Quinton Township School District

Board of Education

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

QUINTON TOWNSHIP SCHOOL DISTRICT

QUINTON, NEW JERSEY 08072

Quinton Township School Board of Education
Quinton, New Jersey 08072

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Of the

Quinton Township School Board of Education
Quinton, New Jersey 08072

For the Fiscal Year Ended June 30, 2010

Prepared by:

Quinton Township School
Board of Education Administration

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INTRODUCTORY SECTION

Quinton Township School District
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Business Administrator

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August 30, 2010

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

Dear Board Members:

The comprehensive annual financial report of the Quinton Township School District for the fiscal year ending June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor’s report, MD&A and the basic financial statements including the District-wide statements fund statements, notes to the financial statements, required supplementary information other than MD&A including budgetary comparison schedules and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Quinton Township School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The District provides a full range of educational services appropriate to grade levels pre-K to 8. Quinton Township high school students attend Salem High School through a sending/receiving relationship, for which the Quinton School District pays tuition. These services include regular, as well as special education for handicapped youngsters. Some special education students are also enrolled in programs outside the District for which tuition is paid.

2. ECONOMIC CONDITIONS AND OUTLOOK

During the last year, the Quinton Township School District experienced a decrease in the tax base. Additionally, growth of businesses and employment levels are not expected.

Quinton Township has also received several monetary reductions over the past several years. For the 2009-2010 budget year, the Department of Education reduced our state aid by $320,669. An additional reduction to state aid in the amount of $454,479 was also made during the 2010-2011 school year. These state aid reductions resulted in numerous cuts to programs and services for the students.

The future outlook for the District finances continues to depend primarily upon the ability and willingness of the Governor and State Legislature to provide funding for education in an equitable manner, as well as the District's residents to tax themselves for the support of education to the extent of the tax levy cap.

3. MAJOR INITIATIVES

The District has continued its commitment toward offering a quality education.

For the year ended June 30, 2010, the District directed its efforts and resources toward the following goals and initiatives:

Pupil Performance Objectives

1. By June 2010, less than 15% of the students in grades one through three will be identified as eligible for basic skills in the area of language arts as a result of the implementation of a Response to Intervention Program.

   This objective was not attained as 17.6% of the students in grades kindergarten through third were identified as eligible for basic skills in the area of language arts. Improvement was noted however, and this objective will be continued in 2010-2011.

2. By June 2009, 73% of the students in grades 3, 4, and 5 will attain a score of 200 or above on the New Jersey Assessment of Skills and Knowledge in the area of language arts.

   This objective was attained with 65% of the students in grades 3, 4, and 5 attaining a score of 200 or above on the language arts section of the NJASK.

3. By June 2010, 61% of the students in grades 6, 7, and 8 will attain a score of 200 or above on the New Jersey Assessment of Skills and Knowledge in the area of mathematics.

   This objective was attained with 66.6% of the students in grades 6, 7, and 8 attaining a score of 200 or above on the mathematics section of the NJASK.

As always, all initiatives are based on a complete program of professional development and support. Many in-service programs were offered to the teaching staff that addressed the needs of the teachers. Teachers also attended out-of-district workshops that addressed a variety of topics. Major professional development initiatives included balanced literacy and implementation strategies for the Connected Math Program. All staff development activities were focused on the school mission and goals, the pupil performance objectives and the professional improvement plans of the certificated staff.

4. MAJOR ACHIEVEMENT

The Quinton Township School was selected as a Governor's School of Excellence for the 2004-2005 school year and received a $25,000 award. Areas of excellence for which the school was selected include literacy, technology integration, professional development, multi-age early childhood program and parental involvement.

Additionally, the Quinton Township School District was certified for a period of three years by the New Jersey State Board of Education during the 2009-2010 school year and was identified as "high performing". Five major areas were evaluated that included personnel, instruction and program, fiscal management, operations and governance. Quinton Township received 100% in the areas of personnel, fiscal management, and operations. In the areas of instruction and program and governance, 89% and 88% were received respectively.

5. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

6. BUDGETARY CONTROLS

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

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

7. ACCOUNTING SYSTEM AND REPORTS

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

8. DEBT ADMINISTRATION

At June 30, 2010, the District's outstanding debt issues included $1,550,000 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 2. 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 (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, school board liability, workman's compensation and fidelity bonds.

11. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the revised OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. 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

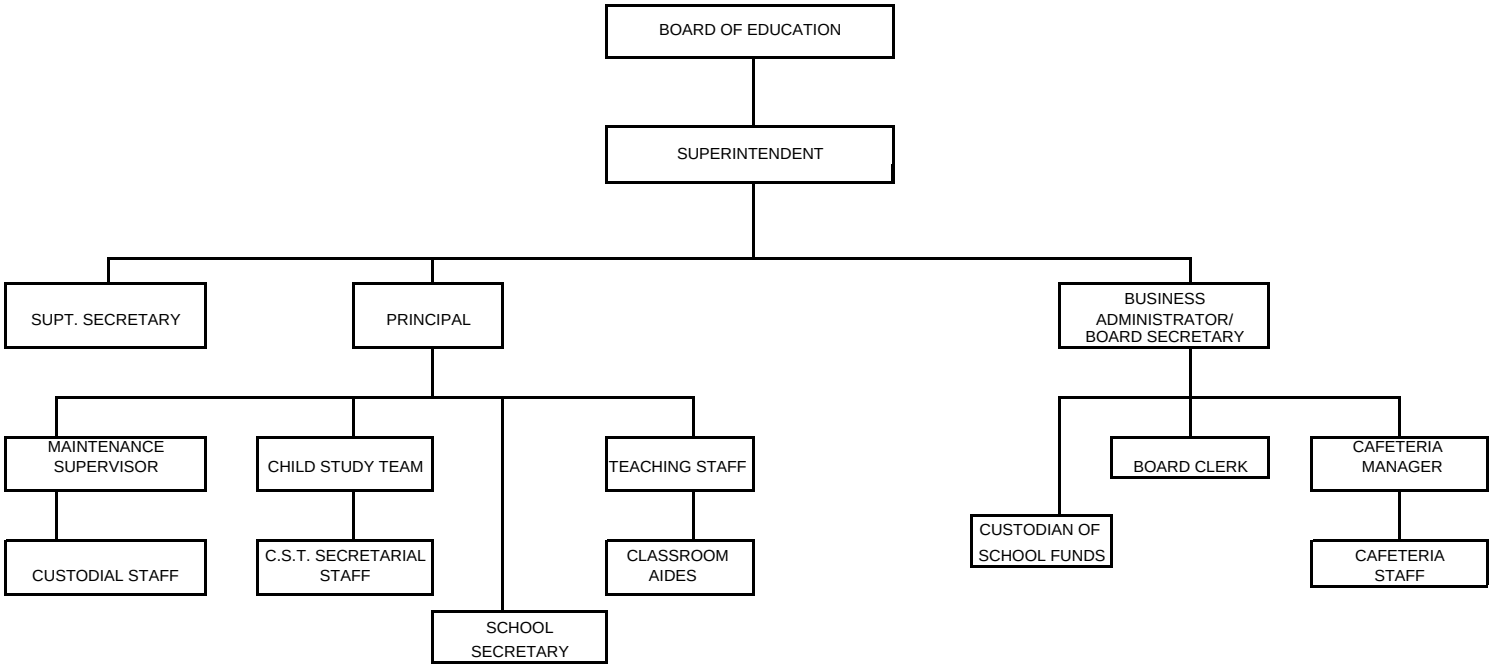
We would like to express our appreciation to the members of the Quinton Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial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

Donna M. Agnew
Superintendent

Heather M. Mayhew
Business Administrator/Board Secretary

QUINTON TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL STRUCTURE



QUINTON TOWNSHIP BOARD OF EDUCATION
QUINTON, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2010

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Mary Layman, President	2013
Marjorie Wentzell, Vice President	2013
Joseph Elwell, Jr.	2013
Alice Moore	2012
Heather Mullen	2012
Jerry Oglesby, Sr.	2011
Tracy Scull	2011
Stacey B. Sickler	2012
Conni Stockton	2011

OTHER OFFICIALS

Dr. Donna Agnew, Superintendent

Stewart Potter, Principal

Heather M. Mayhew, Business Administrator/Board Secretary

Sandra Drezgal, Treasurer of School Monies

QUINTON TOWNSHIP BOARD OF EDUCATION
Quinton, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Petroni & Associates LLC
Certified Public Accountants
21 West High Street
P. O. Box 279
Glassboro, NJ 08028

ATTORNEY

George Rosenberger
Butler, Butler and Rosenberger
18 North Main Street
Woodstown, NJ 08098

NEGOTIATOR

Parker McCay P.A.
7001 Lincoln Drive West
P.O. Box 974
Marlton, NJ 08053

FISCAL AGENT

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

OFFICIAL DEPOSITORIES

The Bank
East Avenue
Woodstown, NJ 08098

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and 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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Quinton Township School Board of Education's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 School Board of Education, in the County of Salem, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 20, 2010 on our consideration of the Quinton Township School Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison be presented to supplement the basic financial statements (see outline of CAFR for page numbers). Such information, although not a part of the basic financial statements, is required by the *Government Auditing 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 inquires 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.

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 financial statements as a whole. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and New Jersey OMB's Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements and long-term debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional

procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

PETRONI & ASSOCIATES LLC

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

October 20, 2010

Required Supplementary Information – Part I

Quinton Township School District
Quinton, NJ

Management Discussion & Analysis
Fiscal Year ended June 30, 2010
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, 2010. Comparative financial data between the current year (2009-2010) and the prior year (2008-2009) is included as required by G.A.S.B. No. 34. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.

- The *governmental funds statements* tell how *basic* services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

- *Proprietary funds statements* offer *short-term* and *long-term* financial information about activities the District operates *like businesses*.

- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Table 1 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table 1: Major Features of the District-wide and Fund Financial Statements 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	• Statement of net assets • Statement of activities	• Balance Sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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

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 Assets 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 assets* and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.

- *Internal service funds:* (the other kind of proprietary fund) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently has one internal service fund.

- *Fiduciary funds:* The District is the trustee, or *fiduciary,* for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets: The District's combined total assets are $3,736,185 on June 30, 2010. Approximately 1.5% of the total net assets are from business-type activities, while the balance of the total net assets is 98.5%, attributable to governmental activities (see Exhibit A-1).

Table 2

Quinton Township School District's Net Assets

	FY 2010		FY 2009		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2010	FY 2009
Assets						
Current and Other Assets	869,993	40,783	1,127,550	24,815	910,776	1,152,365
Capital Assets	2,807,002	18,407	2,602,265	11,583	2,825,409	2,613,848
Total Assets	**3,676,995**	**59,190**	**3,729,815**	**36,398**	**3,736,185**	**3,766,213**
Liabilities						
Current Liabilities	100,692	33	100,539	1,386	100,725	101,925
Noncurrent Liabilities	1,644,166		1,773,566		1,644,166	1,773,566
Total Liabilities	**1,744,858**	**33**	**1,874,105**	**1,386**	**1,744,891**	**1,875,491**
Net Assets						
Invested in Capital Assets, Net of Related Debt	1,257,002	18,407	932,265	11,583	1,275,409	943,848
Restricted	831,202		1,059,975		831,202	1,059,975
Unrestricted	(156,067)	40,750	(136,530)	23,429	(115,317)	(113,101)
Total Net Assets	**1,932,137**	**59,157**	**1,855,710**	**35,012**	**1,991,294**	**1,890,722**

The District's combined net assets were $1,991,294 on June 30, 2010. This was an increase of $100,572 or 5% of the prior year.

Table 3 Shows changes in net assets for fiscal year 2010.

Changes in net assets. The District's total revenues are $6,546,462 for the fiscal period ended June 30, 2010 (see Table 3). Property taxes and state grants and entitlements accounted for 86.3% of the District's revenue, 8.8% is derived from state and federal aid for specific programs, and the remainder, 4.9% from fees charged for services and miscellaneous resources (see Exhibit A-2).

Table 3

Quinton Township School District's Net Assets
Changes in Net Assets

	FY 2010		FY 2009		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2010	FY 2009
Revenues						
Program Revenues						
Charges for services	65,134	66,349	66,059	68,573	131,483	134,632
Federal & State categorical grants	473,862	100,775	329,351	114,028	574,637	443,379
General Revenues						
Property Taxes	2,143,253		2,074,528		2,143,253	2,074,528
Grants and Entitlements	3,506,715		3,441,066		3,506,715	3,441,066
Other	190,374		192,859	3,619	190,374	196,478
Total Revenues	**6,379,338**	**167,124**	**6,103,863**	**186,220**	**6,546,462**	**6,290,083**
Expenses						
Instruction-related	2,497,038		2,291,263		2,497,038	2,291,263
Tuition and student support services	1,299,103		1,339,610		1,299,103	1,339,610
General administration	227,213		267,800		227,213	267,800
School administration	93,270		95,236		93,270	95,236
Central services	121,487		122,935		121,487	122,935
Administrative information tech.	6,826		1,972		6,826	1,972
Plant operations & maintenance	391,593		318,676		391,593	318,676
Security	11,163				11,163	
Pupil transportation	437,155		402,393		437,155	402,393
Employee benefits	1,042,688		979,615		1,042,688	979,615
Interest on debt	66,650		72,950		66,650	72,950
Capital outlay	21,049		3,619			3,619
Food service		142,979		179,696	142,979	179,696
Depreciation	87,676		90,271		87,676	90,271
Total Expenses	**6,302,911**	**142,979**	**5,986,340**	**179,696**	**6,445,890**	**6,166,036**

The District's predominant expenses are related to instruction and student support services, which is approximately 58.9%. Employee benefits make up 16.1% of the District's expenses. Another 6.8% is related to Administrative and Business departments, 6.8% for transportation expenses and 6% is related to Maintenance & Operations. Interest on debt made up 1% and food service 2.2% of the overall expenditures. The remaining 2.2% is depreciation and capital outlay.

