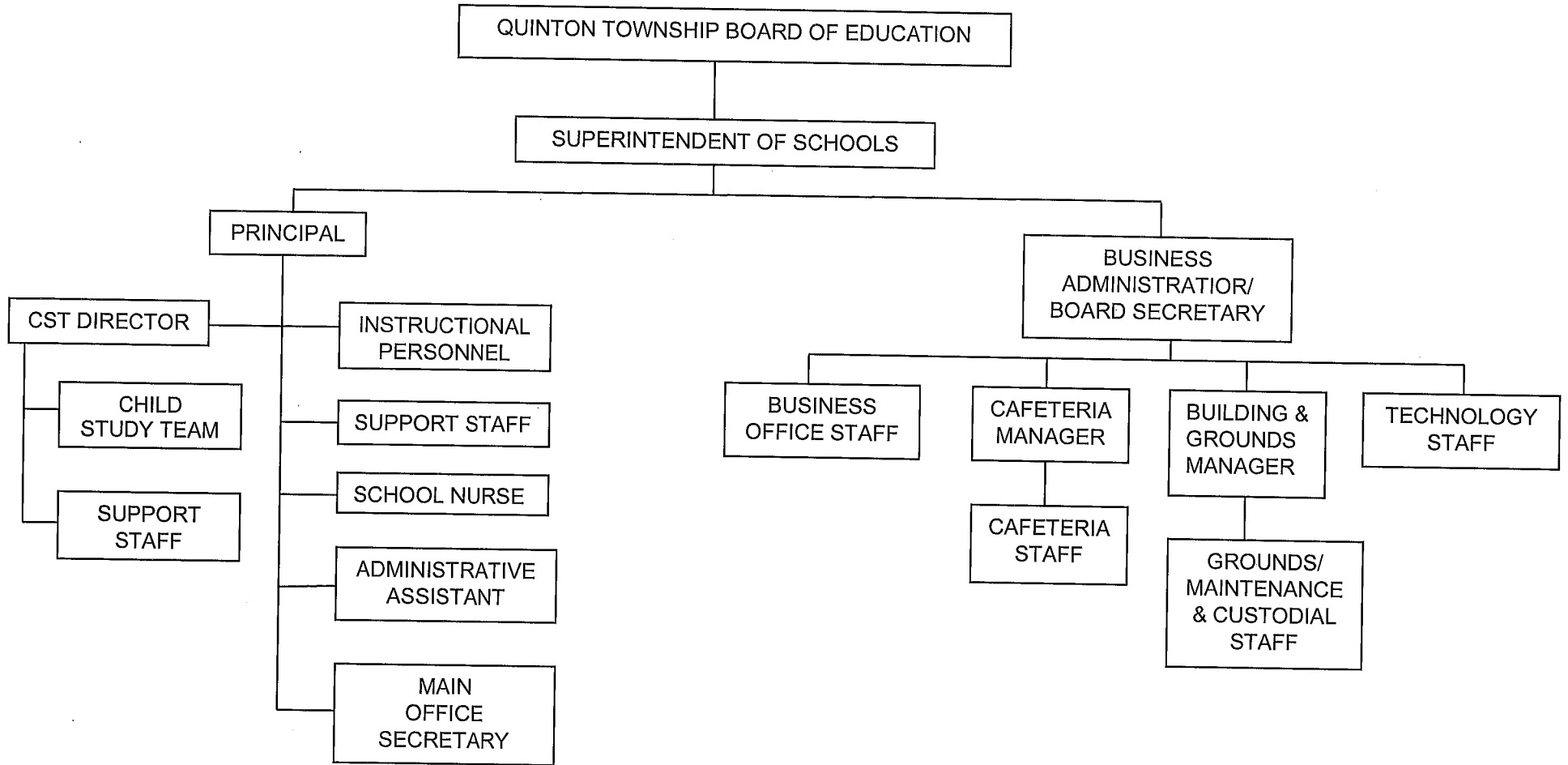
We would like to express our appreciation to the members of the Quinton Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial 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, 2021

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Stacey B. Sickler, President

2021

Amy Keen, Vice President

2021

Joseph Longo III

2023

William McDonald

2021

Thomas McKee III

2022

Joanne Nacucchio

2023

Abram Norman

2022

Tracy Scull

2023

Michael Sites

2022

OTHER OFFICIALS

Stewart Potter, Superintendent

Mindy Bacon, Principal

Karen Mathews, Business Administrator/Board Secretary

**QUINTON TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

AUDIT FIRM

**Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.**
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Mr. Mark G. Toscano, Esq.
Comegno Law Group, PC
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

OFFICIAL DEPOSITORY

Fulton Bank of New Jersey
125 Salem-Woodstown Road
Salem, NJ 08079

INSURANCE AGENCY

Conner Strong & Buckelew Companies, LLC
40 Lake Center Executive Park
401 Route 73 North
Marlton, NJ 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Quinton Township School District
8 Robinson Street
County of Salem, 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, 2021, and the related notes to the financial statements, which collectively comprise the Quinton Township School 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 Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 entity'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 entity'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 that 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, business-type activities, each major fund, and the aggregate remaining fund information of the Quinton Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 24 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions 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 introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

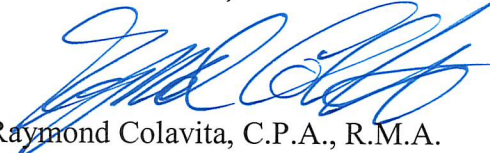
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 2, 2022 on our consideration of the Quinton Township Board of Education's internal control over financial reporting and our tests 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 effectiveness of the Quinton Township Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quinton Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
February 2, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Quinton Township School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021
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, 2021. 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, 2021
 Unaudited

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

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

Quinton Township School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021
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).

Quinton Township School District
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Fund Financial Statements (Continued)

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.
- **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.

Quinton Township School District
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Financial Analysis of the District as a Whole

Assets - The District's combined total assets are \$5,313,541 on June 30, 2021. Approximately 1.2% of the total assets are from Business-type Activities, while the balance of the total assets is 98.8%, attributable to Governmental Activities (see Exhibit A-1).

Quinton Township School District's Net Position						
	FY 2021		FY 2020		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2021	FY 2020
ASSETS						
Current and other assets	\$ 1,599,530	\$ 58,750	\$ 1,557,156	\$ 34,349	\$ 1,658,280	\$ 1,591,505
Capital assets	3,647,938	7,323	3,950,134	8,579	3,655,261	3,958,713
Total assets	<u>5,247,468</u>	<u>66,073</u>	<u>5,507,290</u>	<u>42,928</u>	<u>5,313,541</u>	<u>5,550,218</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	103,425		39,227		103,425	39,227
LIABILITIES						
Current liabilities	60,303	2,636	91,769		62,939	91,769
Noncurrent liabilities	982,930		1,236,020		982,930	1,236,020
Net pension liability	575,227		726,644		575,227	726,644
Total liabilities	<u>1,618,460</u>	<u>2,636</u>	<u>2,054,433</u>		<u>1,621,096</u>	<u>2,054,433</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	412,601		298,372		412,601	298,372
	<u>412,601</u>		<u>298,372</u>		<u>412,601</u>	<u>298,372</u>
NET POSITION						
Invested in capital assets, Net of related debt	2,677,938	7,323	2,730,134	8,579	2,685,261	2,738,713
Restricted	1,596,442		1,484,305		1,596,442	1,484,305
Unrestricted	(954,548)	56,114	(1,020,727)	34,349	(898,434)	(986,378)
Total net position	<u>\$ 3,319,832</u>	<u>\$ 63,437</u>	<u>\$ 3,193,712</u>	<u>\$ 42,928</u>	<u>\$ 3,383,269</u>	<u>\$ 3,236,640</u>

The District's combined net position was \$3,383,269 on June 30, 2021. This was an increase of \$146,629.

Table 3 Shows changes in net position for fiscal year 2021.

Changes in Net Position - The District's total revenues are \$9,930,520 for the fiscal period ended June 30, 2021, (see Table 3). Property taxes and state grants and entitlements accounted for 90% of the District's revenue, 9.5% is derived from federal and state aid for specific programs, and the remainder, .5% from fees charged for services and miscellaneous resources (see Exhibit A-2).

Quinton Township School District
 Management's Discussion and Analysis
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 Unaudited

Financial Analysis of the District as a Whole (Continued)

Table 3

Quinton Township School District's Changes in Net Position

	FY 2021		FY 2020		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2021	FY 2020
REVENUES:						
Program revenues						
Charges for services	\$ 14,873	\$ 3,235		\$ 42,997	\$ 18,108	\$ 42,997
Federal & state categorical grants	798,487	144,830	\$ 293,518	91,916	943,317	385,434
General revenues						
Property taxes	2,761,514		2,742,405		2,761,514	2,742,405
Grants and entitlements	6,176,060		4,755,550		6,176,060	4,755,550
Other	31,521		72,256		31,521	72,256
Total revenues	<u>9,782,455</u>	<u>148,065</u>	<u>7,863,729</u>	<u>134,913</u>	<u>9,930,520</u>	<u>7,998,642</u>
EXPENSES:						
Instruction-related	2,490,676		2,352,361		2,490,676	2,352,361
Tuition and student support services	2,408,706		2,111,759		2,408,706	2,111,759
General administration	180,558		203,552		180,558	203,552
School administration	104,687		110,494		104,687	110,494
Central services	132,511		136,875		132,511	136,875
Plant operations & maintenance	471,594		462,744		471,594	462,744
Pupil transportation	304,523		415,828		304,523	415,828
Employee benefits	3,090,313		1,687,694		3,090,313	1,687,694
Interest on debt	99,681		58,481		99,681	58,481
Capital outlay			36,143			36,143
Food service		127,556		142,181	127,556	142,181
Transfer of funds to charter school	9,626		8,988		9,626	
Depreciation	393,735		391,751		393,735	391,751
Total expenses	<u>9,686,610</u>	<u>127,556</u>	<u>7,976,670</u>	<u>142,181</u>	<u>9,814,166</u>	<u>8,118,851</u>
Increase (decrease) in net position	<u>\$ 95,845</u>	<u>\$ 20,509</u>	<u>\$ (112,941)</u>	<u>\$ (7,268)</u>	<u>\$ 116,354</u>	<u>\$ (120,209)</u>

The District's predominant expenses are related to instruction and student support services, which is approximately 50%. Employee benefits made up 31% of the District's expenses. Another 4% is related to Administrative and Business departments, 3% for transportation expenses, and 5% is related to Maintenance & Operations. Depreciation accounts for another 4% and food service 1% of the overall expenditures. The remaining 2% is made up of interest on debt, capital outlay and transfer to charter school.

Quinton Township School District
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Governmental Activities

Revenues for Governmental Activities (Exhibit B-2) were \$8,221,485, while total expenses amounted to \$8,153,744. This resulted in an increase in net position in Governmental Activities of \$58,115 for FY 2021. There was also a prior period adjustment related to the application of GASB #84.

Overall, the District's financial position can be credited to controlling expenses due to the impending state budget crisis and the District securing grants to supplement local and state funding.

Business-Type Activities

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

- Business-type Activities revenues exceeded expenditures by \$20,509 (Exhibit B-5).
- Charges for services represent \$3,235 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 \$144,830.

