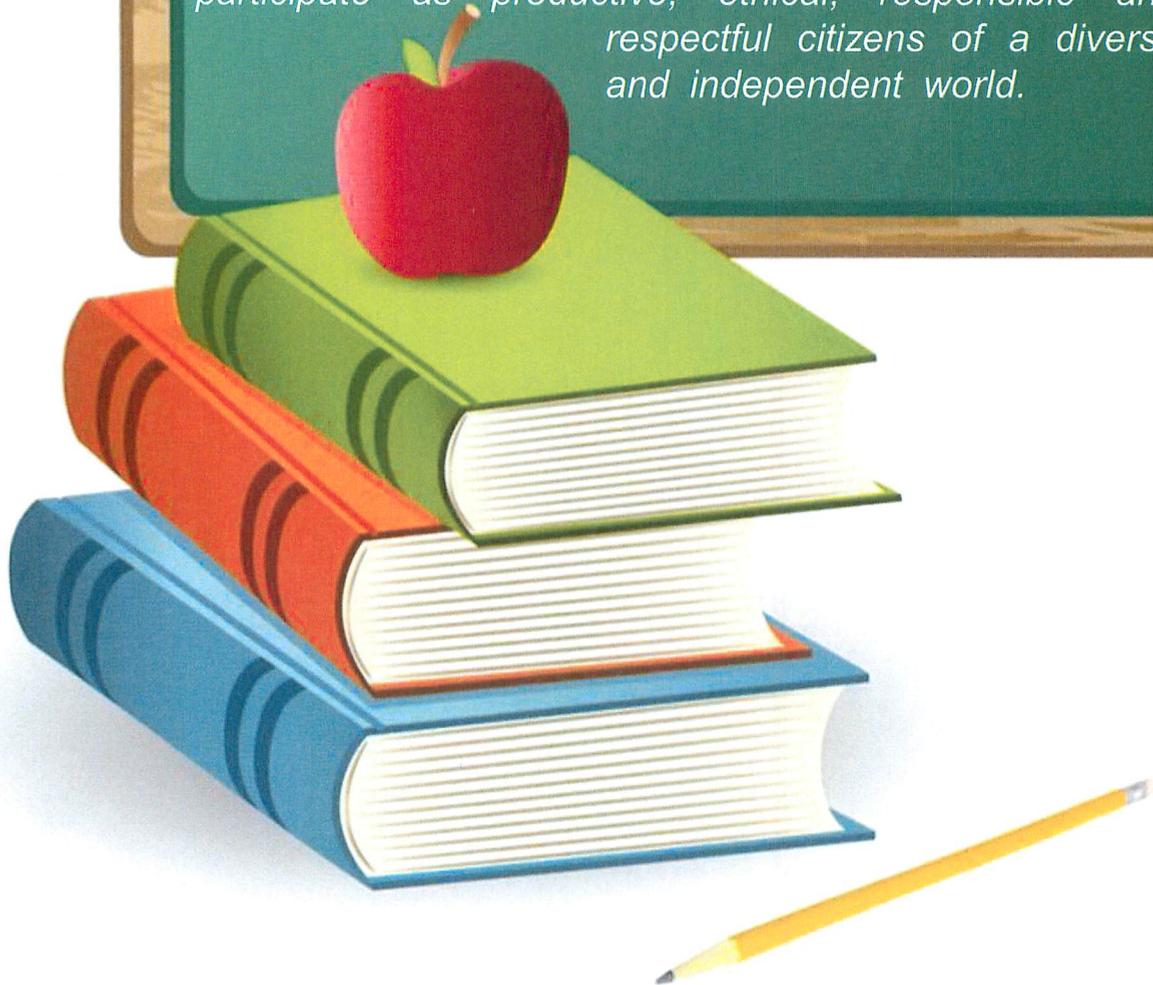


# School District of Marlboro Township

*The Marlboro Township Public School district is intensely committed to providing an exemplary public education that invites and assists all students to achieve their individual potentials. In partnership with parents and the Marlboro community, and building on the New Jersey Core Content Curriculum Standards, we are dedicated to creating life-long learners with the skills, competencies and confidence both to meet the challenges of secondary and post-secondary education and to meaningfully participate as productive, ethical, responsible and respectful citizens of a diverse and independent world.*



**Marlboro Township Board of Education  
Marlboro, New Jersey  
Comprehensive Annual Fiscal Report  
For the Fiscal Year Ended June 30, 2012**

# **Marlboro Township School District**

Marlboro, New Jersey

Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2012

Prepared by Marlboro Township School District  
Business Office  
Mrs. Cindy S. Barr-Rague  
School Business Administrator/Board Secretary

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**TABLE OF CONTENTS**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	18
Roster of Officials	19
Consultants, Independent Auditors and Advisors	20
Certificate of Excellence	21
 <b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	<b>22</b>
<b>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</b>	<b>24</b>
<b>Required Supplementary Information – Part I</b>	
<b>Management's Discussion and Analysis</b>	<b>26</b>
 <b>Basic Financial Statements</b>	
<b>A. Government-Wide Financial Statements:</b>	
A-1 Statement of Net Assets	37
A-2 Statement of Activities	38
 <b>B. Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
B-1 Balance Sheet	40
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	41
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	43
 <b>Proprietary Funds:</b>	
B-4 Statement of Net Assets	44
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	45
B-6 Statement of Cash Flows	46
 <b>Fiduciary Funds:</b>	
B-7 Statement of Fiduciary Net Assets	47
B-8 Statement of Changes in Fiduciary Net Assets	48
 <b>Notes to the Financial Statements</b>	 <b>49</b>
 <b>Required Supplementary Information – Part II</b>	
<b>C. Budgetary Comparison Schedules</b>	
C-1 Budgetary Comparison Schedule – General Fund	70
C-1a Budgetary Comparison Schedule – Education Jobs Fund Program	84
C-2 Budgetary Comparison Schedule – Special Revenue Fund	86

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**TABLE OF CONTENTS (Continued)**

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Notes to the Required Supplementary Information</b>	
C-3 Budget-to-GAAP Reconciliation	88
<b>Other Supplementary Information</b>	
E. Special Revenue Fund	
E-1 Schedule of Revenues and Expenditures – Budgetary Basis	89
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	94
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	95
F-2a Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Classroom Addition – Defino Central	96
F-2b Schedule of Project Revenue, Expenditures, Project balance, and Project Status – Administrative Office Renovations – Defino Central	97
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets (Fiduciary Funds)	98
H-2 Combining Statement of Changes in Fiduciary Net Assets (Fiduciary Funds)	99
H-3 Combining Statement of Changes in Agency Net Assets	100
H-4 Schedule of Receipts and Disbursements - Student Activity Agency Fund	101
H-5 Schedule of Cash Receipts and Disbursements - Payroll Agency Fund	102
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	103
I-2 Schedule of Obligations under Capital Leases	105
I-3 Budgetary Comparison Schedule – Debt Service Fund	106
<b>STATISTICAL SECTION (Unaudited)</b>	
Explanation for Statistical Section Financial Trends	107
J-1 Net Assets by Component	108
J-2 Changes in Net Assets	109
J-3 Fund Balances—Governmental Funds	111
J-4 Changes in Fund Balances—Governmental Funds	112
Revenue Capacity	
J-5 General Fund Other Local Revenue by Source	113
J-6 Assessed Value and Estimated Actual Value of Taxable Property	114
J-7 Direct and Overlapping Property Tax Rates	115
J-8 Principal Property Taxpayers	116
J-9 Property Tax Levies and Collections	117

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**TABLE OF CONTENTS (Continued)**

	<b>Page</b>
<b>STATISTICAL SECTION (continued)</b>	
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	118
J-11 Ratios of Net General Bonded Debt Outstanding to Estimated Actual Value Of Taxable Property	119
J-12 Ratios of Overlapping Governmental Activities Debt	120
J-13 Legal Debt Margin Information	121
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	122
J-15 Principal Employers	123
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	124
J-17 Operating Statistics	125
J-18 School Building Information	126
J-19 Schedule of Required Maintenance For School Facilities	127
J-20 Insurance Schedule	128
<b>SINGLE AUDIT SECTION</b>	
K-2 Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB	130
K-3 Schedule A - Schedule of Expenditures of Federal Awards	132
K-4 Schedule B - Schedule of Expenditures of State Financial Assistance	134
K-5 Notes to the Schedules of Expenditures of Federal and State Awards and Financial Assistance	136
K-6 Schedule of Findings and Questioned Costs	138
K-7 Summary Schedule of Prior Audit Findings	143

# Marlboro Township Public Schools

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SCHOOL BUSINESS ADMINISTRATOR/  
BOARD SECRETARY

November 19, 2012

Honorable President and  
Members of the Board of Education  
Marlboro Township School District  
Marlboro, New Jersey

Dear Board Members/Citizens:

It is with pleasure we submit the Comprehensive Annual Financial Report (CAFR) of the Marlboro Township School District for the fiscal year ended June 30, 2012. This CAFR includes the district's basic financial statements prepared in accordance with generally accepted accounting principles for local governments. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the district. To the best of our knowledge and belief, 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 district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities, including the Management's Discussion and Analysis, have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a Letter of Transmittal, Certificate of Excellence in Financial Reporting (ASBO), Roster of Officials, List of Consultants, Independent Auditors and Advisors, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the district's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the school district, generally presented on a multi-year basis;
- The Single Audit Section – The district is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the New Jersey State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this Single Audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the Single Audit Section of this report.

## **SCHOOL DISTRICT ORGANIZATION**

The Marlboro Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14 as amended by GASB Statement No. 39. The Marlboro Township Board of Education and its eight schools constitute the district's reporting entity.

The district continues to maintain a high quality of education and is one of the largest K-8 districts in New Jersey. The district provides a full range of programs and services appropriate to grades Pre-K through 8. These include regular education, programs for the very able students (gifted and talented), as well as those for students with disabilities both in and out of district. An early learning center, five elementary schools and two middle schools comprise the district's instructional facilities.

Supervising district-wide goals is a district superintendent, an assistant superintendent, a school business administrator/board secretary, a director of curriculum and instruction, four district-wide curriculum supervisors, a director of special services, and a supervisor of special services. The Marlboro Early Learning Center has its own principal. Each of the five elementary schools has a principal and vice principal. The Marlboro Middle School and the Marlboro Memorial Middle School each have one principal and two vice principals.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the third Tuesday of each month for the regular monthly meeting and at two or three other times per month for workshop meetings. During its meetings and workshops the board determines district goals and priorities and conducts other business. Board meetings are open to the public and begin at 8:00 PM. At the January 17, 2012 Regular Meeting of the Marlboro Township Board of Education, Board President Michael Lilonsky proudly announced that the public portion of all Board meetings will be taped beginning with this meeting. He stated that by posting the videos on the district's website, Board meetings will be more accessible to those who cannot be physically present due to family, business or personal reasons, but who nevertheless wish to watch the Board deliberations and find out what is happening in the Marlboro Township Public School District (K-8).

PTAs/PTOs are highly active in the district and provide community support for a variety of programs and activities for the children.

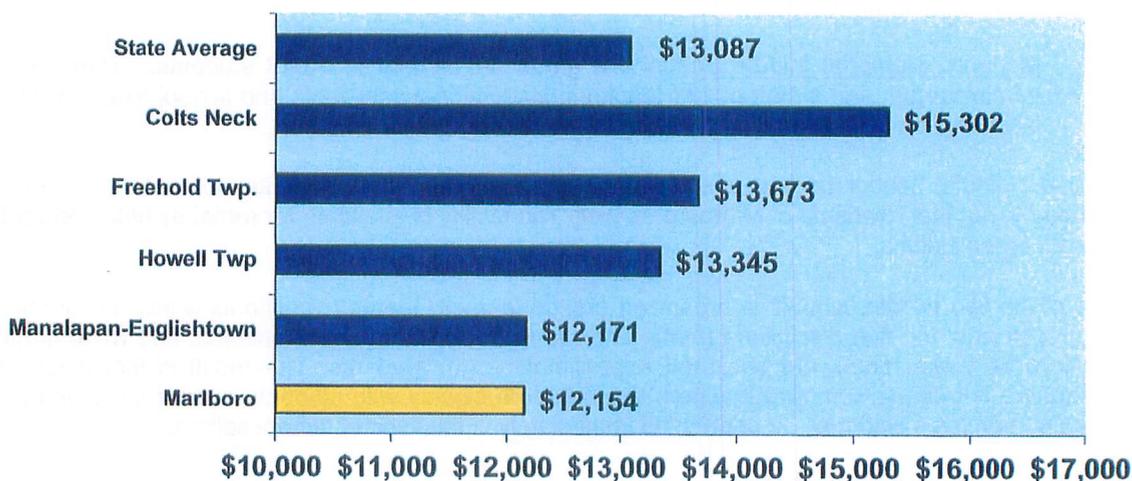
To maintain effective communications, the district employs a director of special projects, grants, and school/community relations, part of whose responsibility is to insure a consistent flow of information to our stakeholders. *School Notes* newsletters are now e-mailed to all parents of children in the district as well as to Marlboro residents who have signed up to receive it, and a copy of each issue is also posted on the district website. During the budget review process, information about the budget is mailed in a special newsletter to all members of the community. Another monthly publication, *Synopsis*, summarizing the regular monthly board meeting actions, is e-mailed to all staff and posted on the district's website. Additional communication tools utilized by the district include a district website that is updated regularly with important information for parents, such as school closures, delayed openings, medical/health alerts, new curriculum initiatives, new board projects, and more. The district also communicates with parents via Global Connect, a system that provides both phone and e-mail contact options. The ability to contact the entire parent population within 20 minutes about changes in the school day, i.e., early closure, or to be able to update them in an emergency situation, is a vital component in insuring that our communication efforts are timely, accurate, and effective.

## **EDUCATIONAL PROGRAM**

Each district school follows district-wide goals and educational approaches to the teaching of children, while maintaining a unique personality. All curricula in our district have been aligned to the New Jersey Core Curriculum Content Standards.

In July 2012, the New Jersey Department of Education released its Taxpayers' Guide to Education Spending (formerly the Comparative Spending Guide) for all school districts in the state. The guide compares districts with those similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This report shows that the district spends \$12,154 per pupil while the average cost for similar districts is \$13,087. According to the report, per pupil costs range from a low of \$8,637 to a high of \$17,635 for districts of this type. Of the 87 other K-8 schools districts in the state with enrollments exceeding 751 children, Marlboro ranks 29th lowest in total cost per pupil.

**PER PUPIL TAXPAYERS' GUIDE TO EDUCATION SPENDING, JULY 2012**



**Pre-K and Kindergarten**

Marlboro Early Learning Center - an early learning center for pre-school handicapped and kindergarten of 425 students. There is one administrator and a staff of 63 teachers and instructional assistants. The school is located on Tennent Road in the Morganville section of Marlboro.

Marlboro Early Learning Center provides a strong educational foundation for the district's youngest students, with a curriculum based on Howard Gardner's seven intelligences - one that has and will continue to positively affect their education.

**Elementary Schools: Grades 1 through 5**

Currently, there are five elementary schools (Asher Holmes, Defino Central, Dugan, Marlboro Elementary, and Robertsville) housing students in grades 1-5 and providing a comprehensive educational program.

Asher Holmes - a grade 1-5 school of 614 students. There are two administrators and staff of 68 teachers, instructional assistants and school aides. The school is located on Menzel Lane in the Morganville section of Marlboro.

Defino Central - a grade 1-5 school of 653 students. There are two administrators and a staff of 77 teachers, instructional assistants and school aides. The school is located on Rt. 79 in Marlboro.

Dugan - a grade 1-5 school of 690 students. There are two administrators and a staff of 79 teachers, instructional assistants and school aides. The school is located on Topanemus Road in Marlboro.

Marlboro Elementary - a grade 1-5 school of 536 students. There are two administrators and a staff of 68 teachers, instructional assistants and school aides. The school is located on School Road West in Marlboro.

Robertsville - a grade 1-5 school of 539 students. There are two administrators and a staff of 74 teachers, instructional assistants and school aides. The school is located on Menzel Lane in the Morganville section of Marlboro.

***Marlboro Middle Schools: Grades 6, 7 & 8***

Currently, there are two middle schools (Marlboro Middle School and Marlboro Memorial Middle School) that offer students in grades 6, 7 and 8 a comprehensive educational program.

Marlboro Middle School - a grade 6-8 school of 1,132 students. There are three administrators and a staff of 143 teachers, instructional assistants and school aides. The school is located on Rt. 520 in Marlboro.

Marlboro Memorial Middle School - a grade 6-8 school of 1,048 students. There are three administrators and a staff of 121 teachers, instructional assistants and school aides. This school is located on Nolan Road in the Morganville section of Marlboro.

Marlboro Middle School boasts a state-of-the-art auditorium that benefits not only the educational community, but the Township of Marlboro as well. The facility is available for rental by both non-profit and for-profit organizations.

Each of the two middle schools is organized around learning teams (or schools within a school). Each team represents the five disciplines (math, language arts, social studies, science, and world language). Teachers on these teams are assigned approximately 150 students. The result is that a family type atmosphere is created, enabling teachers to work more closely with students academically and socially. Discipline problems also may be addressed immediately in this type of school setting.

**DISTRICT-WIDE CURRICULUM**

The goal of the Marlboro Township K-8 Public School System is to encourage lifelong learning for all students. The district provides curricular offerings aligned with the New Jersey Core Curriculum Content Standards and the Common Core Standards that enable students to develop intellectually, socially, physically and emotionally. The core subjects of language arts literacy, mathematics, science, and social studies establish the foundation for a curriculum of exploration and breadth.

***Language Arts Literacy***

The language arts literacy curriculum promotes the language experiences students need in order to grow intellectually, socially, and emotionally. A balanced literacy approach is utilized, which integrates reading, writing, speaking, listening, and viewing to foster instruction that encourages students to think critically and creatively. The curriculum provides the skills students need to be successful throughout their lifetime and moreover, promotes the inner joy that comes with reading great literature and communicating well in speech and writing.

***Mathematics***

The overriding goal of mathematics education in the Marlboro Township Public Schools is to provide students with the higher order thinking skills, mathematical understandings and problem-solving attitudes to be successful in their careers and daily lives. The curriculum takes a developmental and sequential approach; a concept is introduced, subsequently developed, and mastered. With a strong focus on technology, the mathematics curriculum strives to integrate its objectives into all other subjects.

***Science***

Science education in Marlboro provides the experiences to make students aware of the impact of science on society. This comprehensive curriculum assures that students develop an understanding of the concepts and processes of science through inquiry, activity, and experimentation. In grades kindergarten through five, the emphasis is placed on broad concept development. In the upper grades, the specific areas of earth science, life science and physical science are emphasized.

### ***Social Studies***

The social studies program reflects our changing society. Through a variety of learning experiences, by linking the past to the present, students develop an appreciation of the continuity of the human experience

and realize that each individual has a contribution to make to society. With subject matter drawn from the humanities, this social studies program includes history, geography, government and civics, economics, anthropology, sociology, and psychology. These key study areas are integrated to explain the past, the current human condition and future possibilities.

### ***World Languages***

The focus of the world language program is for students to gain a rich background in the culture of various countries and acquire the ability to communicate in the target language. Students in kindergarten through grade three are introduced each year to a different language. (Sign Language in kindergarten, Chinese in first grade, Spanish in second grade and French in third grade), and then students can choose French or Spanish beginning in grade four and continue the study of one of these languages through the eighth grade.

### ***Arts***

The arts curriculum is intended to promote creative and original thought. The foundation of the arts curriculum is the belief that students are unique and have diverse talents. The goal of the arts programs is to provide rich, educational opportunities for all students to explore vocal music, general music, instrumental music, visual art, drama, and dance.

### ***Library Media Center***

The library media program embodies the district's philosophy of developing and enhancing critical thinking skills through the use of print, multimedia, and technological resources. Students are encouraged to become life-long learners by fostering recreational reading and providing instruction in research skills that will be useful to them throughout their lifetime.

The library media program is an integral part of the total educational program. Students learn the basic processing skills necessary to connect concepts and information in all disciplines and interest areas. As a result of the library media program, students will be able to locate, select and retrieve print and non-print materials, evaluate information effectively, and access technological resources independently.

### ***Health, Family Life, Drug and Alcohol, Physical Education***

The comprehensive health and physical education programs encourage students to take responsibility for their own lives by acting conscientiously in the present and establishing positive health practices that will support and enhance life-long wellness. Students who are health-literate have the knowledge and skills to better achieve and maintain physical, social and emotional health.

### ***Educational Technology***

It is the vision of the district to provide a technologically enriched environment in which our students can perform at optimum levels.

The district provides for the acquisition and dissemination of knowledge via technological resources in concert with the New Jersey Core Curriculum Content Standards and the National Educational Technology Plan. The district modifies its program as students' needs and current technologies change. As a result, on-going technology training is a major component of the district's staff development plan.

### ***Basic Skills***

The K-8 Basic Skills Improvement program (BSI) is designed to meet the needs of those students who need additional assistance in language arts literacy and/or mathematics. The goal of the program is to help students succeed in the classroom. Utilizing small group instruction, students receive instruction either through in-class support or a pull-out model.

### ***Elementary Gifted and Talented***

The elementary gifted and talented programs are needs-based programs designed for those students who exhibit exceptional intellectual and/or academic needs. The programs provide additional and appropriate educational challenges and opportunities to meet those needs.