Governmental Activities
Revenues for governmental activities (Exhibit B-2) were $6,314,204 while total expenses amounted to $6,571,974. This resulted in a decrease in net assets in governmental activities of $257,770 for FY 2010.

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

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

- Business-type activities revenues exceeded expenses by $24,145.
- Charges for services represent $66,349 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursements for meals (which includes payments for free and reduced lunches and breakfast), and donated commodities was $100,775.

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 $759,997 (See Exhibit B-2). Tuition exceeded the amounts anticipated in the 2009-2010 budget by $63,226. The District also controlled expenditures resulting in increased fund balance as well.

General Fund Budgetary Highlights
Over the course of the year, the District revised the annual operating budget several times. These budget amendments fell into two categories:

- Transfers between budgetary line accounts to prevent overruns.
- Transfers from capital reserve to capital projects account.

The District's final budget anticipated utilizing $291,059 in fund balance and $13,028 of prior year encumbrances and legal reserves to fund the appropriation plan for this fiscal period. Due to the impending State budget crisis, actual expenditures in the last quarter of the fiscal year were minimal; this still leads to a decrease of $257,770 in fund balance.

Capital Asset and Debt Administration

Capital Assets

The Quinton Township School District's investment in capital assets for its governmental and business type activities as of June 30, 2010 amounts to $2,826,697 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture (see Table 4) (more detailed information about capital assets can be found in Note 7 to the financial statements). The total increase in capital assets for the current fiscal year was 8%.

Table 4

Quinton Township School District's Capital Assets

	FY 2010			FY 2009			Total	
	Governmental	Fiduciary	Business-Type	Governmental	Fiduciary	Business-Type	FY 2010	FY 2009
Land	8,757			8,757			8,757	8,757
Construction in progress	230,010						230,010	
Site Improvements	70,266			79,189			70,266	79,189
Buildings	2,350,896			2,422,206			2,350,896	2,422,206
Machinery & Equipment	147,073	1,288	18,407	92,113	2,895	11,583	166,768	106,591
Total	**2,807,002**	**1,288**	**18,407**	**2,602,265**	**2,895**	**11,583**	**2,826,697**	**2,616,743**

Long-Term Debt

At year-end, the District had $1,644,166 of outstanding debt. Of this amount, $1,550,000 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. $94,166 is for compensated absences.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The collective bargaining contract expired on June 30, 2010. The settlement may be difficult to fund with no state aid increase and a 2% tax levy cap.
- The District's special revenue is an 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 have increased. Several unanticipated out of district special education placements have created a financial burden.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Heather M. Mayhew, Business Administrator, Quinton Township School District, P.O. Box 365, 8 Robinson Street, Quinton, NJ 08072.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

EXHIBIT A-1

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total Governmental Funds FY 2010
ASSETS			
Cash and cash equivalents	403,938	21,456	425,394
Receivables, net	307,947	6,788	314,735
Inventory		12,539	12,539
Restricted assets:			
Cash and cash equivalents	110,644		110,644
Capital reserve account - cash	47,464		47,464
Capital assets			
Non-depreciable assets	238,767		238,767
Assets net of depreciation	2,568,235	18,407	2,586,642
Total Assets	3,676,995	59,190	3,736,185
LIABILITIES			
Accounts payable	10,813	33	10,846
Cash overdraft	89,879		89,879
Noncurrent liabilities:			
Due within one year	125,000		125,000
Due beyond one year	1,519,166		1,519,166
Total liabilities	1,744,858	33	1,744,891
NET ASSETS			
Invested in capital assets, net of related debt	1,257,002	18,407	1,275,409
Restricted for:			
Capital Projects	159,323		159,323
Other purposes	671,879		671,879
Unrestricted	(156,067)	40,750	(115,317)
Total net assets	1,932,137	59,157	1,991,294

See accompanying notes to the basic financial statements.

EXHIBIT A-2

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	1,665,700			(1,665,700)		(1,665,700)
Special education	751,713	65,134	435,983	(250,596)		(250,596)
Other special education	54,923			(54,923)		(54,923)
Other instruction	24,702			(24,702)		(24,702)
Support services:						
Tuition	839,128			(839,128)		(839,128)
Student & instructional related services	459,975		22,200	(437,775)		(437,775)
General administrative services	227,213			(227,213)		(227,213)
School administrative services	93,270			(93,270)		(93,270)
Central services	121,487			(121,487)		(121,487)
Administration information technology	6,826			(6,826)		(6,826)
Plant operations & maintenance	391,593			(391,593)		(391,593)
Security	11,163			(11,163)		(11,163)
Pupil transportation	437,155			(437,155)		(437,155)
Employee benefits	1,042,688		15,679	(1,027,009)		(1,027,009)
Interest on long-term debt	66,650			(66,650)		(66,650)
Capital outlay	21,049			(21,049)		(21,049)
Unallocated depreciation	87,676			(87,676)		(87,676)
Total governmental activities	6,302,911	65,134	473,862	(5,763,915)		(5,763,915)
Business-type activities:						
Food Service	142,979	66,349	100,775		24,145	24,145
Total business-type activities	142,979	66,349	100,775		24,145	24,145
Total primary government	6,445,890	131,483	574,637	(5,763,915)	24,145	(5,739,770)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				2,051,760		2,051,760
Taxes levied for debt service				91,493		91,493
Federal and State aid not restricted				2,953,334		2,953,334
Federal aid restricted				526,388		526,388
State aid restricted				26,993		26,993
Tuition charges				174,561		174,561
Investment Earnings				9,866		9,866
Miscellaneous Income				5,947		5,947
Total general revenues, special items, extraordinary items and transfers				5,840,342		5,840,342
Change in Net Assets				76,427	24,145	100,572
Net Assets - beginning				1,855,710	35,012	1,890,722
Net Assets - end				1,932,137	59,157	1,991,294

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

EXHIBIT B-1

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds FY 2010
ASSETS					
Cash and cash equivalents	396,177			110,644	506,821
Tax levy receivable	178,514		2,954		181,468
Receivables from other governments	35,654	88,067		1,215	124,936
Restricted cash and cash equivalents	47,464				47,464
Total Assets	657,809	88,067	2,954	111,859	860,689
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft		86,925	2,954		89,879
Accounts payable	570	10,243			10,813
Total liabilities	570	97,168	2,954		100,692
Fund Balances:					
Reserved for:					
Designated for subsequent year's expenditures	29,092				29,092
Capital reserve account	47,464				47,464
Excess surplus	471,741				471,741
Excess surplus:					
Designated for subsequent year's expenditures	171,046				171,046
Unreserved, reported in:					
General Fund	(62,104)				(62,104)
Capital Projects Fund				111,859	111,859
Special Revenue Fund		(9,101)			(9,101)
Total fund balances	657,239	(9,101)		111,859	759,997
Total liabilities and fund balances	657,809	88,067	2,954	111,859	

See accompanying notes to the basic financial statements.

QUINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	FY 2010
Amounts reported for governmental activities in the Statement of Net Assets (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 $5,124,900 and the accumulated depreciation is $2,317,898 (see Note 6).	2,807,002
Internal Service Funds are used by management to charge the costs of certain activities, such as transportation and food service to other governments. Assets and liabilities of the Internal Service Funds of $9,304 are included in governmental activities in the Statement of Net Assets.	9,304
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(1,644,166)
Net assets of governmental activities	1,932,137

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, 2010

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds FY 2010
REVENUES					
Local tax levy	2,051,760		91,493		2,143,253
Tuition from individuals	32,280				32,280
Tuition from LEA's	142,281				142,281
Interest earned on investments	3,764				3,764
Interest earned on capital reserve funds	6,102				6,102
Miscellaneous	5,947	3,776			9,723
	2,242,134	3,776	91,493		2,337,403
State sources	2,864,685	95,265	88,649	26,993	3,075,592
Federal sources	526,388	374,821			901,209
Total revenues	5,633,207	473,862	180,142	26,993	6,314,204
EXPENDITURES					
Current:					
Regular instruction	1,678,111				1,678,111
Special education instruction	250,076	436,278			686,354
Other special instruction	54,549				54,549
Other instruction	24,702				24,702
Support services & undistributed costs:					
Tuition	839,128				839,128
Student & instruction related services	432,211	22,200			454,411
General administrative services	213,883				213,883
School administrative services	93,270				93,270
Central services	121,487				121,487
Administration information technology	6,826				6,826
Plant operations and maintenance	389,338				389,338
Security	11,163				11,163
Pupil transportation	437,155				437,155
Employee benefits	1,027,009	15,679			1,042,688
Debt service:					
Principal			120,000		120,000
Interest and other charges			66,650		66,650
Capital outlay	102,249			230,010	332,259
Total expenditures	5,681,157	474,157	186,650	230,010	6,571,974
Excess (Deficiency) of revenues over expenditures	(47,950)	(295)	(6,508)	(203,017)	(257,770)
Other financing sources (uses)					
Transfer to capital projects fund	(314,876)			314,876	
Total other financing sources (uses)	(314,876)			314,876	
Net change in fund balances	(362,826)	(295)	(6,508)	111,859	(257,770)
Fund balance - July 1	1,020,065	(8,806)	6,508		1,017,767
Fund balance - June 30	657,239	(9,101)		111,859	759,997

See accompanying notes to the basic financial statements.

EXHIBIT B-3

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, 2010

Total net change in fund balances - governmental funds (from B-2)		(257,770)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
	Capital outlays	311,210
	Depreciation expense	(106,473)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
	Bond principal payments	120,000
Internal Service Funds are used by management to charge the costs of certain activities, such as shared business services and child study team consortium. The operating income $60 are included in the governmental activities and Statement of Activities.		60
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.		9,400
Change in net assets of governmental activities		76,427

See accompanying notes to the basic financial statements.

EXHIBIT B-4

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Food Service Fund FY 2010	Governmental Activities - Internal Service Fund
ASSETS:		
Current assets:		
Cash and cash equivalents	21,456	7,761
Accounts Receivable	6,788	1,543
Inventories	12,539	
Total current assets	40,783	9,304
Noncurrent assets:		
Furniture, machinery & equipment	83,140	
Less: accumulated depreciation	(64,733)	
Total noncurrent assets	18,407	
Total assets	59,190	9,304
LIABILITIES		
Accounts payable	33	
Total liabilities	33	
NET ASSETS		
Invested in capital assets net of related debt	18,407	
Unrestricted	40,750	9,304
Total net assets	59,157	9,304

See accompanying notes to the basic financial statements.

EXHIBIT B-5

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities - Food Service Fund FY 2010	Governmental Activities - Internal Service Fund
OPERATING REVENUES:		
Local sources:		
Daily sales-reimbursable programs:	46,114	
Daily sales non-reimbursable programs	20,235	
Other charges and fees		65,134
Total operating revenue	66,349	65,134
OPERATING EXPENSES:		
Salaries	49,335	32,411
Employee benefits	7,877	24,019
Purchased professional educational services		8,644
Purchased professional technical services	2,006	
Supplies and materials	3,916	
Cost of sales	78,497	
Depreciation	1,348	
Total operating expenses	142,979	65,074
Operating income (loss)	(76,630)	60
NON-OPERATING REVENUES:		
State sources:		
National school lunch program - State	2,877	
National school breakfast program - State	1,058	
Federal sources:		
National school lunch program	58,393	
National school breakfast program	14,775	
Food distribution program	15,502	
Loss on disposal of assets	(2,051)	
Contributed capital - fixed assets	10,221	
Total non-operating revenues (expenses)	100,775	

See accompanying notes to the basic financial statements.

EXHIBIT B-5
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities - Food Service Fund FY 2010	Governmental Activities - Internal Service Fund
Income (loss) before operating transfers	24,145	60
Net income (loss)	24,145	60
Total net assets - beginning	35,012	9,244
Total net assets - ending	59,157	9,304

See accompanying notes to the basic financial statements.

EXHIBIT B-6

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities - Food Service Fund FY 2010	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Receipts from customers	66,349	66,327
Payments to suppliers	(73,796)	(8,644)
Payments to employees	(49,335)	(32,411)
Payments for employee benefits	(7,877)	(24,019)
Net cash provided (used) by operating activities	(64,659)	1,253
Cash flows from non-capital financing activities:		
Cash received from state & federal reimbursements	87,501	
Net cash provided by non-capital financing activities	87,501	
Net increase in cash and cash equivalents	22,842	1,253
Cash and cash equivalents - July 1	(1,386)	6,508
Cash and cash equivalents - June 30	21,456	7,761
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(76,630)	60
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,348	
Food distribution program	15,502	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		1,193
(Increase) decrease in inventory	(4,912)	
Increase in accounts payable	33	
	(64,659)	1,253

See accompanying notes to the basic financial statements.

EXHIBIT B-7

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Technology Trust	Unemployment Compensation Trust	Agency Funds	FY 2010
ASSETS:				
Current assets:				
Cash and cash equivalents	46,690	40,148	11,187	98,025
Total assets	46,690	40,148	11,187	98,025
Noncurrent assets:				
Furniture, machinery & equipment	8,037			8,037
Less: accumulated depreciation	(6,749)			(6,749)
Total noncurrent assets	1,288			1,288
Total assets	47,978			99,313
LIABILITIES				
Current liabilities:				
Due to student groups			11,187	11,187
Total current liabilities			11,187	11,187
NET ASSETS:				
Invested in capital assets net of of related debt	1,288			1,288
Held in trust for:				
Unemployment claims		40,148		40,148
Technology Expenditures	46,690			46,690
Total net assets	47,978	40,148		88,126

See accompanying notes to the basic financial statements.