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 \$1,553,777 (See Exhibit B-2). The district tax levy increased \$19,109. The District's expenditures increased \$474,631, of which \$411,722 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 \$642,627 in fund balance. Actual revenue less expenditure led to an increase of \$80,905 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, 2021, amounts to 3,655,261 (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
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Capital Assets (Continued)

Table 4

Quinton Township School District's Capital Assets

	FY 2021			FY 2020			Total	
	Governmental	Fiduciary	Business-Type	Governmental	Fiduciary	Business-Type	FY 2021	FY 2020
Land	\$ 8,757			\$ 8,757			\$ 8,757	\$ 8,757
Site improvements	19,018			10,543			19,018	10,543
Buildings	3,499,475			3,787,896			3,499,475	3,787,896
Machinery & equipment	120,688		\$ 7,323	142,938		\$ 8,579	128,011	151,517
Total	\$ 3,647,938	None	\$ 7,323	\$ 3,950,134	None	\$ 8,579	\$ 3,655,261	\$ 3,958,713

Long-Term Debt

At year-end, the District had \$982,930 of outstanding debt. Of this amount, \$970,000 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 ending balance for compensated absences is \$12,930. The total amount of allowable bonded debt is \$5,201,734, of which \$4,231,734 or 81.35% is available for future debt. There is also \$575,227 in Net Pension Liability.

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

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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.

COVID-19 Pandemic (Continued)

A 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

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total Governmental Funds FY 2021
ASSETS			
Cash and cash equivalents	\$ -	\$ 45,425	\$ 45,425
Receivables, net	578,167	10,430	588,597
Interfunds Receivable			
Inventory		2,895	2,895
Restricted assets:			
Cash and cash equivalents	1,021,363		1,021,363
Capital assets:			
Non-depreciable assets	8,757		8,757
Assets net of depreciation	3,639,181	7,323	3,646,504
Total Assets	5,247,468	66,073	5,313,541
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pension	103,425		103,425
LIABILITIES			
Accounts Payable	35,870		35,870
Unearned Revenue	9,883	2,636	12,519
Accrued Interest	14,550		14,550
Non-current liabilities:			
Due within one year	105,000		105,000
Due beyond one year	877,930		877,930
Net pension liability	575,227		575,227
Total liabilities	1,618,460	2,636	1,621,096
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	412,601		412,601
	412,601		412,601
NET POSITION			
Invested in capital assets, net of related debt	2,677,938	7,323	2,685,261
Restricted for:			
Unemployment Compensation	19,969		19,969
Student Activities	16,636		16,636
Capital projects	427,998		427,998
Maintenance Reserves	150,000		150,000
Debt service	1		1
Other purposes	981,838		981,838
Unrestricted (Deficit)	(954,548)	56,114	(898,434)
Total net position	\$ 3,319,832	\$ 63,437	\$ 3,383,269

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

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	\$ 1,772,212			\$ (1,772,212)		\$ (1,772,212)
Special education	704,493		\$ 484,530	(219,963)		(219,963)
Other special education	56			(56)		(56)
Other instruction	13,915			(13,915)		(13,915)
Support services:						
Student & instructional related services	2,408,706	\$ 14,873	228,777	(2,165,056)		(2,165,056)
General administrative services	180,558			(180,558)		(180,558)
School administrative services	104,687			(104,687)		(104,687)
Central services	132,511			(132,511)		(132,511)
Plant operations & maintenance	471,594			(471,594)		(471,594)
Pupil transportation	304,523			(304,523)		(304,523)
Employee benefits	3,090,313		85,180	(3,005,133)		(3,005,133)
Interest on long-term debt	99,681			(99,681)		(99,681)
Transfer of funds to charter school	9,626			(9,626)		(9,626)
Unallocated depreciation	393,735			(393,735)		(393,735)
Total governmental activities	9,686,610	14,873	798,487	(8,873,250)		(8,873,250)
Business-type activities:						
Food service	127,556	3,235	144,830		\$ 20,509	20,509
Total business-type activities	127,556	3,235	144,830		20,509	20,509
Total primary government	\$ 9,814,166	\$ 18,108	\$ 943,317	\$ (8,873,250)	\$ 20,509	\$ (8,852,741)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				\$ 2,624,580		\$ 2,624,580
Taxes levied for debt service				136,934		136,934
Federal and state aid not restricted				6,176,060		6,176,060
Federal aid restricted						
Investment earnings				427		427
Miscellaneous income				35,968		35,968
Fixed Asset Adjustment				(4,874)		(4,874)
Total general revenues, special items, extraordinary items, and transfers				8,969,095		8,969,095
Change in net position				95,845	\$ 20,509	116,354
Net position - beginning				3,193,712	42,928	3,236,640
Prior Year Adjustment				30,275		30,275
Net position - beginning Restated				3,223,987	42,928	3,266,915
Net position - end				\$ 3,319,832	\$ 63,437	\$ 3,383,269

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
30-Jun-21

	Major Funds				Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Governmental Funds FY 2021
ASSETS					
Cash and Cash Equivalents	\$ 896,874	\$ -	\$ 124,488	\$ 1	\$ 1,021,363
Tax Levy Receivable	478,749				478,749
Interfunds Receivable:					
Special Revenue Fund	36,525				36,525
Intergovernmental Receivables:					
Federal		42,545			42,545
State	51,110				51,110
Other		5,763			5,763
Total assets	\$ 1,463,258	\$ 48,308	\$ 124,488	\$ 1	\$ 1,636,055
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 36,525			\$ 36,525
Unearned Revenue		9,883			9,883
Payroll Deductions and Withholdings Payable	\$ 6,297				6,297
Accounts Payable	3,901	25,672			29,573
Total liabilities	10,198	72,080			82,278
Fund balances:					
Restricted for:					
Capital reserve account	303,510				303,510
Maintenance reserve account	150,000				150,000
Excess surplus - current year	515,968				515,968
Excess surplus - prior year designated for subsequent year's expenditures	465,870				465,870
Debt service fund				\$ 1	1
Student		6,560			6,560
Technology Trust		10,076			10,076
Unemployment Compensation	19,969				19,969
Capital Projects			\$ 124,488		124,488
Assigned to:					
Designated by the BOE for subsequent year's expenditures	53,338				53,338
Other purposes	2,320				2,320
Unassigned:					
General fund (Deficit)	(57,915)				(57,915)
Special revenue fund (Deficit)		(40,408)			(40,408)
Total fund balances	1,453,060	(23,772)	124,488	1	1,553,777
Total liabilities and fund balances	\$ 1,463,258	\$ 48,308	\$ 124,488	\$ 1	

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 \$9,654,281 and the accumulated depreciation is \$6,006,343 (see Note 6).	3,647,938
Net pension liability adjustment for GASB Statement No. 68 and 71	(884,403)
Accrued Interest	(14,550)
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).	(982,930)
Net position of Governmental Activities	\$ 3,319,832

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, 2021

	Major Funds		Non-Major Funds		Total Governmental Funds FY 2021
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES:					
Local tax levy	\$ 2,624,580	\$ -	\$ -	\$ 136,934	\$ 2,761,514
Interest earned on investments	402				402
Interest earned on capital reserve funds	25				25
Miscellaneous	21,095				21,095
State sources	4,575,001	364,631		89,940	5,029,572
Federal sources		394,004			394,004
Local Sources		14,873			14,873
Total revenues	7,221,103	773,508		226,874	8,221,485
EXPENDITURES:					
Current:					
Regular instruction	1,772,212				1,772,212
Special education instruction	219,963	484,530			704,493
Other special instruction	56				56
Other instruction	13,915				13,915
Support services & undistributed costs:					
Student & instruction related services	2,202,964	194,477			2,397,441
General administrative services	180,558				180,558
School administrative services	104,687				104,687
Central services	132,511				132,511
Plant operations and maintenance	471,594				471,594
Pupil transportation	304,523				304,523
Employee benefits	1,543,765	85,180			1,628,945
Debt service:					
Principal				250,000	250,000
Interest and other charges				48,988	48,988
Capital outlay	88,167	33,669	10,720		132,556
Student Activity		11,265			11,265
Total expenditures	7,034,915	809,121	10,720	298,988	8,153,744
Excess (deficiency) of revenues over expenditures	186,188	(35,613)	(10,720)	(72,114)	67,741
Other financing sources (uses):					
Capital Reserve Transferred to Capital Project Fund	(135,208)		135,208		
Transfer to Charter School	(9,626)				(9,626)
Total other financing sources (uses)	(144,834)		135,208		(9,626)
Net change in fund balances	41,354	(35,613)	124,488	(72,114)	58,115
Fund balance - July 1 (Deficit)	1,397,471	(4,199)		72,115	1,465,387
Prior Period Adjustment	14,235	16,040			30,275
Fund balance - July 1, Restated	1,411,706	11,841		72,115	1,495,662
Fund balance - June 30 (Deficit)	\$ 1,453,060	\$ (23,772)	\$ 124,488	\$ 1	\$ 1,553,777

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, 2021

Total net change in fund balances - Governmental Funds (from B-2)		\$ 58,115
<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	\$ 96,413	
Fixed Asset Adjustment	(4,874)	
Depreciation expense	<u>(393,735)</u>	(302,196)
<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		250,000
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)</p>		
		(14,550)
<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>		
<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>		
		101,386
<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>3,090</u>
Change in net position of Governmental Activities		<u>\$ 95,845</u>

PROPRIETARY FUNDS

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Business-type Activities - Food Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 45,425
Accounts receivable	10,430
Inventories	2,895
Total current assets	<u>58,750</u>
Noncurrent assets:	
Furniture, machinery & equipment	88,139
Less: accumulated depreciation	(80,816)
Total non-current assets	<u>7,323</u>
Total assets	<u><u>\$ 66,073</u></u>
LIABILITIES AND FUND EQUITY	
Current liabilities:	
Unearned revenue	\$ 2,636
Total current liabilities	<u>2,636</u>
Invested in capital assets net of related debt Unrestricted	7,323 56,114
Total net position	<u>63,437</u>
Total liabilities and net position	<u><u>\$ 66,073</u></u>

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, 2021

	<u>Business-type Activities - Food Service Fund</u>
OPERATING REVENUES:	
Local sources:	
Daily sales - reimbursable programs:	
Daily sales - non-reimbursable programs	\$ 3,235
Total operating revenue	<u>3,235</u>
OPERATING EXPENSES:	
Salaries	47,541
Employee benefits	4,691
Purchased professional technical services	1,599
Supplies and materials	4,613
Cost of sales - reimbursable	66,324
Cost of sales - non-reimbursable	1,144
Depreciation	1,256
Total operating expenses	<u>127,556</u>
Operating income (loss)	<u>(124,321)</u>
NON-OPERATING REVENUES:	
State sources:	
National school lunch program - state	4,473
Federal sources:	
National school lunch program	91,952
National school breakfast program	42,140
Food distribution program	6,265
Total non-operating revenues (expenses)	<u>144,830</u>
Net income (loss)	<u>20,509</u>
Total net position - beginning	<u>42,928</u>
Total net position - ending	<u><u>\$ 63,437</u></u>

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	Business-type Activities - Food Service Fund
Cash flows from operating activities:	
Receipts from customers	\$ 3,235
Payments to suppliers	(65,260)
Payments to employees	(47,541)
Payments for employee benefits	(4,691)
Net cash provided (used) by operating activities	(114,257)
Cash flows from non-capital financing activities:	
Cash received from state, federal & local reimbursements	138,565
Net cash provided by non-capital financing activities	138,565
Net increase in cash and cash equivalents	24,308
Cash and cash equivalents - July 1	21,117
Cash and cash equivalents - June 30	\$ 45,425
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (124,321)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	1,256
Food distribution program	6,265
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(284)
(Increase) decrease in inventory	191
Increase (decrease) in unearned revenue	2,636
	\$ (114,257)

See accompanying notes to the basic financial statements.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

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 Quinton Township School District had an approximate enrollment at June 30, 2021 of 273 students.

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, 2021**

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, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUNDS (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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS

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

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. 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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

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

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

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. 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, 2021, consisted of the following:

Food	\$ 1,607
Supplies	1,288
	<u>\$ 2,895</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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

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

<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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control (continued)

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.

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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Recent Accounting Pronouncements Adopted

- GASB 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 requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The adoption of GASB 84 will impact the financial statements of the School District.
- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The adoption of GASB 90 did not impact the financial statements of the School District.