- ***Enrichment (Grade K-1)*** - (once-a-week, in class for 30 minutes)  
*Presents activities supporting creative problem solving and higher level thinking skills.*
- ***PEP (Grade 2)*** - Primary Enrichment Program (2 hours 10 minutes per week during school hours)  
*Presents an introduction to the elements of critical and creative thought.*
- ***PEP (Grade 3)*** - Primary Enrichment Program (2 hours 10 minutes per week during school hours)  
*Presents academic units of study, logic problems and philosophical issues.*
- ***REACH (Grades 4-5)*** - Realizing Excellence (through) Academic Challenge (3 hours per week during school hours)  
*Integrates philosophical inquiry into academic units of study and solving logic problems.*
- ***SOAR (Grades K-5)*** - Special Opportunities (through) Academic Resources  
*Individualized program focusing on specific academic discipline(s).*
- ***Gifted Math (Grades 1-3)*** - Half year, one period a week for grades K-1; and full year two periods a week for grades 2-3  
*Develops advanced mathematical problem solving skills and strategies.*
- ***Gifted Reading (Grades 1-3)*** - Half year, one period a week for grades K-1; and full year for two periods a week for grades 2-3.  
*Develops advanced comprehension skills.*

### ***Middle Schools' Gifted and Talented***

The middle schools gifted and talented programs are subject specific.

- ***Honors Science (Grades 6-8)*** - One period daily, full year  
*Encourages individual student research in current events.*
- ***Honors Social Studies (Grades 6-8)*** - One period daily, full year  
*Develops advanced critical analysis, problem-solving and discourse abilities.*
- ***Honors Language Arts (Grades 6-8)*** - One period daily, full year  
*Promotes critical discourse, advance literacy analysis and inter-disciplinary studies.*
- ***Creative Arts (Grades 6-8)*** - One period daily, full year  
*Encourages development of artistic skills and creative thought.*
- ***Jazz Band/Show Choir (Grades 7-8)*** - Two periods every six days, full year  
*Promotes performance quality musicianship skills.*

### ***English as a Second Language (ESL)***

The ESL program addresses the needs of students who have acquired another language prior to their exposure to English. The program is designed to help students develop both communicative skills and academic language proficiency in English so that they can succeed in school. The ESL program focuses on the development of skills in listening, comprehension, speaking, reading, writing, and American culture. Support is provided in the content areas of science, social studies, reading, and mathematics.

### ***Family and Consumer Science***

Family and Consumer Science, offered to students in grades six, seven and eight, recognize the intellectual and emotional development of middle school students and prepare them to assume many of the duties of young adults. The sixth grade curriculum prepares young adults to be responsible caretakers, capable of safely handling and caring for young children. The seventh grade curriculum focuses on the use of safety in food preparation and handling. The eighth grade curriculum prepares students to work in a technologically advanced kitchen and to explore food science and food service area careers.

### ***Applied Technology***

Applied Technology offers students in grades six, seven and eight a hands-on authentic view of current and emergent technologies. In grade six, students build and test a jet car and build a pneumatic-powered

rocket. In grade seven, students calculate airplane wing loads using the standard barometric pressure at sea level. In grade eight, students create and test model trusses using the stress analyzer and produce and edit a video production.

### ***Special Education***

The special education program is an integral part of each school. The Marlboro Early Learning Center is where the youngest students in the District are serviced. In this setting, the District operates specialized programs for preschool and kindergarten students with disabilities. These include specialized programs for students diagnosed with autism. At the kindergarten level, the District also offers support resource programs.

Each of the District's elementary schools has both self-contained programs and resource programs. The district has several team teaching (full day support) classrooms at the elementary level. The team teaching programs support the District's goal of educating the maximum number of students in a general education setting, as appropriate. At the middle schools, the district also runs self-contained and resource center programs. Again, the District attempts to educate the maximum number of students in a general education setting, as appropriate. The district has proved successful at doing this and is generally well above the state average in this area.

### ***Core Curriculum Content Standards and Common Core Standards***

The Marlboro Township School district is following the Department of Education's guidelines for the adoption of the 2009 New Jersey Core Curriculum Content Standards and the Common Core Standards. The following approved curricula are aligned to the 2009 New Jersey Core Curriculum Content Standards: K-8 Science, K-8 Social Studies, K-8 Health and Physical Education, Media K-5 and Educational Technology K-8. The following approved curricula are aligned to the Common Core Standards: K-2 Mathematics, and English Language Arts K-8. All other curricula are aligned to the 2003 New Jersey Core Curriculum Content Standards.

### ***Staff Development***

The Marlboro Township School district provides its teaching staff with many opportunities for professional development.

In the beginning of the school year, all newly hired teachers receive seven days of intensive in-service that includes instructional strategies, classroom management, curriculum, mentoring, district policy, and security. Mentors are assigned to new staff members to provide support throughout the school year.

Two professional days are built into the school calendar, enabling teachers to attend sessions related to instructional strategies, curricular updates, textbook orientation, and district-wide grade level and department meetings. Four additional one-session days are provided to in-service the staff through building-based professional learning communities. Teachers also are afforded the opportunity to take two additional professional days related to their PDPs and/or areas of interest.

Many teachers are involved in writing curriculum. They receive in-service in using the New Jersey Core Curriculum Content Standards, Common Core and Frameworks when writing curricula. These documents provide the support needed for teachers to develop curriculum guides that foster higher order thinking skills for all Marlboro students.

### ***Technology***

District-wide technology is used to increase productivity, enhance communication, and enrich curriculum and instruction. Every classroom, computer lab, media center, and office in all eight schools, transportation, buildings & grounds, and the administration building are linked together in local and wide area networks. All administrators, teachers, and support staff have access to computers, printers, email accounts, and the Internet within their work areas. To assist teachers in presenting lessons and resources to an entire class by way of one computer in a classroom, 383 Activboards have been installed in classrooms throughout the district. The interactivity available with Activboards has provided district

students with opportunities for active learning. The district continues to add to its inventory of large screen monitors with scan converters and LCD projectors. As an effective and efficient alternative to cyclical computer lab replacements, the district has created virtual computer networks in areas where large and small computer labs can be established. Teachers have access to a variety of Internet resources including netTrekker, BrainPop and streaming video. All schools use e-mail communications with parents, which has reduced the amount of paper being sent home with the students. In addition, the district converted from a building-based student database system, to a district system, PowerSchool. All teachers use PowerTeacher for inputting term grades, and all report cards are printed electronically. Parents of students in grades 4-8 began to access their students' schedules, class attendance and teacher's grade books live through the Parent Portal.

Staff and students of at all elementary and middle schools have the use of mobile laptop labs, each with thirty computers with wireless network cards. These wireless laptop centers support teachers in implementing a real-time assessment, curriculum-based instructional platform.

## ECONOMIC CONDITION AND OUTLOOK

The district completed the 2011-12 fiscal year with an enrollment of 5,669 students. The following details the changes in the student enrollment of the district over the last eleven years. The table presents the annual pupil enrollment, as of October 15, for the school years 2002-03 through 2012-13 (projected).

<u>School Year</u>	<u>Enrollment as of October 15</u>	<u>% Change</u>
2002-03	5,842	2.4%
2003-04	5,960	2.0%
2004-05	6,028	1.1%
2005-06	6,163	2.2%
2006-07	6,150	-0.2%
2007-08	6,104	-0.7%
2008-09	6,060	-0.7%
2009-10	5,962	-1.6%
2010-11	5,784	-2.99%
2011-12	5,626	-2.73%
2012-13	5,426	-3.56% projected

Enrollment projections are determined in conjunction with the Township and the district's demographer using the three-year cohort survival technique.

Sales of both new and existing homes continue to occur at a slow pace. Existing homes continue to stay on the market for a much longer period of time than a few years ago. Just as in previous years', the number of families relocating in the Township has continued to drop. However, the Township's ratables have remained relatively stable over the last three years and per capita personal income has increased while the unemployment rate has decreased.

We recognize that the state is in a financial crisis and want to assure our residents that the Marlboro Township School district is doing its part to maintain a responsible budget. The district's administration closely monitors the cost of operations and continues to look for new funding sources in order to maintain the quality education services that the district has been accustomed to providing. Our school buildings, which are reflected in the statistical section of this report on J-18, indicate the age, square footage, capacity and enrollment. Over the last few years, the District, in association with the State has committed resources to make improvement to our buildings in accordance with our long range facility plan that the District adopted to ensure our facilities are up to New Jersey code standards.

organized manner. In order to differentiate to the various ability levels within each class, the teachers also included opportunities for small-group instruction as appropriate. Perhaps the most significant area of instructional focus was on designing text-centered lessons. By the end of the year, the Asher staff moved into the direction of learning about text-centered questions and how to include these items in lessons as an additional means for differentiating and increasing the level of rigor on a daily basis.

Beyond the world of academics, the Asher staff also focused significant time and energy on becoming familiar with the mandates related to the H.I.B. laws. In order to accomplish this goal, the Asher staff was given in-service training on multiple occasions where information was shared via Power Point presentations given my building administration as well as the guidance counselor who also serves as the Anti-Bullying Specialist for the school.

From a technology perspective, Asher joined all of the other elementary schools in the district during the year by opening the Parent Portal of the Power School Program to families at all grade levels. As a result of this initiative, parents and guardians were able to access student grade data on line continuously throughout the year by using their specific log in information. Additionally, this change also eliminated the need to send home hard copy report cards at the conclusion of each marking period.

Finally, the Asher teachers in the primary grades continue to focus their efforts on building foundation skills in literacy and mathematics that will prepare their students for the increased level of rigor that awaits them in the intermediate grades. Teachers in grades three through five continue to deliver lessons that reflect the curricular expectations for each subject area based on the curriculum guides approved by the district and that are aligned to the assessment expectations from the State. This approach helps to ensure that the students are sufficiently prepared for the State testing that occurs in grades three through five in the spring. In order to ensure that teachers are providing appropriate instructional experiences each day, meetings are held on a regular basis with building administration, guidance and supervisors from the Curriculum Department throughout the year. This practice also includes analysis of standardized test data to identify areas of strength and concern that needs to be addressed.

#### ***Defino Central***

The 2011-2012 school year was focused on the accomplishment of three major objectives of the Superintendent: text-centered lessons, small group instruction, and academic rigor. In order to provide the staff with the resources necessary to meet these goals, our budget provided for the purchase of materials to support Common Core implementation in our enVision mathematics curriculum. Grades 1 and 2 consumable materials for class work and homework were the basis of that program as there are no textbooks for those primary grades. Common Core Reteaching and Practice Workbooks were required to support the instructional program. Additional math textbooks (C-level for 5<sup>th</sup> grade) were also required to meet student needs.

The language arts program, Making Meaning, required the purchase of materials (Making Meaning Student Response Books and practice workbooks) to improve reading comprehension skills throughout our grade levels. Reading materials as well as those required for the Being a Writer program (Being a Writer Student Skill Practice Books) helped our students improve their standardized test scores in these areas. Sets of seasonal journals (fall, winter, and spring) were purchased to improve writing skills for the primary grades.

In support of our library/media center, periodical magazines as well as additional fiction and non-fiction books were purchased with the goal of providing students with resources to supplement the common core reading materials which included increasing text complexity and lexile levels.

Scholastic News magazines, Time for Kids, as well as Weekly Readers were purchased to supplement the curriculum with timely and student-centered nonfiction materials

Activboards in our classrooms continue to support instruction at all levels and every subject area. Every classroom is equipped to provide teachers with this interactive tool. As these units age, projector bulbs and pens have been and will continue to be purchased to support our teaching staff.

Defino Central instituted a "Mileage Club" to encourage students to participate in an active fitness program. Tokens were purchased as an incentive to recognize students who reached progressive milestones throughout the school year.

Finally, in the interests of safety and security following our districts lock down drill in cooperation with the Marlboro Police Department on February 17<sup>th</sup>, 12 sets of walkie talkie radios to replace inoperable units. These radios will be placed in classrooms for teacher communications during lock downs, fire drills, and other school safety exercises requiring accountability and radio communications.

### ***Dugan***

Goals and objectives for the 2011-2012 school year centered largely on our instructional focus of preparing for the implementation of the CCSS and the respective PARCC assessments. This initiative has included our continued efforts in our evolving technology focus specifically, the continued application of technology in both instructional practice and data management. Throughout this school year, half-day professional development opportunities were provided and used to develop a knowledge base of the CCSS and respective PARCC assessments and examine the types of instructional practices needed to ensure pupil achievement growth amid these new developments. The curricular area of literacy was identified as an area of more intensive examination and will be the genesis behind future professional development planning. As in years past, professional development opportunities have also included the ongoing use of flipcharts and video streaming and new emphasis placed on Activslates and Activvotes. The use of these two pieces of technology enables the teacher to acquire immediate evidence of learning and modify instruction and/or lesson plans respective of the needs of students. Throughout the school year, informal visits and formal observations demonstrated and confirmed the proficiency with which these tools are used.

Full utilization of the electronic grade book and computer-printed report cards began this year. Teachers have become skilled with managing student data through technology and are recognizing the efficiency of this practice. Additionally, our parent community has responded positively regarding the application and use of this new technology.

Additionally, teachers have worked diligently to acquire the skill set necessary to independently manage their own teacher web pages. The teachers routinely refresh their pages with classroom updates including but not limited to, homework assignments, long-terms assignments, projects, test dates, class trips, creating curriculum-related hotlinks, and other classroom-related events. In addition, Dugan technology staff combined efforts with Dugan media specialist to utilize the district's new online cataloging software for the library to develop downloadable video book reviews created by students. Accessible to all students from both school and home,

Our paperless communication system continues to evolve as a means to streamline pertinent information and includes the use of mass email, the school and district website, and the district's Global Connect program. Our PTA reports the parent community is receptive of this use of communication technology as it provides timely information in a consumable format.

In addition to the technology changes, the 2011-2012 school years brought curricular change, specifically in the area of language arts and reading. The *Making Meaning* and *Being a Writer* programs have been embraced by the staff and, anecdotally, have demonstrated efficacy in enhancing students' literacy. Additionally, the web-based math program, LL Teach, was introduced to address the skill-reinforcement needs of learners with a variety of need(s) as the continued use of ST Math and Study Island served to support the implementation of our new enVision Math program.

### ***Marlboro Early Learning Center***

At the Marlboro Early Learning Center, emphasis continues to be placed on interdisciplinary planning and teaching, with a strong support of the arts as an integral part of how young children build a foundation for reading, math, science and social studies.

The school opened four full-day regular education classrooms, (the Kindergarten Complement program), with twenty-five students each. Parents received ½ day AM program through district funds and paid ½ day tuition for an enrichment program.

In addition, the Champions before-after care program started a program for students at MELC. The KCP program + the Champions program afforded working families an opportunity for full time care from 6:30 AM to 6:30 PM.

A highlight of the 2011-2012 school year is always the interdisciplinary thinking that goes into project-based learning, i.e. a combination of the Arts and the Academics into long-term research and performance-based assessment. Some of the projects we worked on were Environments Around the World, Animals, Famous Artists, past and present.

Continued efforts of the 2011-2012 PTO again deserve special recognition, as this organization contributed to the school by sponsoring several student assemblies such as Rhythm Around the World, an exploration of dance and music, Frog and Toad Assembly, based on a favorite in children's literature, and the incubation of chicks.

This year, the MELC building objectives were language arts based. We concentrated on critical thinking questions that help students to comprehend text. This effort has prepared us for the new core standards and new teacher evaluation model that is planned for 2012-13.

#### ***Marlboro Elementary***

District funds continue to be used parsimoniously, knowing the financial constraints of the district. Class sizes in third and fifth grade were particularly high, with 28 and more at third grade. In order to conserve funds, textbooks were provided from other elementary schools. Needed and surplus were also shared with other elementary schools.

The following items represent how the budget was used to maintain school programs and facilities.

- **Technology:** Supplemental funds continue to be used to support district initiatives for purchases such as Activpens and Activwands to support the increased number of Promethean Activboards in the school. There is also a renewal of web-based instructional media. Ink cartridges, toner, and other computer supplies and materials take on a large proportion of the budget as these are school wide.
- **Library:** Inventory of library books continues as does funding for Battle of the Books and accompanying transportation costs.
- **Equipment:** DVD players, electric pencil sharpeners continue to be replaced, as are book shelves.
- **Language Arts Literacy/Reading for Meaning and Being a Writer:** Support materials were purchased as were new and replacement trade books at various grade levels.
- **School Based Math Improvement Initiative:** These were held this year by grade level and curricular support materials were purchased and used to support these endeavors.
- **Teacher Staff Development:** Funds from the principal's office account continue to be used to purchase books to support school-based reading, writing and math supplementary materials.
- **Lego Robotics:** As featured at the December 2011 Board of Education Meeting, a combination of student activities funds and PTO support has enabled the purchase of sufficient funds for this school-based STEM initiative.
- **Test Preparation:** With the curriculum, supplemental materials have been purchased to help students prepare for the format and general content related to state testing.
- **Counseling:** Support materials for HIB and I & RS were purchased.

### ***Marlboro Middle School***

Throughout the 2011-2012 school year, teachers, parents, students, and all support personnel worked together to create a school environment centered on academic achievement, personal growth and tolerance for students in grades six through eight. Teachers planned lessons and experiences for students, both in the classrooms and on trips that broadened their understanding of the curriculum and provided opportunities for educational enrichment.

Standardized test results indicate that our students are continuing to exceed the state's expectations for student achievement. The sub group of special education students showed significant growth in the areas of mathematics and literacy. End of the year reports showed that a significant number of our graduating eighth grade students have been accepted to FRHSD learning academies, vocational schools, private and parochial high schools. This is a continued and noteworthy accomplishment.

As required, the school addressed the new Harassment, Intimidation and Bullying Law by forming a building steering committee and training the staff in the provisions of the law. We scheduled school assemblies presented by Prevention First and our Student Services staff to address the expectations of tolerance for others and exercising appropriate behavior. Assembly programs, presented by student leadership organizations, focused on adolescent issues of bullying, fitting in with peers, cyber bullying and taking personal responsibility for one's actions. School wide events focused on the school as a learning community; particularly during the Week of Respect and NJ School Violence Awareness Week.

The budget continued to support many fine athletic teams and extra-curricular clubs. Our athletic teams and intramurals continued to be widely supported by parents and the community. Students participated in numerous clubs including the school newspaper, ping pong, REBEL2 and computer clubs. Several students entered the Middle School Technology Association Competition held at TCNJ this spring. The Show Choir and Jazz Band returned from competition in Orlando, Florida after having received the highest awards and recognition. The math club was recognized for its participation in the Math Counts competition as it placed first regionally and eighth at the state level. Students participated in the annual National History Day competition where several students were recognized for their projects and written essays. Thirteen students moved on in the competition and represented New Jersey at the national competition in Maryland. An eighth grade student was honored by receiving the "Best Entry of NJ" Award.

This was a banner year for teacher professional development programs including a new focus on the Common Core initiatives. Teachers, in all departments, are embracing an enhanced focus on non-fiction text, literacy and problem solving in mathematics. Teachers are working together to clarify their understanding of the Common Core by attending regular workshops and working together as a professional community.

The advancement of technology continues to play a major role in the school. Teachers developed pilot programs to infuse 1:1 technology into daily lesson design. Students utilized their computers and personal devices daily in instruction with great success and excitement.

### ***Marlboro Memorial Middle School***

The Marlboro Memorial Middle School community celebrated 10 years of student success throughout the 2011-2012 school year. Graduates moved on to 28 high schools where they will continue to achieve and contribute to new school environments through their commitment to communities of caring across New Jersey.

Success in 2011 National DuPont Challenge Science Essay Contest engaged students in writing about fascinating aspects of science and technology. Math Teams competed at the CBA competition in Lincroft, the 2011-2012 Continental Math League competition and the Math Counts Competition at Union County College.

The Food Bank of Monmouth and Ocean Counties Holiday Hunger Challenge named MMMS as winner of the School Spirit of Giving Award in their mission of to alleviate hunger and build food security. Student

contributions displayed an extraordinary degree of spirit, commitment and enthusiasm and by so doing; MMMS became a leader in the cause of fighting hunger.

Our partnership with the Marlboro Alliance challenged people to stop using tobacco and make them aware of the many harmful effects of cigarettes. "Why Smoking is an Unhealthy Choice", the topic for this year's essay contest, was won by a Marlboro Memorial Middle School student for the second consecutive year.

Region II Intermediate Orchestra results yielded success for students awarded placement in New Jersey Symphonic Orchestra and String Orchestra. Fellow classmates in the select choir and jazz bands earned highest awards and soloist honors at the Music in the Parks Festival in Hershey, Pennsylvania. On the same weekend, our History club students moved forward from success at the Southern Regional Competition held at Rider University to state recognition at William Paterson University. Their advisor was named New Jersey National History Day Teacher of the Year.

The Marlboro Memorial Middle School PTA exhibited continuous excellence in their support of our students' academic pursuits and shared Community of Caring initiatives. Community walk-a thons, clothing drives and numerous fund raisers provided special assemblies and celebrations for all students. The relevance of our shared dedication to student success exhibits effective performance which strongly influences the learning process.

MMMS teachers have a high sense of dedication to student learning. Throughout the school year they adopted innovative teaching strategies and believed that integrating the superintendent's goals of text centered instruction, precision and small groupings helped students learn significant skills. The change in the overall rigor was a successful adjustment. Building shared knowledge around complex concepts of high quality instruction produced extensive conversations and professional development sessions to excel on Language Arts/Literacy and Mathematics assessments. Staff development initiatives built expertise in designing high expectations as midterm and final exams provided evidence of student growth. By engaging in these studies, Marlboro Memorial Middle School teachers are well prepared for the rigor and challenge of national standards and the new PARCC assessment.

The exciting athletic award celebrated the MMMS Boys Basketball League Championship as students throughout the school cheered on the team's success. This special recognition echoed the appreciation our school carries for the Marlboro Township Public School district and Board of Education support of our academic achievements, athletic accomplishments and fine arts success. Ten years of continuous improvement and excellence provided numerous celebrations and honors for our school community in the exhilarating 2011-2012 school year.

### ***Robertsville***

This school year focused on Dr. Abbott's three core principles that he presented at the September 2011 staff meeting. We focused on academic rigor, small group instruction and text centered lessons. These principles guided us this school year.

To implement these three prime goals, we continued to purchase materials for the enVision math program which emphasizes academic rigor. This program, in combination with ST math and Study Island allowed the student to gain a deeper understanding of math concepts that permitted them to apply these concepts to daily math performance. Certain materials need to be purchased on an annual basis. The materials used in grades 1 and 2 are consumables and are the basis of the program. There are no text books in these grades; the consumables are the instructional program and need to be purchased yearly.