EXHIBIT B-8

QUINTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Trust Funds		
	Technology Trust	Unemployment Compensation Trust	FY 2010
ADDITIONS:			
Contributions:			
Plan Members		4,927	4,927
Others	19,718		19,718
Total contributions	19,718	4,927	24,645
Investment Earnings:			
Interest	131	141	272
Total investment earnings	131	141	272
Total additions	19,849	5,068	24,917
DEDUCTIONS:			
Equipment	5,680		5,680
Unemployment claims		12,308	12,308
Depreciation	1,607		1,607
Total deductions	7,287	12,308	19,595
Change in Net Assets	12,562	(7,240)	5,322
Net Assets July 1	35,416	47,388	65,507
Net Assets June 30	47,978	40,148	70,829

See accompanying notes to the basic financial statements.

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 (G.A.A.P.) as applied to governmental units. The Governmental Accounting Standards Board (G.A.S.B.) 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 (G.A.S.B.) and the pronouncements of the Financial Accounting Standards Board (F.A.S.B.) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict (G.A.S.B.) pronouncements. Although the District has the option to apply (F.A.S.B.) pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in (G.A.A.P.) 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. The purpose of the District is to educate students in grades K – 8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the G.A.S.B. 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 and latchkey programs are classified as business-type activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or business-type activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf 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 assets resulting from the current year's activities.

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 noninstructional equipment which are classified in the Capital Outlay subfund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

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.

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 are 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (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 assets. Changes in net assets 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. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor 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 party 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, Payroll, 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from G.A.A.P. in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. Sufficient supplemental records are maintained to allow for the presentation of G.A.A.P. basis financial reports.

E. Cash and Cash Equivalents

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

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. New Jersey statute (N.J.S.A. 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 (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2010 consisted of the following:

Food - Commodities	5,227
Supplies	679
Food	6,633
	12,539

The value of federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

G. Capital Assets

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

Asset Class	Estimated Useful Lives
Site Improvements	15-20
Building & Improvements	20-50
Machinery & Equipment	5-20

H. Revenues

Substantially all governmental fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASB No. 33. In applying GASB 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted in the period in which such services are rendered or in which such events take place.

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure 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 Assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District’s employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 voted upon at the annual school election on the third Tuesday in April. 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 N.J.A.C. 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, 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.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Depository Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statues N.J.S.A. 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2010 and 2009, was $591,648 and $795,411. As of June 30, 2010 and 2009, $0 of the District's bank balance of $845,208 and $1,117,064, respectively, was exposed to custodial credit risk.

NOTE 3: INVESTMENTS

As of June 30, 2010 and 2009, 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, New Jersey Statute N.J.S.A. 18A:20-37 limits the length of time for most investments to 397 days.

Credit risk: New Jersey statute N.J.S.A. 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

NOTE 4: RECEIVABLES

Receivables at June 30, 2010, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business-Type Activities
State Aid	36,869	351
Township of Quinton	181,468	
Other LEA's	1,543	
Federal Aid	88,067	6,437
	307,947	6,788

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 (L.R.F.P.). Upon submission of the L.R.F.P. 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 N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 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 L.R.F.P.

The June 30, 2010 L.R.F.P. balance of local support costs of uncompleted capital projects is $1,833,200.

Beginning balance, July 1, 2009	341,362
Interest Earnings	6,102
Withdrawls -	
Board resolution	(300,000)
Ending Balance June 30, 2010	47,464

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2010.

	Balance July 1, 2009	Additions	Disposals/ Adjustments	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated				
Construction in progress		230,010		230,010
Sites (Land)	8,757			8,757
Total capital assets not being depreciated	8,757	230,010		238,767
Site Improvements	195,983			195,983
Building & Building Improvements	3,871,831	2,513		3,874,344
Machinery & Equipment	796,119	78,687	59,000	815,806
Totals at historical cost	4,863,933	81,200	59,000	4,886,133
Less: Accumulated depreciation				
Site Improvements	(116,794)	(8,923)		(125,717)
Building & Building Improvements	(1,449,625)	(73,823)		(1,523,448)
Machinery & Equipment	(704,006)	(23,727)	59,000	(668,733)
Total accumulated depreciation	(2,270,425)	(106,473)	59,000	(2,317,898)
Governmental activities capital assets, net	2,602,265	204,737		2,807,002
Business-type activities:				
Machinery & Equipment	91,913	10,221	18,994	83,140
Less: Accumulated depreciation	(80,330)	(1,348)	16,945	(64,733)
Business-type capital assets, net	11,583	8,873	35,939	18,407
Fiduciary-type activities:				
Machinery & Equipment	8,037			8,037
Less: Accumulated depreciation	(5,142)	(1,607)		(6,749)
	2,895	(1,607)		1,288

Depreciation was charged to the following governmental programs:

Instruction	3,212
Support Administration	13,330
Operation and Maintenance	2,255
Unallocated	87,676
Total	106,473

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.

$1,705,000 School Refunding Bonds dated November 20, 2009, payable in annual installments through March 1, 2021. Interest is paid semi-annually at an interest rate from 3.5% to 4.125%. The remaining balance at June 30, 2010 was $1,550,000.

Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2010, are as follows:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due within one year
Compensated Absences	103,566	4,122	13,522	94,166	
Bonds payable	1,670,000		120,000	1,550,000	125,000
	1,773,566	4,122	133,522	1,644,166	125,000

Bonds Payable

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

Year Ended June 30	Principal	Interest	Total
2011	125,000	62,450	187,450
2012	125,000	57,763	182,763
2013	130,000	52,763	182,763
2014	135,000	47,563	182,563
2015	140,000	42,163	182,163
2016-2020	745,000	124,244	869,244
2021-2024	150,000	6,188	156,188
	1,550,000	393,134	1,943,134

Bonds Authorized but Not Issued

As of June 30, 2010, 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.

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

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, 2010, it is not necessary for the Board to establish a liability for arbitrage rebate.

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

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (P.E.R.S.), or Teachers' Pension and Annuity Fund (T.P.A.F.) a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm.

Teachers' Pension and Annuity Fund (T.PA.F.) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified titles.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. T.P.A.F. provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S and T.P.A.F. The P.E.R.S. rates in effect for April 2010 are 8.95% of covered payroll, respectively as reported on June 30, 2008. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The District's contributions to P.E.R.S for the years ending June 30, 2010, 2009 and 2008 were $34,853, $31,109 and $21,970 respectively, equal to the required contributions for each year. The School District's contributions to T.P.A.F for the years ending June 30, 2010, 2009 and 2008 were $147,866, $141,838 and $246,626 respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2010, 2009 and 2008 were $2,864,687, $2,837,436 and $2,675,491, covered payroll was $2,273,100, $2,210,872 and $2,068,136 for T.P.A.F. and $451,623, $489,709 and $413,381 for P.E.R.S.

Defined Contribution Retirement Program – The Defined Contribution Retirement Program (D.C.R.P.) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.A.C. 43:15C-1 et. seq.). The D.C.R.P. provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District did not make any contributions for the fiscal year 2010, as no employees participated in this plan.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating twenty-five years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through (T.P.A.F.) and (P.E.R.S.). It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009,

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed, from a pre-funding basis, to a pay-as-you-go basis, beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of P.E.R.S. and the Alternate Benefit Program who retired from a board of education or county college with twenty-five years of service. The State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

NOTE 10: DEFERRED COMPENSATION

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

ING	Lincoln Investment Planning, Inc.
Diversified Investment Advisors	MetLife
Thomas Seeley “The Legend Group”	

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences using the termination method (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (G.A.S.B. 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 Assets*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the governmental fund at June 30, 2010 is $94,166. The liability for compensated absences in the food service fund at June 30, 2010 is $0.

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance:
The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2010, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group – ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

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

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	Amount Reimbursed	Ending Balance
2009-2010	141	4,927	12,308	40,148
2008-2009	321	5,037	14,459	47,388
2007-2008	1,404	4,630	868	56,490

NOTE 13: OPERATING LEASES

The District has commitments to lease a postage machine under non-cancelable operating leases spanning five years. Total lease payments made during the year ended June 30, 2010 amounted to $588. Future minimum lease payments are as follows:

Year Ended June 30	Amount
2011	7,428
2012	7,428
2013	7,428
2014	7,134
	29,418

NOTE 14: FUND BALANCE APPROPRIATED

General Fund – (Exhibit B-1) Of the $657,239 fund balance at June 30, 2010, $642,787 is reserved as excess surplus in accordance with N.J.S.A. 18A;7F-7; ($171,046 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); $47,464 has been reserved in the capital reserve account; $29,092 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; and $(62,104) is unreserved and undesignated.

Debt Service Fund - There was $0 fund balance at June 30, 2010.

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance – Excess surplus is a required calculation pursuant N.J.S.A. 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is $642,787.

NOTE 16: DEFICIT FUND BALANCES

The District has a deficit fund balance of $62,104 (Exhibit B-1) in the General Fund and $9,101 in the Special Revenue Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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, G.A.S.B. 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 last state aid payment in the subsequent fiscal year, the School District can not recognize the last state aid payment on the G.A.A.P. 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 17: ECONOMIC DEPENDENCY

The District is heavily reliant on state sources to fund the District operations. State sources funded approximately 48% of the District's 2009-2010 governmental operations.

NOTE 18: SUBSEQUENT EVENTS

On July 29, 2010, the District issued $1,821,000 School Bonds payable in annual installments through August 15, 2029. Interest is paid semiannually at varying rates ranging from 2% to 4% per annum.

NOTE 19: CONTINGENT LIABILITIES

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the opinion of the administration and legal counsels, 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.

Required Supplementary Information - Part II

EXHIBIT C-1

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	2,051,760		2,051,760	2,051,760	
Tuition from individuals	24,000		24,000	32,280	8,280
Tuition from LEA's	87,335		87,335	142,281	54,946
Interest on investments	5,000		5,000	3,764	(1,236)
Interest on capital reserve funds	500		500	6,102	5,602
Miscellaneous				5,947	5,947
Total - local sources	2,168,595		2,168,595	2,242,134	73,539
State sources:					
Equalization aid	2,901,072	(526,388)	2,374,684	2,158,412	(216,272)
Transportation aid	211,297		211,297	137,343	(73,954)
Special education aid	200,074		200,074	200,074	
Security aid	86,979		86,979	56,536	(30,443)
Extraordinary aid				4,924	4,924
Other state aid - nonpublic transportation				2,622	2,622
T.P.A.F. post-retirement medical (on-behalf non-budgeted)				140,391	140,391
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				7,475	7,475
Reimbursed T.P.A.F. social security contributions (non-budgeted)				172,998	172,998
Total - state sources	3,399,422	(526,388)	2,873,034	2,880,775	7,741
Federal sources:					
Equalization stabilization fund		506,770	506,770	506,770	
Government services recovery act		19,618	19,618	19,618	
Total federal sources		526,388	526,388	526,388	
Total revenues	5,568,017		5,568,017	5,649,297	81,280

EXHIBIT C-1
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular programs - instruction					
Salaries of teachers:					
Preschool	50,311	16,303	66,614	46,378	20,236
Kindergarten	141,325	20,500	161,825	141,621	20,204
Grades 1-5	720,154	83,733	803,887	701,162	102,725
Grades 6-8	489,671	30,075	519,746	457,242	62,504
Regular programs - home instruction					
Salaries of teachers	1,500	(1,326)	174	174	
Purchased professional-education services	1,500	(340)	1,160	1,160	
Regular programs - undistributed instruction					
Other salaries for instruction	25,457	19,288	44,745	43,855	890
Purchased professional-education services	4,000	(317)	3,683	3,625	58
Purchased technical services	1,750	(1,340)	410	385	25
Other purchased services (400-500 series)	40,150	(10,797)	29,353	29,353	
General supplies	117,113	112,063	229,176	229,175	1
Textbooks	20,020	(3,966)	16,054	16,054	
Miscellaneous expenditures	14,000	(6,073)	7,927	7,927	
Total regular programs	1,626,951	257,803	1,884,754	1,678,111	206,643
Resource room					
Salaries of teachers	171,057		171,057	168,631	2,426
General supplies	1,200		1,200	549	651
Total resource room	172,257		172,257	169,180	3,077
Autism					
Salaries of teachers	63,337		63,337	62,922	415
Other salaries for instruction	16,866	1,200	18,066	17,814	252
General supplies	1,400		1,400	160	1,240
Total Autism	81,603	1,200	82,803	80,896	1,907
Total special education	253,860	1,200	255,060	250,076	4,984
Basic skills/remedial					
Salaries of teachers	79,254	(33,500)	45,754	42,961	2,793
Other salaries for instruction	12,574		12,574	11,588	986
General supplies	1,000		1,000		1,000
Total basic skills/remedial	92,828	(33,500)	59,328	54,549	4,779
School sponsored co-curricular activities					
Salaries	43,100	(4,899)	38,201	23,034	15,167
Other purchased services (400-500 series)	2,300		2,300	750	1,550
General supplies	1,500		1,500	48	1,452
Total school sponsored co-curricular activities	46,900	(4,899)	42,001	23,832	18,169