W. Recent Effective Accounting Pronouncements Not Yet Effective

Other accounting standards that the School District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 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. The requirements of Statement will be effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.
- GASB Statement - No. 91 – *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *GASB Statement - No. 92 – Omnibus 2020:* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 92 on the School District's financial statements.
- *GASB Statement - No. 93 – Replacement of Interbank Offered Rates:* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 93 on the School District's financial statements.
- *GASB Statement - No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements:* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 94 on the School District's financial statements.
- *GASB 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). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 96 on the School District's financial statements.
- *GASB 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 GASB Statement No. 32:* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 97 on the School District's financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2021, the School District's bank balance of \$1,174,197 was subject to custodial credit risk as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>924,197</u>
Total	\$ <u>1,174,197</u>

The total amount of cash, as reported on the various balance sheets of the District is \$1,066,788

NOTE 3: INVESTMENTS

As of June 30, 2021 and 2020, the District did not have any investments.

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

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

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

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: RECEIVABLES

Receivables as of June 30, 2021, (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		
	General	Special Revenue	Business-type
	Fund	Fund	Activities
State aid	\$ 51,110		\$ 917
Township of Quinton	478,749		
Other			905
Federal aid		\$ 42,545	8,608
	<u>\$ 529,859</u>	<u>\$ 42,545</u>	<u>\$ 10,430</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, 2021, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2020	\$ 278,693
Interest earnings	25
Withdraw	(135,208)
Deposits	160,000
Ending balance, June 30, 2021	<u>\$ 303,510</u>

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2021.

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 8,757	\$ -	\$ -	\$ 8,757
Total capital assets not being depreciated	<u>8,757</u>			<u>8,757</u>
Site improvements	195,983	10,200		206,183
Building & building improvements	8,518,219	81,346		8,599,565
Machinery & equipment	<u>795,322</u>	<u>4,867</u>	<u>29,193</u>	<u>829,382</u>
Totals at historical cost	<u>9,509,524</u>	<u>96,413</u>	<u>29,193</u>	<u>9,635,130</u>
Less: accumulated depreciation				
Site improvements	(185,440)	(1,725)		(187,165)
Building & building improvements	(4,730,323)	(369,767)		(5,100,090)
Machinery & equipment	<u>(652,384)</u>	<u>(22,243)</u>	<u>(34,067)</u>	<u>(708,694)</u>
Total accumulated depreciation	<u>(5,568,147)</u>	<u>(393,735)</u>	<u>(34,067)</u>	<u>(5,995,949)</u>
Governmental activities capital assets, net	<u>\$ 3,950,134</u>	<u>\$ (297,322)</u>	<u>\$ (4,874)</u>	<u>\$ 3,647,938</u>
Business-type activities:				
Machinery & equipment	\$ 88,139			\$ 88,139
Less: accumulated depreciation	<u>(79,560)</u>	<u>(1,256)</u>		<u>(80,816)</u>
Business-type capital assets, net	<u>\$ 8,579</u>	<u>\$ (1,256)</u>		<u>\$ 7,323</u>
Fiduciary-type activities:				
Machinery & equipment	\$ 10,394			\$ 10,394
Less: accumulated depreciation	<u>(10,394)</u>			<u>(10,394)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Permanently funded debt as of June 30, 2021, 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%. This issue was paid off during the year.

\$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, 2021, was \$970,000.

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 16,020	\$ -	\$ 3,090	\$ 12,930	
Bonds payable	1,220,000		250,000	970,000	\$ 105,000
Net Pension Liability	726,644		151,417	575,227	
	<u>\$ 1,236,020</u>	<u>\$ -</u>	<u>\$ 253,090</u>	<u>\$ 982,930</u>	<u>\$ 105,000</u>

Bonds Payable

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

Year Ended June 30,	Principal	Interest	Total
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	125,000	20,600	145,600
2027	130,000	15,600	145,600
2028	130,000	10,400	140,400
2029	130,000	5,200	135,200
	<u>\$ 970,000</u>	<u>\$ 181,000</u>	<u>\$ 1,151,000</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Bonds Authorized But Not Issued

As of June 30, 2021, 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, 2021, it is not necessary for the Board to establish a liability for arbitrage rebate.

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

NOTE 8. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2019 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2021 were 23,969. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2021 is 15.11% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2021, and 2020, were \$38,588 and \$39,336 respectively.

The total payroll for the year ended June 30, 2021 was \$3,180,570. Payroll covered by PERS was \$316,918 for fiscal year 2021.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2021, the District's proportionate share of the PERS net pension liability was \$575,227. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The District's proportion measured as of June 30, 2020 was 0.003527% which was a decrease of 0.00051% from its proportion measured as of June 30, 2019.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2021 PERS pension expense, with respect to GASB 68, was \$(40,925). The District's 2021 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,474	\$ 2,034
Changes of assumptions	18,661	240,853
Net difference between projected and actual earnings on pension plan investments	19,662	
Changes in proportion	16,040	169,714
Contributions subsequent to the measurement date	38,588	
Total	<u>\$ 103,425</u>	<u>\$ 412,601</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2021	\$ (134,201)
2022	(105,269)
2023	(64,768)
2024	(37,195)
2025	(6,331)
Thereafter	
Total	<u>\$ (347,764)</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2021 and 2020 are as follows:

Year	2021	2020
Collective deferred outflows of resources	\$ 103,425	\$ 151,814
Collective deferred inflows of resources	\$ 412,601	\$ 388,339
Collective Net Pension Liability	\$ 575,227	\$ 726,644
District's Proportion	0.003527%	0.004033%

Actuarial Assumptions - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

PERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ <u>729,809</u>	\$ <u>575,227</u>	\$ <u>452,421</u>

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. 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.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2019. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2021 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$590,157 to the TPAF for pension contributions, \$184,946 for post-retirement benefits on behalf of the School, and \$451 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$182,368 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2021, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

Pension Expense - For the year ended June 30, 2021, the District recognized pension expense of \$893,187 and revenue of \$893,187 for support provided by the State.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

	TPAF	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.40%)	Current Discount (5.40%)	1% Increase (6.40%)
State's Share of the Net Pension Liability associated with the District	\$ 16,908,753	\$ 14,363,555	\$ 12,307,967
State's Share of the Net Pension Liability	<u>\$ 77,517,093,055</u>	<u>\$ 65,993,498,688</u>	<u>\$ 56,425,087,777</u>

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility

-
1. State or Local Officials who are elected or appointed on or after July 1, 2007
 2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
 3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
 4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
 5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (CONTINUED)

Contributions – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District’s employer match is an additional 3% contribution. For the year ended June 30, 2021, employee contributions totaled \$12,805 and the District’s employer contribution, recognized in pension expense, was \$6,984. There were no forfeitures during the fiscal year.

Pension Plan Fiduciary Net Position - Detailed information about each pension plan’s fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2020, was \$67,809,962,608. Of this amount, the total OPEB liability attributable to the School District was \$19,055,807. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02810%. The total OPEB liability for the School District measured as of June 30, 2020 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2020 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Service Years	Service Years	Service Years
Through 2026	1.55% - 4.45%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	1.55% - 4.45%	3.00% - 7.00%	Applied to all future years

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-2020. 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-2020. 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-2020.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

State of New Jersey	<u>Total OPEB Liability</u>
Balance as of June 30, 2019 Measurement Date	\$ <u>41,729,081,045</u>
Changes for the year:	
Service Cost	1,790,973,822
Interest	1,503,341,357
Changes of Benefit Terms	
Differences between Expected and Actual	11,544,750,637
Changes of Assumptions	12,386,549,981
Benefit Payments	35,781,384
Contributions from Members	<u>(1,180,515,618)</u>
Net Changes	<u>26,080,881,563</u>
Balance as of June 30, 2020 Measurement Date	\$ <u><u>67,809,962,608</u></u>

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2020, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2020		
At 1.00% Decrease 2.50%	At Discount Rate 3.50%	At 1.00% Increase 4.50%
\$ 81,748,410,002	67,809,962,608	56,911,439,160

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2020		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 54,738,488,540	67,809,962,608	83,375,182,975

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$839,218. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,893,168	\$ 2,577,131
Changes of Assumptions	3,241,330	2,174,376
Net difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-
Changes in Proportion	461,832	849,883
Contributions Subsequent to the Measurement Date		
Total	\$ 6,596,330	\$ 5,601,390

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,		OPEB
2021	\$	(29,659)
2022		(29,659)
2023		(29,659)
2024		(29,659)
2025		(29,659)
Thereafter		1,143,235
Total	\$	994,940

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, 2021, is \$16,020. The liability for compensated absences in the Food Service Fund as of June 30, 2021, is \$12,930.

NOTE 11: LABOR CONTRACTS

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 had expired on June 30, 2019. A new contract was settled in August of 2020 and expires in 2023.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021**

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
2020-2021	\$ 4	\$ 6,446		\$ 716	\$ 19,969
2019-2020	32	5,627			14,235
2018-2019	21	5,574		980	8,576

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, 2021, amounted to \$3,843. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2022	\$ 3,843
2023	1,921
	<u>\$ 5,764</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, 2021

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 4% 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, 2021.

Restricted Fund Balance:

Capital Reserve Account - Of the \$303,510 balance in the Capital Reserve account at June 30, 2021, \$0 has been designated for utilization in the 2021-2022 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, 2021, there was \$150,000 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, 2021, excess surplus created in FY 2020 of \$465,870 will be utilized for expenditures in the 2021-2022 budget, while excess surplus created in FY 2021 of \$515,968 is restricted and will be utilized for budget expenditures in 2022-2023.

Debt Service Fund - As of June 30, 2021, there was \$1 in fund balance, of which none will be utilized for expenditures in the 2021-2022 budget.

Committed Fund Balance - The District had no fund balance as of June 30, 2021.

Assigned Fund Balance - As of June 30, 2021, the Board has assigned \$53,338 of General Fund balance to expenditures in the 2021-2022 budget. \$2,320 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, 2021, the District has a deficit of (\$57,915) of unassigned fund balance in the General Fund. The District also has a deficit of (\$40,408) 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 total excess fund balance as of June 30, 2021, is \$981,838.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$57,915 (Exhibit B-1) in the General Fund and \$40,408 in the Special Revenue Fund as of June 30, 2021, 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, 2021.

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, 2021, all SREC's available as of June 30, 2021 were sold by year-end and there was no amount recorded as receivable.

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 2019-2021 governmental operations, excluding capital projects, while local tax levy accounted for approximately 36%.