The Making Meaning program was an integral component of the overall LAL program this school year. The continued use of these materials served to enhance the reading comprehension skills of the students. Similarly, the Being a Writer program allowed the teachers to target specific skills so that the individual performance of students could be enhanced.

The Promethean Interactive boards have become a key instructional component with virtually every classroom having a board. Money is allocated to maintain these boards, specifically for replacement bulbs and replacement pens. We have different generations of interactive boards so we need to purchase different bulb and pens that are used with specific boards.

Our school security efforts continue to be critical. Every staff member has a fob that they use to enter the building; all visitors must be "buzzed through" to the main office where the secretaries ascertain the reason for the visit. With rare exception, visitors are not allowed beyond the main office. In the instances where they need to go to a classroom, such as for a specific class activity, visitors are required to sign in and are provided an official visitor badge. All staff members know that anyone without an official badge must be stopped, questioned and the office must be called. Teachers are also issued two way radios that they use during fire drills and other monthly security drills. The radios are used to account for all students, staff and visitors.

In summary, monies provided have been used to support the goals as articulated by Dr. Abbott. These monies were spent to buy mandated and permitted instructional materials that directly relate to student academic performance.

## **DISTRICT-WIDE**

### ***Curriculum:***

- Mentoring – New teachers to the district have a well-defined mentoring program that will enable them to become acculturated into the Marlboro schools. This program supports new teachers by providing a mentor who acts as a guide the first year. During the second year of mentoring, the concept of coaching has been added to train mentors to further assist new teacher in the instructional process.
- Curriculum Writing – Many guides were revised or developed in the following areas: Honors science (6-8), Honors social studies (6-8), K-2 mathematics, K-8 Physical Education, Media (K-5), and Educational Technology (K-8).

### ***Technology:***

- District-wide technology was used to increase productivity, enhance communication, and enrich curriculum and instruction.
- Throughout the year, all district administrators, teachers, and appropriate support staff had the use of a networked computer for e-mail and Internet access. All students had access to networked computers for Internet use in classrooms, media centers, and computer labs. Throughout the district, approximately 1,600 networked computers were in operation and a complete Local Area Network was present in each school and in the administration building. These LANs are connected to a Wide Area Network. The Internet service provider is Cablevision - Lightpath.
- The district maintains a website that includes district information and separate sections for each school. These school sections include individual teacher pages and an online lesson plan program. The district maintains a district-wide student information system, PowerSchool.

### ***Special Services:***

- The special services department continued its use of the research based prescriptive programs, Project Read and Moving with Math. This year the district began training two teachers on the Wilson Reading System. Teacher training in the programs is on-going and meant to increase the district's capacity to meet student needs.
- The department continued an assignment of a speech-language specialist to function part-time as a social skills facilitator. This facilitation has enabled and encouraged guidance counselors, speech specialists, and child study team members to be trained in social skill programs and to implement such programs as "Circle of Friends." The programs continued growing this past year, being embraced by the various professionals in the schools. The programs are highly beneficial to students who have difficulty building healthy relationships with peers.

- The District continues to strive to educate the maximum number of special education students, as appropriate, in general education settings. The district exceeds state standards in this area. This past year, the District continued to have team teaching classrooms in each of their elementary schools and at MELC. At the middle schools, special education teachers are assigned to teams and travel with students from general education class to general education class.

***Business:***

Due to constant changes in the state fiscal environment, the business office continued to evolve during the 2011-12 school year. Increased workload in all areas, while maintaining current staff levels, proved to be an on-going challenge. Accomplishments/initiatives in this school year were as follows:

- The district completed its sixth year using a contractor for custodial services, but its first year with a new contractor. Through ongoing hard work and adaptation, the outsourcing out of this service continues to be successful.
- For the tenth consecutive year, the Association of School Business Officials (ASBO) International has awarded a Certificate of Excellence in Financial Reporting to the Marlboro Township Board of Education for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2011. This award was designed by ASBO International to enable school business officials to achieve a high standard of financial reporting. This award is conferred only to those school systems that meet or exceed the standards of the program.
- The district continued to utilize Pay-to-Participate fees for co-curricular and athletic programs. In addition, the tuition based integrated preschool tuition was added to the Pay-To-Participate system. The Business Office set up the payment procedures in conjunction with the pay-for-it online payment system. All participants were required to pay for their activities via this online payment system. For the 2012-13 school year, Pay-To-Participate will be utilized for the district Kindergarten Complement Program tuition.
- Worked with the principals and the department heads to prepare the required submission in the preparation of the 2012-13 budget which was presented to the taxpayers with a tax decrease.
- Continued to find ways to save taxpayer monies by exploring shared services with Marlboro Township. During the 2011-12 school year, the district continued to participate in an electricity cooperative that will save the district in excess of \$300,000 from 2011-2013 and the district continued to provide the township's summer recreation program with transportation services.
- Chartwells, the district's food service provider, successfully implemented its new food concept called Environments this past school year. This program introduced more whole grains as well as fresh fruit and vegetables in the lunch program. With the new USDA regulations going into effect in the 2012-13 school year, these programs will make the transition smoother.
- Chartwells once again achieved the district's financial obligations of a \$50,000 guarantee.
- Both Transportation Coordinator and the Administrative Assistant in the Business Office worked together, submitted, and were successful in obtaining the 2011 Safety Grant through the New Jersey School Boards Association Insurance Group in the amount of \$21,342.25 to purchase cameras for use on school buses.
- Fleet inspection – This semi-annual inspection was successfully completed in July 2011 and January 2012. Vehicle maintenance records and driver records are being kept up-to-date which acts as an aid in the successful semi-annual inspection. A new comprehensive online maintenance program for the district vehicles was installed in late spring of 2012 and will be fully functional for the 2012-13 school year.

***Personnel:***

The district employed 858 individuals during the 2011-12 school year. The certificated staff numbered 523; 27 administrators and supervisors and 496 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). In addition, 335 others, including instructional assistants, school aides, bus drivers and attendants, secretaries and clerk-typists, and custodial and maintenance employees, were employed.

In a district the size of Marlboro, there is the need each year to search for qualified candidates. The district was able to accomplish this through a highly competitive recruitment and selection process. Additionally, an impressive array of in-service opportunities helped staff members stay current, allowing them to improve their instructional skills, a hallmark of a progressive and innovative school district. For example, the district continued its new teacher mentoring program. All newly certified teachers and most teachers new to the district were assigned mentors as well as supervisory advocates to assist them in their first year of employment. District administrators further provided these teachers with an extensive in-service program designed to help them acclimate to their new working environment.

## **INTERNAL CONTROLS**

Management of the district is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the district also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the district management. As part of the district's Single Audit, described earlier, tests are made to determine adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws, regulations, contracts and grants.

## **BUDGETARY CONTROLS**

In addition to internal controls, the district maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund. The final budget amount, as amended 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 at fiscal year end.

## **CASH MANAGEMENT**

The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds deposited 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.

## **RISK MANAGEMENT**

The board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, and workers compensation. A schedule of insurance coverage is found in J-20.

## **AWARDS**

The district received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the tenth consecutive year that the district received this award. In order to be awarded a Certificate of Excellence, the district published an easily readable and efficiently organized CAFR.

This report satisfied both Generally Accepted Accounting Principles in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Excellence Program's requirements and we will be submitting it to ASBO to determine its eligibility for another certificate.

## **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP, was selected by the board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements, required supplementary information, individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the Single Audit are included in the single audit section of this report.

## **ACKNOWLEDGMENTS**

We would like to express our appreciation to the members of the Marlboro 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 business office staff.

Respectfully submitted,

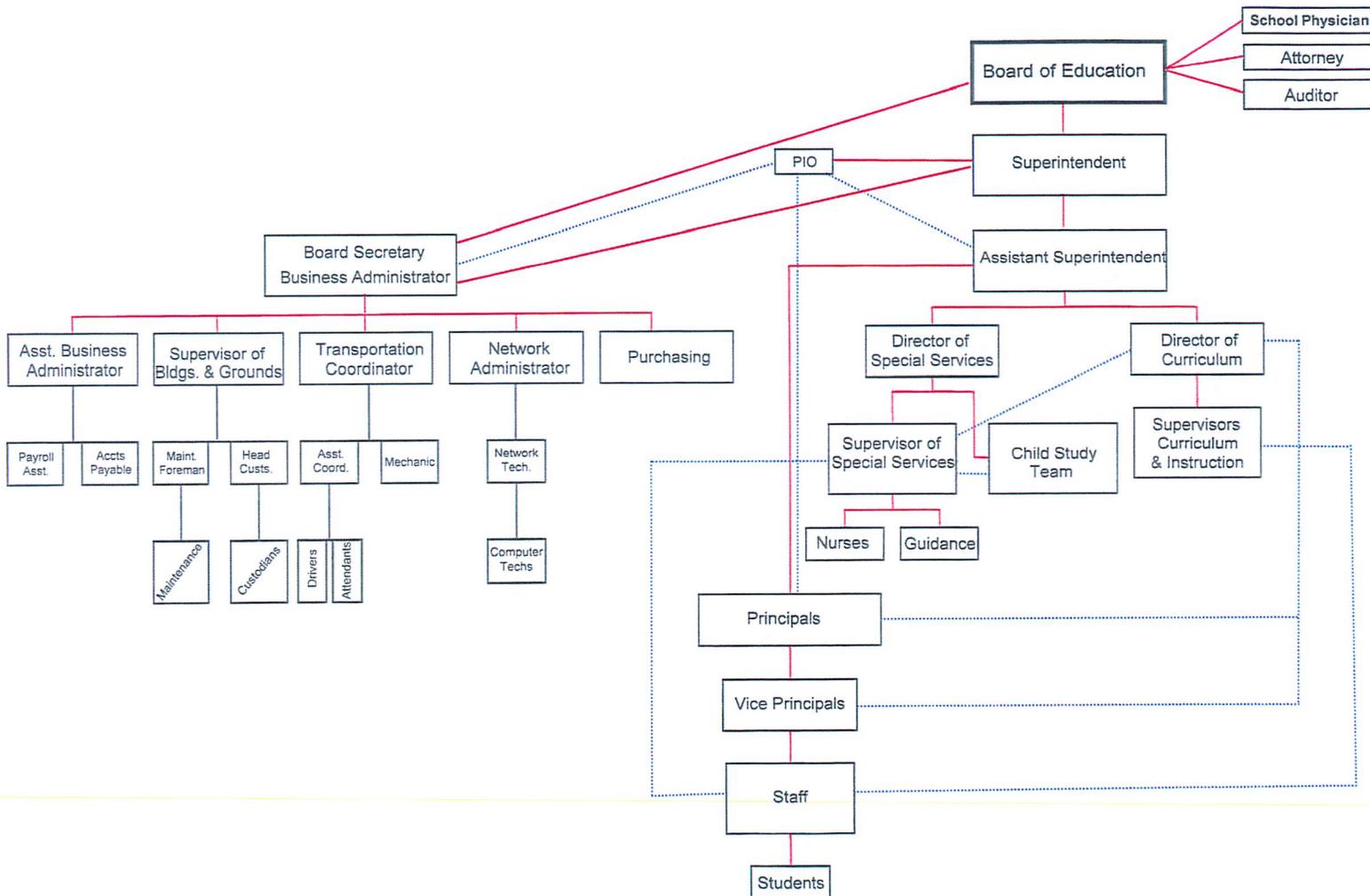


Dr. David C. Abbott  
Superintendent of Schools



Cindy S. Barr-Rague  
School Business Administrator/  
Board Secretary

# Marlboro Township Board of Education Organizational Chart



— Solid Line indicates immediate supervisor  
 ..... Dotted Line indicates a coordinating function or support services

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

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

<b><u>Board of Education Members</u></b>	<b><u>Term Expires</u></b>
Michael Lilonsky, President	2013
Victoria Dean, Vice-President	2013
John Dwyer	2015
Carol Gambardella	2014
Cynthia Green	2014
Jian Kao	2015
Edwin Madari	2013
BonnieSue Rosenwald	2015
Joseph Waldman	2014

**Other Officials**

Dr. David C. Abbott, Superintendent

Dr. Marc Gaswirth, Assistant Superintendent

Cindy S. Barr-Rague, School Business Administrator/Board Secretary

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

**CONSULTANTS, INDEPENDENT AUDITORS, AND ADVISORS  
JUNE 30, 2012**

**Audit Firm**

**Bowman & Company, LLP  
601 White Horse Road  
Voorhees, New Jersey 08043-2493**

**Attorney**

**Schenck, Price, Smith & King, LLP  
220 Park Avenue  
P. O. Box 991  
Florham Park, New Jersey 07932**

**Special Counsel – Special Education**

**Parker McCay PA  
9000 Midlantic Dr., Suite 300  
P.O. Box 5054  
Mount Laurel, New Jersey 08054**

**Official Depository**

**Bank of America  
6 South Main Street  
Marlboro, New Jersey 07746**

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## Marlboro Township Board of Education

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



Handwritten signature of Brian L. Mee in black ink.

Brian L. Mee, SFO, RSBA  
President

Handwritten signature of John D. Musso in black ink.

John D. Musso, CAE, RSBA  
Executive Director

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marlboro Township School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Marlboro Township School District's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Marlboro Township School District as of and for the fiscal year ended June 30, 2011 were audited by other auditors whose report dated November 28, 2011 expressed an unqualified opinion on those statements.

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 in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. 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 the 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 opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marlboro Township School District in the County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

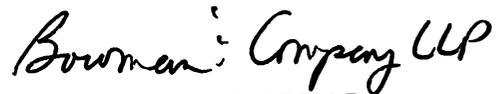
In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2012 on our consideration of the Marlboro Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an 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 information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because of 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 Marlboro Township School District's financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marlboro Township School District's basic financial statements. The introductory section and statistical section listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Public School Accountant No. CS 01113

Voorhees, New Jersey  
November 19, 2012

**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  
Marlboro Township  
County of Monmouth  
Marlboro, New Jersey

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 Marlboro Township School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 19, 2012. 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 in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Marlboro Township School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Marlboro 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 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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 previously.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Marlboro 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 Administration and Finance, Department of Education, State of New Jersey.

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Public School Accountant No. CS 01113

Voorhees, New Jersey  
November 19, 2012

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

The Discussion and Analysis (MD&A) of Marlboro Township School District's (the District) financial performance provide an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- ❖ In total, net assets of governmental activities increased \$6,014,203, which represents a 15.00% increase from 2011. Net assets of business-type activities increased \$13,881, which represents a 2.28% increase from 2011.
- ❖ General revenues accounted for \$80,455,758 in revenue or 88.98% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$9,960,101 or 11.02% of total revenues of \$90,415,859.
- ❖ Total assets of governmental activities increased by \$3,012,614 as cash and cash equivalents increased by \$2,485,175, investments increased by \$3,006,230, receivables decreased by \$769,109, net capital assets decreased by \$1,628,288, and other assets decreased by \$81,394.
- ❖ The District had \$83,053,425 in governmental activity expenses; only \$8,611,870 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$80,455,758 were adequate to provide for these programs.
- ❖ In the governmental funds, the general fund had \$82,189,498 in revenues and \$77,377,878 in expenditures. The general fund's fund balance increased \$5,167,711 over 2011.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Marlboro Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing of service that can be provided by the governmental along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Marlboro Township School District, the general fund is by far the most significant fund.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

This document contains the large number of funds used by the District to provide programs and activities. The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the school district's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and others.

In the Statement of Net Assets and the Statement of Activities, the school district is divided into two distinct kinds of activities:

- ◆ **Governmental Activities** – All of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities.
- ◆ **Business-Type Activities** – This service is provided on a charge for goods or services basis in order to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

**Governmental Funds**

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental funds information help the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Notes to the Government-wide Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 49 to 70 of this report.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the school district as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The district's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the school district's net assets for 2012 and 2011.

**Table 1  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>				
Current and Other Assets	\$ 13,983,058	\$ 9,342,156	\$ 348,889	\$ 374,345
Capital Assets, Net	<u>67,682,448</u>	<u>69,310,736</u>	<u>346,104</u>	<u>314,975</u>
<b>Total Assets</b>	<u>81,665,506</u>	<u>78,652,892</u>	<u>694,993</u>	<u>689,320</u>
<b>Liabilities</b>				
Long-term Liabilities	29,381,375	32,704,563	-	-
Other Liabilities	<u>6,179,359</u>	<u>5,857,760</u>	73,106	81,314
<b>Total Liabilities</b>	<u>35,560,734</u>	<u>38,562,323</u>	<u>73,106</u>	<u>81,314</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	33,753,591	33,110,689	346,104	314,975
Restricted	10,703,424	5,168,518	-	-
Unrestricted	<u>1,647,757</u>	<u>1,811,362</u>	<u>275,783</u>	<u>293,031</u>
<b>Total Net Assets</b>	<u>\$ 46,104,772</u>	<u>\$ 40,090,569</u>	<u>\$ 621,887</u>	<u>\$ 608,006</u>

The district's combined net assets were \$46,726,659 on June 30, 2012. This was an increase of \$6,028,084 or 14.81% from the prior year.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

Table 2 shows the changes in net assets from fiscal year 2012 and fiscal year 2011.

**Table 2  
Changes in Net Assets**

	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
<b>Revenues</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 567,578	\$ -	\$ 1,100,313	\$ 1,151,206
Operating grants and contributions	8,611,870	7,450,835	247,918	217,616
<b>General Revenues:</b>				
Property taxes	67,630,325	67,930,700	-	-
Federal and State Aid Not Restricted	11,791,157	10,306,086	-	-
Other	466,698	593,294	-	-
<b>Total Revenues</b>	<u>89,067,628</u>	<u>86,280,915</u>	<u>1,348,231</u>	<u>1,368,822</u>
<b>Program Expenses</b>				
Instruction	49,078,601	48,385,436	-	-
<b>Support services</b>				
Student and related services	10,087,917	9,982,798	-	-
Tuition	2,368,247	2,357,797	-	-
General administration, School administration, and Central services	7,750,806	7,547,852	-	-
Operations and Maintenance of facilities	7,232,758	8,127,879	-	-
Pupil transportation	4,579,899	5,409,724	-	-
Interest on debt	1,955,197	2,084,198	-	-
Food service	-	-	1,334,350	1,345,952
<b>Total Expenses</b>	<u>83,053,425</u>	<u>83,895,684</u>	<u>1,334,350</u>	<u>1,345,952</u>
<b>Increase in Net Assets</b>	<b>\$ 6,014,203</b>	<b>\$ 2,385,231</b>	<b>\$ 13,881</b>	<b>\$ 22,870</b>
<b>Net Assets, beginning</b>	<u>40,090,569</u>	<u>37,705,338</u>	<u>608,006</u>	<u>585,136</u>
<b>Net Assets, ending</b>	<u>\$ 46,104,772</u>	<u>\$ 40,090,569</u>	<u>\$ 621,887</u>	<u>\$ 608,006</u>

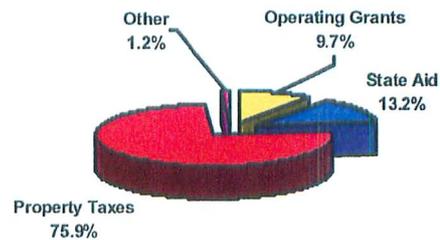
**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for District operations. Property taxes made up 75.93% of revenues for governmental activities for the Marlboro Township Public School District for fiscal year 2012 and 78.73% of revenues for fiscal year 2011. Property tax revenues decreased \$300,375, which is a 0.44% decrease over the prior year. The decrease was due to increases in charges for services, operating grants and contributions and increases in state aid. The District's total revenues for governmental activities were \$89,067,628 for the year ended June 30, 2012. Federal, state and local grants accounted for another 22.91% of revenue.

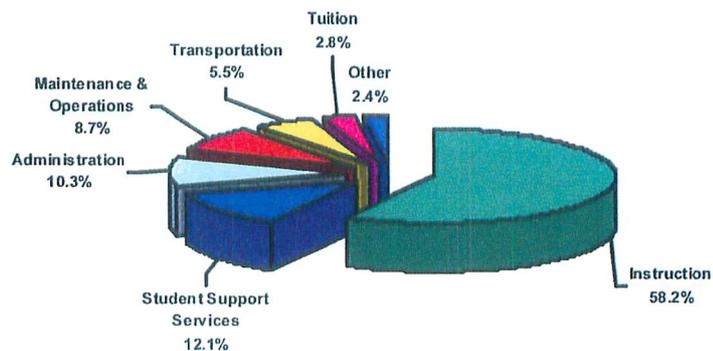
MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)

Sources of Revenues for Fiscal Year 2012



Expenses for Fiscal Year 2012



The total cost of all programs and services was \$83,053,425. Instruction comprised 59.09% of district expenses.