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs - instruction					
Salaries	2,500		2,500	870	1,630
Total other instructional programs	2,500		2,500	870	1,630
Total other instructional programs	142,228	(38,399)	103,829	79,251	24,578
Total - instruction	2,023,039	220,604	2,243,643	2,007,438	236,205
Undistributed expenditures					
Instruction:					
Tuition to other LEAs within state-regular	742,854	87,036	829,890	729,889	100,001
Tuition to other LEAs within state-special	76,200		76,200	76,200	
Tuition to county special services district/ regional day schools	51,443	(29,570)	21,873	15,364	6,509
Tuition to private schools for the handicapped - within state	19,251	(7,125)	12,126		12,126
Tuition state facility	30,750	(19,377)	11,373	2,181	9,192
Tuition other	58,500	(41,776)	16,724	15,494	1,230
Total undistributed expenditures - instruction	978,998	(10,812)	968,186	839,128	129,058
Attendance and social work services					
Salaries	20,086	1	20,087	20,087	
Total attendance and social work services	20,086	1	20,087	20,087	
Health services					
Salaries	66,937	701	67,638	67,638	
Purchased professsional/technical services	4,150	(1,563)	2,587	2,587	
Other purchased services (400-500 series)	500		500	363	137
Supplies and materials	6,050	962	7,012	6,838	174
Miscellaneous expenditures	100	(100)			
Total health services	77,737		77,737	77,426	311
Related services					
Salaries of teachers	69,917	192	70,109	69,103	1,006
Purchased professional-education services	32,000	(11,265)	20,735	20,635	100
Supplies and materials	1,500	(127)	1,373	656	717
Total related services	103,417	(11,200)	92,217	90,394	1,823
Extraordinary services					
Salaries other instructional staff	43,892	2,000	45,892	44,683	1,209
Purchased professional-education services	4,000	5,670	9,670	9,670	
Total extraordinary services	47,892	7,670	55,562	54,353	1,209
Guidance services					
Salaries of other professional staff	39,145		39,145	39,145	
Purchased professsional/technical services	3,000	(69)	2,931	2,130	801
Supplies and materials	2,500	(931)	1,569	1,569	
Total guidance services	44,645	(1,000)	43,645	42,844	801

EXHIBIT C-1
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study team					
Salaries of other professional staff	46,805	(3,096)	43,709	43,329	380
Purchased professional-education services	37,000	(3,204)	33,796	33,796	
Other purchased professional-technical services	5,000	(1,277)	3,723	1,366	2,357
Other purchased services (400-500 series)	1,050	(5)	1,045	174	871
Supplies and materials	3,500	302	3,802	3,802	
Miscellaneous expenditures	250		250	125	125
Total child study team	93,605	(7,280)	86,325	82,592	3,733
Improvement instruction					
Salaries of other professional staff	3,000	(1,600)	1,400		1,400
Total improvement instruction	3,000	(1,600)	1,400		1,400
Educational media services/school library					
Salaries	43,618		43,618	43,066	552
Purchased professional-education services	2,250	(500)	1,750	1,685	65
Other purchased services (400-500 series)	4,300	(2,100)	2,200	2,194	6
Supplies and materials	11,500	3,600	15,100	14,817	283
Total educational media services/school library	61,668	1,000	62,668	61,762	906
Instructional staff training					
Purchased professional-education services	8,900		8,900	1,326	7,574
Other purchased services (400-500 series)	4,500		4,500	1,427	3,073
Total instructional staff training	13,400		13,400	2,753	10,647
Support services general administration					
Salaries	147,362		147,362	146,961	401
Legal services	3,000		3,000		3,000
Audit fees	14,000	(896)	13,104	11,000	2,104
Architectual/engineering services	2,000		2,000		2,000
Other professional services	10,975	2,102	13,077	12,671	406
Communications/telephone	18,950		18,950	15,011	3,939
Other purchased services (400-500 series)	24,000	(700)	23,300	14,935	8,365
BOE other purchased services	1,500		1,500		1,500
Supplies and materials	4,000	985	4,985	4,985	
BOE in house training/meeting supplies	2,250		2,250	1,776	474
Miscellaneous expenditures	3,000		3,000	2,937	63
BOE membership dues and fees	5,246	(1,491)	3,755	3,607	148
Total support services general administration	236,283		236,283	213,883	22,400

EXHIBIT C-1
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration					
Salaries of principals/assistant principals	80,111		80,111	79,957	154
Salaries of secretarial and clerical assistants	7,536		7,536	7,183	353
Purchased professional and technical services	500		500		500
Other purchased services (400-500 series)	3,500	(577)	2,923	1,652	1,271
Supplies and materials	3,000	(350)	2,650	2,565	85
Miscellaneous expenditures	1,000	927	1,927	1,913	14
Total support services school administration	95,647		95,647	93,270	2,377
Central services					
Salaries	102,721	(110)	102,611	102,555	56
Purchased technical services	12,000	110	12,110	12,110	
Other purchased services (400-500 series)	2,500	(575)	1,925	1,565	360
Supplies and materials	5,000		5,000	4,432	568
Miscellaneous expenditures	1,250	(425)	825	825	
Total central services	123,471	(1,000)	122,471	121,487	984
Administration information technology					
Salaries	5,075	1,751	6,826	6,826	
Total information technology	5,075	1,751	6,826	6,826	
Required maintenance for school facilities					
Cleaning, repair and maintenance services	37,050	11,370	48,420	46,857	1,563
Supplies and materials	4,000		4,000	3,860	140
Total required maintenance for school facilities	41,050	11,370	52,420	50,717	1,703
Other operation & maintenance of plant services					
Salaries	168,387	(7,000)	161,387	160,449	938
Purchased professional and technical services	4,600		4,600	2,121	2,479
Cleaning, repair and maintenance services	15,499	(7,600)	7,899	7,713	186
Insurance	30,000	(3,500)	26,500	26,477	23
Other purchased services (400-500 series)	1,500	(133)	1,367	102	1,265
General supplies	26,600	1,598	28,198	26,350	1,848
Energy (electricity)	85,000	(10,978)	74,022	72,610	1,412
Energy (heat)	47,000	(2,345)	44,655	42,799	1,856
Total other operation & maintenance of plant services	378,586	(29,958)	348,628	338,621	10,007
Total operation & maintenance of plant services	419,636	(18,588)	401,048	389,338	11,710
Security					
Salaries	11,779		11,779	11,163	616
Total security	11,779		11,779	11,163	616

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services					
Salaries - non-instructional aides	4,594		4,594	4,148	446
Salaries - regular	8,310		8,310	8,310	
Contracted services (between home and school) - vendors	279,500	(5,363)	274,137	273,120	1,017
Contracted services (other than between home and school) - vendors	8,000		8,000	5,790	2,210
Contracted services (regular students) - ESC & CTSA	80,000	(10,435)	69,565	69,551	14
Contracted services (special education students) - ESC & CTSA	89,500	(26,328)	63,172	63,172	
Aid in lieu	18,280	(4,545)	13,735	13,064	671
Total student transportation services	488,184	(46,671)	441,513	437,155	4,358
Unallocated benefits					
Social security contributions	40,000		40,000	36,533	3,467
Other retirement contributions - regular	45,000	(7,500)	37,500	34,907	2,593
Unemployment compensation	1,000		1,000	177	823
Workers' compensation	38,000	(7,200)	30,800	29,952	848
Health benefits	578,000	18,200	596,200	592,369	3,831
Tuition reimbursement	12,000		12,000	7,285	4,715
Other employee benefits	8,500	(3,500)	5,000	4,922	78
Total unallocated benefits	722,500		722,500	706,145	16,355
T.P.A.F. post-retirement medical (on-behalf non-budgeted)				140,391	(140,391)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				7,475	(7,475)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				172,998	(172,998)
Total non-budgeted				320,864	(320,864)
Total undistributed expenditures	3,547,023	(87,729)	3,459,294	3,571,470	(112,176)
Total expenditures - current expense	5,570,062	132,875	5,702,937	5,578,908	124,029
CAPITAL OUTLAY:					
Equipment					
Undistributed expenditures					
Instruction		31,692	31,692	31,692	
General administration		2,299	2,299	2,299	
Operations and maintenance		68,258	68,258	68,258	
Total equipment		102,249	102,249	102,249	
Total capital outlay		102,249	102,249	102,249	
Total expenditures	5,570,062	235,124	5,805,186	5,681,157	124,029
Excess (deficiency) of revenues & other financing sources over (under) expenditures and other financing uses	(2,045)	(235,124)	(233,079)	(31,860)	205,309

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses)					
Transfer to Capital reserve	(301,542)		(301,542)		(301,542)
Transfer to Capital projects fund		(14,876)	(14,876)	(314,876)	300,000
Total Other financing sources (uses)	(301,542)	(14,876)	(316,418)	(314,876)	(1,542)
Net changes in fund balance	(303,587)	(250,000)	(549,497)	(346,736)	203,767
Fund balances - July 1	1,323,625		1,323,625	1,323,625	
Fund balances - June 30	1,020,038	(250,000)	774,128	976,889	203,767

Recapitulation:

Capital Reserve	47,464
Reserve for Excess Surplus	471,741
Reserve for Excess Surplus - designated for subsequent year's expenditures	171,046
Unrestricted Fund Balance:	
Designated for Subsequent Year's Expenditures	29,092
Undesignated	257,546
	976,889
Reconciliation to Governmental Fund Statements (GAAP):	
June State Aid Payments not recognized on GAAP Basis	(319,650)
Fund Balance per Governmental Funds (GAAP)	657,239

EXHIBIT C-1b

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
American Recovery and Reinvestment Act - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources					
Equalization stabilization fund		506,770	506,770	506,770	
Government services recovery act		19,618	19,618	19,618	
Total Revenues		526,388	526,388	526,388	
EXPENDITURES:					
Equalization stabilization fund					
Salaries of teachers					
Grades 1-5		506,770	506,770	506,770	
Total equalization stabilization fund		506,770	506,770	506,770	
Government services recovery act					
Salaries of teachers					
Grades 1-5		19,618	19,618	19,618	
Total government services recovery act		19,618	19,618	19,618	
Total American recovery and reinvestment act		526,388	526,388	526,388	

EXHIBIT C-2

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	204,061	170,760	374,821	374,821	
State Sources	95,279	281	95,560	95,560	
Local Sources		3,776	3,776	3,776	
Total Revenues	299,340	174,817	474,157	474,157	
EXPENDITURES:					
Instruction:					
Salaries of teachers	94,511	72,111	166,622	166,622	
Other salaries for instruction	70,000	(33,500)	36,500	36,500	
Tuition	101,079	99,188	200,267	200,267	
Supplies and materials		28,343	28,343	28,343	
Other objects	4,265	281	4,546	4,546	
Total Instruction	269,855	166,423	436,278	436,278	
Support Services:					
Salaries - other professionals	2,114	(2,114)			
Personal services - employee benefits	12,647	3,032	15,679	15,679	
Purchased professional - educational services	9,500	6,280	15,780	15,780	
Other purchased services (400-500 series)	5,224	1,196	6,420	6,420	
Total Support Services	29,485	8,394	37,879	37,879	
Total Expenditures	299,340	174,817	474,157	474,157	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

QUINTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
For the Fiscal Year Ended June 30, 2010

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]	5,649,297	[C-2]	474,157
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		303,560		8,806
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		(319,650)		(9,101)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	5,633,207	[B-2]	473,862
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	5,681,157		474,157
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.				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	5,681,157	[B-2]	474,157

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

EXHIBIT E-1

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Brought Forward Ex. E-1a	Title I Part A	Title I Part A ARRA	(See E-2) Preschool Education	Totals FY 2010	Totals FY 2009
REVENUES:						
Federal sources	252,542	86,936	35,343		374,821	230,667
State sources	4,546			91,014	95,560	93,333
Local sources	3,776				3,776	
Total revenues	260,864	86,936	35,343	91,014	474,157	324,000
EXPENDITURES:						
Instruction:						
Salaries of teachers	36,533	35,075	4,000	91,014	166,622	120,005
Other salaries for instruction		36,500			36,500	66,000
Tuition	200,267				200,267	93,917
General supplies			28,343		28,343	6,000
Other objects	4,546				4,546	5,276
Total instruction	241,346	71,575	32,343	91,014	436,278	291,198
Support services:						
Salaries - other professionals						2,095
Personal services - employee benefits	5,118	10,561			15,679	16,194
Purchased professional - educational services	7,980	4,800	3,000		15,780	9,500
Other purchased services (400-500 series)	6,420				6,420	5,013
Total support services	19,518	15,361	3,000		37,879	32,802
Total expenditures	260,864	86,936	35,343	91,014	474,157	324,000

EXHIBIT E-1(a)
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Brought Forward Ex. E-1b	NJ SBA Safety Grant	Rural Education Achievement Program	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part D Enhancing Education through Technology	Title IV Safe & Drug Free Schools and Communities	Total Carried Forward
REVENUES:							
Federal sources	206,271		32,656	11,238	886	1,491	252,542
State sources	4,546						4,546
Local sources		3,776					3,776
Total revenues	210,817	3,776	32,656	11,238	886	1,491	260,864
EXPENDITURES:							
Instruction:							
Salaries of teachers	5,239		28,493	1,500		1,301	36,533
Tuition	200,267						200,267
Other objects	4,546						4,546
Total instruction	210,052		28,493	1,500		1,301	241,346
Support services:							
Personal services - employee benefits	765		4,163			190	5,118
Purchased professional - educational services				7,980			7,980
Other purchased services (400-500 series)		3,776		1,758	886		6,420
Total support services	765	3,776	4,163	9,738	886	190	19,518
Total expenditures	210,817	3,776	32,656	11,238	886	1,491	260,864