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 22: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

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

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 24: PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund, which had previously been reported in the Fiduciary Funds, is now reported in the General Fund. The Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to the implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 Restated
Statement of Net Activities - Governmental Activities			
Net Position	\$ 3,193,712	\$ 20,202	\$ 3,213,914
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:			
General Fund	1,397,471	14,235	1,411,706
Special Revenue	(4,199)	5,967	1,768
Statement of Changes in Fiduciary Net Position - Fiduciary Funds:			
Unemployment Compensation Trust	14,235	(14,235)	
Student Activities	5,967	(5,967)	

NOTE 25: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 2, 2022, 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, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,624,580		\$ 2,624,580	\$ 2,624,580	\$ -
Interest on investments				402	402
Interest on capital reserve funds	150		150	25	(125)
Miscellaneous	12,000		12,000	21,095	9,095
Total - local sources	<u>2,636,730</u>		<u>2,636,730</u>	<u>2,646,102</u>	<u>9,372</u>
State sources:					
Equalization aid	2,806,046		2,806,046	2,741,091	(64,955)
Special education aid	291,684		291,684	291,684	
Security aid	80,638		80,638	80,638	
School choice	276,264		276,264	282,204	5,940
Transportation aid	209,903		209,903	209,903	
Non-Public Transportation Aid				1,740	1,740
Extraordinary aid				49,370	49,370
TPAF post-retirement medical (on-behalf non-budgeted)				184,946	184,946
TPAF - long term disability insurance (on-behalf non-budgeted)				451	451
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				590,157	590,157
Reimbursed TPAF social security contributions (non-budgeted)				182,368	182,368
Total - state sources	<u>3,664,535</u>		<u>3,664,535</u>	<u>4,614,552</u>	<u>950,017</u>
Total revenues	<u>\$ 6,301,265</u>		<u>\$ 6,301,265</u>	<u>\$ 7,260,654</u>	<u>\$ 959,389</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 105,821	\$ (47,942)	\$ 57,879	\$ 13,582	\$ 44,297
Kindergarten	168,700	76,920	245,620	244,145	1,475
Grades 1-5	925,950	18,886	944,836	919,367	25,469
Grades 6-8	459,800	(10,748)	449,052	438,179	10,873
Regular programs - home instruction:					
Salaries of teachers	1,500	(1,373)	127		127
Purchased professional - education services	5,000	8,433	13,433	13,433	
Regular programs - undistributed instruction:					
Other salaries for instruction	73,500	33,767	107,267	62,951	44,316
Purchased professional - education services	42,000	(30,020)	11,980	2,120	9,860
Purchased technical services	4,100	(3,580)	520	520	
Other purchased services (400-500 series)	55,000	3,600	58,600	41,639	16,961
General supplies	55,700	(19,856)	35,844	32,983	2,861
Textbooks	500		500	148	352
Miscellaneous expenditures	5,250		5,250	3,145	2,105
Total regular programs	1,902,821	28,087	1,930,908	1,772,212	158,696
Special Education:					
Resource room:					
Salaries of teachers	255,375	(21,272)	234,103	192,656	41,447
Other salaries for instruction	26,500	(420)	26,080	25,989	91
General supplies	3,000	(1,390)	1,610	1,318	292
Total resource room	284,875	(23,082)	261,793	219,963	41,830
Total special education	284,875	(23,082)	261,793	219,963	41,830
Basic skills/remedial:					
Salaries of teachers	52,727	(52,727)			
Other salaries for instruction	23,594		23,594		23,594
General supplies	1,000		1,000	56	944
Total basic skills/remedial	77,321	(52,727)	24,594	56	24,538
School sponsored co-curricular activities:					
Salaries	34,500	(3,600)	30,900	13,915	16,985
Total school sponsored co-curricular activities	34,500	(3,600)	30,900	13,915	16,985
Other instructional programs - instruction:					
Salaries	2,300		2,300		2,300
Total other instructional programs	2,300		2,300		2,300
Total other programs	114,121	(56,327)	57,794	13,971	43,823
Total - instruction	2,301,817	(51,322)	2,250,495	2,006,146	244,349
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	892,010		892,010	885,010	7,000
Tuition to other LEAs within state - special	65,750	2,350	68,100	68,100	
Tuition to County voc. school district - regular	336,720		336,720	336,720	
Tuition to county special services district/ Tuition to private schools for the Disbl w/ State regional day schools	451,358	(167,020)	284,338	247,544	36,794
	39,872	102,305	102,305	102,305	
	39,872		39,872	39,872	
Total undistributed expenditures - instruction	1,785,710	(62,365)	1,723,345	1,679,551	43,794
Attendance and social work services:					
Salaries	14,250		14,250	11,445	2,805
Total attendance and social work services	14,250		14,250	11,445	2,805

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

Health services:					
Salaries	\$ 67,650	\$ (200)	\$ 67,450	\$ 57,280	\$ 10,170
Purchased professional - technical services	3,250		3,250	2,500	750
Other purchased services (400-500 series)	350	200	550	350	200
Supplies and materials	4,500	(1,518)	2,982	2,438	544
Total health services	75,750	(1,518)	74,232	62,568	11,664
Related services:					
Salaries of teachers	66,100	12,209	78,309	78,309	
Purchased professional - education services	55,080	(8,808)	46,272	46,272	
Supplies and materials	600		600	51	549
Total related services	121,780	3,401	125,181	124,632	549
Extraordinary services:					
Purchased professional - education services	152,500	10,326	162,826	137,685	25,141
Total extraordinary services	152,500	10,326	162,826	137,685	25,141
Guidance services:					
Salaries of other professional staff	80,474		80,474	77,987	2,487
Supplies and materials	5,450		5,450	5,051	399
Total guidance services	85,924		85,924	83,038	2,886
Child study team:					
Salaries of other professional staff	80,600	(6,588)	74,012	66,352	7,660
Sal. Secr. & Clerical Asst		6,588	6,588	6,588	
Purchased professional - education services	8,000		8,000		8,000
Other purchased professional - technical services	5,000		5,000		5,000
Supplies and materials	3,000		3,000	703	2,297
Miscellaneous expenditures	250		250		250
Total child study team	96,850		96,850	73,643	23,207
Improvement of instruction services:					
Salaries of other professional staff					
Total improvement of instruction services					
Educational media services/school library:					
Salaries	32,800		32,800	23,472	9,328
Purchased professional-technical services	1,000		1,000	1,000	
Other purchased services (400-500 series)	1,000		1,000	923	77
Supplies and materials	2,200	9	2,209	2,075	134
Total educational media services/school library	37,000	9	37,009	27,470	9,539
Instructional staff training:					
Purchased professional - education services	4,975		4,975	2,541	2,434
Other purchased services (400-500 series)	5,500		5,500	391	5,109
Total instructional staff training	10,475		10,475	2,932	7,543
Support services general administration:					
Salaries	137,000	(16,281)	120,719	112,403	8,316
Legal services	5,000	140	5,140	3,553	1,587
Audit fees	13,000	310	13,310	12,600	710
Architectural/engineering services	1,000	11,552	12,552	12,551	1
Other purchased professional services	7,800	2,754	10,554	8,515	2,039
Communications/telephone	11,500	(561)	10,939	8,888	2,051
BOE other purchased services	500		500	199	301
Other purchased services (400-500 series)	22,200		22,200	15,533	6,667
Supplies and materials	2,500		2,500	726	1,774
BOE in house training/meeting supplies	1,000		1,000	59	941
Judgments against the school district	2,500	(2,500)			
Miscellaneous expenditures	2,300		2,300	2,022	278
BOE membership dues and fees	3,750		3,750	3,509	241
Total support services general administration	210,050	(4,586)	205,464	180,558	24,906

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

Support services school administration:					
Salaries of principals/assistant principals	\$ 90,000	\$ 352	\$ 90,352	\$ 77,702	\$ 12,650
Salaries of secretarial and clerical assistants	20,500	5,036	25,536	22,555	2,981
Other purchased services (400-500 series)	2,000		2,000	595	1,405
Supplies and materials	3,000	(99)	2,901	2,901	
Miscellaneous expenditures	2,000	(253)	1,747	934	813
Total support services school administration	117,500	5,036	122,536	104,687	17,849
Central services:					
Salaries	59,000	(1,426)	57,574	53,882	3,692
Purchased professional services	58,000	(3,825)	54,175	49,880	4,295
Purchased technical services	21,500	4,575	26,075	26,074	1
Supplies and materials	2,000	676	2,676	2,675	1
Total central services	140,500		140,500	132,511	7,989
Required maintenance for school facilities:					
Salaries		61,035	61,035	61,035	
Cleaning, repair, and maintenance services	60,000	10,678	70,678	49,848	20,830
Supplies and materials	8,000	10,524	18,524	15,970	2,554
Total required maintenance for school facilities	68,000	82,237	150,237	126,853	23,384
Other operation & maintenance of plant services:					
Salaries	185,750	(63,818)	121,932	121,932	
Purchased professional and technical services	6,000	(2,986)	3,014	2,664	350
Cleaning, repair, and maintenance services	50,000	(22,714)	27,286	26,937	349
Other purchased property services	35,000		35,000	28,038	6,962
Insurance	25,500		25,500	25,324	176
Miscellaneous purchased services (400-500 series)	1,500	4,985	6,485	5,985	500
General supplies	40,000	(5,582)	34,418	15,089	19,329
Energy (electricity)	90,000		90,000	79,240	10,760
Energy (oil)	40,000		40,000	31,740	8,260
Total other operation & maintenance of plant services	473,750	(90,115)	383,635	336,949	46,686
Security:					
Salaries	13,500		13,500	7,792	5,708
Total security	13,500		13,500	7,792	5,708
Total operation & maintenance of plant services	555,250	(7,878)	547,372	471,594	75,778
Student transportation services:					
Salaries - regular	5,000		5,000	5,000	
Aid in lieu - nonpublic	15,000	(23)	14,977	5,026	9,951
Aid in lieu - charter school	2,000		2,000	1,004	996
Aid in lieu - choice	6,000	23	6,023	4,756	1,267
Contracted services (between home and school) - vendors	195,000		195,000	167,667	27,333
Contracted services (other than between home and school) - vendors	3,000		3,000		3,000
Contracted services (regular students) - ESC & CTSA	115,000		115,000	72,076	42,924
Contracted services (special education students) - ESC & CTSA	140,000		140,000	48,994	91,006
Total student transportation services	481,000		481,000	304,523	176,477
Unallocated benefits:					
Social security contributions	50,000		50,000	47,844	2,156
Other retirement contributions - regular	55,000		55,000	50,863	4,137
Unemployment compensation	2,000		2,000	871	1,129
Workers' compensation	40,000		40,000	29,816	10,184
Health benefits	512,000		512,000	433,740	78,260
Tuition reimbursement	12,000		12,000	5,541	6,459
Other Employee Benefits	23,500		23,500	15,608	7,892
Unused sick payment to terminated/retired staff	10,000		10,000	1,560	8,440
Total unallocated benefits	704,500		704,500	585,843	118,657

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

TPAF post-retirement medical (on-behalf non-budgeted)	\$ -	\$ -	\$ -	\$ 184,946	\$ (184,946)
TPAF - long term disability insurance (on-behalf non-budgeted)				451	(451)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				590,157	(590,157)
Reimbursed TPAF social security contributions (non-budgeted)				182,368	(182,368)
Total non-budgeted				957,922	(957,922)
Total undistributed expenditures	4,589,039	(57,575)	4,531,464	4,940,602	(409,138)
Total expenditures - current expense	6,890,856	(108,897)	6,781,959	6,946,748	(164,789)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Care and Upkeep of Grounds	7,000	63,157	70,157	4,867	65,290
Total equipment	7,000	63,157	70,157	4,867	65,290
Facilities acquisition and construction services:					
Assessment for debt service on SDA Funding	36,143		36,143	36,143	
Facilities - Construction Services		47,157	47,157	47,157	
Total facilities acquisition and construction services	36,143	47,157	83,300	83,300	
Interest Deposit to Capital Reserve	150		150		150
Total capital outlay	43,293	110,314	153,607	88,167	65,440
Total expenditures	6,934,149	1,417	6,935,566	7,034,915	(99,349)
Excess (deficiency) of revenues & other financing sources over (under) expenditures and other financing uses	(632,884)	(1,417)	(634,301)	225,739	860,040
Other financing sources (uses)					
Capital Reserve Transferred to Capital Project Fund				(135,208)	(135,208)
Transfer of funds to charter school	(9,743)		(9,743)	(9,626)	117
Total Other financing sources (uses)	(9,743)		(9,743)	(144,834)	(135,091)
Net changes in fund balance	(642,627)	(1,417)	(644,044)	80,905	724,949
Fund balances - July 1	1,716,945		1,716,945	1,716,945	
Prior Year Adjustment				14,235	14,235
Fund balance - July 1, Restated				1,731,180	14,235
Fund balances - June 30	\$ 1,074,318	\$ (1,417)	\$ 1,072,901	\$ 1,812,085	\$ 739,184
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 303,510	
Maintenance reserve				150,000	
Excess surplus - current year				515,968	
Excess surplus - designated for subsequent year's expenditures				465,870	
Reserve for Unemployment Compensation				19,969	
Assigned Fund Balance:					
Year-end encumbrances				2,320	
Designated for subsequent year's expenditures				53,338	
Unassigned Fund Balance					
				301,110	
				1,812,085	
Reconciliation to Governmental Fund Statements (GAAP):					
June state aid payments not recognized on GAAP Basis				(359,025)	
Fund balance per Governmental Funds (GAAP)				\$ 1,453,060	