**Business-Type Activities**

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service revenues exceeded expenses by \$13,881.
- ◆ Charges for services, which are the amounts paid by patrons for daily food services, represent \$1,100,313 of total revenue.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$247,918.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$ 49,078,601	\$ 42,552,504	\$ 48,385,436	\$ 42,688,725
Support services				
Tuition	2,368,247	2,368,247	2,357,797	2,357,797
Pupils and instructional staff	10,087,917	9,209,111	9,982,798	9,272,387
General administration, school administration, business	7,750,806	7,122,205	7,547,852	7,060,056
Operation and maintenance of facilities	7,232,758	6,960,916	8,127,879	7,915,273
Pupil transportation	4,579,899	4,273,375	5,409,724	5,066,413
Interest and fiscal charges	1,955,197	1,955,197	2,084,198	2,084,198
<b>Total expenses</b>	<b>\$ 83,053,425</b>	<b>\$ 74,441,555</b>	<b>\$ 83,895,684</b>	<b>\$ 76,444,849</b>

- ❖ Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- ❖ Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.
- ❖ General administration, school administration and business include expenses associated with administrative and financial supervision of the District.
- ❖ Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in effective working condition.
- ❖ Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.
- ❖ Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to District debt.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$89,067,072 and expenditures were \$84,320,408. The net positive changes in fund balances for the year were in the general fund, which showed an increase of \$5,167,711, the capital projects fund, which showed a decrease of \$144,024 and the debt service fund, which showed an increase of \$72,663. The change in the general fund reflects the reduction of expenditures due to declining enrollment and increased state aid and operating grants. In the capital projects fund the decrease is the completion of the construction project that was done at Defino Central Elementary School for the addition of six classrooms and the renovation of the administration area.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

The increase in the debt service fund is the result of the savings derived from the refunding of the 2001 Refunding Issue, which was completed after the 2011 – 2012 budget was approved by the Board of Education in April 2011. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

**Table 4  
Revenues for the Fiscal Year ended June 30,**

	2012 Amount	2011 Amount	Percentage Change
Property taxes	\$ 67,630,325	\$ 67,930,700	(0.44)%
Tuition	457,329	161,226	183.66%
Interest earnings	7,990	8,873	(9.95)%
Miscellaneous	568,957	413,139	37.72%
State sources	18,139,046	15,977,505	13.53%
Federal sources	2,263,425	1,779,415	27.20%
<b>Total</b>	<b>\$ 89,067,072</b>	<b>\$ 86,270,858</b>	<b>3.24%</b>

Revenues were up \$2,796,214 or 3.24% over the prior year, mostly due to increases in both state and federal sources, an increase in tuition revenue and an increase in miscellaneous income.

**Table 5  
Expenditures by Object for the Fiscal Year ended June 30,**

	2012 Amount	2011 Amount	Percentage Change
Salaries and wages	\$ 44,969,776	\$ 46,850,413	(4.01)%
Benefits	19,076,553	19,392,293	(1.63)%
Purchased services	11,414,947	10,008,479	14.05%
Supplies and other	3,537,457	3,705,675	(4.54)%
Capital Outlay	556,890	3,287,789	(83.06)%
Debt service	4,764,785	4,811,841	(0.98)%
<b>Total</b>	<b>\$ 84,320,408</b>	<b>\$ 88,056,490</b>	<b>(4.24)%</b>

Expenditures were down \$3,736,082 or a decrease of 4.24% over the prior year. This decrease is attributed to the negotiation of a change to the collective bargaining agreement which covered the salaries and benefits for the instructional assistants, bus drivers and bus attendants and a reduction of staff due to declining enrollment. The increase in purchased services is due to the increased number of out of district placements, increased student needs and contracting for student services; and the decrease in capital outlay is due to the completion of the construction of six additional classrooms and renovation of the administration area both at Defino Central Elementary School. .

Fund balance is an integral part of the district financial position. The unassigned balances in the general fund for the past nine years are as follows:

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Table 6  
Unassigned Fund Balance**

School Year	Amount	GAAP	Budgetary Basis
03-04	\$ 1,022,849	\$ 1,022,849	\$ 1,517,319
04-05	781,025	781,025	1,290,332
05-06	878,444	878,444	1,387,732
06-07	967,246	967,246	1,476,522
07-08	1,085,466	1,085,466	1,610,037
08-09	594,965	594,965	1,785,257
09-10	575,590	575,590	1,887,025
10-11	1,032,120	1,032,120	1,952,805
11-12	784,573	784,573	1,848,908

In 2003, P.L. 2003, c.97 provided 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 the legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes the liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable.

In 2012, due to severe budget issues at the state level, the Governor withheld the second state aid payment, in the same manner as was done in 2003 which is explained above, which totals \$1,064,335.

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the general fund. During the course of the fiscal year 2012, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

**Significant Budget Transfers**

- ✓ The district received \$391,773 in extraordinary aid for special education costs that was not budgeted. The district is eligible to receive additional funding for each special education student whose program costs exceed \$40,000 for public school programs or \$55,000 for private school placements. However, the state does not have adequate funding for these students and prorates the amount given to districts based on the applications received for this aid and the total amount allocated.
- ✓ TPAF, which is the state's contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the District and is required to be reflected in the financial statements.
- ✓ Instructional salaries funds were transferred due to special education students needing out-of-district placements.
- ✓ Several maintenance projects, that were included in the 10-11 school year budget were approved by the board prior to the end of the previous school year and the encumbrances were carried forward into the 11-12 school year.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

- ✓ At the time the budget was constructed, we were only able to estimate the number of self-contained classes that would be needed and the staff that would be required to service those students. Changes to the programs upon actual placements of the students have effectuated transfers in salaries for speech teachers, special education teachers and instructional assistants.
- ✓ Due to bidding requirements custodial contracted services pricing was higher than the amount budgeted whereby requiring a budget transfer.
- ✓ During a state review of federal and state grants, it was determined that projects previously approved by the county office, were not allowable and therefore needed to be transferred to the general budget.
- ✓ During the school year the district installed an enhanced classroom audio system for all classrooms, which was not originally included in the general budget.
- ✓ Health services for students with special needs increased due to the need for a nurse to travel on the school bus to and from school each day for both in district students and an out of district placement.
- ✓ The Kindergarten Complement Program was proposed to the Board of Education after the original budget was adopted, therefore monies collected for tuition needed to be appropriated for additional staff.

**Significant Budget to Actual Differences**

- ✓ Actual revenues received were substantially higher than budgeted due to the receipt of additional state aid which the board agreed would be utilized in future years; and, the establishment of the Kindergarten Complement Program that was proposed and approved after the 2011-2012 budget was approved.
- ✓ The most significant budget to actual difference in expenditures was the large savings in unallocated benefits. The savings were primarily in two categories, unemployment compensation and health benefits. Due to a negotiated change in salary and health benefits for bus drivers, attendants and instructional assistants, the board needed to budget a substantial amount if these affected employees were no longer employed by the district.
- ✓ Regular education instructional salaries were substantially less than the budgeted amount due retirements that were received from staff after the 2011-12 budget was approved.
- ✓ Special education instructional salaries were less than the budgeted amount for two reasons, retirements were received from staff after the 2011-12 budget was approved and less instructional assistant staffing was necessary due to changing student needs.
- ✓ Other instructional salaries were less than the budgeted amount due to retirements that were received from staff after the 2011-12 budget was approved.
- ✓ Other support salaries were less than the budgeted amount due to maternity/leaves of absences, which necessitated the district contracting for these services.
- ✓ Buildings and Grounds salaries were less than the budgeted amount due to a change in the implementation of new overtime procedures.
- ✓ Due to the district receiving favorable pricing for energy providers and warm weather conditions the energy costs were less than the amount budgeted for 2011-12.
- ✓ Actual transportation salaries were less than the budgeted amount due to the need for less substitute personnel.
- ✓ Actual transportation supplies were less than the budgeted amount due to the savings achieved with the purchase of gasoline and diesel fuel for the district's transportation fleet.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**Capital Assets**

At the end of the fiscal year 2012, the school district had \$68,028,552 invested in land, buildings and improvements and machinery and equipment. Table 7 shows fiscal 2012 balances compared to 2011.

**Table 7  
Capital Assets (Net of Depreciation) at June 30**

	2012	2011
Land	\$ 6,849,273	\$ 6,849,273
Building and improvements	55,247,184	56,331,403
Machinery and equipment	5,932,095	6,445,037
Totals	\$ 68,028,552	\$ 69,625,713

Overall, the capital assets decreased \$816,408 from fiscal year 2011 to fiscal year 2012. This decrease in net assets is because depreciation of assets exceeded the cost of placing new assets into service. For more detailed information, please refer to Note 6 in the Notes to the Basic Financial Statements.

**Debt Administration**

As of June 30, 2012 the District had \$33,283,564 of outstanding debt. Of this amount, \$2,274,865 is for compensated absences, \$683,699 for bus & equipment leases, and the balance of \$30,325,000 for bonds for school construction. In the August 2010, Standard & Poor's Rating Services re-affirmed the "AA" rating on the District's bonds. This rating was based on the following characteristics:

- ❖ Access to a diversified and expanding economic base
- ❖ Growing property tax base
- ❖ Above-average income levels
- ❖ Manageable debt levels
- ❖ History of strong financial and management operations

In April 2011 the District issued \$4,990,000 of refunding bonds to refinance a portion of the District's 2001 issue. The refunding resulted in net debt service savings of approximately \$344,000 over the life of the bonds.

At June 30, 2012, the District's overall legal debt limit was \$218,239,335 and the non-electoral debt margin was \$187,914,335. For more detailed information, please refer to Note 7 in the Notes to the Basic Financial Statements. Following is a listing of all bond issues for which the District is currently paying debt service.

	Date of Issue	Original Amount of Issue	Balance Remaining
Partial refunding of 08-15-00 issue	08-05-04	\$ 30,125,000	\$ 25,395,000
Partial refunding of 02-15-01 issue	04-19-11	\$ 4,990,000	\$ 4,930,000

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**For the Future**

- It is the opinion of the Superintendent and Business Administrator that the Marlboro Township School District has historically maintained and continues to maintain a strong financial position. This was confirmed by the rating by Standard & Poor's of the District's bonds in August 2010, and is discussed earlier. The District is proud of the community's support of its public schools.
- The Marlboro Township School District, along with many other public school districts in the state faces a difficult economic future since the primary sources of funding are property tax revenue and state aid. As a result, the financial well being of the District is tied in large measure to the actions of the state legislature. Significant cuts in state funding and/or restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services. The growth rate on local property taxes was restricted to 4% during the current fiscal year; however, recent legislation reduced the cap to 2% beginning with the 2011-2012 school year budget.
- With the continued concern of property taxes it is important to highlight the areas of either shared services or buying cooperatives in an effort to reduce expenses. These areas include utilizing Educational Data Services for the purchase of classroom supplies, art supplies, maintenance supplies and copy paper. Gasoline and diesel fuel for all busses and maintenance vehicles is purchased through the Township. In March 2011 the district entered a cooperative pricing agreement with the Marlboro Township for the provision and performance of electric generation service. The District is in an insurance pool for workers compensation insurance and the District's legal liability insurance is purchased from New Jersey School Boards Insurance Group. The District is exploring further opportunities for future purchases jointly with other districts within the Freehold Regional area.
- In conclusion, the Marlboro Township Public School District has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting and internal financial controls are well regarded. We are pleased to report for a tenth consecutive year, the district was awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2011 by the Association of School Business Officials International. The District plans to continue its sound fiscal management practices to meet the challenges of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it receives. If you have questions about this report or need additional information, contact Cindy S. Barr-Rague, School Business Administrator/Board Secretary, Marlboro Township Board of Education, 1980 Township Drive, Marlboro, NJ 07746 or e-mail [cbarr\\_rague@marlboro.k12.nj.us](mailto:cbarr_rague@marlboro.k12.nj.us).

**BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District; except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business type activities of the District.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

A-1

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,457,330	\$ 324,522	\$ 4,781,852
Investments	7,070,612	-	7,070,612
Receivables, net	1,251,794	10,610	1,262,404
Inventory	-	13,757	13,757
Restricted assets:			
Capital reserve account - cash	998,251	-	998,251
Deferred bond issuance costs, net	205,071	-	205,071
Capital assets			
Land	6,849,273	-	6,849,273
Building and building improvements, net	55,002,068	245,116	55,247,184
Machinery and equipment, net	5,831,107	100,988	5,932,095
Total assets	<u>81,665,506</u>	<u>694,993</u>	<u>82,360,499</u>
<b>LIABILITIES</b>			
Cash Overdraft	\$ 315,193	-	\$ 315,193
Accounts payable	1,057,443	73,106	1,130,549
Payable to federal government	2,278	-	2,278
Payable to state government	32,296	-	32,296
Deferred revenue	19,596	-	19,596
Deferred accrued interest	633,297	-	633,297
Unamortized bond premium	217,067	-	217,067
Noncurrent liabilities			
Due within one year	3,902,189	-	3,902,189
Due beyond one year	29,381,375	-	29,381,375
Total liabilities	<u>35,560,734</u>	<u>73,106</u>	<u>35,633,840</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	33,753,591	346,104	34,099,695
Restricted for:			
Other purposes	10,703,424	-	10,703,424
Unrestricted	1,647,757	275,783	1,923,540
Total net assets	<u>\$ 46,104,772</u>	<u>\$ 621,887</u>	<u>\$ 46,726,659</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Governmental activities:</b>			
<b>Instruction:</b>			
Regular	\$ 33,531,658	\$ 457,329	\$ 3,095,277
Special education	12,042,092	-	2,928,687
Other instruction	3,301,696	110,249	298,978
Nonpublic school programs	203,155	-	203,155
<b>Support services:</b>			
Tuition	2,368,247	-	-
Student & instruction related services	10,087,917	-	878,806
General administrative services	1,790,584	-	95,718
School administrative service	4,797,935	-	431,257
Plant operations and maintenance	7,232,758	-	271,842
Pupil transportation	4,579,899	-	306,524
Business and other support services	1,162,287	-	101,626
Interest on long-term debt	1,955,197	-	-
<b>Total governmental activities</b>	<b>83,053,425</b>	<b>567,578</b>	<b>8,611,870</b>
<b>Business-type activity:</b>			
Food Service	1,334,350	1,100,313	247,918
<b>Total primary government</b>	<b>\$ 84,387,775</b>	<b>\$ 1,667,891</b>	<b>\$ 8,859,788</b>

General revenues:

Taxes:

Property taxes, levied for general purposes, net

Property Taxes levied for debt service

Federal and State aid not restricted

Investment Earnings

Miscellaneous Income

Total general revenues

Change in Net Assets

Net Assets—beginning

Net Assets—ending

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (29,979,052)	\$ -	\$ (29,979,052)
(9,113,405)	-	(9,113,405)
(2,892,469)	-	(2,892,469)
-	-	-
(2,368,247)	-	(2,368,247)
(9,209,111)	-	(9,209,111)
(1,694,866)	-	(1,694,866)
(4,366,678)	-	(4,366,678)
(6,960,916)	-	(6,960,916)
(4,273,375)	-	(4,273,375)
(1,060,661)	-	(1,060,661)
(1,955,197)	-	(1,955,197)
<u>(73,873,977)</u>	<u>-</u>	<u>(73,873,977)</u>
-	\$ 13,881	13,881
<u>(73,873,977)</u>	<u>13,881</u>	<u>(73,860,096)</u>
63,521,724	-	63,521,724
4,108,601	-	4,108,601
11,791,157	-	11,791,157
7,990	-	7,990
458,708	-	458,708
<u>79,888,180</u>	<u>-</u>	<u>79,888,180</u>
6,014,203	13,881	6,028,084
40,090,569	608,006	40,698,575
<u>\$ 46,104,772</u>	<u>\$ 621,887</u>	<u>\$ 46,726,659</u>

**FUND FINANCIAL STATEMENTS**

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

MARLBORO TOWNSHIP BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,384,667	\$ -	\$ -	\$ 72,663	\$ 4,457,330
Investments	7,070,612	-	-	-	7,070,612
Receivables, net	416,637	245,905	480,480	-	1,143,022
Due from other funds	108,772	-	-	-	108,772
Restricted cash and cash equivalents	998,251	-	-	-	998,251
<b>Total assets</b>	<u>\$ 12,978,939</u>	<u>\$ 245,905</u>	<u>\$ 480,480</u>	<u>\$ 72,663</u>	<u>\$ 13,777,987</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash Overdraft	\$ -	\$ 101,834	\$ 213,359	\$ -	\$ 315,193
Accounts payable	860,282	88,389	-	-	948,671
Payable to federal government	-	2,278	-	-	2,278
Payable to state government	-	32,296	-	-	32,296
Payable to other funds	-	1,512	107,260	-	108,772
Deferred revenue	-	19,596	-	-	19,596
<b>Total liabilities</b>	<u>860,282</u>	<u>245,905</u>	<u>320,619</u>	<u>72,663</u>	<u>1,428,806</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Excess surplus	4,053,332	-	-	-	4,053,332
Excess Surplus - Prior Years - Designated for Subsequent Year's Expenditures	2,344,937	-	-	-	2,344,937
Capital reserve account	1,004,656	-	-	-	1,004,656
Maintenance reserve account	2,897,487	-	-	-	2,897,487
Debt service	-	-	-	72,663	72,663
<b>Committed for:</b>					
Other purposes	403,012	-	-	-	403,012
<b>Assigned for:</b>					
Designated for subsequent year's expenditures	630,660	-	159,861	-	790,521
<b>Unassigned, reported in:</b>					
General Fund	784,573	-	-	-	784,573
<b>Total fund balances</b>	<u>12,118,657</u>	<u>-</u>	<u>159,861</u>	<u>72,663</u>	<u>12,351,181</u>
<b>Total liabilities and fund balances</b>	<u>\$ 12,978,939</u>	<u>\$ 245,905</u>	<u>\$ 480,480</u>	<u>\$ 72,663</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Bond premiums are reported in the governmental funds as other financing sources in the year the bonds are issued, but are capitalized in the Statement of Net Assets. Bond premiums of \$289,424 and the associated amortization of \$72,357. (217,067)

Accrued interest on bonds payable and capital leases is not due and payable in the current period and therefore are not reported as liabilities in the funds. (633,297)

The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued, but are recorded as an asset and amortized in the Statement of Net Assets. The bond issuance costs are \$538,470 and the accumulated amortization is \$333,399. 205,071

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$110,049,644 and the accumulated depreciation is \$42,367,196. 67,682,448

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. (33,283,564)

Net assets of governmental activities \$ 46,104,772

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 63,521,724	\$ -	\$ -
Tuition charges	457,329	-	-
Interest Earnings	7,970	-	-
Interest Earned on Capital Reserve Funds	20	-	-
Miscellaneous	533,262	21,901	-
<b>Total - Local Sources</b>	<b>64,520,305</b>	<b>21,901</b>	<b>-</b>
State sources	17,220,838	203,155	-
Federal sources	448,355	1,815,070	-
<b>Total revenues</b>	<b>82,189,498</b>	<b>2,040,126</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current:			
Regular instruction	31,020,657	256,884	-
Special education instruction	10,414,106	1,552,140	-
Other instruction	3,301,696	-	-
Nonpublic school programs	-	203,155	-
Support services and undistributed costs:			
Tuition	2,368,247	-	-
Student & instruction related services	10,003,638	-	-
General administrative services	1,790,584	-	-
School administrative services	4,745,110	-	-
Plant operations and maintenance	7,232,758	-	-
Pupil transportation	4,926,126	21,345	-
Business and other support services	1,162,287	-	-
Capital outlay	412,669	6,602	137,619
Debt service:			
Interest	-	-	-
Principal	-	-	-
<b>Total expenditures</b>	<b>77,377,878</b>	<b>2,040,126</b>	<b>137,619</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,811,620</b>	<b>-</b>	<b>(137,619)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital leases (non-budgeted)	349,686	-	-
Transfers in - to Capital Reserve from Capital Projects	6,405	-	-
Transfers out- from Capital Projects to Capital Reserve	-	-	(6,405)
<b>Total other financing sources and (uses)</b>	<b>356,091</b>	<b>-</b>	<b>(6,405)</b>
<b>Net change in fund balances</b>	<b>5,167,711</b>	<b>-</b>	<b>(144,024)</b>
Fund balance—July 1	6,950,946	-	303,885
<b>Fund balance—June 30</b>	<b>\$ 12,118,657</b>	<b>\$ -</b>	<b>\$ 159,861</b>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Debt Service Fund	Total Governmental Funds
\$ 4,108,601	\$ 67,630,325
-	457,329
-	7,970
-	20
<u>13,794</u>	<u>568,957</u>
4,122,395	68,664,601
715,053	18,139,046
-	<u>2,263,425</u>
<u>4,837,448</u>	<u>89,067,072</u>
-	31,277,541
-	11,966,246
-	3,301,696
-	203,155
-	2,368,247
-	10,003,638
-	1,790,584
-	4,745,110
-	7,232,758
-	4,947,471
-	1,162,287
-	556,890
1,379,785	1,379,785
<u>3,385,000</u>	<u>3,385,000</u>
<u>4,764,785</u>	<u>84,320,408</u>
<u>72,663</u>	<u>4,746,664</u>
-	349,686
-	6,405
-	<u>(6,405)</u>
-	<u>349,686</u>
72,663	5,096,350
-	7,254,831
<u>\$ 72,663</u>	<u>\$ 12,351,181</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2) \$ 5,096,350

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, on 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 depreciation expense exceeded capital outlays in the current fiscal year.

Depreciation expense	\$ (2,185,178)	
Capital outlay (net)	<u>207,204</u>	(1,977,974)

Repayment of capital leases 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.

367,572

Repayment of bond 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.

3,385,000

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations & sick pay) 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.

(199,918)

In the statement of activities, interest on long term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest adjustment is an addition to the reconciliation.

(633,297)

Bond premiums are reported in the governmental fund as other financing sources in the year the bonds are issued. However, in the state of activities, bond premiums are amortized over the life of the bond.

57,884

Bond issuance costs are reported in the governmental fund as other financing uses in the year bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.