EXHIBIT E-1(b)
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Municipal Alliance 2009	Municipal Alliance 2010	I.D.E.A. Part B 2009/2010	I.D.E.A. Part B ARRA	I.D.E.A. Preschool Program	I.D.E.A. Preschool ARRA	Total Carried Forward
REVENUES:							
Federal sources			101,079	99,188	2,431	3,573	206,271
State sources	3,849	697					4,546
Total revenues	3,849	697	101,079	99,188	2,431	3,573	210,817
EXPENDITURES:							
Instruction:							
Salaries of teachers					2,121	3,118	5,239
Tuition			101,079	99,188			200,267
Other objects	3,849	697					4,546
Total instruction	3,849	697	101,079	99,188	2,121	3,118	210,052
Support services:							
Personal services - employee benefits					310	455	765
Total support services					310	455	765
Total expenditures	3,849	697	101,079	99,188	2,431	3,573	210,817

EXHIBIT E-2

QUINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule of Exenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Budgeted	Actual	Variance
Expenditures:			
Instruction:			
Salaries of teachers	91,014	91,014	
Total instruction	91,014	91,014	
Total expenditures	91,014	91,014	

CALCULATION OF BUDGET AND CARRYOVER

Total revised 2009/2010 Preschool education aid allocation	91,014
Add: Actual ECPA Carryover (June 30, 2009)	
Add: Budgeted transfer from the General Fund 2009-2010	
Total Preschool education aid funds available for 2009/2010 budget	91,014
Less: 2009/2010 budgeted preschool education aid (including prior year budgeted carryover)	91,014
Available & unbudgeted Preschool education aid funds as of June 3	
Add: June 30, 2010 unexpended preschool education aid	
2009/2010 Carryover - preschool education aid/preschool	
2009/2010 Preschool education aid carryover budgeted for preschool programs 2009-2010	

CAPITAL PROJECTS FUND

EXHIBIT F-1

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
June 30, 2010

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP Expenditures to Date Prior Years	GAAP Expenditures to Date Current Year	Unexpended Appropriation 06/30/10
Partial roof and window replacement. Masonry restoration at gym	12/30/09	35,649		31,810	3,839
Roof replacement sections 2 & 3	12/30/09	25,697		22,929	2,768
New exterior and classroom lights with light sensor and dimming controls; new exit signs, new hot water circulating pump; replace pneumatic tempature control system	12/30/09	28,219		25,179	3,040
Replace unit ventilators, new boiler, install backflow preventors on domestic water system, and water lines to boiler. Replace kitchen water heater. Install AC in library server room, Replace toilet room fixtures	12/30/09	45,040		40,189	4,851
Gym lighting replacement	12/30/09	1,489		1,329	160
A/C buidlings 1928 & 1980; install emergency generator and reconfigure electrical panels	12/30/09	76,356		68,133	8,223
Install roof-mounted photovoltaic system	12/30/09	87,550			87,550
Classroom #5 Renovations	02/26/09	41,689		40,441	1,248
		341,689		230,010	111,679

EXHIBIT F-2

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, 2010

Revenues and Other Financing Sources	
Transfer from Capital outlay	14,876
Transfer from Capital reserve	300,000
State Sources: SDA Grant	26,993
Total revenues	341,869
OPERATING EXPENSES:	
Purchased professional and technical services	193,332
Construction services	36,678
Total expenses	230,010
Excess (deficiency) of revenues over (under) expenditures	111,859
Fund balance - ending	111,859

EXHIBIT F-2a

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Partial roof and window replacement. Masonry restoration at gym
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital reserve		35,649	35,649	35,649
		35,649	35,649	35,649
Expenditures and Other Financing Uses				
Purchased professional and technical services		31,810	31,810	35,649
		31,810	31,810	35,649
Excess (deficiency) or revenues over (under) expenditures		3,839	3,839	

Additional project information:

Project Number	4280-050-09-1002
Grant Date	12/30/09
Bond Authorization date	07/15/10
Bonds Authorized	215,699
Bonds Issued	215,699
Original Authorized Cost	707,414
Additional Authorized Cost	None
Revised Authorized Cost	707,414
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original target completion date	12/15/2010
Revised target completion date	12/15/2010

EXHIBIT F-2b

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof replacement sections 2 & 3
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital reserve		25,697	25,697	25,697
		25,697	25,697	25,697
Expenditures and Other Financing Uses				
Purchased professional and technical services		22,929	22,929	25,697
		22,929	22,929	25,697
Excess (deficiency) or revenues over (under) expenditures		2,768	2,768	

Additional project information:	
Project Number	4280-050-09-1003
Grant Date	12/30/09
Bond Authorization date	07/15/10
Bonds Authorized	155,480
Bonds Issued	155,480
Original Authorized Cost	509,918
Additional Authorized Cost	None
Revised Authorized Cost	509,918
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original target completion date	8/15/2010
Revised target completion date	8/15/2010

EXHIBIT F-2c

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
New exterior and classroom lights with light sensor and dimming controls;
New exit signs, new hot water circulating pump; replace pneumatic tempature control system
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital reserve		28,219	28,219	28,219
		28,219	28,219	28,219
Expenditures and Other Financing Uses				
Purchased professional and technical services		25,179	25,179	28,219
Construction services			0	
		25,179	25,179	28,219
Excess (deficiency) or revenues over (under) expenditures		3,040	3,040	

Additional project information:	
Project Number	4280-050-09-1004
Grant Date	12/30/09
Bond Authorization date	07/15/10
Bonds Authorized	170,738
Bonds Issued	170,738
Original Authorized Cost	559,960
Additional Authorized Cost	None
Revised Authorized Cost	559,960
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original target completion date	8/15/2011
Revised target completion date	8/15/2011

EXHIBIT F-2d

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Replace Unit ventilators, new boiler, install backflow preventors on domestic water system, and water lines to boiler. Replace kitchen water heater. Install AC in library server room, Replace toilet room fixtures
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital reserve		45,040	45,040	45,040
		45,040	45,040	45,040
Expenditures and Other Financing Uses				
Purchased professional and technical services		40,189	40,189	45,040
		40,189	40,189	45,040
Excess (deficiency) or revenues over (under) expenditures		4,851	4,851	

Additional project information:

Project Number	4280-050-09-1005
Grant Date	12/30/09
Bond Authorization date	07/15/10
Bonds Authorized	272,513
Bonds Issued	272,513
Original Authorized Cost	893,744
Additional Authorized Cost	None
Revised Authorized Cost	893,744
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original target completion date	8/15/2011
Revised target completion date	8/15/2011

EXHIBIT F-2e

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Gym lighting replacement
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital reserve		1,489	1,489	1,489
		1,489	1,489	1,489
Expenditures and Other Financing Uses				
Purchased professional and technical services		1,329	1,329	9,013
		1,329	1,329	9,013
Excess (deficiency) or revenues over (under) expenditures		160	160	

Additional project information:	
Project Number	4280-050-09-1006
Grant Date	12/30/09
Bond Authorization date	07/15/10
Bonds Authorized	9,013
Bonds Issued	9,013
Original Authorized Cost	29,556
Additional Authorized Cost	None
Revised Authorized Cost	29,556
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original target completion date	8/15/2011
Revised target completion date	8/15/2011

EXHIBIT F-2f

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
A/C buidlings 1928 & 1980; install emergency generator and reconfigure electrical panels
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital reserve		76,356	76,356	76,356
		76,356	76,356	76,356
Expenditures and Other Financing Uses				
Purchased professional and technical services		68,133	68,133	4,000
		68,133	68,133	4,000
Excess (deficiency) or revenues over (under) expenditures		8,223	8,223	

Additional project information:

Project Number	4280-050-09-1007
Grant Date	12/30/09
Bond Authorization date	07/15/10
Bonds Authorized	461,998
Bonds Issued	461,998
Original Authorized Cost	1,515,183
Additional Authorized Cost	None
Revised Authorized Cost	1,515,183
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original target completion date	8/15/2011
Revised target completion date	8/15/2011

EXHIBIT F-2g

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Install roof-mounted photovoltaic system
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital reserve		87,550	87,550	87,550
		87,550	87,550	87,550
Expenditures and Other Financing Uses				
Purchased professional and technical services				88,515
				88,515
Excess (deficiency) or revenues over (under) expenditures		87,550	87,550	

Additional project information:	
Project Number	4280-050-09-2000
Grant Date	07/01/09
Bond Authorization date	07/15/10
Bonds Authorized	535,560
Bonds Issued	535,560
Original Authorized Cost	624,075
Additional Authorized Cost	None
Revised Authorized Cost	624,075
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original target completion date	8/15/2011
Revised target completion date	8/15/2011

EXHIBIT F-2h

QUINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Classroom #5 Renovations
From Inception and for the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital outlay		14,876	14,876	16,091
State Sources: SDA Grant		26,993	26,993	25,778
		41,869	41,869	41,869
Expenditures and Other Financing Uses				
Purchased professional and technical services		3,763	3,763	4,000
Construction services		36,678	36,678	37,869
		40,441	40,441	41,869
Excess (deficiency) or revenues over (under) expenditures		1,428	1,428	

Additional project information:	
Project Number	4280-050-09-1001
Grant Date	02/26/09
Bond Authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	41,869
Additional Authorized Cost	None
Revised Authorized Cost	41,869
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original target completion date	May 2010
Revised target completion date	May 2010

PROPRIETARY FUNDS

EXHIBIT G-1

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Food Service Fund	
	FY 2010	FY 2009
ASSETS:		
Current assets		
Cash and cash equivalents	21,456	
Accounts Receivable:		
State	351	298
Federal	6,437	16,890
Inventory	12,539	7,627
Total current assets	40,783	24,815
Noncurrent assets		
Furniture, machinery & equipment	83,140	91,913
Less: accumulated depreciation	(64,733)	(80,330)
Total noncurrent assets	18,407	11,583
Total assets	59,190	36,398
LIABILITIES AND NET ASSETS:		
Liabilities		
Accounts payable	33	
Cash overdraft		1,386
Total liabilities	33	1,386
Net assets		
Invested in capital assets net of related debt	18,407	11,583
Unrestricted	40,750	23,429
Total net assets	59,157	35,012

EXHIBIT G-2

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Food Service Fund	
	FY 2010	FY 2009
OPERATING REVENUES:		
Local sources:		
Daily sales-reimbursable programs	46,114	49,112
Daily sales-non-reimbursable programs	20,235	19,461
Total operating revenue	66,349	68,573
OPERATING EXPENSES:		
Salaries	49,335	49,366
Employee benefits	7,877	15,352
Purchased professional/technical services	2,006	4,239
Supplies and materials	3,916	3,597
Cost of sales	78,497	104,069
Depreciation	1,348	3,073
Total operating expenses	142,979	179,696
Operating income (loss)	(76,630)	(111,123)
NON-OPERATING REVENUES:		
State sources:		
National school lunch program - State	2,877	2,869
National school breakfast program - State	1,058	980
Federal sources:		
National school lunch program	58,393	54,272
National school breakfast program	14,775	13,430
Fruit and vegetable program		26,959
Food distribution program	15,502	15,518
Loss on disposal of assets	(2,051)	
Contributed capital - fixed assets	10,221	3,619

EXHIBIT G-2
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Food Service Fund	
	FY 2010	FY 2009
Total non-operating revenues (expenses)	100,775	117,647
Income (loss) before operating transfers	24,145	6,524
Net income (loss)	24,145	6,524
Total Net Assets - July 1	35,012	28,488
Total Net Assets - June 30	59,157	35,012

EXHIBIT G-3

QUINTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Food Service Fund	
	FY 2010	FY 2009
Cash flows from operating activities:		
Receipts from customers	66,349	68,573
Payments to suppliers	(73,796)	(98,112)
Payments to employees	(49,335)	(49,366)
Payments for employee benefits	(7,877)	(15,352)
Net cash provided (used) by operating activities	(64,659)	(94,257)
Cash flows from non-capital financing activities:		
Cash received from state & federal reimbursements	87,501	84,804
Net cash provided by non-capital financing activities	87,501	84,804
Net increase in cash and cash equivalents	22,842	(9,453)
Cash and cash equivalents - July 1	(1,386)	8,067
Cash and cash equivalents - June 30	21,456	(1,386)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(76,630)	(111,123)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	1,348	3,073
Food distribution program	15,502	15,518
Change in assets and liabilities:		
(Increase) decrease in inventory	(4,912)	(1,725)
Increase in accounts payable	33	
	(64,659)	(94,257)

EXHIBIT G-4

QUINTON TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Special Education	
	FY 2010	FY 2009
ASSETS:		
Current assets:		
Cash	7,761	6,508
Accounts receivable	1,543	2,736
Total assets	9,304	9,244
LIABILITIES AND NET ASSETS:		
Net assets		
Unrestricted	9,304	9,224
Total liabilities and net assets	9,304	9,224

EXHIBIT G-5

QUINTON TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Special Education	
	FY 2010	FY 2009
OPERATING REVENUES:		
Local sources:		
Other charges and fees	65,134	66,059
Total operating revenue	65,134	66,059
OPERATING EXPENSES:		
Salaries	32,411	30,908
Employee benefits	24,019	21,394
Purchased professional educational services	8,644	8,973
Total operating expenses	65,074	61,275
Operating income (loss)	60	4,784
Total Net Assets - July 1	9,244	4,460
Total Net Assets - June 30	9,304	9,244

EXHIBIT G-6

QUINTON TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Special Education	
	FY 2010	FY 2009
Cash flows from operating activities:		
Receipts from customers	66,327	64,504
Payments to suppliers	(8,644)	(8,973)
Payments to employees	(32,411)	(30,908)
Payments for employee benefits	(24,019)	(21,394)
Net cash provided (used) by operating activities	1,253	3,229
Net increase in cash and cash equivalents	1,253	3,229
Cash and cash equivalents - July 1	6,508	3,279
Cash and cash equivalents - June 30	7,761	6,508
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	60	4,784
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Change in assets & liabilities		
(Increase) decrease in accounts receivable	1,193	(1,555)
	1,253	3,229