QUINTON TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 322,084	\$ 80,062	\$ 402,146	\$ 393,136	\$ 9,010
State sources	54,579	349,506	404,085	404,085	
Local sources	3,012	22,955	25,967	14,873	11,094
Total revenues	379,675	452,523	832,198	812,094	20,104
EXPENDITURES:					
Instruction:					
Salaries of teachers	118,169	89,822	207,991	205,486	2,505
Other salaries for instruction	42,745	7,844	50,589	50,589	
Purchased professional and technical services	39,000	4,421	43,421	39,744	3,677
Other purchased services (400-500 series)	10,000	16,347	26,347	26,347	
Tuition	86,612		86,612	86,612	
General supplies	8,182	43,895	52,077	67,518	(15,441)
Other objects		13,109	13,109	11,479	1,630
Total instruction	304,708	175,438	480,146	487,775	(7,629)
Support Services:					
Salaries Supervisors		23,416	23,416	23,416	
Salaries Other Professionals	7,143	8,441	15,584	15,584	
Salaries Secretarial Staff		4,140	4,140	4,140	
Other salaries		13,846	13,846	13,846	
Preschool Liasion		12,649	12,649	12,649	
Personal services - employee benefits	10,992	74,380	85,372	85,180	192
Purchased professional and technical services	9,209	15,687	24,896	24,896	
Other purchased services (400-500 series)	5,292	(5,001)	291	291	
Supplies and materials	42,331	53,596	95,927	92,837	3,090
Student Activities		11,265	11,265	11,265	
Other Objects		5,950	5,950	5,950	
Total support services	74,967	218,369	293,336	290,054	3,282
Facilities acquisition and construction services:					
Instructional Equipment		20,631	20,631		20,631
Noninstructional equipment		38,085	38,085	33,669	4,416
Total facilities acquisition and construction services		58,716	58,716	33,669	25,047
Total expenditures	\$ 379,675	\$ 452,523	\$ 832,198	\$ 811,498	\$ 20,700
Excess (Deficiency) of Revenues Over (Under) Expenditures				\$ 596	(596)
Fund Balance, July 1				16,040	
Prior Period Adjustment				16,040	
Fund Balance, July 1 (Restated)				16,040	
Fund Balance, June 30				\$ 16,636	

**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, 2021

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

	General Fund C-1	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 7,260,654	[C-2] \$ 812,094
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		7,506 (9,883)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	319,474	4,199
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(359,025)	(40,408)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	[B-2] \$ 7,221,103	[B-2] \$ 773,508
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 7,034,915	\$ 811,498
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.		(2,377)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	[B-2] \$ 7,034,915	[B-2] \$ 809,121

REQUIRED SUPPLEMENTARY INFORMATION PART III

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.003527%	0.004033%	0.004455%	0.004615%	0.004342%	0.004452%	0.005037%	0.005084%
District's Proportionate Share of the Net Pension Liability	\$ 575,227	\$ 726,644	\$ 877,249	\$ 1,074,197	\$ 1,286,019	\$ 999,378	\$ 943,080	\$ 974,656
District's Covered-Employee Payroll	\$ 316,918	\$ 298,741	\$ 313,123	\$ 314,887	\$ 328,470	\$ 318,249	\$ 313,974	\$ 346,108
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	181.51%	243.24%	280.16%	341.14%	391.52%	314.02%	300.37%	281.60%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 38,588	\$ 39,227	\$ 44,317	\$ 42,749	\$ 38,575	\$ 38,275	\$ 41,525	\$ 38,307
Contributions in relation to the Contractually Required Contribution	(38,588)	(39,227)	(44,317)	(42,749)	(38,575)	(38,275)	(41,525)	(38,307)
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$
District's Covered-Employee Payroll	\$ 316,918	\$ 298,741	\$ 313,123	\$ 314,887	\$ 328,470	\$ 318,249	\$ 313,974	\$ 346,108
Contributions as a Percentage of Covered-Employee Payroll	12.18%	13.13%	14.15%	13.58%	11.74%	12.03%	13.23%	11.07%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.021813%	0.021535%	0.021965%	0.021088%	0.021189%	0.024295%	0.021929%	0.021929%
District's Proportionate Share of the Net Pension Liability	\$ 14,363,555	\$ 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	\$ 2,318,318	\$ 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 as a percentage of its Covered-Employee Payroll	619.57%	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	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

QUINTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years*

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 442,287	\$ 399,793	\$ 467,026	\$ 565,643
Interest Cost	441,798	529,439	558,004	484,162
Changes of Benefit Terms				
Differences Between Expected and Actual Experiences	2,672,589	(1,868,502)	(961,648)	
Changes of Assumptions	3,480,841	183,990	(1,544,928)	(2,008,599)
Member Contributions	10,055	11,229	12,442	13,042
Gross Benefit Payments	(331,746)	(378,801)	(359,991)	(354,194)
Net Change in Total OPEB Liability	6,715,824	(1,122,852)	(1,829,095)	(1,299,946)
Total OPEB Liability - Beginning	12,339,983	13,462,835	15,291,930	16,591,876
Total OPEB Liability - Ending	\$ 19,055,807	\$ 12,339,983	\$ 13,462,835	\$ 15,291,930
Covered-Employee Payroll	\$ 2,635,236	\$ 2,573,459	\$ 2,590,320	\$ 2,673,102
Total OPEB Liability as a Percentage of Covered-Employee Payroll	723.12%	479.51%	519.74%	572.07%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: The decrease in the Total OPEB Liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premium experiences. The increase in liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The increase in the liability from June 30, 2018 to June 30, 2019 is due to the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions. The increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, repeal of the excise tax, and updated mortality improvement assumptions.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis Includes Student Activity and Scholarship Funds
For the Fiscal Year Ended June 30, 2021

	Total Brought Forward Ex. E-1(2)	Title I Part A	CFR Grant	(See E-2) Preschool Education	Digital Divide	Totals	
						FY 2021	FY 2020
REVENUES:							
Local sources	\$ 14,873					\$ 14,873	\$ 242,352
Federal sources	222,337	\$ 103,705	\$ 27,331		\$ 39,763	393,136	41,994
State sources				\$ 404,085		404,085	16,047
Total revenues	237,210	103,705	27,331	404,085	39,763	812,094	300,393
EXPENDITURES:							
Instruction:							
Salaries of teachers		69,249		136,237		205,486	110,069
Other salaries for instruction	5,220	10,580		34,789		50,589	28,945
Purchased professional and technical services	39,744					39,744	2,041
Other purchased services (400-500 series)	22,813				3,534	26,347	89,485
Tuition	86,612					86,612	
General supplies	943			30,346	36,229	67,518	2,734
Other objects				11,479		11,479	
Total instruction	155,332	79,829		212,851	39,763	487,775	233,274
Support services:							
Salaries Supervisors	7,394			16,022		23,416	
Salaries Other Professionals				15,584		15,584	7,353
Salaries Secretarial Staff				4,140		4,140	
Other Salaries				13,846		13,846	
Preschool Liasion				12,649		12,649	
Personal services - employee benefits	5,651	23,876		55,653		85,180	10,000
Purchased professional and technical services	7,676			17,220		24,896	14,806
Other purchased services (400-500 series)				291		291	3,789
Supplies and materials	46,284		27,331	19,222		92,837	26,739
Other Objects				5,950		5,950	
Student Activities	11,265					11,265	
Total support services	78,270	23,876	27,331	160,577		290,054	62,687
Facilities acquisition and construction services:							
Instructional equipment							
Noninstructional equipment	3,012			30,657		33,669	4,432
Total facilities acquisition and construction services	3,012			30,657		33,669	4,432
Total expenditures	\$236,614	\$103,705	\$ 27,331	\$404,085	\$ 39,763	\$ 811,498	\$ 300,393
Excess (Deficiency) of Revenues Over (Under) Expenditures	596					596	
Fund Balance, July 1							
Prior Period Adjustment	16,040					16,040	
Fund Balance, July 1 (Restated)	16,040					16,040	
Fund Balance, June 30	\$ 16,636				\$	16,636	

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Total Brought Forward Ex. E-1(3)	Title IV	IDEA Oreschool Program	IDEA Basic Program	Title II, Part A Teacher & Principal Training & Recruiting	CARES	Total Carried Forward
REVENUES:							
Local sources	\$ 14,873						\$ 14,873
Federal sources	25,616	\$ 12,646	\$ 2,309	\$ 86,612	\$ 7,676	\$ 87,478	222,337
State sources							
Total revenues	40,489	12,646	2,309	86,612	7,676	87,478	237,210
EXPENDITURES:							
Instruction:							
Salaries Other						5,220	5,220
Purchased professional and technical services						39,744	39,744
Other Purchased Services			2,309			20,504	22,813
Tuition				86,612			86,612
General supplies						943	943
Other objects							
Total instruction			2,309	86,612		66,411	155,332
Support services:							
Salaries Program Directors		7,394					7,394
Other salaries							
Personal services - employee benefits		5,252				399	5,651
Purchased professional and technical services					7,676		7,676
Other purchased services (400-500 series)							
Supplies and materials	25,616					20,668	46,284
Student Activities	11,265						11,265
Total support services	36,881	12,646			7,676	21,067	78,270
Facilities acquisition and construction services:							
Noninstructional equipment	3,012						3,012
Total facilities acquisition and construction services	3,012						3,012
Total expenditures	\$ 39,893	\$ 12,646	\$ 2,309	\$ 86,612	\$ 7,676	\$ 87,478	\$ 236,614
Excess (Deficiency) of Revenues Over (Under) Expenditures	592						592
Fund Balance, July 1							
Prior Period Adjustment	16,040						16,040
Fund Balance, July 1 (Restated)	16,040						16,040
Fund Balance, June 30	\$ 16,632						\$ 16,632

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Safety Grant	Culture Club	Drama	Student Activities	Rural Education Achievement Program	Technology Trust	Total Carried Forward
REVENUES:							
Local sources	\$ 3,012	\$ 9,126	\$ 2,579	\$ 153		\$ 3	\$ 14,873
Federal sources					\$ 25,616		25,616
State sources							
Total Revenues	3,012	9,126	2,579	153	25,616	3	40,489
EXPENDITURES:							
Instruction:							
Salaries of teachers							
Purchased professional and technical services							
Other Purchased Services							
General supplies							
Other objects							
Total Instruction							
Support services:							
Salaries Program Directors							
Other salaries							
Personal services - employee benefits							
Purchased professional and technical services							
Other purchased services (400-500 series)							
Supplies and materials					25,616		25,616
Student Activities		9,126	558	1,581			11,265
Total Support Services		9,126	558	1,581	25,616		36,881
Facilities acquisition and construction services:							
Noninstructional equipment	3,012						3,012
Total facilities acquisition and construction services	3,012						3,012
Total Expenditures	\$ 3,012	\$ 9,126	\$ 558	\$ 1,581	\$ 25,616		\$ 39,893
Excess (Deficiency) of Revenues							
Over (Under) Expenditures			2,021	(1,428)		3	596
Fund Balance, July 1							
Prior Period Adjustment				5,967		10,073	16,040
Fund Balance, July 1 (Restated)				5,967		10,073	16,040
Fund Balance, June 30			\$ 2,021	\$ 4,539	\$	\$ 10,076	\$ 16,636