(81,414)

Change in net assets of governmental activities

\$ 6,014,203

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**PROPRIETARY FUND  
DETAIL STATEMENTS**

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

**Food Services Fund** – This fund provides for the operation of food services in all schools within the School District.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

B-4

	Business-type Activity - Enterprise Fund
	Food Service
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 324,522
Intergovernmental receivables	10,610
Inventories	13,757
Total current assets	348,889
<b>Noncurrent assets:</b>	
Building improvements	301,422
Less accumulated depreciation	(56,306)
Furniture, machinery & equipment	432,314
Less accumulated depreciation	(331,326)
Total noncurrent assets	346,104
Total assets	694,993
<b>LIABILITIES</b>	
<b>Current liabilities,</b>	
Accounts payable	73,106
<b>NET ASSETS</b>	
Invested in capital assets	346,104
Unrestricted	275,783
Total net assets	\$ 621,887

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

B-5

	Business-type Activity - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 639,195
Daily sales - non-reimbursable programs	453,273
Special functions	7,845
Total operating revenues	1,100,313
 Operating expenses:	
Cost of sales	455,594
Salaries	641,098
Other purchased professional services	140,223
General supplies	73,098
Depreciation	24,337
Total operating expenses	1,334,350
 Operating loss	(234,037)
 Nonoperating revenues:	
State sources:	
State school lunch program	13,712
Federal sources:	
National school lunch program	149,219
Special milk program	2,720
Food donation program	82,267
Total nonoperating revenues	247,918
 Change in net assets	13,881
 Total net assets—beginning	608,006
 Total net assets—ending	\$ 621,887

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

B-6

	Business-type Activity - Enterprise Fund
	Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 1,100,313
Payments to employees	(641,098)
Payments to suppliers	(666,930)
Net cash used in operating activities	(207,715)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State Sources	14,579
Federal Sources	232,283
Net cash provided by non-capital financing activities	246,862
<b>CASH FLOW USED BY CAPITAL AND RELATED FINANCING ACTIVITIES,</b>	
Cost of equipment	(55,465)
Net cash used in capital activities	(55,465)
Net decrease in cash and cash equivalents	(16,318)
Balances—beginning of year	340,840
Balances—end of year	\$ 324,522
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (234,037)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	24,337
Decrease in inventories	10,193
Decrease in accounts payable	(8,208)
Total adjustments	26,322
Net cash used in operating activities	\$ (207,715)

**Noncash Noncapital Financing Activities:**

During the year, the district received \$82,267 of food commodities from the U.S. Department of Agriculture.

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**FIDUCIARY FUNDS  
DETAIL STATEMENTS**

The Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organization, other governments and/or other funds.

**Student Activities Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Agency Fund** – This agency fund is used to account for the payroll transactions of the School District.

**Private Purpose Scholarship Trust Fund** – This fiduciary fund is used to account for Scholarship Funds of the School District.

**Flexible Spending** – this agency fund is used to account for transactions for the flexible Spending accounts held by the School District.

**Unemployment Compensation/Insurance Trust Fund** – This fiduciary fund is used to account for unemployment remittance transactions of the School District.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

B-7

	Unemployment Compensation Insurance Trust	Private Purpose Scholarship Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 379	\$ 2,799	\$ 585,964
Total assets	379	2,799	585,964
<b>LIABILITIES</b>			
Payable to student groups	-	-	79,935
Payroll deductions and withholdings	-	-	506,029
Total liabilities	-	-	\$ 585,964
<b>NET ASSETS</b>			
Held in trust for:			
Unemployment claims and other purposes	\$ 379		
Scholarships		\$ 2,799	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

B-8

	Unemployment Compensation Insurance Trust	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Local contributions	\$ -	\$ -
Employee contributions	-	-
Total Contributions	-	-
Investment earnings:		
Interest	-	-
Net investment earnings	-	-
Total additions	-	-
<b>DEDUCTIONS</b>		
Unemployment claims	-	-
Supplies	-	34
Scholarships awarded	-	475
Total deductions	-	509
Change in net assets	-	(509)
Net assets—beginning of the year	379	3,308
Net assets—end of the year	\$ 379	\$ 2,799

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

# **Marlboro Township School District**

## **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

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### **1. Description of the School District and Reporting Entity**

Marlboro Township School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of 32 square miles. It is located in Monmouth County and provides education for all of Marlboro Township's students in grades K through 8. The District currently operates eight instructional buildings, a transportation depot, buildings and grounds office, and an administrative building. The District services approximately 5,600 students and is one of the largest K through 8 Districts in Monmouth County.

#### **A. Reporting Entity:**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is 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 operations of the District include an early learning center, five elementary schools and two middle schools located in Marlboro Township, New Jersey.

In evaluating how to define the governmental reporting entity, the District follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, under which the financial statements include all the organizations, activities, functions and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's Board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units.

### **2. Summary of Significant Accounting Policies**

#### **A. Basis of Presentation**

The District's basic financial statements consist of district-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the financial activities of the overall District, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end.

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the District related to the administration and support of the District's programs, such as personnel and accounting – are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

*Fund Financial Statements:* During the fiscal year, the District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey school districts to treat each governmental fund and proprietary fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting.

## B. Fund Accounting

### Governmental Fund Types

The focus of governmental fund measurement is upon determination of financial position and changes in financial position, (sources, uses and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

**General Fund:** The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund. As required by the New Jersey State Department of Education, the District includes 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.

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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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, if spending growth limitation adjustment had not been used.

In addition to the capital outlay sub-fund, the School District is accountable for an additional sub-fund, the Education Jobs Fund ("Ed Jobs"), resulting from federal legislation signed into law on August 10, 2010. The Ed Jobs program was created to provide funding assistance to states in order to save or create education jobs for the 2010-2011 school year, through September 30, 2012. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. Ed Jobs revenues and expenditures are recorded in the general fund (fund 18) on a reimbursement basis. As such, revenue is not included in the fiscal year surplus, and no portion of general fund balance at June 30, 2012 is considered to be attributable to Ed Jobs. Ed Jobs expenditures at June 30, 2012 are included as a component of overall general fund expenditures, and also are included in total general fund expenditures for purposes of the excess surplus calculation.

**Special Revenue Fund:** The District accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes in the Special Revenue Funds.

**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 separate questions 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 Fund Type**

The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District reports the following major proprietary fund:

# Marlboro Township School District

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## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The Food Service Fund is utilized to account for 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 to the students on a continuing basis are financed or recovered primarily through user charges.

### **Fiduciary Fund Types**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Pension trust funds are used to account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements, defined contribution agreements, other postemployment benefit agreements, and other employee benefit arrangements. Investment trust funds are used to report the external portion of an investment pool as defined in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Fiduciary Funds: The fiduciary funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund, and Private Purpose Trust Funds.

### **C. Basis of Accounting/Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

### **Government-wide, Proprietary, and Fiduciary Fund Financial Statements**

**Recognition of Revenue** - The government-wide, proprietary, and fiduciary fund financial statements are prepared using the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Revenue resulting from exchange transactions, which are defined as transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the governmental fund financial statements, which are prepared on the modified accrual basis, however, such revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

## **Marlboro Township School District**

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### **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

Revenue resulting from non-exchange transactions, which are defined as transactions in which the School District receives value without directly giving equal value in return, includes Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual as per New Jersey State Statute whereby a municipality is required to remit to its school District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." The Township of Marlboro is responsible for levying, collecting and remitting property taxes to the District. The Township annually levies taxes based on assessed value and collects taxes on a quarterly basis, commencing February 1 and subsequently on May 1, August 1 and November 1 of the calendar year. Property taxes not collected as of November 1 are deemed delinquent and subject to lien. Tax liens are issued subsequent to April 1 of the succeeding year if property taxes remain delinquent. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. The School District did not receive any restricted formula aid during the fiscal year.

### **Governmental Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for 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.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

# **Marlboro Township School District**

## **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

### **Proprietary and Fiduciary Funds**

Proprietary and fiduciary funds, like the government-wide financial statements, use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and the presentation of expenses versus expenditures.

#### **D. 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 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 noted below. 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 referred in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 (GAAP) 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 grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

#### **E. Encumbrance Accounting**

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 the 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.

# **Marlboro Township School District**

## **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

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### **F. Assets, Liabilities and Equity**

#### **Cash, Cash Equivalents and Investments**

Cash, cash equivalents and investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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 public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent 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 amount of their deposits to the governmental units.

#### **Interfund Activity**

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. Repayments 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 between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

#### **Allowances for Uncollectible Accounts**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

### Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximate market, using the first-in, first-out (FIFO) method and is expended when used. Inventory consists of donated and purchased food.

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$ 8,103
Supplies	<u>5,654</u>
Total	<u>\$ 13,757</u>

The value of federal donated commodities as reflected on Schedule A (required by the Single Audit Act, Amendments of 1996) 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.

### Capital Assets

The District has established a formal system of accounting for its capital assets. Capital assets acquired or constructed are recorded at original costs. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by all New Jersey school districts is \$2,000.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

### Deferred Revenue

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

# **Marlboro Township School District**

## **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

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### **Compensated Absences**

District employees earn vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service. The liability for vested compensated absences of the governmental fund types is recorded as a liability in the statement of net assets.

The liability for vested compensated absences of the proprietary fund type is recorded within those funds as the benefits are accrued to employees. The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Salary-related payments for the employer's share of social security and medicare taxes as well as pension contributions are included.

### **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. The General Fund is utilized to liquidate all long-term liabilities other than debt via annual budget appropriation.

### **Net Assets**

Net assets represent the difference between assets and liabilities in the district-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the district-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

# **Marlboro Township School District**

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## **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

### **Fund Balance**

The District implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, during the previous fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

The restricted fund balance category includes amounts constrained for specific purposes as stipulated by external parties, constitutional provision, or enabling legislation. At June 30, 2012, the District had restricted fund balances for capital reserve, excess surplus, and maintenance reserve.

The committed fund balance classification includes amounts that can be used only for specific purposes as determined by formal action of the District's highest level of decision-making authority. The Board of Education has the authority to formally commit resources for specific purposes through a formal motion or resolution that is passed by a majority of the members for the Board of Education at a public meeting. Such process must also be used to remove or change the commitment of resources. At June 30, 2012, the District had committed fund balances for year-end encumbrances.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. In governmental funds other than the General Fund, assigned fund balances represent the remaining amount that is not restricted or committed. At June 30, 2012, the District had assigned resources for amounts designated for subsequent year's expenditures.

Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned. At June 30, 2012, the District had unassigned fund balance for unrestricted resources.

The following is an analysis of the June 30, 2012 fund balance classifications:

# **Marlboro Township School District**

## **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

**General Fund:** Of the \$12,118,657 fund balance at June 30, 2012, \$1,004,656 is restricted for capital reserve; \$4,053,332 is restricted as current year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014, \$2,344,937 is restricted as prior year excess surplus which is designated for subsequent year's expenditures, \$2,897,487 is restricted for maintenance reserve; \$403,012 is committed for year-end encumbrances, \$630,660 is assigned for subsequent year's expenditures; and \$784,753 is unassigned.

**Capital Projects Fund:** Of the \$159,861 fund balance at June 30, 2012, \$159,861 is assigned for subsequent year's expenditures.

**Debt Service Fund:** Of the \$72,663 fund balance at June 30, 2012, \$72,663 is restricted for use in future debt service budgets for principal and/or interest.

### **Revenues – Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected with the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means within sixty days after the fiscal year ends.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the school district must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the school district on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

### **Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# **Marlboro Township School District**

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## **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

### **Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **Allocation of Indirect Expenses**

The District reports all direct expense 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, dental and prescription 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.

### **Subsequent Events**

The District has evaluated subsequent events through November 19, 2012, which is the date the financial statements were available to be issued.

## **3. Cash and Cash Equivalents and Investments**

New Jersey school districts are limited as to the types of investments and types of financial institutions in which they may invest. New Jersey statute 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 the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. 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 public 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 at least equal to five percent 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.

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

### Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk. Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" (GASB 40), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of June 30, 2012, all of the District's deposits, except as noted below, were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

As of June 30, 2012, the carrying amount of the District's deposits for all funds was \$13,124,664 and the bank balance was \$13,338,023. All bank deposits, as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA.

As of June 30, 2012, the District's Cash and Cash Equivalents consisted of the following:

	<b>Cash and Cash Equivalents</b>
Checking accounts	\$ 5,055,801
Capital Reserve (money market)	998,251
Bank of America ABIA (reflected as investments in statements)	<u>7,070,612</u>
Total	<u>\$ 13,124,664</u>

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

### Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives that have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the District.

*Custodial Credit Risk:* The investments are held separately from bank assets, at the Federal Reserve Bank.

*Credit Risk:* The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed above.

*Interest Rate Risk:* In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is minimal interest rate risk. The average maturity of the District's investments is less than one year.

### 4. Capital Reserve Account

A capital reserve account was established by the District, in prior years, which was certified for taxes, for the accumulation of funds for use as Capital outlay expenditures in subsequent fiscal years. The Capital Reserve account is maintained in the general fund and its activity is included in the General Fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may deposit funds into the capital reserve at any time upon Board resolution through the transfer of unassigned general fund balance or of excess unassigned general fund balance that is anticipated in the budget certified for taxes. Post-April 2004 transfers must be in compliance with P.L. 2004, c.73 (S1701). Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

During the fiscal year ended June 30, 2012, the District had actual interest earnings of \$20 in the capital reserve account and \$6,405 that was the amount remaining for a capital project that was completed last year for which funds were withdrawn.

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

### 5. Receivables

Receivables, as of June 30, 2012, consisted of intergovernmental and use of building money due to the District. All receivables are considered collectible in full as all amounts are due from federal, state and local sources. A summary of the principal items of accounts receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-wide Financial Statements</u>
Governmental Activities		
General Fund	\$ 416,637	\$ 1,251,794
Other Governmental Funds	726,385	
	<u>1,143,022</u>	<u>\$ 1,251,794</u>
Total Governmental Activities		
Business-Type Activities		
Food Services	10,610	10,610
	<u>10,610</u>	<u>10,610</u>
Total Accounts Receivable	<u>\$ 1,349,872</u>	<u>\$ 1,262,404</u>

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

### 6. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance 6/30/2011</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Retirements</u>	<u>Balance 6/30/2012</u>
<b>Governmental activities</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 6,849,273	\$ -	\$ -	\$ 6,849,273
Total capital assets not being depreciated	<u>6,849,273</u>	<u>-</u>	<u>-</u>	<u>6,849,273</u>
<i>Capital assets being depreciated</i>				
Building and building Improvements	84,100,164	99,800	-	84,199,964
Machinery and equipment	19,023,275	457,089	(479,957)	19,000,407
Totals at historical cost	<u>103,123,439</u>	<u>556,889</u>	<u>(479,957)</u>	<u>103,200,371</u>
<i>Less accumulated depreciation for</i>				
Building and Improvements	(28,025,934)	(1,171,962)	-	(29,197,896)
Equipment	(12,636,041)	(1,013,216)	479,957	(13,169,300)
Totals accumulated depreciation	<u>(40,661,975)</u>	<u>(2,185,178)</u>	<u>479,957</u>	<u>(42,367,196)</u>
Totals capital assets being depreciated, net of accumulated depreciation	<u>62,461,464</u>	<u>(1,628,289)</u>	<u>-</u>	<u>60,833,175</u>
Governmental activity capital assets, net	<u>69,310,737</u>	<u>(1,628,289)</u>	<u>-</u>	<u>67,682,448</u>
<b>Business-type activities</b>				
<i>Capital assets being depreciated</i>				
Building and Improvements	301,422	-	-	301,422
Equipment	376,849	55,465	-	432,314
Totals at historical cost	<u>678,271</u>	<u>55,465</u>	<u>-</u>	<u>733,736</u>
<i>Less accumulated depreciation for</i>				
Building and Improvements	(44,249)	(12,057)	-	(56,306)
Equipment	(319,046)	(12,280)	-	(331,326)
Total accumulated depreciation	<u>(363,295)</u>	<u>(24,337)</u>	<u>-</u>	<u>(387,632)</u>
Business activities capital assets, net	<u>\$ 314,976</u>	<u>\$ 31,128</u>	<u>\$ -</u>	<u>\$ 346,104</u>

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Governmental activities depreciation expense was charged to the following governmental programs:

	<u>Amount</u>
Regular Instruction	\$ 1,979,877
Special Instruction	73,121
Student & Instruction Services	81,252
School Administration	<u>50,928</u>
Total	<u>\$ 2,185,178</u>

## 7. Noncurrent Liabilities

### A. Long-Term Obligation Activity

During the fiscal year ended June 30, 2012 the following changes occurred in long-term obligations:

	<u>Balance 06/30/11</u>	<u>Issue</u>	<u>Retired</u>	<u>Balance 06/30/12</u>	<u>Current Portion</u>
Compensated absences payable	\$ 2,074,947	\$ 323,372	\$ 123,454	\$ 2,274,865	\$ 113,743
Bonds payable	33,710,000	-	3,385,000	30,325,000	3,510,000
Capital leases payable	<u>701,585</u>	<u>349,686</u>	<u>367,572</u>	<u>683,699</u>	<u>278,446</u>
Total	<u>\$ 36,486,532</u>	<u>\$ 673,058</u>	<u>\$ 3,876,026</u>	<u>\$ 33,283,564</u>	<u>\$ 3,902,189</u>

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.

### B. Debt Service Requirements:

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,510,000	\$ 1,264,963	\$ 4,774,963
2014	3,675,000	1,116,712	4,791,712
2015	3,850,000	960,981	4,810,981
2016	4,045,000	783,494	4,828,494
2017	4,255,000	593,569	4,848,569
2018-2020	<u>10,990,000</u>	<u>788,787</u>	<u>11,778,787</u>
Total	<u>\$ 19,290,000</u>	<u>\$ 5,508,506</u>	<u>\$ 35,833,506</u>

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

### C. Capital Leases Payable

The District is leasing buses, vans and equipment totaling \$1,894,548, with a net book value of \$726,449 under capital leases. All capital leases are for terms of two to five years. The following is a schedule of the future minimum leases payments under capital leases and the present value of the net minimum leases payments as of June 30, 2012:

<u>Fiscal Year Ended June 30,</u>	<u>Amount of Lease</u>
2013	\$ 300,591
2014	212,068
2015	144,494
2016	<u>69,296</u>
Total minimum lease payments	726,449
Less: amount representing interest	<u>(42,750)</u>
Present value of net minimum lease payments	<u>\$ 683,699</u>

### 8. Pension Plans

#### Plan Descriptions

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

## **Marlboro Township School District**

### **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

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Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/5th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Early retirement is available for these systems to those employees under age 60 participating in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. 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, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

**Public Employees' Retirement System** - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. 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, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

# **Marlboro Township School District**

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## **Notes to Basic Financial Statements**

For the Fiscal Year Ended June 30, 2012

**The Defined Contribution Retirement Program (DCRP)** - is a cost-sharing multiple employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103 P.L. 2007 (N.J.S.A. 43:15C-1 et. Seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with like insurance and disability coverage. Vesting and benefit provisions 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. In addition to the employee contributions, the School District 's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

### **Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2012, the State of New Jersey contributed to the TPAF for post-retirement medical benefits and other pension costs on behalf of the Board in the amount of \$3,460,759. Also, in accordance with N.J.S.A. 18A:66 the State of New Jersey reimbursed the Board during the year ended June 30, 2012 in the amount of \$2,700,756 for the employer's share of social security contributions for the TPAF members as calculated on their base salaries. These amounts have been included in the district-wide and fund financial statements as revenues and expenditures in accordance with GASB 24.

The School District's contributions to PERS for each of the years ended June 30, 2012, 2011 and 2010 were \$1,117,804, \$1,018,740, and \$808,890, respectively, equal to the required contributions for each year.

The School District's contributions to the Defined Contribution Retirement Program of \$9,137.09 commenced during the fiscal year ended June 30, 2012.

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

### 9. Post-Retirement Benefits

#### Cost Sharing Multiple Employer Defined Benefit Plan

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of 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, 2011 there were 93,323 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 PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

### 10. Risk Management

The District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; and natural disasters. The District has chosen to purchase insurance to transfer risks to outside parties.

#### Property and Liability Insurance

The District maintains commercial insurance for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from prior year and no settlements have exceeded insurance coverages over the past three years.

#### 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 following is a summary of District contributions, employee contributions, reimbursement to the state for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ -	\$ -	\$ -	\$ 379
2010-2011	-	45,000	45,479	379
2009-2010	-	82,000	81,749	858

# Marlboro Township School District

## Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

As of June 30, 2012, employee contributions for the 2011-12 fiscal year of \$69,798 were not deposited into the unemployment compensation trust fund, however, the contributions are included in payroll deductions payable.

### 11. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the restriction for fund balance -- excess surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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 year's budget. The District has excess fund balance in the amount of \$4,053,332 at June 30, 2012, which will be dedicated to tax relief in the 2013-14 budget.

### 12. Interfund Balances and Transfers

On the fund financial statements, interfund loans are classified as interfund accounts receivable/payable on the respective balance sheets. Interfund loans between governmental fund types are eliminated in the Statement of Net Assets while interfund loans between governmental fund types and fiduciary funds are reflected in the Statement of Net Assets as interfund accounts receivable/payable. Interfund loans between the governmental fund types and the proprietary fund types are reflected on the Statement of Net Assets as internal balances between Governmental and Business type activities. The following is a summary of internal balances:

\$ 1,512	Due to the General Fund from the Special Revenue Fund
<u>107,260</u>	Due to the General Fund from the Capital Projects Fund
108,772	Total Interfund Balance – Fund Financial Statements
<u>(108,772)</u>	Elimination of Governmental Interfund Activities
<u>\$ 0</u>	

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2013, the District expects to liquidate such interfunds, depending upon the availability of cash flow.

The only transfer from governmental funds was a result of excess proceeds from a capital project that was transferred to the general fund.