FIDUCIARY FUNDS

EXHIBIT H-1

QUINTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Trust Funds		Agency Funds			
	Technology Trust	Unemployment Compensation Trust	Student Activity	Payroll & Payroll Agency	Total FY 2010	Total FY 2009
ASSETS:						
Cash and cash equivalents	46,690	40,148	11,187		98,025	90,412
Capital assets, net	1,288				1,288	2,895
Total assets	47,978	40,148	11,187		99,313	93,307
LIABILITIES:						
Due to student groups			11,187		11,187	10,503
Total liabilities			11,187		11,187	10,503
NET ASSETS:						
Invested in capital assets net of related debt	1,288				1,288	2,895
Held in Trust for:						
Unemployment Claims		40,148			40,148	47,388
Technology Expenditures	46,690				46,690	32,521
Total net assets	47,978	40,148			88,126	82,804

EXHIBIT H-2

QUINTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Trust Funds		Total	
	Technology Trust	Unemployment Compensation Trust	FY 2010	FY 2009
ADDITIONS:				
Contributions:				
Plan Members		4,927	4,927	5,036
Others	19,718		19,718	13,089
Total contributions	19,718	4,927	24,645	18,125
Investment Earnings:				
Interest	131	141	272	679
Total investment earnings	131	141	272	679
Total additions	19,849	5,068	24,917	18,804
DEDUCTIONS:				
General supplies				46
Equipment	5,680		5,680	40,753
Unemployment claims		12,308	12,308	14,459
Depreciation	1,607		1,607	1,607
Total deductions	7,287	12,308	19,595	56,865
Change in Net Assets	12,562	(7,240)	5,322	(38,061)
Net Assets July 1	35,416	47,388	82,804	120,865
Net Assets June 30	47,978	40,148	88,126	82,804

EXHIBIT H-3

QUINTON TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
ACTIVITIES:				
Quinton School	10,503	33,706	33,022	11,187

EXHIBIT H-4

QUINTON TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and cash equivalents		3,699,642	3,699,642	
Total assets		3,699,642	3,699,642	
LIABILITIES:				
Employees' net pay		1,740,529	1,740,529	
Payroll deductions and withholdings		1,958,948	1,958,948	
Interfund Payable		165	165	
Total liabilities		3,699,642	3,699,642	

LONG-TERM DEBT

EXHIBIT I-1

QUINTON TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
Refunding bonds, series 2007	11/20/07	1,705,000	03/01/11	125,000	3.500%				
			03/01/12	125,000	3.750%				
			03/01/13	130,000	4.000%				
			03/01/14	135,000	4.000%				
			03/01/15	140,000	4.000%				
			03/01/16	140,000	4.000%				
			03/01/17	145,000	4.000%				
			03/01/18	150,000	4.125%				
			03/01/19	155,000	4.125%				
			03/01/20	155,000	4.125%				
			03/01/21	150,000	4.125%	1,670,000		120,000	1,550,000
						1,670,000	None	120,000	1,550,000

EXHIBIT I-3

QUINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	91,493		91,493	91,493	
State sources:					
Debt service aid type II	88,649		88,649	88,649	
Total revenues	180,142		180,142	180,142	
EXPENDITURES:					
Regular debt service:					
Interest	66,650		66,650	66,650	
Redemption of principal	120,000		120,000	120,000	
Total regular debt service	186,650		186,650	186,650	
Total expenditures	186,650		186,650	186,650	
Excess (deficiency) of revenues over (under) expenditures	(6,508)		(6,508)	(6,508)	
Fund balance - July 1	6,508		6,508	6,508	
Fund balance - June 30					

STATISTICAL SECTION
(UNAUDITED)

QUINTON TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION

Contents Page

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time. 103-109

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. 110-113

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. 114-117

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 118-119

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. 120-124

EXHIBIT J-1

QUINTON TOWNSHIP SCHOOL DISTRICT
Net Assets by Component
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	1,037,036	1,005,375	993,973	1,003,282	909,117	932,265	1,257,002
Restricted	216,284	522,229	699,029	550,341	698,870	1,059,975	831,202
Unrestricted	279,646	(44,839)	(37,454)	116,366	130,200	(136,530)	(156,067)
Total governmental activities net assets	1,532,966	1,482,765	1,655,548	1,669,989	1,738,187	1,855,710	1,932,137
Business-type activities							
Invested in capital assets, net of related debt	19,488	12,457	17,208	13,809	11,037	11,583	18,407
Unrestricted	10,147	25,967	19,420	19,934	17,451	23,429	40,750
Total business-type activities net assets	29,635	38,424	36,628	33,743	28,488	35,012	59,157
District-wide							
Invested in capital assets, net of related debt	1,056,524	1,017,832	1,011,181	1,017,091	920,154	943,848	1,275,409
Restricted	216,284	522,229	699,029	550,341	698,870	1,059,975	831,202
Unrestricted	289,793	(18,872)	(18,034)	136,300	147,651	(113,101)	(115,317)
	1,562,601	1,521,189	1,692,176	1,703,732	1,766,675	1,890,722	1,991,294

EXHIBIT J-2

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities							
Instruction							
Regular	1,552,290	1,682,625	1,611,247	1,199,432	1,286,021	1,645,575	1,665,700
Special education	262,899	303,164	308,798	759,392	785,273	572,604	751,713
Other special education	28,626	7,652	43,639	37,970	40,363	45,454	54,923
Other instruction	7,139	6,749	9,816	9,891	15,196	27,630	24,702
Support Services							
Tuition	1,101,416	1,059,413	1,070,662	1,173,689	1,223,725	933,497	839,128
Student instruction and related services	273,589	367,303	323,511	354,214	365,590	406,113	459,975
General administration	166,848	192,478	196,016	220,745	239,005	267,800	227,213
School administrative services	88,917	108,792	116,359	88,377	91,988	95,236	93,270
Central services		104,028	115,361	105,328	114,184	122,935	121,487
Administrative information technology		4,386	2,683	2,603	2,849	1,972	6,826
Plant operations and maintenance	278,848	292,885	286,410	292,247	319,428	318,676	391,593
Security							11,163
Pupil transportation	273,349	323,131	333,928	367,133	373,515	402,393	437,155
Unallocated benefits	783,965	758,846	789,008	1,051,692	1,048,910	979,615	1,042,688
Amortization of debt issuance costs	2,480						
Interest on long-term debt	120,935	117,705	112,860	107,730	75,807	72,950	66,650
Capital outlay			15,875		6,784	3,619	21,049
Unallocated depreciation		85,332	85,473	88,272	91,639	90,271	87,676
Total governmental activities expenses	4,941,301	5,414,489	5,421,646	5,858,715	6,080,277	5,986,340	6,302,911
Business-type activities:							
Food service	119,684	121,286	133,755	144,130	146,095	179,696	142,979
Shared services	24,942						
Total business-type activities expense	144,626	121,286	133,755	144,130	146,095	179,696	142,979
Total district expenses	5,085,927	5,535,775	5,555,401	6,002,845	6,226,372	6,166,036	6,445,890
Program revenues							
Governmental activities							
Charges for services:							
Instruction (Tuition)	40,266	27,199	24,871	33,801	65,898	66,059	65,134
Pupil transportation	54,000						
Operating grants and contributions	844,191	521,054	544,194	513,626	535,835	329,351	473,862
Total governmental activities program revenues	938,457	548,253	569,065	547,427	601,733	395,410	538,996

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
Business-type activities:							
Charges for services:							
Food service	46,525	43,581	64,371	65,763	66,967	68,573	66,349
Shared services	25,767						
Operating grants and contributions	49,302	51,661	59,095	70,482	73,873	114,028	100,775
Total business-type activities program revenues	121,594	95,242	123,466	136,245	140,840	182,601	167,124
Total district program revenue	1,060,051	643,495	692,531	683,672	742,573	578,011	706,120
Net (expense) revenue							
Governmental activities	(4,002,844)	(4,866,236)	(4,852,581)	(5,311,288)	(5,478,544)	(5,590,930)	#########
Business-type activities	(23,032)	(26,044)	(10,289)	(7,885)	(5,255)	2,905	24,145
Total district-wide net expense	(4,025,876)	(4,892,280)	(4,862,870)	(5,319,173)	(5,483,799)	(5,588,025)	#########
General revenues and other changes in net assets							
Governmental activities							
Property taxes levied for government purposes (net)	1,774,500	1,944,851	2,130,514	2,214,913	2,290,190	1,972,846	2,051,760
Taxes levied for debt service	108,869	106,327	106,409	106,341	103,500	101,682	91,493
Unrestricted grants and contributions	2,194,720	2,646,645	2,643,162	2,840,606	2,994,317	3,441,066	2,953,334
Restricted grants							553,381
Tuition charges		106,140	110,934	124,031	228,103	179,883	174,561
Investment earnings	9,063	21,676	33,494	46,044	24,919	10,007	9,866
Miscellaneous income	9,024	805	851	684	11,763	2,969	5,947
Loss on disposal of assets				(1,890)	(1,050)		
Cost of issuance					(125,214)		
Premiums received on sale of bonds					20,214		
Transfers	(25,000)	(35,000)		(5,000)			
Total governmental activities	4,071,176	4,791,444	5,025,364	5,325,729	5,546,742	5,708,453	5,840,342
Business-type activities							
Miscellaneous income		2,194	8,493				
Contributed capital						3,619	
Transfers	25,000	35,000		5,000			
Total business-type activities	25,000	37,194	8,493	5,000		3,619	
Total district-wide	4,096,176	4,828,638	5,033,857	5,330,729	5,546,742	5,712,072	5,840,342
Change in net assets							
Governmental activities	68,332	(74,792)	172,783	14,441	68,198	117,523	76,427
Business-type activities	1,968	11,150	(1,796)	(2,885)	(5,255)	6,524	24,145
Total district	70,300	(63,642)	170,987	11,556	62,943	124,047	100,572

EXHIBIT J-3

QUINTON TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Seven Fiscal Years
For the Fiscal Year Ended June 30, 2010
Unaudited

	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	255,615	549,184	732,260	583,786	751,123	1,066,495	719,343
Unreserved	294,715	(21,136)	(11,276)	146,959	135,496	(46,430)	(62,104)
Total General Fund	550,330	528,048	720,984	730,745	886,619	1,020,065	657,239
All other governmental funds							
Unreserved, reported in:							
Debt Service Fund					6,508	6,508	
Capital Projects Fund							111,859
Special Revenue Fund	(15,069)	(14,157)	(14,157)	(14,157)	(14,157)	(8,806)	(9,101)
Total all other governmental funds	(15,069)	(14,157)	(14,157)	(14,157)	(7,649)	(2,298)	102,758

EXHIBIT J-4

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax Levy	1,356,227	1,741,769	1,874,069	1,883,369	2,051,178	2,236,923	2,321,254	2,393,690	2,074,528	2,143,253
Tuition charges	24,837	24,855	64,578	40,266	106,140	110,934	124,031	228,103	179,883	174,561
Transportation fees	4,600		9,000	54,000						
Interest earnings	63,459	35,257	15,356	9,065	21,676	33,494	46,044	24,919	10,007	9,866
Miscellaneous	8,823	31,116	10,786	16,074	805	851	684	11,763	2,969	9,723
State sources	2,890,775	2,717,399	2,603,514	2,808,384	2,940,589	2,937,381	3,120,239	3,300,501	3,539,750	3,075,592
Federal sources	129,744	164,726	197,451	223,475	227,110	249,975	233,993	229,651	230,667	901,209
Total revenue	4,478,465	4,715,122	4,774,754	5,034,633	5,347,498	5,569,558	5,846,245	6,188,627	6,037,804	6,314,204
Expenditures										
Instruction:										
Regular	1,017,373	1,079,318	980,998	1,102,084	1,213,426	1,149,939	1,192,372	1,285,673	1,634,180	1,678,111
Special	409,441	679,051	699,612	713,105	716,992	736,724	739,301	743,501	532,468	686,354
Other	26,835	2,452	8,413	28,626	3,887	43,399	37,760	40,168	47,913	54,549
School Sponsored/Other Instructional	5,968	4,799	7,890	7,139	6,749	9,816	9,891	15,196	27,630	24,702
Community Service		2,625	2,835							
Undistributed:										
Instruction	678,110	894,969	1,246,238	1,020,716	1,059,413	1,070,662	1,173,689	1,223,725	933,497	839,128
Attendance & Social Work Services	14,380	13,647	14,619	14,712	16,538	16,464	14,354	13,758	13,650	20,087
Health Services	47,593	50,609	55,889	58,284	66,759	64,622	65,458	67,374	71,749	77,426
Related Services	37,709	64,982	67,864	66,747	65,994	53,530	86,574	89,428	85,920	90,394
Extraordinary Services		12,048	12,802					13,901	27,249	54,353
Guidance services	87,581	81,042	79,906	108,133	82,372	92,503	87,565	15,638	42,151	42,844
Child study team services	27,123	61,760	29,748	55,515	42,517	40,131	46,776	116,316	93,046	104,792
Improvement of Instruction	2,184	3,719	1,039		300					
Educational Media Services	26,102	32,323	38,744	45,749	64,971	31,585	38,985	38,311	47,569	61,762
Instructional Staff Training	12,699	5,315	6,981	5,147	4,192	5,815	1,702	2,264	2,739	2,753
General Administration	165,448	186,466	166,928	166,848	192,478	196,016	194,442	209,806	222,684	213,883
School Administration	77,470	79,617	80,087	88,917	82,857	85,364	88,377	91,988	95,236	93,270
Central Administration					104,028	115,361	105,328	114,184	122,935	121,487
Administration Information Technology					4,386	2,683	2,603	2,849	1,972	6,826
Allowable Maintenance for School Facilities			13,277	48,894	34,758	19,770	22,669	50,496	22,044	50,717
Operations & Maintenance of Plant Services	199,408	231,986	247,177	229,954	256,154	264,667	267,605	288,954	320,159	338,621
Security										11,163
Student Transportation	309,270	301,948	305,264	273,350	323,131	333,928	367,133	373,515	402,393	437,155
Business and Other Support Services	90,362	75,426	92,824	106,964						
Unallocated Benefits	473,165	569,005	561,690	677,002	753,398	789,008	1,040,623	1,025,308	960,254	1,042,688