QUINTON TOWNSHIP SCHOOL DISTRICT
 Special Revenue Fund
 Preschool Education Aid Schedule of Expenditures -
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2021

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of teachers	\$ 136,237	\$ 136,237	\$ -
Other salaries for instruction	34,789	34,789	
General supplies	9,715	30,346	
Other objects	11,479	11,479	
	<u>192,220</u>	<u>212,851</u>	
Support:			
Salaries Supervisors	16,022	16,022	
Salaries Other Professionals	15,584	15,584	
Salaries Secretarial Staff	4,140	4,140	
Other Salaries	13,846	13,846	
Preschool Liasion	12,649	12,649	
Personal services - employee benefits	55,653	55,653	
Purchased professional and technical services	17,220	17,220	
Other purchased services (400-500 series)	291	291	
Supplies and materials	14,806	19,222	
Student Activities	5,950	5,950	
	<u>156,161</u>	<u>160,577</u>	
Facilities acquisition and construction services:			
Instructional equipment	20,631	0	
Noninstructional equipment	35,073	30,657	
	<u>55,704</u>	<u>30,657</u>	
Total expenditures	<u>\$ 404,085</u>	<u>\$ 404,085</u>	<u>\$ -</u>

CALCULATION OF BUDGET AND CARRYOVER

Total revised 2020-2021 Preschool Education Aid allocation	\$ 404,085
Add: Actual ECPA Carryover (June 30, 2020)	
Add: Budgeted transfer from the General Fund 2020-2021	
Total Preschool Education Aid Funds available for 2020/2021 budget	<u>404,085</u>
Less: 2020-2021 budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>404,085</u>
Available & unbudgeted Preschool Education Aid Funds as of June 30, 2021	-
Add: June 30, 2021, unexpended Preschool Education Aid	-
2020-2021 Carryover - Preschool Education Aid/Preschool	<u>\$ -</u>
2020-2021 Preschool Education Aid carryover budgeted for Preschool programs 2021-2022	<u>\$ -</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
June 30, 2021

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP		Unexpended Balance	
			Prior Years	Current Year	Encumbrances	Unexpended
Garage, Storage Building, Electric Sign, Exterior Doors and Horseshoe Driveway	7/13/05	\$ 135,208		\$ 10,720	\$ 124,488	\$ -

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, 2021

Revenue and Other financing sources (uses):	
Transfer from Capital Reserve	\$ 135,208
Expenditures and other financing uses	
Construction services	<u>10,720</u>
Excess (deficiency) or revenues over (under) expenditures	124,488
Fund balance - Beginning	
Fund balance - Ending	<u><u>\$ 124,488</u></u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Garage, Storage Building, Electric Sign, Exterior Doors and Horseshoe Driveway
from Inception and for the Fiscal Year Ended June 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and other financing sources				
Transfer from Capital reserve	\$ -	\$ 135,208	\$ 135,208	\$ 135,208
		<u>135,208</u>	<u>135,208</u>	<u>135,208</u>
Expenditures and other financing uses				
Construction services		10,720	10,720	135,208
		<u>10,720</u>	<u>10,720</u>	<u>\$ 135,208</u>
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ 124,488	\$ 124,488	

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

Internal Service Funds – This fund is used to serve organizational units within the district or to serve other governmental units.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2021

	Business-type Activities Food Service Fund	
	<u>FY 2021</u>	<u>FY 2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 45,425	\$ 21,117
Accounts receivable:		
State	917	462
Federal	8,608	9,684
Other	905	
Inventory	2,895	3,086
Total current assets	<u>58,750</u>	<u>34,349</u>
Noncurrent assets		
Furniture, machinery & equipment	88,139	88,139
Less: accumulated depreciation	(80,816)	(79,560)
Total noncurrent assets	<u>7,323</u>	<u>8,579</u>
Total assets	<u>\$ 66,073</u>	<u>\$ 42,928</u>
LIABILITIES		
Liabilities		
Current liabilities:		
Unearned revenue	\$ 2,636	
Total liabilities	<u>2,636</u>	
Net position		
Invested in capital assets net of related debt	7,323	\$ 8,579
Unrestricted	56,114	34,349
Total net position	<u>63,437</u>	<u>42,928</u>
Total liabilities and net position	<u>\$ 66,073</u>	<u>\$ 42,928</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, 2021

	Business-type Activities Food Service Fund	
	FY 2021	FY 2020
OPERATING REVENUES:		
Local sources:		
Daily sales - reimbursable programs	\$ -	\$ 30,810
Daily sales - non-reimbursable programs	3,235	12,187
Total operating revenue	3,235	42,997
OPERATING EXPENSES:		
Salaries	47,541	44,271
Employee benefits	4,691	4,337
Purchased professional/technical services	1,599	16,678
Other purchased services (400-500 series)	388	
Supplies and materials	4,613	6,404
Cost of sales - reimbursable	66,324	63,219
Cost of sales - non-reimbursable	1,144	6,016
Depreciation	1,256	1,256
Total operating expenses	127,556	142,181
Operating income (loss)	(124,321)	(99,184)
NON-OPERATING REVENUES:		
State sources:		
National school lunch program - state	4,473	1,638
Federal sources:		
National school lunch program	91,952	55,987
National school breakfast program	42,140	29,174
Food distribution program	6,265	5,117
Total non-operating revenues (expenses)	144,830	91,916
Income (loss) before operating transfers	20,509	(7,268)
Net income (loss)	20,509	(7,268)
Total net position - July 1	42,928	50,196
Total net position - June 30	\$ 63,437	\$ 42,928

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2021

	Business-type Activities Food Service Fund	
	FY 2021	FY 2020
Cash flows from operating activities:		
Receipts from customers	\$ 3,235	\$ 42,997
Payments to suppliers	(65,260)	(86,066)
Payments to employees	(47,541)	(44,271)
Payments for employee benefits	(4,691)	(4,337)
Net cash provided (used) by operating activities	(114,257)	(91,677)
Cash flows from non-capital financing activities:		
Cash received from state, federal, and local reimbursements	138,565	80,842
Net cash provided by non-capital financing activities	138,565	80,842
Cash flows from capital and related financing activities:		
Purchases of capital assets		
Net cash provided by capital and related financing activities		
Net increase in cash and cash equivalents	24,308	(10,835)
Cash and cash equivalents - July 1	21,117	31,952
Cash and cash equivalents - June 30	\$ 45,425	\$ 21,117
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (124,321)	\$ (99,184)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,256	1,256
Food distribution program	6,265	5,117
Change in assets and liabilities:		
(Increase)/Decrease in Accounts Receivable	(284)	
(Increase)/Decrease in Inventory	191	1,134
Increase/(Decrease) in Unearned Revenue	2,636	
	\$ (114,257)	\$ (91,677)

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Serial Bonds
June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
			Date	Amount					
Refunding Bonds - Series 2007	11/20/07	\$ 1,705,000			4.125%	\$ 150,000		\$ 150,000	\$
School Bonds - Series 2010	07/29/10	1,821,000	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%				
						1,070,000		100,000	970,000
						<u>\$ 1,220,000</u>		<u>\$ 250,000</u>	<u>\$ 970,000</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 136,934		\$ 136,934	\$ 136,934	\$
State sources:					
Debt service aid type II	89,940		89,940	89,940	
Total revenues	<u>226,874</u>		<u>226,874</u>	<u>226,874</u>	
EXPENDITURES:					
Regular debt service:					
Interest	48,988		48,988	48,988	
Redemption of principal	250,000		250,000	250,000	
Total regular debt service	<u>298,988</u>		<u>298,988</u>	<u>298,988</u>	
Total expenditures	<u>298,988</u>		<u>298,988</u>	<u>298,988</u>	
Excess of revenues over expenditures	(72,114)		(72,114)	(72,114)	
Other financing sources (uses)					
Transfers from capital projects fund					
Net change in fund balance	(72,114)		(72,114)	(72,114)	
Fund balance - July 1,	72,115		72,115	72,115	
Fund balance - June 30	<u>\$ 1</u>		<u>\$ 1</u>	<u>\$ 1</u>	<u>\$</u>

STATISTICAL SECTION

QUINTON TOWNSHIP SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2021
 Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2020	2021
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	\$ 2,677,938
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	1,596,442
Unrestricted (Deficit)	(112,564)	(120,685)	(102,905)	(74,980)	(1,012,414)	(1,015,045)	(1,045,484)	(1,106,217)	(1,075,182)	(954,548)
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	\$ 3,319,832
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	\$ 7,323
Restricted	7									
Unrestricted	47,972	48,991	45,231	38,625	49,761	57,928	52,751	56,774	40,361	56,114
Total business-type activities net position	\$ 64,530	\$ 63,686	\$ 58,070	\$ 49,852	\$ 59,538	\$ 66,359	\$ 59,940	\$ 62,720	\$ 50,196	\$ 63,437
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	\$ 2,685,261
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	1,596,442
Unrestricted (Deficit)	(64,592)	(71,694)	(57,674)	(36,355)	(962,653)	(957,117)	(992,733)	(1,049,443)	(1,034,821)	(898,434)
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	\$ 3,383,269

QUINTON TOWNSHIP SCHOOL DISTRICT
 Changes in Net Assets/Net Position
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2021
 Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2020	2021
EXPENSES:										
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	\$ 1,772,212
Special education	538,101	378,334	383,088	426,283	392,601	461,616	479,693	507,691	502,786	704,493
Other special education	55,376	57,929	60,951	64,566	78,913	86,077	24,101	55,790	31,326	56
Other instruction	21,142	12,105	15,907	19,658	24,509	34,193	31,773	38,423	44,113	13,915
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	2,408,706
General administration	225,433	249,069	220,975	157,218	195,980	213,251	208,805	230,237	208,353	180,558
School administrative services	101,315	105,679	108,290	109,228	109,080	112,818	113,085	111,937	111,436	104,687
Central services	126,528	159,119	134,101	138,704	150,056	154,717	156,122	159,498	167,658	132,511
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	471,594
Pupil transportation	348,761	358,172	433,606	518,502	406,084	411,077	367,124	373,826	448,786	304,523
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	3,090,313
Interest on long-term debt	62,450	153,286	113,313	106,713	99,813	92,612	85,143	76,643	67,725	
Capital outlay	671	552	2,897	36,143	38,513	87,986	37,017	36,143	36,143	
Unallocated depreciation	99,647	154,450							388,320	393,735
Transfer of funds to charter school										9,626
Total governmental activities expenses	<u>5,953,186</u>	<u>6,686,753</u>	<u>6,830,845</u>	<u>6,948,874</u>	<u>6,642,618</u>	<u>7,230,537</u>	<u>7,446,732</u>	<u>7,634,421</u>	<u>7,885,977</u>	<u>9,686,610</u>
Business-type activities										
Food service	149,157	171,360	177,446	192,012	172,595	173,722	165,054	164,522	174,030	127,556
Total business-type activities expense	<u>149,157</u>	<u>171,360</u>	<u>177,446</u>	<u>192,012</u>	<u>172,595</u>	<u>173,722</u>	<u>165,054</u>	<u>164,522</u>	<u>174,030</u>	<u>127,556</u>
Total District expenses	<u>\$ 6,102,343</u>	<u>\$ 6,858,113</u>	<u>\$ 7,008,291</u>	<u>\$ 7,140,886</u>	<u>\$ 6,815,213</u>	<u>\$ 7,404,259</u>	<u>\$ 7,611,786</u>	<u>\$ 7,798,943</u>	<u>\$ 8,060,007</u>	<u>\$ 9,814,166</u>
PROGRAM REVENUES:										
Governmental activities										
Charges for services										
Student Activity	\$ 55,568									14,873
Operating grants and contributions	326,664	\$ 296,606	\$ 290,779	\$ 316,595	\$ 317,662	\$ 352,924	\$ 340,440	\$ 352,718	\$ 324,037	\$ 798,487
Total governmental activities program revenues	<u>382,232</u>	<u>296,606</u>	<u>290,779</u>	<u>316,595</u>	<u>317,662</u>	<u>352,924</u>	<u>340,440</u>	<u>352,718</u>	<u>324,037</u>	<u>813,360</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets/Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2021
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2020	2021
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	\$ 3,235
Operating grants and contributions	91,488	101,660	108,940	118,594	119,255	116,472	99,106	101,018	92,279	144,830
Total business-type activities program revenues	154,530	170,516	171,830	183,794	182,281	180,543	158,635	167,302	161,506	148,065
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>\$ 961,425</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)	\$ (8,873,250)
Business-type activities	5,373	(844)	(5,616)	(8,218)	9,686	6,821	(6,419)	2,780	(12,524)	20,509
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>\$ (8,852,741)</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	\$ 2,624,580
Taxes levied for debt service	111,695	239,279	214,935	217,738	220,343	219,768	221,953	220,093	220,418	136,934
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	6,176,060
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	
Investment earnings	6,754	4,553	2,846	1,620	1,664	2,136	2,100	2,169	7,711	427
Miscellaneous income	15,062	27,684	9,193	44,516	5,681	44,724	44,233	80,940	23,913	35,968
Fixed Asset Adjustment	0	0	0		(529)	(77,299)				(4,874)
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>8,969,095</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>\$ 8,969,095</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	\$ 95,845
Business-type activities	5,373	(844)	(5,616)	(8,218)	9,686	6,821	(6,419)	2,780	(12,524)	20,509
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>\$ 116,354</u>