### 13. Litigation

The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2012

C-1

	Original Budget	Budget Transfers	Final Budget
<b>REVENUES:</b>			
<b>Local Sources:</b>			
Local Tax Levy	\$ 63,521,724	\$ -	\$ 63,521,724
Tuition	50,000	307,010	357,010
Interest Earnings	15,000	-	15,000
Interest Earned on Capital Reserve Funds	-	-	-
Contributions and Donations	-	68,663	68,663
Play Proceeds	13,500	-	13,500
Student Dues and Fees	127,120	-	127,120
Miscellaneous	220,000	-	220,000
<b>Total - Local Sources</b>	<b>63,947,344</b>	<b>375,673</b>	<b>64,323,017</b>
<b>State Sources:</b>			
Categorical Special Education Aid	3,241,327	-	3,241,327
Equalization Aid	6,747,192	-	6,747,192
Extraordinary Aid - Special Education	-	-	-
Categorical Security Aid	-	-	-
Other state aid	-	-	-
TPAF Post Retirement/Medical (On-Behalf - Non-Budgeted)	-	-	-
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-
<b>Total State Sources</b>	<b>9,988,519</b>	<b>-</b>	<b>9,988,519</b>
<b>Federal Sources:</b>			
Education Jobs Bill	434,487	13,612	448,099
Medicaid Reimbursement	5,500	-	5,500
<b>Total Federal Sources</b>	<b>439,987</b>	<b>13,612</b>	<b>453,599</b>
<b>Total Revenues</b>	<b>74,375,850</b>	<b>389,285</b>	<b>74,765,135</b>
<b>EXPENDITURES:</b>			
<b>Current Expense:</b>			
<b>Regular Programs - Instruction</b>			
Preschool/Kindergarten - Salaries of Teachers	687,520	256,283	943,803
Grades 1-5 - Salaries of Teachers	10,994,872	(98,627)	10,896,245
Grades 6-8 - Salaries of Teachers	9,533,139	(58,000)	9,475,139
<b>Regular Programs - Home Instruction:</b>			
Salaries of Teachers	6,000	22,890	28,890
Purchased Professional-Educational Services	3,000	112	3,112
<b>Regular Programs - Undistributed Instruction</b>			
Other Salaries for Instruction	505,000	58,902	563,902
Other Purchased Services	82,455	2,100	84,555
General Supplies	685,419	290,130	975,549
Textbooks	62,643	-	62,643
Other Objects	2,890	-	2,890
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>22,562,938</b>	<b>473,790</b>	<b>23,036,728</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final

(Continued)

<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 63,521,724	\$ -
457,329	100,319
7,970	(7,030)
20	20
73,032	4,369
14,440	940
110,249	(16,871)
335,541	115,541
<u>64,520,305</u>	<u>197,288</u>
3,241,327	-
7,191,164	443,972
391,773	391,773
337,647	337,647
41,062	41,062
3,460,759	3,460,759
2,700,756	2,700,756
<u>17,364,488</u>	<u>7,375,969</u>
448,099	-
256	(5,244)
<u>448,355</u>	<u>(5,244)</u>
<u>82,333,148</u>	<u>7,568,013</u>
825,570	118,233
10,557,981	338,264
9,370,717	104,422
28,516	374
1,887	1,225
515,997	47,905
76,188	8,367
840,545	135,004
19,781	42,862
1,695	1,195
<u>22,238,877</u>	<u>797,851</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2012

C-1

	Original Budget	Budget Transfers	Final Budget
<b>SPECIAL EDUCATION - INSTRUCTION</b>			
<b>Learning and/or Language Disabilities:</b>			
Salaries of Teachers	\$ 575,645	\$ (7,032)	\$ 568,613
Other Salaries for Instruction	287,643	32,052	319,695
General Supplies	7,600	(4,673)	2,927
Textbooks	1,800	-	1,800
<b>Total Learning and/or Language Disabilities</b>	<b>872,688</b>	<b>20,347</b>	<b>893,035</b>
<b>Multiply Handicapped:</b>			
Salaries of Teachers	341,088	(92,482)	248,606
Other Salaries for Instruction	269,983	(65,342)	204,641
General Supplies	4,600	(615)	3,985
Textbooks	1,000	-	1,000
<b>Total Multiply Handicapped</b>	<b>616,671</b>	<b>(158,439)</b>	<b>458,232</b>
<b>Resource Room/Resource Center:</b>			
Salaries of Teachers	4,858,150	55,000	4,913,150
General Supplies	21,850	(1,034)	20,816
Textbooks	6,700	(2,749)	3,951
<b>Total Resource Room/Resource Center</b>	<b>4,886,700</b>	<b>51,217</b>	<b>4,937,917</b>
<b>Autism:</b>			
Salaries of Teachers	260,119	(28,104)	232,015
Other Salaries for Instruction	337,647	(37,876)	299,771
General Supplies	12,400	(1,722)	10,678
Textbooks	500	-	500
<b>Total Autism</b>	<b>610,666</b>	<b>(67,702)</b>	<b>542,964</b>
<b>Preschool Disabilities - Part-Time:</b>			
Salaries of Teachers	669,862	(14,524)	655,338
Other Salaries for Instruction	243,896	(38,252)	205,644
General Supplies	9,000	(2,500)	6,500
<b>Total Preschool Disabilities - Part-Time</b>	<b>922,758</b>	<b>(55,276)</b>	<b>867,482</b>
<b>Special Education Home Instruction</b>			
Salaries of Teachers	25,000	(7,058)	17,942
Purchased Professional-Educational Services	6,000	(2,300)	3,700
	<b>31,000</b>	<b>(9,358)</b>	<b>21,642</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>7,940,483</b>	<b>(219,211)</b>	<b>7,721,272</b>
<b>Basic Skills/Remedial - Instruction</b>			
Salaries of Teachers	604,303	42,327	646,630
Other Salaries for Instruction	74,995	-	74,995
General Supplies	6,200	-	6,200
<b>Total Basic Skills/Remedial - Instruction</b>	<b>685,498</b>	<b>42,327</b>	<b>727,825</b>
<b>Bilingual Education - Instruction</b>			
Salaries of Teachers	275,240	10,300	285,540
General Supplies	2,000	-	2,000
<b>Total Bilingual Education - Instruction</b>	<b>277,240</b>	<b>10,300</b>	<b>287,540</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances,  
 original and final

(continued)

Actual	Variance Final to Actual
\$ 505,802	\$ 62,811
318,499	1,196
2,927	-
611	1,189
<u>827,839</u>	<u>65,196</u>
188,095	60,511
141,000	63,641
2,955	1,030
612	388
<u>332,662</u>	<u>125,570</u>
4,907,989	5,161
20,621	195
3,650	301
<u>4,932,260</u>	<u>5,657</u>
223,520	8,495
186,884	112,887
7,892	2,786
-	500
<u>418,296</u>	<u>124,668</u>
652,790	2,548
197,500	8,144
4,748	1,752
<u>855,038</u>	<u>12,444</u>
17,942	-
3,678	22
<u>21,620</u>	<u>22</u>
<u>7,387,715</u>	<u>333,557</u>
631,608	15,022
73,935	1,060
5,488	712
<u>711,031</u>	<u>16,794</u>
265,453	20,087
498	1,502
<u>265,951</u>	<u>21,589</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2012

C-1

	Original Budget	Budget Transfers	Final Budget
<b>School-Spon. Cocurricular Actvts. - Inst.</b>			
Salaries	\$ 175,686	\$ 34,725	\$ 210,411
Purchased Professional Services	9,000	(2,028)	6,972
Supplies and Materials	9,059	(4,849)	4,210
Other Objects	2,400	-	2,400
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>196,145</b>	<b>27,848</b>	<b>223,993</b>
<b>School-Spon. Athletics - Inst.</b>			
Salaries	157,933	(14,681)	143,252
Supplies and Materials	7,583	500	8,083
Other Objects	19,820	-	19,820
<b>Total School-Spon. Athletics - Inst.</b>	<b>185,336</b>	<b>(14,181)</b>	<b>171,155</b>
<b>Other Instructional Programs - Instruction</b>			
Salaries	1,035,747	(13,442)	1,022,305
Purchased Services	-	90	90
Supplies and Materials	16,554	6,910	23,464
Other Objects	2,184	-	2,184
<b>Total Other Instructional Programs - Instruction</b>	<b>1,054,485</b>	<b>(6,442)</b>	<b>1,048,043</b>
<b>Total Instruction</b>	<b>32,902,125</b>	<b>314,431</b>	<b>33,216,556</b>
<b>Undistributed Expenditures - Instruction:</b>			
Tuition to Regional Day Facilities	63,504	-	63,504
Tuition to Private Schools for the Handicapped - w/in state	2,260,391	9,155	2,269,546
Tuition to Charter School	30,180	15,629	45,809
<b>Total Undistributed Expenditures - Instruction:</b>	<b>2,354,075</b>	<b>24,784</b>	<b>2,378,859</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>			
Salaries	459,416	(1,360)	458,056
Purchased Professional and Technical Services	12,546	1,000	13,546
Other Purchased Services (400-500 series)	500	-	500
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>472,462</b>	<b>(360)</b>	<b>472,102</b>
<b>Undist. Expend. - Health Services</b>			
Salaries	627,619	54,000	681,619
Purchased Professional and Technical Services	18,500	-	18,500
Supplies and Materials	17,441	1,395	18,836
<b>Total Undistributed Expenditures - Health Services</b>	<b>663,560</b>	<b>55,395</b>	<b>718,955</b>
<b>Undist. Expend.-Other Sup. Ser. Students-Related Serv.</b>			
Salaries of Other Professional Staff	1,005,095	(13,438)	991,657
Purchased Professional - Educational Services	12,400	59,345	71,745
Supplies and Materials	5,254	-	5,254
<b>Total Undist. Expend.-Other Sup. Ser. Students-Related Serv.</b>	<b>1,022,749</b>	<b>45,907</b>	<b>1,068,656</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final

(Continued)

Actual	Variance Final to Actual
\$ 206,003	\$ 4,408
6,972	-
4,203	7
797	1,603
<u>217,975</u>	<u>6,018</u>
143,061	191
7,298	785
15,266	4,554
<u>165,625</u>	<u>5,530</u>
997,348	24,957
50	40
18,095	5,369
606	1,578
<u>1,016,099</u>	<u>31,944</u>
<u>32,003,273</u>	<u>1,213,283</u>
63,504	-
2,258,934	10,612
45,809	-
<u>2,368,247</u>	<u>10,612</u>
437,543	20,513
7,674	5,872
-	500
<u>445,217</u>	<u>26,885</u>
679,921	1,698
17,800	700
16,243	2,593
<u>713,964</u>	<u>4,991</u>
984,363	7,294
67,796	3,949
2,138	3,116
<u>1,054,297</u>	<u>14,359</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2012

C-1

	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Extraordinary Services			
Other Salaries for Instruction	\$ 1,058,059	\$ 67,466	\$ 1,125,525
Total Undist. Expend. - Extraordinary Services	<u>1,058,059</u>	<u>67,466</u>	<u>1,125,525</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.			
Salaries of Other Professional Staff	822,119	1,000	823,119
Salaries of Secretarial and Clerical Assistants	92,267	-	92,267
Other Purchased Services	27,386	(1,000)	26,386
Supplies and Materials	37,755	-	37,755
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>979,527</u>	<u>-</u>	<u>979,527</u>
Undist. Expend.-Other Sup. Ser. Students-Spc. Services			
Salaries of Other Professional Staff	1,178,226	-	1,178,226
Salaries of Secretarial and Clerical Assistants	141,271	(1,700)	139,571
Purchased Professional - Educational Services	103,000	170,479	273,479
Other Purchased Services	12,000	(244)	11,756
Supplies and Materials	19,850	7,181	27,031
Total Undist. Expend.-Other Sup. Ser. Students-Spc. Services	<u>1,454,347</u>	<u>175,716</u>	<u>1,630,063</u>
Undist. Expend. - Improvement of Inst. Serv.			
Salaries of Supervisor of Instruction	454,188	6,887	461,075
Salaries of Secr and Clerical Assist.	72,383	-	72,383
Other Salaries	49,438	-	49,438
Other Purch Prof. and Tech. Services	10,000	-	10,000
Other Purchased Services	139,950	1,862	141,812
Supplies and Materials	8,900	-	8,900
Total Undist. Expend. - Improvement of Inst. Serv.	<u>734,859</u>	<u>8,749</u>	<u>743,608</u>
Undist. Expend. - Edu. Media Serv./Sch. Library			
Salaries	542,345	-	542,345
Other Purchased Services	9,337	-	9,337
Supplies and Materials	56,691	-	56,691
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>608,373</u>	<u>-</u>	<u>608,373</u>
Undist. Expend. - Instructional Staff Training Serv.			
Salaries of Supervisors of Instruction	50,466	-	50,466
Salaries of Secretarial and Clerical Assist	17,971	-	17,971
Other Salaries	17,405	(8,000)	9,405
Other Purchased Prof. and Tech. Services	24,350	-	24,350
Other Purchased Services (400-500 series)	73,585	8,000	81,585
Supplies and Materials	2,000	-	2,000
Total Undist. Expend. - Instructional Staff Training Serv.	<u>185,777</u>	<u>-</u>	<u>185,777</u>
Undist. Expend. - Supp. Serv. - General Admin.			
Salaries	714,306	3,947	718,253
Legal Services	122,000	-	122,000
Audit Fees	36,500	-	36,500
Other Purchased Professional Services	113,250	20,565	133,815
Communications/Telephone	254,737	(19,142)	235,595
Board of Education Other Purchased Services	1,000	-	1,000
Other Purchased Services	199,582	1,354	200,936
Supplies and Materials	7,550	4	7,554
Board of Education Supplies	2,000	5,118	7,118
Judgements against School	50,000	3,343	53,343
Miscellaneous Expenditures	8,475	-	8,475
Board of Education Membership Dues & Fees	40,000	-	40,000
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,549,400</u>	<u>15,189</u>	<u>1,564,589</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances original and final

(Continued)

Actual	Variance Final to Actual
\$ 1,116,274	\$ 9,251
<u>1,116,274</u>	<u>9,251</u>
823,076	43
92,267	-
24,008	2,378
27,311	10,444
<u>966,662</u>	<u>12,865</u>
1,174,886	3,340
139,533	38
240,778	32,701
11,074	682
26,051	980
<u>1,592,322</u>	<u>37,741</u>
461,074	1
70,552	1,831
45,391	4,047
-	10,000
115,695	26,117
4,639	4,261
<u>697,351</u>	<u>46,257</u>
497,581	44,764
9,336	1
53,441	3,250
<u>560,358</u>	<u>48,015</u>
50,242	224
17,432	539
4,262	5,143
16,265	8,085
48,857	32,728
1,175	825
<u>138,233</u>	<u>47,544</u>
718,253	-
118,803	3,197
35,000	1,500
133,170	645
230,294	5,301
-	1,000
174,163	26,773
5,752	1,802
7,012	106
30,730	22,613
6,937	1,538
34,324	5,676
<u>1,494,438</u>	<u>70,151</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2012

C-1

	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Support Serv. - School Admin.			
Salaries of Principals/Assistant Principals	\$ 2,421,656	\$ (400)	\$ 2,421,256
Salaries of Secretarial and Clerical Assistants	824,665	(9,587)	815,078
Purchased Professional and Technical Services	-	-	-
Other Purchased Services	146,276	-	146,276
Supplies and Materials	60,651	5,612	66,263
Other Objects	18,241	900	19,141
Total Undist. Expend. - Support Serv. - School Admin.	<u>3,471,489</u>	<u>(3,475)</u>	<u>3,468,014</u>
Undist. Expend. - Support Services - Central Services			
Salaries	533,703	-	533,703
Purchased Professional Services	1,000	-	1,000
Other Purchased Services	8,800	-	8,800
Supplies & Materials	7,500	-	7,500
Miscellaneous Expenditures	3,000	-	3,000
Total Undist. Expend. - Support Serv. - Central Services	<u>554,003</u>	<u>-</u>	<u>554,003</u>
Undist. Expend. - Support Services - Admin. Info. Tech. Svcs.			
Salaries	248,228	-	248,228
Purchased Technical Services	1,500	-	1,500
Other Purchased Services	90,650	(10,000)	80,650
Supplies & Materials	282,500	23,763	306,263
Total Undist. Expend. - Support Svcs. - Admin. Info. Tech. Svcs.	<u>622,878</u>	<u>13,763</u>	<u>636,641</u>
Undist. Expend. - Required Maint. School Facilities			
Cleaning, Repair and Maintenance Services	638,300	195,698	833,998
General Supplies	193,603	(12,389)	181,214
Other Objects	25,000	-	25,000
Total Undist. Expend. - Required Maint. School Facilities	<u>856,903</u>	<u>183,309</u>	<u>1,040,212</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant			
Salaries	1,904,320	(6,000)	1,898,320
Purchased Professional/Technical Services	85,500	293,244	378,744
Cleaning, Repair and Maintenance Services	1,417,619	142,805	1,560,424
Other Purchased Property Services	232,612	-	232,612
Insurance	156,619	-	156,619
Miscellaneous Purchased Services	2,100	-	2,100
General Supplies	169,000	3,126	172,126
Energy (Energy and Electricity)	1,742,100	-	1,742,100
Other Objects	10,700	-	10,700
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>5,720,570</u>	<u>433,175</u>	<u>6,153,745</u>
Undist. Expend. - Care and Upkeep of Grounds			
Salaries	239,482	-	239,482
Other Purchased Property Services	13,000	-	13,000
General Supplies	48,500	-	48,500
Total Undist. Expend. - Care and Upkeep of Grounds	<u>300,982</u>	<u>-</u>	<u>300,982</u>
Undist. Expend. - Security			
Salaries	46,352	6,000	52,352
Total Undist. Expend. - Care and Upkeep of Grounds	<u>46,352</u>	<u>6,000</u>	<u>52,352</u>
Total Undist. Expend. - Oper. & Maint. Plant Services	<u>6,924,807</u>	<u>622,484</u>	<u>7,547,291</u>
Undist. Expend. - Student Transportation Serv.			
Salaries - Administration	197,378	15,000	212,378
Salaries - (between home and school) - Regular	1,629,449	(15,000)	1,614,449
Salaries - (between home and school) - Special Education	404,496	-	404,496
Salaries - (other than between home & school)	15,416	275	15,691
Purchased Professional Services	9,360	-	9,360
Cleaning, Maintenance and Repair Services	12,000	20,000	32,000
Lease Purchase Payments - Busses	426,947	-	426,947
Contracted Services - Athletic Trips	35,500	-	35,500
Contracted Services - Joint Agreements (Non-Public)	411,300	(126,574)	284,726
Contracted Services - Joint Agreements (Special Education)	675,000	115,000	790,000
Miscellaneous purchased services	49,918	3,150	53,068
Supplies and materials	8,500	-	8,500
Transportation supplies	669,226	(11,576)	657,650
Other Objects	10,950	-	10,950
Total Undist. Expend. - Student Transportation Serv.	<u>4,555,440</u>	<u>275</u>	<u>4,555,715</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances,

original and final

(Continued)

Actual	Variance Final to Actual
\$ 2,421,255	\$ 1
814,816	262
-	-
104,050	42,226
52,915	13,348
17,798	1,343
<u>3,410,834</u>	<u>57,180</u>
516,383	17,320
750	250
1,183	7,617
4,530	2,970
2,349	651
<u>525,195</u>	<u>28,808</u>
246,198	2,030
-	1,500
47,541	33,109
28,930	277,333
<u>322,669</u>	<u>313,972</u>
570,748	263,250
132,814	48,400
24,080	920
<u>727,642</u>	<u>312,570</u>
1,754,984	143,336
303,305	75,439
1,524,805	35,619
224,420	8,192
156,479	140
138	1,962
140,989	31,137
1,230,358	511,742
4,027	6,673
<u>5,339,505</u>	<u>814,240</u>
233,300	6,182
12,955	45
28,725	21,775
<u>272,980</u>	<u>28,002</u>
51,571	781
51,571	781
<u>6,391,698</u>	<u>1,155,593</u>
210,370	2,008
1,519,556	94,893
276,952	127,544
(5,434)	21,125
7,562	1,798
11,968	20,032
381,201	45,746
19,400	16,100
284,726	-
777,140	12,860
49,888	3,180
5,810	2,690
554,605	103,045
7,159	3,791
<u>4,100,903</u>	<u>454,812</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2012

C-1

	Original Budget	Budget Transfers	Final Budget
<b>UNALLOCATED BENEFITS</b>			
Social Security Contributions	\$ 900,000	\$ -	\$ 900,000
PERS Contribution	1,176,017	-	1,176,017
Unemployment Compensation	1,312,000	(35,545)	1,276,455
Workmen's Compensation	530,806	-	530,806
Health Benefits	11,030,839	(481,677)	10,549,162
Tuition Reimbursement	72,585	1,975	74,560
Other Employee Benefits	154,800	-	154,800
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>15,177,047</u>	<u>(515,247)</u>	<u>14,661,800</u>
On-behalf TPAF Post Retirement/Medical Contributions (non-budgeted)	-	-	-
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>15,177,047</u>	<u>(515,247)</u>	<u>14,661,800</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>42,388,852</u>	<u>510,646</u>	<u>42,899,498</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>75,290,977</u>	<u>825,077</u>	<u>76,116,054</u>
<b>CAPITAL OUTLAY</b>			
Equipment			
Grades 6-8	-	2,987	2,987
Special Education - Learning and/or Language Disabilities	-	2,500	2,500
Undistributed Expenditures - Health Services	-	2,106	2,106
Undistributed Expenditures - School Administration	-	2,415	2,415
Undistributed Expenditures - Operation of Plant Services	8,000	59,932	67,932
Undistributed Expenditures - Business/Other Support Services	20,000	(8,561)	11,439
<b>Total Equipment</b>	<u>28,000</u>	<u>61,379</u>	<u>89,379</u>
Transfers to Capital Projects			
Capital Reserve - Transfer to Capital Projects	-	-	-
<b>Total Transfers to Capital Projects</b>	<u>-</u>	<u>-</u>	<u>-</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances,  
 original and final

(Continued)

Actual	Variance Final to Actual
\$ 796,086	\$ 103,914
1,117,804	58,213
271,142	1,005,313
444,664	86,142
10,108,185	440,977
43,375	31,185
120,503	34,297
<u>12,901,759</u>	<u>1,760,041</u>
3,460,759	(3,460,759)
2,700,756	(2,700,756)
<u>6,161,515</u>	<u>(6,161,515)</u>
<u>19,063,274</u>	<u>(4,401,474)</u>
<u>44,961,936</u>	<u>(2,062,438)</u>
<u>76,965,209</u>	<u>(849,155)</u>
2,987	-
2,469	31
2,106	-
2,415	-
50,007	17,925
2,999	8,440
<u>62,983</u>	<u>26,396</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget
Undistributed Expenditures:			
Student Transportation	\$ -	\$ -	\$ -
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>28,000</b>	<b>61,379</b>	<b>89,379</b>
<b>TOTAL EXPENDITURES</b>	<b>75,318,977</b>	<b>886,456</b>	<b>76,205,433</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(943,127)	(497,171)	(1,440,298)
Other Financing Sources:			
Transfer In - from Capital Projects Fund	-	-	-
Transfer out - to Capital Projects Fund	-	-	-
Transfer from Capital Reserve to Capital Projects	-	-	-
Capital Leases (non-budgeted)	-	-	-
Total Other Financing Sources:	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(943,127)	(497,171)	(1,440,298)
Fund Balance, July 1	7,871,631	-	7,871,631
Fund Balance, June 30	<u>\$ 6,928,504</u>	<u>\$ (497,171)</u>	<u>\$ 6,431,333</u>