EXHIBIT J-4
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
Unaudited

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Capital Outlay	2,585,274	91,063	120,376	20,744	35,863	51,775	45,547	13,085	3,619	332,259
Debt Service Expenditures										
Principal	56,000	80,000	80,000	85,000	85,000	90,000	95,000	115,000	115,000	120,000
Interest	134,288	131,670	127,110	122,550	117,705	112,860	107,730	75,807	72,950	66,650
Total Expenditures	6,483,783	4,735,840	5,048,311	5,046,180	5,333,868	5,376,622	5,831,484	6,026,245	5,899,007	6,571,974
Excess (Deficiency of revenues over (under) expenditures	(2,005,318)	(20,718)	(273,557)	(11,547)	13,630	192,936	14,761	162,382	138,797	(257,770)
Other financing sources (uses)										
Proceeds from borrowing								1,705,000		
Premium on bonds								20,214		
Cost of issuance								(125,214)		
Bonds refunded								(1,600,000)		
Transfers in	93,301	61,853								
Transfers out - Food service	(1,228)		(20,000)	(25,000)	(35,000)		(5,000)			
Total other financing sources (uses)	92,073	61,853	(20,000)	(25,000)	(35,000)		(5,000)			
Net change in fund balance	(1,913,245)	41,135	(293,557)	(36,547)	(21,370)	192,936	9,761	162,382	138,797	(257,770)
Debt service as a percentage of noncapital expenditures	4.88%	4.56%	4.20%	4.13%	3.83%	3.81%	3.50%	3.17%	3.19%	2.99%

Source: District records.

EXHIBIT J-5

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

Fiscal year ended June 30	Library Fines	Miscellaneous	Prior year Refunds	Municipal Alliance	Pairing Grant	Junior Achieve	Prior year payable adj.	Annual Totals
2001	400	7,268	235				920	8,823
2002	244	2,907	8,564		13,419	3,200	2,782	31,116
2003	116	1,637	3,391	5,278			364	10,786
2004	150	839	8,122	7,052			(89)	16,074
2005	290	181	334					805
2006	18	733	100					851
2007		684						684
2008		11,763						11,763
2009		917	2,052					2,969
2010		1,694	4,253					5,947
	1,218	28,623	27,051	12,330	13,419	3,200	3,977	89,818

Source: District records.

EXHIBIT J-6

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
2001	4,856,300	80,857,300	15,938,100	4,000,800	11,356,600	0	302,600	117,311,700	972,616	118,284,316	115,264,844	1.310
2002	4,749,300	81,470,800	15,731,500	3,935,100	11,472,000	0	302,600	117,661,300	988,454	118,649,754	119,083,044	1.524
2003	4,826,100	81,654,200	16,035,200	3,882,100	11,156,500	0	302,600	117,856,700	973,073	118,829,773	123,082,961	1.581
2004	5,077,400	81,474,100	16,815,700	3,623,400	11,149,300	0	302,600	118,442,500	875,351	119,317,851	129,468,703	1.649
2005	4,685,800	81,936,900	17,506,800	3,614,300	10,497,900	0	302,600	118,544,300	775,269	119,319,569	139,468,355	1.796
2006	4,315,000	82,922,800	18,415,800	3,462,400	10,646,700	0	302,600	120,065,300	654,622	120,719,922	152,681,564	1.887
2007	4,200,100	84,064,900	18,240,400	3,454,000	10,807,600	0	302,600	121,069,600	626,148	121,695,748	165,932,291	1.937
2008	6,329,800	132,055,000	25,856,200	4,996,800	16,367,400	0	939,800	186,545,000	626,148	187,171,148	149,310,036	1.195
2009	6,049,500	132,852,200	24,526,600	5,123,900	16,378,700	0	519,000	185,449,900	900,483	186,350,383	149,655,515	1.132
2010	5,517,400	134,185,600	25,020,000	4,980,700	16,070,200	0	519,000	186,292,900	N/A	186,292,900	N/A	1.173

Source: Municipal Tax Assessor.

N/A Not available at completion of CAFR

EXHIBIT J-7

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	
2001	1.273	0.037	1.310	0.190		0.850	2.350
2002	1.452	0.072	1.524	0.209		0.890	2.623
2003	1.495	0.086	1.581	0.209		0.940	2.730
2004	1.554	0.095	1.649	0.209		0.996	2.854
2005	1.703	0.093	1.796	0.240	0.024	1.140	3.200
2006	1.797	0.090	1.887	0.240	0.026	1.226	3.379
2007	1.848	0.089	1.937	0.258	0.028	1.254	3.477
2008	1.143	0.052	1.195	0.183	0.016	0.726	2.120
2009	1.077	0.055	1.132	0.167	0.017	0.695	2.011
2010	1.123	0.050	1.173	0.165	0.022	0.918	2.278

Source: Municipal Tax Collector.

EXHIBIT J-8

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

	2010		2001	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
I.S. Smick Lumber Company Inc.	2,674,200	1.43%	1,698,500	1.45%
Taxpayer #1	2,356,600	1.26%	1,607,700	1.37%
AT & T Long lines			1,200,000	1.02%
4 C's Rental	1,696,000	0.91%	1,022,400	0.87%
Ram Golf LLC	1,338,500	0.72%		
Verizon	975,172	0.52%	972,616	0.83%
Third Garden	882,500	0.47%		
Glendon Elmer Investment Properties	771,700	0.41%	595,600	0.51%
Taxpayer #2	744,400	0.40%		
Taxpayer #3	731,000	0.39%	626,800	0.53%
Taxpayer #4	697,400	0.36%		
Taxpayer #5			571,000	0.49%
Sickler Construction			336,800	0.29%
Taxpayer #6			273,500	0.23%
	12,867,472	6.89%	8,904,916	7.59%

Source: Municipal Tax Assessor.

EXHIBIT J-9

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	
2001	1,356,227	1,356,227	100.00%	
2002	1,741,769	1,741,769	100.00%	
2003	1,874,069	1,874,069	100.00%	
2004	1,883,369	1,883,369	100.00%	
2005	2,051,178	2,051,178	100.00%	
2006	2,236,923	2,236,923	100.00%	
2007	2,321,254	2,321,254	100.00%	
2008	2,393,690	2,393,690	100.00%	
2009	2,074,528	2,074,528	100.00%	
2010	2,143,253	2,143,253	100.00%	

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

EXHIBIT J-10

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

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities		
	General Obligation Bonds	Certificate of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases	Total District	Percentage of Personal Income
2001	2,315,000					2,315,000	2.84%
2002	2,235,000					2,235,000	2.66%
2003	2,150,000					2,150,000	2.46%
2004	2,065,000					2,065,000	2.26%
2005	1,980,000					1,980,000	2.12%
2006	1,890,000					1,890,000	1.90%
2007	1,795,000					1,795,000	1.74%
2008	1,785,000					1,785,000	1.65%
2009	1,670,000					1,670,000	N/A
2010	1,550,000					1,550,000	N/A

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

N/A Not available at completion of CAFR

EXHIBIT J-11

QUINTON TOWNSHIP SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	2,315,000		2,315,000	1.97%	831
2002	2,235,000		2,235,000	1.90%	801
2003	2,150,000		2,150,000	1.82%	769
2004	2,065,000		2,065,000	1.74%	740
2005	1,980,000		1,980,000	1.67%	704
2006	1,890,000		1,890,000	1.57%	668
2007	1,795,000		1,795,000	1.48%	632
2008	1,785,000		1,785,000	0.96%	628
2009	1,670,000		1,670,000	0.90%	586
2010	1,550,000		1,550,000	0.83%	543

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

EXHIBIT J-12

QUINTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2009
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Quinton	3,017,214	100%	3,017,214
Salem County General Obligation Debt			952,795
Subtotal, overlapping debt			3,970,009
Township of Quinton School District			1,550,000
Total direct and overlapping debt			5,520,009

Sources: Assessed value data used to estimate applicable percentages provided by the Salem County Board of Taxation. Debt outstanding provided by each government unit.

EXHIBIT J-13

QUINTON TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Year	Equalized Valuation Basis
2009	$196,319,742
2008	$148,148,033
2007	$146,822,217
	$491,289,992

Average equalized valuation of taxable property	163,763,331
Debt limit (3% of average equalized value)	4,912,900
Total net debt applicable to limit	1,670,000
Legal debt margin	3,242,900

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	3,266,506	3,490,710	3,490,710	3,641,827	3,850,923	4,133,024	4,492,524	4,586,225	4,577,707	4,912,900
Total net debt applicable to limit	2,315,000	2,235,000	2,150,000	2,065,000	1,980,000	1,890,000	1,795,000	1,785,000	1,670,000	1,550,000
Legal debt margin	951,506	1,255,710	1,340,710	1,576,827	1,870,923	2,243,024	2,697,524	2,801,225	2,907,707	3,362,900
Total net debt applicable to the limit as a percentage of debt limit	70.87%	64.03%	61.59%	56.70%	51.42%	45.73%	39.96%	38.92%	36.48%	31.55%

EXHIBIT J-14

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

Fiscal year ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2001	2,785	81,438,970	29,242	7.70%
2002	2,789	84,144,130	30,170	8.00%
2003	2,797	87,445,408	31,264	10.00%
2004	2,790	91,520,370	32,803	11.80%
2005	2,813	93,596,949	33,273	9.50%
2006	2,828	99,347,640	35,130	5.20%
2007	2,841	103,415,241	36,401	5.30%
2008	2,843	108,326,829	38,103	5.30%
2009	2,851	N/A	N/A	6.70%
2010	2,852	N/A	N/A	N/A

* Estimate

Source: Data regarding school district population and per capita personal income was provided by Department of Education.

EXHIBIT J-15

QUINTON TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

	2010		2001	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Quinton Township School	61	4.62%		
Hudock's Custard Stand	30	2.27%		
Marlboro Farm Market	25	1.90%		
Bobbit Pontiac	25	1.90%		
Quinton Township	20	1.52%		
Smick's Lumber	20	1.52%		
Salem Packing	15	1.14%		
Bradway's Farm Market/Farmer John's Deli & Restaurant	15	1.14%		
Butler Gardens/C & L Workclothes	15	1.14%		
Quinton Diner	10	0.76%		
Bud's Market	5	0.38%		
Marty's Crabs	5	0.38%		
	246	14.03%	N/A	N/A

Source: District officials.
N/A = Not available at completion of CAFR

EXHIBIT J-16

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	26	26	29	30	29	30	28	31	31	29
Special education	4	4	4	5	5	5	5	5	5	5
Other special education	3	3	4	4	4	5	5	5	5	6
Other instruction	3	3	3	3	3	3	3	3	3	3
Support services:										
Student & instruction related services	2	3	3	3	3	3	3	3	3	3
General administration	2	2	2	2	2	2	2	2	2	2
School administration	2	2	2	2	2	2	2	2	2	2
Business administrative services	1	2	2	2	2	2	2	2	2	2
Plants operations and maintenance	4	4	4	4	4	4	4	4	4	4
Food service	3	3	3	3	3	3	3	3	3	3
Total	50	52	56	58	57	59	57	60	60	59

Source: District personnel records.

EXHIBIT J-17

QUINTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal year ending June 30	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio Teaching Staff	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
2001	348	3,708,221	10,656	-4.19%	33.9	12.8	1:24	326.0	310.0	4.96%	95.09%
2002	330	4,433,107	13,434	26.07%	29.9	11.7	1:24	335.8	320.0	3.01%	95.29%
2003	351	4,720,825	13,450	0.12%	34.9	11.8	1:24	333.4	317.0	-0.71%	95.08%
2004	360	4,817,886	13,383	-0.50%	30.3	12.0	1:24	353.0	335.0	5.88%	94.90%
2005	339	5,095,300	15,030	12.31%	35.1	11.5	1:24	359.8	341.3	1.93%	94.86%
2006	349	5,121,987	14,676	-2.36%	32.9	10.7	1:24	335.8	320.1	-6.67%	95.32%
2007	346	5,583,207	16,136	9.95%	34.3	11.5	1:24	349.0	332.3	3.93%	95.21%
2008	338	5,822,353	17,226	6.75%	33.9	12.2	1:24	342.3	326.1	-1.92%	95.27%
2009	371	5,707,438	15,384	-10.69%	32.9	12.8	1:24	360.8	341.4	5.40%	94.62%
2010	350	6,053,065	17,294	12.42%	n/a	n/a	n/a	346.5	328.4	-3.96%	94.78%

Source: District records, ASSA and schedules J-12, J-14 and comparative spending guide.

Note: Enrollment based on annual October district count.

n/a = Not available at time of CAFR completion

EXHIBIT J-18

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary										
Quinton Elementary										
Square feet	44,048	58,738	58,738	58,738	58,738	58,738	58,738	58,738	58,738	58,738
Capacity (students)	416	526	526	526	526	526	526	526	526	526
Enrollment	348	330	351	360	339	349	346	338	371	350

Number of Schools at June 30, 2010
Elementary = 1

Source: District office.