QUINTON TOWNSHIP SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2021
 Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2020	2021
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	\$ 1,455,317
Assigned	30,028	10,900	49,633	21,574	97,590	53,926	87,781	52,400	43,766	55,658
Unassigned (Deficit)	(18,584)	(26,304)	(16,759)	(33,704)	(32,554)	(41,862)	(15,003)	(17,391)	(2,165)	(57,915)
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>\$ 1,453,060</u>
All other governmental funds:										
Unreserved, reported in:										
Debt service fund		\$ 1	\$ 1		\$ 1	\$ 2				\$ 1
Capital projects fund	\$2,899,039	237,844	237,844	\$ 237,844	159,117	107,274	\$ 107,614	\$ 72,114	\$ 72,114	124,488
Special revenue fund (Deficit)	(9,101)	(5,208)	(5,078)	(5,665)	(4,759)	(6,571)	(5,438)	(4,758)	(4,830)	(23,772)
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>\$ 100,717</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2020	2021
REVENUES:										
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	\$ 2,761,514
Tuition charges	189,818	75,874	52,580	86,591	69,749	69,963	32,944	14,939	3,346	
Interest earnings	6,754	4,553	2,846	1,620	1,664	2,137	2,100	2,169	7,711	25
Miscellaneous	19,315	31,536	12,833	44,516	9,702	58,211	63,286	95,841	40,429	35,968
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	5,029,572
Federal sources	226,606	343,239	236,225	260,532	265,149	275,535	264,655	289,551	259,293	394,004
Total revenue	8,883,274	6,467,372	6,606,971	6,862,665	6,940,775	7,051,403	7,296,202	7,489,528	7,532,552	8,221,485
EXPENDITURES:										
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	1,772,212
Special	484,542	383,509	382,893	430,123	392,601	461,616	479,693	507,691	502,786	704,493
Other	57,701	57,929	60,951	64,566	78,913	86,077	24,101	55,790	31,326	56
School sponsored/other instructional	21,142	12,105	15,907	19,658	24,509	34,193	31,773	38,423	44,113	13,915
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	2,397,441
General administration	215,268	239,213	219,645	203,091	195,980	213,251	208,805	230,237	208,353	180,558
School administration	101,315	105,679	108,290	109,228	109,080	112,818	113,085	111,937	111,436	104,687
Central administration	126,528	159,119	134,101	138,704	150,056	154,717	156,122	159,498	167,658	132,511
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	471,594
Student transportation	348,761	358,172	433,606	518,502	406,084	411,077	367,124	373,826	448,786	304,523
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	1,628,945
Debt service expenditures										
Principal	125,000	190,000	200,000	210,000	220,000	225,000	235,000	241,000	250,000	250,000
Interest	62,450	153,286	113,313	106,713	99,813	92,612	85,143	76,643	67,225	48,988
Capital outlay	1,767,910	2,662,712	2,897	36,143	155,801	87,986	37,017	71,643	54,737	132,556
Student Activity										11,265
Transfer of funds to charter schools										9,626
Total expenditures	7,670,212	9,360,926	6,626,132	6,810,359	6,581,283	7,073,555	7,237,985	7,469,435	7,367,688	8,163,370
Excess deficiency of revenues over (under) expenditures	1,213,062	(2,893,554)	(19,161)	52,306	359,492	(22,152)	58,217	20,093	164,864	58,115
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)	1,821,000			11,583	(506)				1,689	
Net change in fund balance	\$ 3,034,062	\$ (2,893,554)	\$ (19,161)	\$ 63,889	\$ 358,986	\$ (22,152)	\$ 58,217	\$ 20,093	\$ 166,553	\$ 58,115
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%	3.68%

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
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
2021	3,026		18,496			21,522
	<u>\$ 52,862</u>	<u>\$ 125,070</u>	<u>\$ 152,912</u>	<u>\$ 18,963</u>	<u>\$ 12,044</u>	<u>\$ 361,851</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		\$ 519,000	\$ 186,292,900	\$ 932,672	\$ 187,225,572	\$ 199,452,818	1.239
2012	6,646,600	137,882,200	22,455,500	3,254,900	15,831,800		519,000	186,590,000	693,983	187,283,983	212,846,522	1.271
2013	6,621,900	139,077,400	23,327,600	3,049,300	15,625,200		519,000	188,220,400	689,715	188,910,115	205,798,052	1.302
2014	6,646,300	138,997,900	23,921,500	3,067,300	15,512,800		519,000	188,664,800	705,781	189,370,581	189,793,640	1.328
2015	6,324,500	141,458,200	22,327,500	3,109,800	15,843,200		519,000	189,582,200	674,941	190,257,141	195,320,224	1.334
2016	6,268,500	141,702,200	22,042,900	3,157,900	15,243,600		519,000	188,934,100	651,835	189,585,935	182,708,281	1.367
2017	6,212,300	142,345,400	21,347,900	3,152,100	15,572,100		519,000	189,148,800	611,174	189,759,974	196,976,381	1.404
2018	6,012,500	141,162,500	24,371,300	3,195,000	15,429,900		519,000	190,690,200	609,244	191,299,444	188,463,979	1.409
2019	6,347,900	143,145,000	22,287,900	3,156,900	15,650,400		519,000	191,107,100	637,414	191,744,514	177,312,729	1.421
2020	7,378,500	142,621,600	21,467,200	3,112,800	15,605,200		519,000	190,704,300	659,202	191,363,502	172,649,194	1.519
2021	4,037,400	131,633,300	20,788,000	3,083,800	19,805,400		461,400	179,809,300	858,922	180,668,222	174,048,301	1.562

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	\$ 1.177	\$ 0.062	\$ 1.239	\$ 0.167	\$ 0.017	\$ 0.695	\$ 2.118
2012	1.144	0.127	1.271	0.165	0.022	0.918	2.376
2013	1.186	0.116	1.302	0.175	0.023	0.994	2.494
2014	1.213	0.115	1.328	0.175	0.023	0.994	2.520
2015	1.218	0.116	1.334	0.241	0.021	0.971	2.567
2016	1.248	0.119	1.367	0.276	0.021	0.999	2.663
2017	1.287	0.117	1.404	0.285	0.022	1.106	2.817
2018	1.295	0.114	1.409	0.300	0.020	1.123	2.852
2019	1.305	0.116	1.421	0.320	0.019	1.076	2.836
2020	1.483	0.077	1.560	0.370	0.020	1.180	3.130
2021	1.485	0.077	1.562	0.409	0.020	1.171	3.162

Source: Municipal Tax Collector

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

Taxpayer	2021		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	2,761,514	2,285,335	82.76%	476,179
2021	2,761,514	2,282,765	82.66%	478,749

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes	Business-type	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases		Activities Capital Leases		
2012	\$ 3,056,000			\$ 470,000		\$ 3,526,000	3.29%
2013	2,856,000					2,856,000	2.65%
2014	2,646,000					2,646,000	2.42%
2015	2,426,000					2,426,000	2.14%
2016	2,201,000					2,201,000	1.92%
2017	1,966,000					1,966,000	1.70%
2018	1,725,000					1,725,000	1.45%
2019	1,475,000					1,475,000	1.20%
2020	1,220,000					1,220,000	0.99%
2021	970,000					970,000	0.78%

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			
2012	\$ 3,056,000		\$ 3,056,000	1.64%	1,188
2013	2,856,000		2,856,000	1.52%	1,120
2014	2,646,000		2,646,000	1.40%	1,045
2015	2,426,000		2,426,000	1.28%	967
2016	2,201,000		2,201,000	1.16%	884
2017	1,966,000		1,966,000	1.04%	794
2018	1,725,000		1,725,000	0.90%	700
2019	1,475,000		1,475,000	0.77%	603
2020	1,220,000		1,220,000	0.64%	496
2021	970,000		970,000	0.54%	394

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, 2020
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Quinton	\$ 471,000	100.00%	\$ 471,000
Salem County General Obligation Debt	38,650,075	3.42%	1,322,972
Subtotal, overlapping debt			1,793,972
Township of Quinton School District			970,000
Total direct and overlapping debt			<u>\$ 2,763,972</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								
	2020	\$	174,580,486							
	2019		173,588,476							
	2018		171,350,399							
		\$	519,519,361							
Average equalized valuation of taxable property		\$	173,173,120							
Debt limit (3% of average equalized value)			5,195,194							
Total net debt applicable to limit			970,000							
Legal debt margin		\$	4,225,194							
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 5,565,499	\$ 6,060,461	\$ 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	3,056,000	2,856,000	2,646,000	2,426,000	2,201,000	1,966,000	1,725,000	1,475,000	1,220,000	970,000
Legal debt margin	\$ 2,509,499	\$ 3,204,461	\$ 3,349,996	\$ 3,390,938	\$ 3,518,550	\$ 3,830,107	\$ 3,998,389	\$ 4,078,968	\$ 4,097,889	\$ 4,231,734
Total net debt applicable to the limit as a percentage of debt limit	54.91%	47.13%	44.13%	41.71%	38.48%	33.92%	30.14%	26.56%	22.94%	18.65%

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

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	2,573	\$ 107,222,056	\$ 41,672	11.40%
2013	2,550	107,655,900	42,218	11.70%
2014	2,533	109,526,920	43,240	6.20%
2015	2,509	113,456,980	45,220	9.20%
2016	2,490	114,370,680	45,932	7.80%
2017	2,477	115,713,055	46,715	6.90%
2018	2,466	118,626,930	48,105	6.60%
2019	2,446	122,796,538	50,203	5.40%
2020	2,459	123,572,626	50,253	10.50%
2021	* 2,462	123,847,109	50,303	10.70%

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	2021		2012	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
PSE&G	1600	5.23%		
E.I DuPont	1094	3.57%		
Mannington Mills	1078	3.52%		
Memorial Hospital of Salem County	775	2.53%		
Atlantic City Electric	543	1.77%		
R.E Pierson Construction	400	1.31%		
Elmer Hospital	400	1.31%		
Anchor Glass	376	1.23%		
McLane NJ	370	1.21%		
Walmart	251	0.82%		
	<u>6,887</u>	<u>22.49%</u>	<u>0</u>	<u>0.00%</u>