**Recapitulation:**

Restricted for Excess Surplus - Current Year  
 Restricted for Excess Surplus - Prior Years - Designated for Subsequent Year's Expenditures  
 Restricted for Capital Reserve account  
 Restricted for Maintenance Reserve account  
 Committed for Encumbrances  
 Assigned for Subsequent Year's Expenditures  
 Unassigned Fund Balance

Reconciliation to Governmental Funds Statements (GAAP):  
 Last two State Aid Payments not recognized on GAAP basis  
 Fund Balance per Governmental Funds (GAAP)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances,  
 original and final

<u>Actual</u>	<u>Variance Final to Actual</u>
\$ -	\$ -
<u>349,686</u>	<u>(349,686)</u>
<u>412,669</u>	<u>(323,290)</u>
<u>77,377,878</u>	<u>(1,172,445)</u>
<u>4,955,270</u>	<u>6,395,568</u>
6,405	6,405
-	
-	
<u>349,686</u>	<u>349,686</u>
<u>356,091</u>	<u>356,091</u>
5,311,361	6,751,659
7,871,631	-
<u>\$ 13,182,992</u>	<u>\$6,751,659</u>

\$ 4,053,332
2,344,937
1,004,656
2,897,487
403,012
630,660
1,848,908
<u>13,182,992</u>
<u>(1,064,335)</u>
<u>\$ 12,118,657</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION JOBS FUND PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1a

	Original Budget	Budget Transfers
<b>REVENUES:</b>		
Federal Sources	\$ 434,487	\$ 13,612
State Sources		
Local Sources	-	-
	434,487	13,612
<b>Total Revenues</b>	<b>434,487</b>	<b>13,612</b>
<b>EXPENDITURES:</b>		
<b>Instruction</b>		
Salaries of Teachers	59,755	-
Other Salaries for Instruction	-	-
Purchased Professional and Technical Services	-	-
Tuition	-	-
General Supplies	-	13,612
Textbooks	-	-
<b>Total Instruction</b>	<b>59,755</b>	<b>13,612</b>
<b>Support Services</b>		
Salaries of Other Professional Staff	-	-
Other Salaries	-	-
Personal Services - Employee Benefits	98,613	276,119
Purchased Professional - Educational Services	-	-
Other Purchased Professional Services	-	-
Other Purchased Services	-	-
Supplies & Materials	276,119	(276,119)
<b>Total Support Services</b>	<b>374,732</b>	<b>-</b>
<b>Facilities Acquisition and Construction Services:</b>		
Instructional Equipment	-	-
Noninstructional Equipment	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>434,487</b>	<b>13,612</b>
<b>Total Outflows</b>	<b>434,487</b>	<b>13,612</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>

Final Budget	Actual	Variance Final to Actual
\$ 448,099	\$ 448,099	\$ -
-	-	-
-	-	-
<u>448,099</u>	<u>448,099</u>	<u>-</u>
59,755	59,755	-
-	-	-
-	-	-
-	-	-
13,612	13,612	-
-	-	-
<u>73,367</u>	<u>73,367</u>	<u>-</u>
-	-	-
-	-	-
374,732	374,732	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>374,732</u>	<u>374,732</u>	<u>-</u>
-	-	-
-	-	-
<u>448,099</u>	<u>448,099</u>	<u>-</u>
<u>448,099</u>	<u>448,099</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-2

	Original Budget	Budget Transfers
<b>REVENUES:</b>		
Federal Sources	\$ 1,599,407	\$ -
State Sources	233,100	-
Local Sources	21,926	-
<b>Total Revenues</b>	<b>1,854,433</b>	<b>-</b>
<b>EXPENDITURES:</b>		
<b>Instruction</b>		
Salaries of Teachers	24,818	-
Other Salaries for Instruction	116,367	-
Purchased Professional and Technical Services	256,897	-
Tuition	825,349	-
General Supplies	55,240	-
Textbooks	22,485	-
<b>Total Instruction</b>	<b>1,301,156</b>	<b>-</b>
<b>Support Services</b>		
Salaries of Other Professional Staff	28,928	-
Other Salaries	27,552	-
Personal Services - Employee Benefits	15,062	-
Purchased Professional - Educational Services	386,720	-
Other Purchased Professional Services	28,415	-
Other Purchased Services	2,828	-
Supplies & Materials	57,152	-
<b>Total Support Services</b>	<b>546,657</b>	<b>-</b>
<b>Facilities Acquisition and Construction Services:</b>		
Instructional Equipment	-	-
Noninstructional Equipment	6,620	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>6,620</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,854,433</b>	<b>-</b>
<b>Total Outflows</b>	<b>1,854,433</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-2

Final Budget	Actual	Variance Final to Actual
\$ 1,599,407	\$ 1,511,940	\$ (87,467)
233,100	200,804	(32,296)
21,926	21,901	(25)
<u>1,854,433</u>	<u>1,734,645</u>	<u>(119,788)</u>
24,818	24,722	96
116,367	116,269	98
256,897	252,596	4,301
825,349	779,492	45,857
55,240	53,042	2,198
22,485	20,133	2,352
<u>1,301,156</u>	<u>1,246,254</u>	<u>54,902</u>
28,928	28,867	61
27,552	4,452	23,100
15,062	13,279	1,783
386,720	347,697	39,023
28,415	27,514	901
2,828	2,828	-
57,152	57,152	-
<u>546,657</u>	<u>481,789</u>	<u>64,868</u>
-	-	-
6,620	6,602	18
<u>6,620</u>	<u>6,602</u>	<u>18</u>
<u>1,854,433</u>	<u>1,734,645</u>	<u>119,788</u>
<u>1,854,433</u>	<u>1,734,645</u>	<u>119,788</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET TO GAAP RECONCILIATION

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 82,333,148	\$ 1,734,645
<b>Differences - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	305,481
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	920,685	
State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>(1,064,335)</u>	<u>-</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 82,189,498</u>	<u>\$ 2,040,126</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 77,377,878	\$ 1,734,645
<b>Differences - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>305,481</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 77,377,878</u>	<u>\$ 2,040,126</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

MARLBORO TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Title I	Title II A	Title III	Title III Carryover	Title IV Carryover
<b>REVENUES:</b>					
Federal sources	\$ 163,589	\$ 67,269	\$ 19,323	\$ 1,304	\$ 2,864
State sources	-	-	-	-	-
Local sources	-	-	-	-	-
<b>Total Revenues</b>	<b>163,589</b>	<b>67,269</b>	<b>19,323</b>	<b>1,304</b>	<b>2,864</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	6,511	10,380	7,084	747	-
Other salaries for instruction	-	-	-	-	-
Purchased professional and technical services	105,800	27,900	4,407	-	-
Tuition	-	-	-	-	-
General supplies	4,850	2,745	5,614	-	3
Textbooks	-	-	-	-	-
<b>Total instruction</b>	<b>117,161</b>	<b>41,025</b>	<b>17,105</b>	<b>747</b>	<b>3</b>
Support Services:					
Salaries of other professional staff	23,789	-	1,557	464	2,658
Salaries of other staff	-	-	-	-	-
Personnel services - employee benefits	2,319	794	661	93	203
Supplies and materials	2,220	-	-	-	-
Purchased prof. - educ. services	18,100	25,450	-	-	-
Purchased technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
<b>Total support services</b>	<b>46,428</b>	<b>26,244</b>	<b>2,218</b>	<b>557</b>	<b>2,861</b>
Facilities acquisition and construction services:					
Instructional equipment	-	-	-	-	-
Non-Instructional equipment	-	-	-	-	-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>163,589</b>	<b>67,269</b>	<b>19,323</b>	<b>1,304</b>	<b>2,864</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

I.D.E.A.			
Basic	Carryover	Preschool	Carryover
\$ 1,044,950	\$ 70,820	\$ 68,309	\$ 18,182
-	-	-	-
-	-	-	-
<b>1,044,950</b>	<b>70,820</b>	<b>68,309</b>	<b>18,182</b>
-	-	-	-
116,269	-	-	-
87,501	5,400	21,588	-
654,143	60,446	46,721	18,182
22,387	-	-	-
-	-	-	-
<b>880,300</b>	<b>65,846</b>	<b>68,309</b>	<b>18,182</b>
-	-	-	-
-	348	-	-
8,895	-	-	-
-	-	-	-
149,153	1,825	-	-
-	-	-	-
-	2,801	-	-
<b>158,048</b>	<b>4,974</b>	<b>-</b>	<b>-</b>
-	-	-	-
6,602	-	-	-
<b>6,602</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>1,044,950</b>	<b>70,820</b>	<b>68,309</b>	<b>18,182</b>
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

E-1

	Non-Public					Chapter 193 Nonpublic	
	Nursing	Textbook	Comp. Ed.	ESL	Transportation	Classification	Speech
<b>REVENUES:</b>							
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	27,513	20,133	32,122	5,603	5,945	52,639	31,594
Local sources	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>27,513</b>	<b>20,133</b>	<b>32,122</b>	<b>5,603</b>	<b>5,945</b>	<b>52,639</b>	<b>31,594</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers	-	-	-	-	-	-	-
Other salaries for instruction	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-
General supplies	-	-	-	-	-	-	-
Textbooks	-	20,133	-	-	-	-	-
<b>Total instruction</b>	<b>-</b>	<b>20,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Support Services:							
Salaries of other professional staff	-	-	-	-	-	-	-
Salaries of other staff	-	-	-	-	-	-	-
Personnel services - employee benefits	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-
Purchased prof. - educ. services	-	-	32,122	5,603	5,945	52,639	31,594
Purchased technical services	27,513	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-
<b>Total support services</b>	<b>27,513</b>	<b>-</b>	<b>32,122</b>	<b>5,603</b>	<b>5,945</b>	<b>52,639</b>	<b>31,594</b>
Facilities acquisition and construction services:							
Instructional equipment	-	-	-	-	-	-	-
Non-Instructional equipment	-	-	-	-	-	-	-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>27,513</b>	<b>20,133</b>	<b>32,122</b>	<b>5,603</b>	<b>5,945</b>	<b>52,639</b>	<b>31,594</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

E-1

	Chapter 193 Nonpublic Instruction	REBEL 2 Middle Schools	Other Local Grants Middle Schools	Other Local Grants Elementary Schools
<b>REVENUES:</b>				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	25,255	-	-	-
Local sources	-	205	337	14
<b>Total Revenues</b>	<b>25,255</b>	<b>205</b>	<b>337</b>	<b>14</b>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of teachers	-	-	-	-
Other salaries for instruction	-	-	-	-
Purchased professional and technical services	-	-	-	-
Tuition	-	-	-	-
General supplies	-	-	-	-
Textbooks	-	-	-	-
<b>Total instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Support Services:</b>				
Salaries of other professional staff	-	109	290	-
Salaries other staff	-	-	-	-
Personnel services - employee benefits	-	-	-	-
Supplies and materials	-	69	47	14
Purchased prof. - educ. services	25,255	-	-	-
Purchased technical services	-	-	-	-
Other purchased services	-	27	-	-
<b>Total support services</b>	<b>25,255</b>	<b>205</b>	<b>337</b>	<b>14</b>
<b>Facilities acquisition and construction services:</b>				
Instructional equipment	-	-	-	-
Non-Instructional equipment	-	-	-	-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>25,255</b>	<b>205</b>	<b>337</b>	<b>14</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

E-1

	Other Local Grants	ARRA - IDEA		Total
	District-wide	Basic	Preschool	2012
<b>REVENUES:</b>				
Federal sources	\$ -	\$ 45,967	\$ 9,363	\$ 1,511,940
State sources	-	-	-	200,804
Local sources	21,345	-	-	21,901
<b>Total Revenues</b>	<b>21,345</b>	<b>45,967</b>	<b>9,363</b>	<b>1,734,645</b>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of teachers	-	-	-	24,722
Other salaries for instruction	-	-	-	116,269
Purchased professional and technical services	-	-	-	-
Tuition	-	-	-	252,596
General supplies	-	17,443	-	779,492
Textbooks	-	-	-	53,042
<b>Total instruction</b>	<b>-</b>	<b>17,443</b>	<b>-</b>	<b>1,246,254</b>
<b>Support Services:</b>				
Salaries of other professional staff	-	-	-	28,867
Salaries of other staff	-	4,104	-	4,452
Personnel services - employee benefits	-	314	-	-
Supplies and materials	21,345	24,105	9,352	13,279
Purchased prof. - educ. services	-	-	11	57,152
Purchased technical services	-	1	-	347,697
Other purchased services	-	-	-	27,514
<b>Total support services</b>	<b>21,345</b>	<b>28,524</b>	<b>9,363</b>	<b>481,789</b>
<b>Facilities acquisition and construction services:</b>				
Instructional equipment	-	-	-	-
Non-Instructional equipment	-	-	-	6,602
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,602</b>
<b>Total Expenditures</b>	<b>21,345</b>	<b>45,967</b>	<b>9,363</b>	<b>1,734,645</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>				
	\$ -	\$ -	\$ -	\$ -

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition, construction and/or renovation of major facilities and equipment purchases other than those financed by Proprietary Funds.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

PROJECT DESCRIPTION	APPROVAL DATE	REVISED BUDGETARY APPROPRIATIONS	EXPENDITURES		UNEXPENDED APPROPRIATIONS 6/30/2012
			PRIOR YEARS	CURRENT YEAR	
Classroom Addition - Defino Central	3/16/2010	\$ 2,552,605	\$ 2,289,937	\$ 136,387	\$ 126,281
Administrative Office Renovations - Defino Central	3/16/2010	615,141	580,329	1,232	33,580
		<u>\$ 3,167,746</u>	<u>\$ 2,870,266</u>	<u>\$ 137,619</u>	<u>\$ 159,861</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION

F-2

CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY  
FOR THE YEAR ENDED JUNE 30, 2012

REVENUES AND OTHER FINANCING SOURCES:

State sources - SDA grant	\$ -
Bond Proceeds and transfers	-
Transfer from capital reserve/capital projects	-
	<hr/>
Total Revenues	<hr/> -

EXPENDITURES AND OTHER FINANCING USES:

Purchased Professional and technical services	7,514
Construction services	130,105
	<hr/>
Total Expenditures	<hr/> 137,619
Excess (Deficiency) of revenues over (under) expenditures	<hr/> <hr/> \$ (137,619)

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 CLASSROOM ADDITION - DEFINO CENTRAL  
 FOR THE YEAR ENDED JUNE 30, 2012

F-2a

	PRIOR PERIODS	CURRENT PERIOD	TOTALS	REVISED AUTHORIZED COSTS
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State sources - SDA grant	\$ -	\$ -	\$ -	\$ 480,480
Bond Proceeds and transfers	2,033,165	-	2,033,165	2,033,165
Transfer from capital reserve	38,960	-	38,960	38,960
<b>Total Revenues</b>	<b>2,072,125</b>	<b>-</b>	<b>2,072,125</b>	<b>2,552,605</b>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Purchased Professional and technical services	313,639	7,514	321,153	332,343
Construction services	1,976,298	128,873	2,105,171	2,220,262
<b>Total Expenditures</b>	<b>2,289,937</b>	<b>136,387</b>	<b>2,426,324</b>	<b>2,552,605</b>
<b>Excess (Deficiency) of revenues over (under) expenses</b>	<b>\$ (217,812)</b>	<b>\$ (136,387)</b>	<b>\$ (354,199)</b>	<b>\$ -</b>

**ADDITIONAL PROJECT INFORMATION:**

Project Number	3030-030-09-1002
Grant Date/Letter of Notification	11/5/2009
Bond Authorization/Referendum Date	9/29/2009
Bonds Authorized	\$ 2,041,582
Bonds Issued	\$ -
Original Project Authorized Cost	\$ 2,522,062
Additional Authorized Cost	\$ 30,543
Revised Authorized Cost	\$ 2,552,605
Percentage Increase Over Original Authorized Cost	1%
Percentage Completion	100%
Original Target Completion Date	12/31/2010
Revised Target Completion Date	3/31/2012

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 ADMINISTRATIVE OFFICE RENOVATIONS - DEFINO CENTRAL  
 FOR THE YEAR ENDED JUNE 30, 2012

F-2b

	PRIOR PERIODS	CURRENT PERIOD	TOTALS	REVISED AUTHORIZED COSTS
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State sources - SDA grant	\$ -	\$ -	\$ -	\$ -
Bond Proceeds and transfers	-	-	-	-
Transfer from capital reserve	615,141	-	615,141	615,141
<b>Total Revenues</b>	<b>615,141</b>	<b>-</b>	<b>615,141</b>	<b>615,141</b>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Purchased Professional and technical services	35,000		35,000	35,000
Construction services	545,329	1,232	546,561	580,141
<b>Total Expenditures</b>	<b>580,329</b>	<b>1,232</b>	<b>581,561</b>	<b>615,141</b>
<b>Excess (Deficiency) of revenues over (under) expenses</b>	<b>\$ 34,812</b>	<b>\$ (1,232)</b>	<b>\$ 33,580</b>	<b>\$ -</b>

**ADDITIONAL PROJECT INFORMATION:**

Project Number	3030-030-08-1000
Grant Date/Letter of Notification	
Bond Authorization/Referendum Date/Approval Date	3/16/2010
Bonds Authorized	\$ -
Bonds Issued	\$ -
Original Project Authorized Cost	\$ 615,141
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 615,141
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	9/1/2010
Revised Target Completion Date	1/30/2011

**FIDUCIARY FUNDS  
DETAIL STATEMENTS**

The Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organization, other governments and/or other funds.

**Student Activities Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Agency Fund** – This agency fund is used to account for the payroll transactions of the School District.

**Private Purpose Scholarship Trust Fund** – This fiduciary fund is used to account for Scholarship Funds of the School District

**Flexible Spending** – This agency fund is used to account for transactions for the flexible spending accounts held by the School District.

**Unemployment Compensation/Insurance Trust Fund** – This fiduciary fund is used to account for unemployment remittance transactions of the School District.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2012

	Private Purpose Trust Fund	Agency Funds			Unemployment Compensation Insurance Trust	Totals
	Scholarship Fund	Student Activity	Payroll	Flexible Spending		
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 2,799	\$ 79,935	\$ 486,685	\$ 19,344	\$ 379	\$ 589,142
<b>LIABILITIES:</b>						
Payroll deductions and withholdings	\$ -	\$ -	\$ 486,685	\$ 19,344	\$ -	\$ 506,029
Due to student groups	-	79,935	-	-	-	79,935
Total liabilities	-	79,935	486,685	19,344	-	585,964
<b>NET ASSETS:</b>						
Held in Trust for:						
Unemployment claims	-	-	-	-	379	379
Scholarships	2,799	-	-	-	-	2,799
<b>TOTAL NET ASSETS</b>	<b>\$ 2,799</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 379</b>	<b>\$ 3,178</b>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

H-2

	Scholarship Funds			Totals	Unemployment Compensation Insurance Trust
	Ross Barshay	Alan Feinberg	Bill Botwinick		
<b>ADDITIONS:</b>					
Local sources:					
Local contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on investments	-	-	-	-	-
Employee unemployment contributions	-	-	-	-	-
<b>Total additions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEDUCTIONS:</b>					
Scholarships	100	175	200	475	-
Supplies	-	34	-	34	-
Unemployment compensation assessments	-	-	-	-	-
<b>Total deductions</b>	<u>100</u>	<u>209</u>	<u>200</u>	<u>509</u>	<u>-</u>
<b>OPERATING LOSS</b>	<u>(100)</u>	<u>(209)</u>	<u>(200)</u>	<u>(509)</u>	<u>-</u>
<b>NET ASSETS, July 1</b>	<u>659</u>	<u>647</u>	<u>2,002</u>	<u>3,308</u>	<u>379</u>
<b>NET ASSETS, June 30</b>	<u>\$ 559</u>	<u>\$ 438</u>	<u>\$ 1,802</u>	<u>\$ 2,799</u>	<u>\$ 379</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN AGENCY FUND NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

H-3

	<u>Student Activity</u>	<u>Flexible Spending</u>	<u>Payroll Agency</u>	<u>Total</u>
<b>ADDITIONS:</b>				
Local sources:				
Student fees and collections	\$ 571,872	\$ -	\$ -	\$ 571,872
Employee withholdings		84,315	21,557,327	21,641,642
<b>Total additions</b>	<u>571,872</u>	<u>84,315</u>	<u>21,557,327</u>	<u>22,213,514</u>
<b>DEDUCTIONS:</b>				
Student activity payments	584,213			584,213
Unemployment compensation		81,416	21,439,822	21,521,238
<b>Total deductions</b>	<u>584,213</u>	<u>81,416</u>	<u>21,439,822</u>	<u>22,105,451</u>
<b>OPERATING LOSS</b>	<u>(12,341)</u>	<u>2,899</u>	<u>117,505</u>	<u>108,063</u>
<b>NET ASSETS, July 1</b>	<u>92,276</u>	<u>16,445</u>	<u>369,180</u>	<u>477,901</u>
<b>NET ASSETS, June 30</b>	<u><u>\$ 79,935</u></u>	<u><u>\$ 19,344</u></u>	<u><u>\$ 486,685</u></u>	<u><u>\$ 585,964</u></u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 STUDENT ACTIVITY AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