EXHIBIT J-19

QUINTON TOWNSHIP SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance Expenditures by School Facility
For the Fiscal Year Ended June 30, 2010

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
L1-000-261-xxx

School Facilities	Gross Square Footage	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Quinton	58,738	49,625	64,494	13,277	48,894	34,758	19,770	22,669	50,496	22,044	50,717	376,744

* School facilities as defined under EFCA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

EXHIBIT J-20

QUINTON TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2010
Unaudited

	Coverage	Deductible	
School Package Policy - N. J. School Board Assoc. Insurance Group (ERIC south)			
Article I - Property			
Blanket buildings & contents	10,882,727	1,000	per occurrence
Article II - Electronic Data Processing			
Blanket - hardware/software	260,000	1,000	per occurrence
Article III - Boiler & Machinery			
Combined Single limit	100,000,000	1,000	
Article IV - Crime			
Insuring Agreement 1 - Public employee dishonesty w/ faithful performance	100,000	1,000	per occurrence
Insuring Agreement 2 - Theft, disappearance & destruction- loss of money & securities on or off premises	25,000	500	per occurrence
Insuring Agreement 3- Theft, disappearance & destruction- money orders & counterfeit paper currency	25,000	500	per occurrence
Insuring Agreement 4- Forgery or alteration	100,000	1,000	per occurrence
Article V - Comprehensive General Liability			
Bodily injury and property damage	11,000,000	None	combined single limit
Bodily injury from products and completed operations	11,000,000	None	annual aggregate
Sexual abuse	11,000,000	None	per occurrence
Personal and advertising - injury limit	11,000,000	None	per occurrence/annual aggregate
Employee benefits liability	11,000,000	1,000	per claim/annual aggregate
Premises Medical payments	10,000	None	each accident
Premises Medical payments	5,000	None	limit per person
Terrorism	1,000,000	None	per occurrence
Article VI - Automobile			
Bodily injury and property damage	11,000,000	None	combined single limit
Errors & Omissions			
Coverage A	11,000,000	5,000	each policy period
Coverage B	100,000	5,000	each policy period
	300,000		each claim
Workers' Compensation - Educational Risk Insurance Consortium South			
Bodily injury - by accident	2,000,000	None	each accident
Bodily injury - by disease	2,000,000	None	each employee/aggregate limit
Student Accident - Markel Insurance Company			
Accidental Death & Dismemberment Benefits	10,000		
Accident Medical Expense Benefit	5,000,000	25,000	
Public Employee Surety Bonds			
The Ohio Casualty Insurance Company			
Employee bond - Sandra Drezgal, Treasurer	200,000	None	
Employee bond - Heather Mayhew, Business Administrator/Board Secretary	50,000	None	

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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

The Honorable President and
Members of the Board of Education
Quinton Township School District
County of Salem
Quinton, New Jersey 08072

We have audited 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 fiscal year ended June 30, 2010, which collectively comprise the Quinton Township School District's basic financial statements and have issued our report thereon dated October 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Quinton Township School District's internal control over financial reporting as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Quinton Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the Quinton Township School District Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC

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

October 20, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Quinton Township School District
County of Salem
Quinton, New Jersey 08072

Compliance

We have audited the compliance of the Board of Education of the Quinton Township School District, in the County of Salem, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2010. Quinton Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Quinton Township School District's management. Our responsibility is to express an opinion on the Quinton Township School District's compliance based on our audit.

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; OMB Circular A-133, *audits of States, Local Governments, and Non-Profit Organizations;* the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Quinton Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a

reasonable basis for our opinion. Our audit does not provide a legal determination of Quinton Township School District's compliance with those requirements.

In our opinion, the Quinton Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2010-1.

Internal Control over Compliance

The management of the Quinton Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Quinton Township School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Quinton Township School District Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC

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

October 20, 2010

SCHEDULE A
EXHIBIT K-3

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	June 30, 2010 (Accounts Receivable)	June 30, 2010 Deferred Revenue	June 30, 2010 Due to Grantor	Memo Cumulative Total Expenditures
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
ARRA - SFSF - ESF	84.394	n/a	506,770	07/01/09	06/30/10			506,770	(506,770)						506,770
ARRA - SFSF - GSF	84.397	n/a	19,618	07/01/09	06/30/10			19,618	(19,618)						19,618
								526,388	(526,388)						526,388
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A Improving Basic Programs	84.010A	NCLB428010	86,936	09/1/09	08/31/10			53,158	(86,936)			(33,778)			86,936
Title I - Part A Improving Basic Programs	84.010A	NCLB428009	82,186	09/1/08	08/31/09	(19,347)		19,347							82,186
Title II-A Teacher & Principal Training & Recruiting	84.367A	NCLB428010	11,238	09/1/09	08/31/10			9,480	(11,238)			(1,758)			11,238
Title II-D Enhancing Education through Technology	84.318	NCLB428010	886	09/1/09	08/31/10			597	(886)			(289)			886
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB428010	1,491	09/1/09	08/31/10			1,242	(1,491)			(249)			1,491
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB428009	1,478	09/1/08	08/31/09	(206)		206							1,478
I.D.E.A. Part B, Basic Regular	84.027	IDEA428010	101,079	09/1/09	08/31/10			59,325	(101,079)			(41,754)			101,079
I.D.E.A. Part B, Basic Regular	84.027	IDEA428009	99,917	09/1/08	08/31/09	(62,087)		62,087							99,917
I.D.E.A. Preschool	84.173	IDEA428010	2,431	09/1/09	08/31/10			2,026	(2,431)			(405)			2,431
I.D.E.A. Preschool	84.173	IDEA428009	2,416	09/1/08	08/31/09	(336)		336							2,416
Rural Education Achievement Program	84.358	S358A091442	32,656	07/1/09	09/30/10			28,137	(32,656)			(4,519)			32,656
Rural Education Achievement Program	84.358	S358A081442	32,300	07/1/08	09/30/09	(4,481)		4,481							32,300
ARRA- Title I Part A	84.389	n/a	35,343	09/1/09	08/31/11			35,343	(35,343)						35,343
ARRA - IDEA Part B	84.391	n/a	99,188	09/1/09	08/31/11			99,188	(99,188)						99,188
ARRA - Preschool	84.392	n/a	3,573	09/1/09	08/31/11			3,078	(3,573)			(495)			3,573
Total Special Revenue Fund						(86,457)		378,031	(374,821)			(83,247)			593,118
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		15,502	07/1/09	06/30/10			15,502	(10,275)				5,227		10,275
Food Distribution Program	10.550		14,244	07/1/08	06/30/09	3,876			(3,876)						14,244
National School Lunch Program	10.555		58,393	07/1/09	06/30/10			53,407	(58,393)			(4,986)			58,393
National School Lunch Program	10.555		54,272	07/1/08	06/30/09	(4,179)		4,179							54,272
National School Breakfast Program	10.553		14,775	07/1/09	06/30/10			13,324	(14,775)			(1,451)			14,775
National School Breakfast Program	10.553		13,430	07/1/08	06/30/09	(1,108)		1,108							13,430
Fresh Fruit and Vegetable Program	10.582		26,959	07/1/08	09/30/09	(11,603)		11,603							26,959
Total Enterprise Fund						(13,014)		99,123	(87,319)			(6,437)	5,227		192,348
Total Federal Financial Awards						(99,471)		1,003,542	(988,528)			(89,684)	5,227		785,466

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

QUINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2010

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	June 30, 2009 Deferred Revenue (Accts. Rec.)	June 30, 2009 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	June 30, 2010 (Accounts Receivable)	June 30, 2010 Deferred Revenue	June 30, 2010 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	10-495-034-5120-078	2,158,412	07/1/09	06/30/10				2,158,412	(2,158,412)					272,790	2,158,412
Transportation Aid	10-495-034-5120-014	137,343	07/1/09	06/30/10				137,343	(137,343)					19,868	137,343
Special Education Categorical Aid	10-495-034-5120-089	200,074	07/1/09	06/30/10				200,074	(200,074)					18,813	200,074
Security Aid	10-495-034-5120-084	56,536	07/1/09	06/30/10				56,536	(56,536)					8,179	56,536
Extraordinary Aid	10-100-034-5120-473	4,924	07/1/09	06/30/10					(4,924)		(4,924)				4,924
Extraordinary Aid	09-100-034-5120-473	3,986	07/1/08	06/30/09	(3,986)			3,986							3,986
Reimbursed Nonpublic Transportation Costs	n/a	2,622	07/1/09	06/30/10					(2,622)		(2,622)				2,622
Reimbursed Nonpublic Transportation Costs	n/a	3,144	07/1/08	06/30/09	(3,144)			3,144							1,592
Reimbursed T.P.A.F. Social Security Contributions	10-100-034-5095-002	172,998	07/1/09	06/30/10				164,652	(172,998)		(8,346)				172,998
On-Behalf T.P.A.F. Pension Contribution	10-100-034-5095-006	7,475	07/1/09	06/30/10				7,475	(7,475)						7,475
On-Behalf T.P.A.F. Postretirement Contribution	10-100-034-5095-001	140,391	07/1/09	06/30/10				140,391	(140,391)						140,391
Total General Fund					(7,130)			2,872,013	(2,880,775)		(15,892)			319,650	2,886,353
Special Revenue Fund:															
Preschool Education Aid	10-495-034-5120-086	91,014	07/1/09	06/30/10				91,014	(91,014)					9,101	91,014
Passed through Township of Quinton															
Municipal Alliance	n/a	4,463	01/01/09	12/31/09	(614)			614	(3,849)		(3,849)				4,463
Municipal Alliance	n/a	5,181	01/01/08	12/31/08	(4,662)			4,662							5,181
Municipal Alliance	n/a	697	01/01/10	12/31/10					(697)		(697)				697
Total Special Revenue Fund					(5,276)			96,290	(95,560)		(4,546)			9,101	101,355
Capital Projects Fund:															
SDA Grant	4280-050-09-1001	26,993	09/01/09	06/30/10				25,778	(25,778)						
Total Capital Projects Fund								25,778	(25,778)						
Debt Service Fund:															
Debt Service Aid Type II	10-495-034-5120-125	88,649	07/1/09	06/30/10				88,649	(88,649)						
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	10-100-010-3360-067	2,877	07/1/09	06/30/10				2,632	(2,877)		(245)				2,877
National School Lunch Program (State Share)	09-100-010-3360-067	2,869	07/1/08	06/30/09	(219)			219							2,869
State School Breakfast Program	10-100-010-3360-096	1,058	07/1/09	06/30/10				952	(1,058)		(106)				1,058
State School Breakfast Program	09-100-010-3360-096	980	07/1/08	06/30/09	(79)			79							980
Total Enterprise Fund					(298)			3,882	(3,935)		(351)				7,784
Total State Financial Assistance					(12,704)			3,086,612	(3,094,697)		(20,789)			328,751	2,995,492

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

EXHIBIT K-5

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Quinton Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Circular Letter 04-04. 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 G.A.A.P. basis. Budgetary comparison statements or schedules (R.S.I.) 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 G.A.A.P. reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44-.2. For G.A.A.P. purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 G.A.A.P. basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4-.2.

QUINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the G.A.A.P. basis is ($16,090) for the General Fund and ($295) for the Special Revenue Fund. 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 G.A.A.P. basis as presented:

	Federal	State	Total
General Fund	526,388	2,864,685	3,391,073
Special Revenue Fund	374,821	95,265	470,086
Debt Service Fund		88,649	88,649
Food Service Fund	88,670	3,935	92,605
Total Financial Assistance	989,879	3,052,534	4,042,413

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, 2010, Quinton Township School District has food commodities totaling $5,227 in inventory.

NOTE 6: OTHER

The amount reported as T.P.A.F. Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2010. T.P.A.F. Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for T.P.A.F. members for the year ended June 30, 2010.

EXHIBIT K-6

QUINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1. Material weakness(es) identified? _____Yes ____X____No

2. Significant deficiencies identified that are not considered to be material weaknesses? _____Yes __X_None reported

Noncompliance material to basic financial statements noted? _____Yes ____X____No

Federal awards

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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____Yes ___X____No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.394	ARRA-SFSF-ESF (Educ. State Grants)

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? _____Yes ____X____No

EXHIBIT K-6
(Continued)

QUINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor's Results

State awards

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ___X___Yes _____No

Internal control over major programs:

1. Material weakness(es) identified? _____Yes ____X____No

2. Significant deficiencies identified that are not considered to be material weaknesses? _____Yes __X__None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J.O.M.B. Circular Letter 04-04? ___X___Yes _____No

Identification of major programs:

GMIS Numbers	Name of State Program
495-034-5120-078	Equalization Aid

Section II – Financial Statement Findings

None

Section III – Federal Financial Assistance Findings and Questioned Costs

None

QUINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section III – State Financial Assistance Findings and Questioned Costs

Finding: 2010-01

Equalization Aid 495-034-5120-078 – July 1, 2009 – June 30, 2010

Criteria or Specific Requirement
In accordance with N.J.A.C. 6A:23-2.11(h), County Superintendent approval is required for all transfers to capital outlay, excluding equipment, and may be approved only to supplement a capital projects previously approved in accordance with N.J.A.C. 6A:23-8.4 or for an "emergent circumstance".

Condition
A transfer was approved by Board resolution to fund an expenditure for an "emergent circumstance" without obtaining the required approval from the County Superintendent.

Questioned Cost
None

Effect
The District is not in compliance with requirements in regards to transfers made to capital outlay line items.

Cause
The Board Secretary was not aware that County Superintendent approval was required for transfers for an "emergent circumstance".

Recommendation
County Superintendent approval be obtained for all transfers to capital outlay line item for "emergent circumstances".

EXHIBIT K-7

QUINTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

No matters were reported.