Not Available

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction:										
Regular	27	28	28	28	30	29	31	31.60	27.80	30.00
Special education	4	4	4.5	4.5	5	4.5	5.0	4.75	6.43	6.10
Other special education	2	1	1	1	2	1				
Other instruction	4	4	3.5	3	3.5	3.5	3.5	3.20	3.27	3.52
Support services:										
Student & instruction related services	3	3	3.0	3.5	3.5	3.5	4.5	4.40	4.50	4.70
General administration	2	2	1.5	1.5	1.5	1.5	1.5	1.50	1.50	1.50
School administration	2	2	2	2	2	2	2	1.90	2.00	2.00
Business administrative services	2	2	2	2	2.5	2.5	2.5	2.50	1.50	1.50
Plants operations and maintenance	5	5	4.5	4.5	4.5	4.5	4.5	4.60	3.60	5.00
Food service	3	3	3	3	2	2	3	3.50	4.60	3.78
Total	<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>	<u>58.10</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 30 6	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	352.00%	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	470.00%	95.09%
2015	357	6,105,669	17,103	-8.89%	32.5	13.6	1:24	356.8	337.4	150.00%	94.56%
2016	349	6,667,957	19,106	11.71%	35.0	12.5	1:24	354.0	336.8	200.00%	95.16%
2017	349	6,880,825	19,716	3.19%	33.5	12.5	1:24	342.3	324.4	150.00%	94.77%
2018	326	7,080,149	21,718	10.16%	33.5	11.7	1:24	322.1	307.0	500.00%	95.32%
2019	306	6,995,226	22,860	5.26%	32.9	10.7	1:24	305.6	289.7	378.00%	94.80%
2020	294	7,325,508	24,917	9.00%	33.7	8.7	1:24	291.2	280.7	5811.35%	96.38%
2021	273	7,864,382	28,807	15.61%	30.6	8.5	1:24	278.0	269.0	-4.55%	96.76%

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	2012	2013	2014	2015	2016	2017	2018	2,019	2020	2021
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	371	370	344	357	349	342	326	306	294	273

Number of Schools at June 30, 2021

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, 2021

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

School Facilities	Gross Square Footage	2012	2013	2014	2015	2016	2017	2018	2,019	2020	2021
Quinton	58,738	\$ 45,825	\$ 24,326	\$ 25,475	\$ 126,561	\$ 73,142	\$ 54,608	\$ 85,391	\$ 64,020	\$ 74,726	\$ 126,853

* 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, 2021
Unaudited

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

	Coverage	Deductible	
Article I - Property			
Blanket buildings & contents	\$ 13,311,268	\$ 1,000	per occurrence
Article II - Electronic Data Processing			
Blanket - hardware/software	260,000	1,000	per occurrence
Article III - Equipment Breakdown			
Combined single limit	100,000,000	1,000	
Article IV - Crime			
<i>Insuring Agreement 1 - Public employee dishonesty w/faithful performance</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 2 - Theft, disappearance & destruction - loss of money & securities on or off premises</i>	25,000	500	per occurrence
<i>Insuring Agreement 3 - Theft, disappearance & destruction - money orders & counterfeit paper currency</i>	25,000	500	per occurrence
<i>Insuring Agreement 4 - Forgery or alteration</i>	100,000	1,000	per occurrence
<i>Insuring Agreement 5 - Computer fraud</i>	50,000	1,000	per occurrence
Article V - Comprehensive General Liability			
Bodily injury and property damage	11,000,000	None	combined single limit
Bodily injury from products and completed operations	11,000,000	None	annual aggregate
Sexual abuse	11,000,000	None	per occurrence
	17,000,000		annual NJSIG aggregate
Personal and advertising - injury limit	11,000,000	None	per occurrence/annual aggregate
Employee benefits liability	11,000,000	1,000	per claim/annual aggregate
Premises Medical payments	10,000	None	each accident
Premises Medical payments	5,000	None	limit per person
Terrorism	1,000,000	None	per occurrence
Article VI - Automobile			
Bodily injury and property damage	11,000,000	None	combined single limit
Workers Compensation - Educational Risk Insurance Consortium South			
Bodily injury - by accident	2,000,000	None	each accident
Bodily injury - by disease	2,000,000	None	each employee/aggregate limit
Public Employee Surety Bonds			
Liberty Mutual			
Employee bond - Karen Mathews, Business Administrator/ Board Secretary	175,000	None	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Quinton Township School District
County of Salem, New Jersey

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, the 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 year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education of the Quinton Township School District's basic financial statements, and have issued our report thereon dated February 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Quinton Township Board of Education's internal control over financial reporting (internal control) as a basis for designing 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 Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Quinton Township Board of Education'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. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be significant, labeled 2021-1.

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 in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Board of Education's financial statements are free from 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 financial statements. 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 two 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.

Board of Education Response to Findings

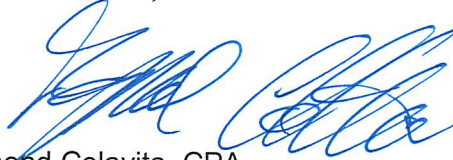
Quinton Township Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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.

Respectfully Submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
February 2, 2022

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Quinton Township School District
County of Salem, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Quinton Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in 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, 2021. The Quinton Township Board of Education'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 state statutes, regulations, and the terms and conditions of its state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Quinton Township Board of Education's major 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, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey Treasury Circular OMB 15-08. Those standards and the State of *New Jersey Treasury Circular OMB 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.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the Quinton Township Board of Education's compliance.

Opinion on Each Major Program

In our opinion, the Board of Education of the Quinton Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Quinton Township School District's Board of Education 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 Board of Education'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 the State of New Jersey OMB 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 Board of Education's internal control over compliance.

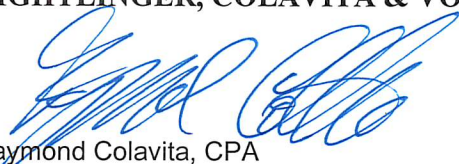
A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a 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 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 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 the 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 the State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
February 2, 2022

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

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 7/1/20	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	6/30/21		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	S010A200030	ESEA428020	\$103,705	7/1/20-6/30/21				\$ 103,705	\$ (103,705)						\$ 103,705
Title I - Part A Improving Basic Programs	84.010A	S010A200030	ESEA428019	103,135	7/1/19- 6/30/20		\$ (29,631)		29,631							
Subtotal							(29,631)		133,336	(103,705)						103,705
Title II-A Teacher & Principal Training & Recruiting	84.367A	S367A200029	ESEA428020	9,180	7/1/20-9/30/21				7,676	(7,676)						7,676
Title II-A Teacher & Principal Training & Recruiting	84.367A	S367A200029	ESEA428019	10,593	7/1/19- 6/30/20		(90)		90							
Subtotal							(90)		7,766	(7,676)						7,676
Title IV - Student Support & Academic Enrichment	84.424A	S424A200031	ESEA428020	10,000	7/1/20-6/30/21				12,647	(12,646)		\$ 1				12,646
Title IV - Student Support & Academic Enrichment	84.424A	S424A200031	ESEA428020	10,000	7/1/19- 6/30/20		(2,592)		2,592							
Subtotal							(2,592)		15,239	(12,646)			1			12,646
Special Education Cluster																
IDEA Part B, Basic Regular	84.027A	H027A200100	IDEA428020	86,612	7/1/20-6/30/21				86,612	(86,612)						86,612
IDEA Preschool	84.173	H173A200114	IDEA428020	2,309	7/1/20-6/30/21				2,309	(2,309)						2,309
IDEA Preschool	84.173	H173A200114	IDEA428020	2,400	7/1/19- 6/30/20		(2,400)		2,400							
Total Special Education Cluster							(2,400)		91,321	(88,921)						88,921
Covid Relief Fund																
Digital divide	84.425D	S425D200027	N/A	39,763	7/16/20-10/31/20				39,763	(39,763)						39,763
Cares Emergency Relief Grant	84.425D	S425D200027	CARES428020	87,478	3/13/20-9/30/22				46,556	(87,478)			(40,922)			87,478
Rural Education Achievement Program	84.358	S358B190030	S358A190192	25,616	07/1/20- 06/30/21				24,418	(25,616)			(1,198)			25,616
Rural Education Achievement Program	84.358	S358B180030	S358A181500	34,497	07/1/19- 06/30/20		(17,589)		17,163				(426)			
Subtotal							(17,589)		155,231	(180,188)			(42,546)			180,188
Total Special Revenue Fund							(52,302)		402,893	(393,136)			(42,545)			393,136
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program	10.555	211NJ304N1099	N/A	6,265	07/1/20- 06/30/21				6,265	(6,265)						6,265
National School Lunch Program	10.555	211NJ304N1099	N/A	91,952	07/1/20- 06/30/21				85,595	(91,952)			(6,357)			91,952
National School Lunch Program	10.555	201NJ304N1099	N/A	55,987	07/1/19- 06/30/20		(5,933)		5,933							
National School Breakfast Program	10.553	211NJ304N1099	N/A	42,140	07/1/20- 06/30/21				39,889	(42,140)			(2,251)			42,140
National School Breakfast Program	10.553	201NJ304N1099	N/A	29,174	07/1/19- 06/30/20		(3,751)		3,751							
Total Enterprise Fund/Child Nutrition Cluster							(9,684)		141,433	(140,357)			(8,608)			140,357
Total Federal Financial Awards							\$ (61,986)		\$ 544,326	\$ (533,493)			\$ (51,153)			\$ 533,493

**QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2021**

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, 2021**

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$39,551) for the General Fund and (\$38,586) for the Special Revenue Fund (See Exhibit C-3). See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

	Federal	State	Total
General Fund		\$ 4,575,001	\$ 4,575,001
Special Revenue Fund	\$ 394,004	364,631	758,635
Debt Service Fund		89,940	89,940
Food Service Fund	140,357	4,473	144,830
Total Financial Assistance	<u>\$ 534,361</u>	<u>\$ 5,034,045</u>	<u>\$ 5,568,406</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, 2021, 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, 2021. 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, 2021.

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, 2021**

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, 2021

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? X yes _____ none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards **N/A**

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified? _____ yes _____ 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 2 CFR 200 section .516(a)? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
------------------------------	------------------------------	--

Dollar threshold used to distinguish between type A and type B programs (section .518): N/A

Auditee qualified as low-risk auditee? _____ yes _____ no

QUINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(continued)

Section I - Summary of Auditor's Results (continued)

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
Circular Letter 15-08 as applicable? _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
21-495-034-5120-078	Equalization Aid
21-495-034-5120-089	Special Education Categorical Aid
21-495-034-5120-084	Security Aid
21-495-034-5120-068	School Choice Aid
21-495-034-5120-086	Preschool Education Aid

QUINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: 2021-1 (AMR 2021-2)

Criteria or specific requirement:

The State Department of Education requires that school districts maintain a capital assets record that accounts for all assets whose historical value or estimated historical value is at least \$2,000.

Condition:

Adjustments to the fixed asset record were required to be reflected as part of the audit, in order to provide updated information for inclusion in the financial statements.

Context:

The June 30, 2021 fixed assets accounting report did not reflect current year additions.

Effect:

It was necessary, as part of the audit, to adjust the fixed asset amounts for inclusion in the financial statements.

Cause:

Inadvertent oversight

Recommendation:

Procedures to update the fixed asset records need to be reviewed and revised, in order to assure that all appropriate additions and deletions are reflected in the report supporting the financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

QUINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS: N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS

Finding: *NONE*

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

QUINTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a) (b) and New Jersey OMB's Treasury Circular 15-08.

STATUS OF PRIOR - YEAR FINDINGS

All prior year findings were resolved.