H-4

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
Asher Holmes	\$ 2,093	\$ 12,461	\$ 11,235	\$ 3,319
Frank J. Dugan Elementary	12,130	12,309	22,439	2,000
Frank Defino Central Elementary	11,329	17,957	14,898	14,388
Marlboro Early Learning Center	3,131	4,723	3,933	3,921
Marlboro Elementary	7,354	20,953	24,646	3,661
Marlboro Memorial Middle School	25,949	138,501	145,947	18,503
Marlboro Middle School	26,649	338,796	335,862	29,583
Robertsville Elementary	3,641	26,172	25,253	4,560
<b>Total all schools</b>	<b>\$ 92,276</b>	<b>\$ 571,872</b>	<b>\$ 584,213</b>	<b>\$ 79,935</b>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 PAYROLL AGENCY FUND  
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

H-5

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ASSETS:</b>				
Cash - Payroll	\$ 369,180	\$ 21,557,327	\$ 21,439,822	\$ 486,685
Cash - Flexible Spending	16,445	84,315	81,416	19,344
<b>TOTAL ASSETS</b>	<u>\$ 385,625</u>	<u>\$ 21,641,642</u>	<u>\$ 21,521,238</u>	<u>\$ 506,029</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 385,625	\$ 21,641,642	\$ 21,521,238	\$ 506,029
<b>TOTAL LIABILITIES</b>	<u>\$ 385,625</u>	<u>\$ 21,641,642</u>	<u>\$ 21,521,238</u>	<u>\$ 506,029</u>

## **LONG-TERM DEBT SCHEDULES**

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

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 AS OF JUNE 30, 2012

<u>Issue</u>	<u>of Issue</u>	<u>of Issue</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
Refunding Bonds- 2001 Issue	02/15/01	\$ 11,540,000	-	-	4.75%
Refunding Bonds- 2004 Issue	08/05/04	30,125,000	07/15/12	\$ 2,500,000	5.00%
			07/15/13	2,690,000	4.15%
			07/15/14	2,835,000	4.75%
			07/15/15	3,055,000	4.75%
			07/15/16	3,325,000	4.75%
			07/15/17	3,470,000	4.00%
			07/15/18	3,655,000	4.75%
			07/15/19	3,865,000	4.75%
Refunding Bonds- 2011 Issue	04/19/11	4,990,000	07/15/12	1,010,000	3.00%
			07/15/13	985,000	3.00%
			07/15/14	250,000	2.00%
			07/15/14	765,000	4.00%
			07/15/15	990,000	4.00%
			07/15/16	930,000	4.00%

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS PAYABLE (CONTINUED)  
 AS OF JUNE 30, 2012

July 1, 2011	Issued	Retired	June 30, 2012
\$ 1,010,000	\$ -	\$ 1,010,000	\$ -
27,710,000	-	2,315,000	25,395,000
4,990,000		60,000	4,930,000
\$ 33,710,000	\$ -	\$ 3,385,000	\$ 30,325,000

MARLBORO TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
AS OF JUNE 30, 2012

I-2

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2011	Additions Current Year	Retired Current Year	Balance June 30, 2012
2008 Buses - 4 2008 Vans - 3	4.30%	\$ 406,125	\$ 58,093	\$ -	\$ 58,093	\$ -
2009 Buses - 4 2008 Vans - 2	3.50%	343,932	129,156	-	73,115	56,041
4100 Toro Groundmaster	5.40%	47,676	12,269	-	12,269	-
2010 Buses - 4 2010 Vans - 3	3.60%	398,067	228,243	-	83,016	145,227
2011 Buses - 4 2011 Van -1	2.95%	349,062	273,824	-	66,727	207,097
2012 Buses - 4 2012 Van -1	2.90%	349,686	-	349,686	74,352	275,334
			<u>\$ 701,585</u>	<u>\$ 349,686</u>	<u>\$ 367,572</u>	<u>\$ 683,699</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

I-3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 4,108,601	\$ -	\$ 4,108,601	\$ 4,108,601	\$ -
Miscellaneous income	-	-	-	13,794	13,794
<b>Total revenues - local sources</b>	<b>4,108,601</b>	<b>-</b>	<b>4,108,601</b>	<b>4,122,395</b>	<b>(13,794)</b>
State sources:					
Debt service aid type II	715,053	-	715,053	715,053	-
<b>Total state sources</b>	<b>715,053</b>	<b>-</b>	<b>715,053</b>	<b>715,053</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>4,823,654</b>	<b>-</b>	<b>4,823,654</b>	<b>4,837,448</b>	<b>(13,794)</b>
<b>EXPENDITURES</b>					
Regular debt service:					
Interest	1,498,654	(60,289)	1,438,365	1,379,785	58,580
Redemption of principal	3,325,000	60,289	3,385,289	3,385,000	289
<b>Total regular debt service</b>	<b>4,823,654</b>	<b>-</b>	<b>4,823,654</b>	<b>4,764,785</b>	<b>58,869</b>
<b>TOTAL EXPENDITURES</b>	<b>4,823,654</b>	<b>-</b>	<b>4,823,654</b>	<b>4,764,785</b>	<b>58,869</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,663</b>	<b>45,075</b>
<b>FUND BALANCES, July 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,663</b>	<b>\$ 45,075</b>

**STATISTICAL SECTION  
(UNAUDITED)**

<b><u>CONTENTS</u></b>	<b><u>PAGES</u></b>
<b>Financial Trends</b>	<b>108 -112</b>
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.</p>	
<b>Revenue Capacity</b>	<b>113 – 117</b>
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
<b>Debt Capacity</b>	<b>118 – 121</b>
<p>These schedules present information to help the reader access the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	
<b>Demographic and Economic Information</b>	<b>122 – 123</b>
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
<b>Operating Information</b>	<b>124 – 129</b>
<p>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.</p>	
<b>Sources:</b>	<p>Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.</p>

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Net Assets by Component,**  
**Last Ten Fiscal Years**  
**Unaudited**  
*(accrual basis of accounting)*

Exhibit J-1

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 31,598,280	\$ 21,851,002	\$ 22,908,635	\$ 24,168,293	\$ 25,511,039	\$ 25,903,909	\$ 27,432,967	\$ 29,148,937	\$ 33,110,689	\$ 33,753,591
Restricted	680,980	482,349	630,480	659,711	3,119,132	2,461,742	4,331,584	2,834,929	5,168,518	10,703,424
Unrestricted	6,243,432	4,240,751	2,237,211	1,904,426	3,295,719	5,891,672	5,111,885	5,721,472	1,811,362	1,647,757
<b>Total governmental activities net assets</b>	<b>\$ 38,522,692</b>	<b>\$ 26,574,102</b>	<b>\$ 25,776,326</b>	<b>\$ 26,732,430</b>	<b>\$ 31,925,890</b>	<b>\$ 34,257,323</b>	<b>\$ 36,876,436</b>	<b>\$ 37,705,338</b>	<b>\$ 40,090,569</b>	<b>\$ 46,104,772</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ 35,945	\$ 160,359	\$ 149,129	\$ 142,758	\$ 137,096	\$ 187,073	\$ 217,395	\$ 314,975	\$ 346,104
Unrestricted	336,684	328,024	236,834	281,995	333,633	383,319	370,219	367,741	293,031	275,783
<b>Total business-type activities net assets</b>	<b>\$ 336,684</b>	<b>\$ 363,969</b>	<b>\$ 397,193</b>	<b>\$ 431,124</b>	<b>\$ 476,391</b>	<b>\$ 520,415</b>	<b>\$ 557,292</b>	<b>\$ 585,136</b>	<b>\$ 608,006</b>	<b>\$ 621,887</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 31,598,280	\$ 21,886,947	\$ 23,068,994	\$ 24,317,422	\$ 25,653,797	\$ 26,041,005	\$ 27,620,040	\$ 29,366,332	\$ 33,425,664	\$ 34,099,695
Restricted	680,980	482,349	630,480	659,711	3,119,132	2,461,742	4,331,584	2,834,929	5,168,518	10,703,424
Unrestricted	6,580,116	4,568,775	2,474,045	2,186,421	3,629,352	6,274,991	5,482,104	6,089,213	2,104,393	1,923,540
<b>Total district net assets</b>	<b>\$ 38,859,376</b>	<b>\$ 26,938,071</b>	<b>\$ 26,173,519</b>	<b>\$ 27,163,554</b>	<b>\$ 32,402,281</b>	<b>\$ 34,777,738</b>	<b>\$ 37,433,728</b>	<b>\$ 38,290,474</b>	<b>\$ 40,698,575</b>	<b>\$ 46,726,659</b>

Source: CAFR Schedule A-1

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Changes in Net Assets, Last Ten Fiscal Years**  
**Unaudited**  
*(accrual basis of accounting)*

Exhibit J-2

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction										
Regular	\$ 24,877,900	\$ 27,129,067	\$ 29,380,143	\$ 30,511,666	\$ 34,457,788	\$ 35,899,991	\$ 35,308,166	\$ 34,028,149	\$ 32,511,657	\$ 33,531,658
Special education	6,208,507	6,477,752	7,315,143	8,511,574	9,972,189	10,954,321	11,414,671	12,445,136	12,415,997	12,042,092
Other instruction	2,428,655	2,713,809	2,755,748	2,987,659	2,774,427	3,244,359	3,305,976	3,626,480	3,262,333	3,301,696
Nonpublic school programs	17,638	15,282	23,143	229,936	261,488	271,569	306,156	255,014	195,449	203,155
Support Services:										
Tuition	957,595	1,641,486	1,577,399	1,844,767	1,987,689	1,946,971	2,262,184	2,749,383	2,357,797	2,368,247
Student & instruction related services	5,795,729	6,373,288	6,774,679	6,536,812	7,198,198	7,659,313	7,485,130	10,702,326	9,982,798	10,087,917
General administrative services	1,328,986	1,421,336	1,492,764	1,528,939	1,480,237	1,578,702	1,885,771	1,831,079	1,759,871	1,790,584
School administrative services	3,240,228	3,864,674	3,825,403	4,044,922	4,344,941	4,515,216	4,616,520	4,863,100	4,630,066	4,797,935
Business administrative services	823,953	882,910	909,908	886,325	1,020,132	1,057,046	1,086,758	1,194,106	1,157,915	1,162,287
Plant operations and maintenance	5,547,989	6,527,740	6,682,506	7,240,068	6,144,611	7,232,977	7,361,475	7,428,730	8,127,879	7,232,758
Pupil transportation	3,911,340	3,908,793	4,455,943	4,763,022	5,725,190	6,235,612	5,638,865	5,857,276	5,409,724	4,579,899
Interest on long-term debt	2,823,742	2,711,399	2,691,959	2,327,131	2,202,154	2,071,966	1,938,285	1,802,323	2,084,198	1,955,197
<b>Total governmental activities expenses</b>	<b>57,962,262</b>	<b>63,667,536</b>	<b>67,884,738</b>	<b>71,412,821</b>	<b>77,569,044</b>	<b>82,668,043</b>	<b>82,609,957</b>	<b>86,783,102</b>	<b>83,895,684</b>	<b>83,053,425</b>
<b>Business-type activities:</b>										
Food service	1,170,839	1,289,304	1,387,554	1,440,370	1,430,045	1,375,010	1,418,879	1,429,310	1,345,952	1,334,350
<b>Total business-type activities expense</b>	<b>1,170,839</b>	<b>1,289,304</b>	<b>1,387,554</b>	<b>1,440,370</b>	<b>1,430,045</b>	<b>1,375,010</b>	<b>1,418,879</b>	<b>1,429,310</b>	<b>1,345,952</b>	<b>1,334,350</b>
<b>Total district expenses</b>	<b>\$ 59,133,101</b>	<b>\$ 64,956,840</b>	<b>\$ 69,272,292</b>	<b>\$ 72,853,191</b>	<b>\$ 78,999,089</b>	<b>\$ 84,043,053</b>	<b>\$ 84,028,836</b>	<b>\$ 88,212,412</b>	<b>\$ 85,241,636</b>	<b>\$ 84,387,775</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
Other Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,597	\$ 110,249
Operating grants and contributions	4,770,027	5,279,857	5,585,913	6,295,117	8,845,572	8,865,939	6,729,314	7,921,913	7,450,835	8,611,870
<b>Total governmental activities program revenues</b>	<b>4,770,027</b>	<b>5,279,857</b>	<b>5,585,913</b>	<b>6,295,117</b>	<b>8,845,572</b>	<b>8,865,939</b>	<b>6,729,314</b>	<b>7,921,913</b>	<b>7,592,432</b>	<b>8,722,119</b>

(Continued)

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Changes in Net Assets, Last Ten Fiscal Years**  
**Unaudited**  
*(accrual basis of accounting)*

Exhibit J-2

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Business-type activities:</b>										
Charges for services										
Food service	1,047,604	1,136,807	1,221,235	1,275,751	1,270,813	1,192,235	1,219,451	1,213,277	1,151,206	1,100,313
Operating grants and contributions	159,391	179,782	199,543	164,619	204,499	226,799	236,305	243,878	217,616	247,918
Total business type activities program revenues	<u>1,206,995</u>	<u>1,316,589</u>	<u>1,420,778</u>	<u>1,440,370</u>	<u>1,475,312</u>	<u>1,419,034</u>	<u>1,455,756</u>	<u>1,457,155</u>	<u>1,368,822</u>	<u>1,348,231</u>
Total district program revenues	<u>\$ 5,977,022</u>	<u>\$ 6,596,446</u>	<u>\$ 7,006,691</u>	<u>\$ 7,735,487</u>	<u>\$ 10,320,884</u>	<u>\$ 10,284,973</u>	<u>\$ 8,185,070</u>	<u>\$ 9,379,068</u>	<u>\$ 8,961,254</u>	<u>\$ 10,070,350</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (53,192,235)	\$ (58,387,679)	\$ (62,298,825)	\$ (65,117,704)	\$ (68,723,472)	\$ (73,802,104)	\$ (75,880,643)	\$ (78,861,189)	\$ (76,303,252)	\$ (74,331,306)
Business-type activities	36,156	27,285	33,224	33,931	45,267	44,024	36,877	27,845	22,870	13,881
Total district-wide net expense	<u>\$ (53,156,079)</u>	<u>\$ (58,360,394)</u>	<u>\$ (62,265,601)</u>	<u>\$ (65,083,773)</u>	<u>\$ (68,678,205)</u>	<u>\$ (73,758,080)</u>	<u>\$ (75,843,766)</u>	<u>\$ (78,833,344)</u>	<u>\$ (76,280,382)</u>	<u>\$ (74,317,425)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 39,356,694	\$ 43,535,463	\$ 46,702,907	\$ 51,353,120	\$ 58,113,855	\$ 59,994,128	\$ 61,465,408	\$ 62,027,882	\$ 63,824,547	\$ 63,521,724
Taxes levied for debt service	4,058,459	4,041,882	4,054,079	3,920,588	3,907,125	3,974,858	3,983,644	3,978,195	4,106,153	4,108,601
Unrestricted grants and contributions	9,637,545	9,980,995	10,339,584	10,318,140	10,973,282	11,287,436	12,345,344	13,113,360	10,306,086	11,791,157
Investment earnings	268,232	134,557	317,529	340,353	582,983	517,571	271,429	58,672	8,873	7,990
Miscellaneous income	156,432	206,895	193,632	212,717	339,687	359,533	429,241	500,437	442,824	916,037
Loss on disposal of equipment	-	-	-	(71,110)	-	-	-	-	-	-
Total governmental activities	<u>53,477,362</u>	<u>57,899,792</u>	<u>61,607,731</u>	<u>66,073,808</u>	<u>73,916,932</u>	<u>76,133,526</u>	<u>78,495,066</u>	<u>79,678,546</u>	<u>78,688,483</u>	<u>80,345,509</u>
Total district-wide	<u>\$ 53,477,362</u>	<u>\$ 57,899,792</u>	<u>\$ 61,607,731</u>	<u>\$ 66,073,808</u>	<u>\$ 73,916,932</u>	<u>\$ 76,133,526</u>	<u>\$ 78,495,066</u>	<u>\$ 79,678,546</u>	<u>\$ 78,688,483</u>	<u>\$ 80,345,509</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 285,127	\$ (487,887)	\$ (691,094)	\$ 956,104	\$ 5,193,460	\$ 2,331,422	\$ 2,614,423	\$ 817,358	\$ 2,385,231	\$ 6,014,203
Business-type activities	36,156	27,285	33,224	33,931	45,267	44,024	36,877	27,845	22,870	13,881
Total district	<u>\$ 321,283</u>	<u>\$ (460,602)</u>	<u>\$ (657,870)</u>	<u>\$ 990,035</u>	<u>\$ 5,238,727</u>	<u>\$ 2,375,446</u>	<u>\$ 2,651,300</u>	<u>\$ 845,203</u>	<u>\$ 2,408,101</u>	<u>\$ 6,028,084</u>

Source: CAFR Schedule A-2

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**Unaudited**  
*(modified accrual basis of accounting)*

Exhibit J-3

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Restricted	\$ 393,680	\$ 408,789	\$ 793,640	\$ 1,185,510	\$ 3,733,851	\$ 3,584,202	\$ 4,617,877	\$ 3,023,931	\$ 4,975,499	\$ 10,703,424
Unassigned	4,165,650	3,282,111	1,689,025	1,065,632	2,416,277	2,729,921	2,792,425	2,612,112	1,975,447	1,415,233
Total general fund	<u>4,559,330</u>	<u>3,690,900</u>	<u>2,482,665</u>	<u>2,251,142</u>	<u>6,150,128</u>	<u>6,314,123</u>	<u>7,410,302</u>	<u>5,636,043</u>	<u>6,950,946</u>	<u>12,118,657</u>
All Other Governmental Funds										
Restricted	\$ 287,300	\$ 73,560	\$ 24,028	\$ 18,150	\$ 29,736	\$ -	\$ -	\$ 64,125	\$ 192,819	\$ 72,663
Unassigned, reported in:										
Special revenue fund	(12,595)	-	-	-	-	-	-	-	-	-
Capital projects fund	3,268,015	2,789,571	2,380,415	2,134,708	2,027,799	2,039,290	2,033,165	2,856,232	111,066	159,861
Debt service fund	17,077	1	145,652	67,851	1	1	2	1	-	-
Total all other governmental funds	<u>\$ 3,559,797</u>	<u>\$ 2,863,132</u>	<u>\$ 2,550,095</u>	<u>\$ 2,220,709</u>	<u>\$ 2,057,536</u>	<u>\$ 2,039,291</u>	<u>\$ 2,033,167</u>	<u>\$ 2,920,358</u>	<u>\$ 303,885</u>	<u>\$ 232,524</u>

Source: CAFR Schedule B-1

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Changes in Fund Balances, Governmental Funds,**  
**Unaudited**  
**Last Ten Fiscal Years**

Exhibit J-4

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Tax levy	\$ 43,415,153	\$ 47,577,345	\$ 50,756,986	\$ 55,273,708	\$ 62,020,980	\$ 63,968,986	\$ 65,449,052	\$ 66,006,077	\$ 67,930,700	\$ 67,630,325
Tuition charges	13,653	52,515	45,357	33,670	33,585	30,150	59,593	158,157	161,226	457,329
Interest earnings	268,232	134,557	317,529	340,353	582,983	517,571	271,429	58,672	8,873	7,990
Miscellaneous	142,779	154,380	148,275	179,047	306,102	329,393	369,648	342,280	413,139	568,957
State sources	12,614,711	14,093,316	14,721,969	15,265,223	17,606,455	18,031,568	17,600,515	17,535,677	15,977,505	18,139,046
Federal sources	1,097,773	1,167,536	1,258,307	1,347,995	1,391,308	1,424,026	1,474,143	3,499,596	1,779,415	2,263,425
<b>Total revenue</b>	<b>57,552,301</b>	<b>63,179,649</b>	<b>67,248,423</b>	<b>72,439,996</b>	<b>81,941,413</b>	<b>84,301,694</b>	<b>85,224,380</b>	<b>87,600,459</b>	<b>86,270,858</b>	<b>89,067,072</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	22,653,779	25,382,347	27,361,271	28,859,280	32,427,980	33,790,512	33,440,521	32,033,387	30,484,135	31,277,541
Special education instruction	5,783,169	6,540,697	7,315,891	8,444,880	9,904,445	10,884,829	11,344,419	12,373,718	12,342,341	11,966,246
Other instruction	2,488,025	2,710,656	2,735,875	2,987,659	2,774,427	3,244,359	3,305,976	3,626,480	3,262,333	3,301,696
Nonpublic school programs	131,219	179,888	227,875	229,936	261,488	271,569	306,156	255,014	195,449	203,155
<b>Support Services:</b>										
Tuition	1,437,513	1,647,261	1,577,399	1,844,767	1,987,689	1,946,971	2,262,184	2,749,383	2,357,797	2,322,438
Student & instruction related services	5,455,395	5,848,040	6,235,819	6,462,702	7,122,922	7,582,094	7,407,067	10,622,967	9,900,953	10,003,638
General administrative services	1,328,304	1,381,721	1,487,462	1,543,964	1,480,237	1,578,702	1,885,771	1,831,079	1,759,871	1,790,584
School Administrative services	3,187,316	3,627,750	3,752,523	3,998,470	4,297,758	4,466,816	4,567,591	4,813,358	4,578,766	4,745,110
Business administrative services	823,322	843,959	904,584	886,325	1,020,132	1,057,046	1,086,758	1,194,106	1,157,915	1,162,287
Plant operations and maintenance	5,544,363	6,354,197	6,648,705	7,366,163	6,144,611	7,232,977	7,361,475	7,428,730	8,127,879	7,232,758
Pupil transportation	3,908,860	4,412,197	4,946,096	5,252,842	5,725,190	6,235,612	6,086,745	6,256,927	5,789,421	4,947,471
Charter Schools	-	-	-	-	-	-	-	-	-	45,809
Capital outlay	10,272,183	1,419,769	1,315,147	675,866	725,399	1,498,616	682,674	914,666	3,287,789	556,890
<b>Debt service:</b>										
Principal	2,010,000	2,125,000	2,260,000	2,435,000	2,560,000	2,700,000	2,855,000	2,995,000	3,155,000	3,385,000
Interest and other charges	2,823,742	2,711,399	2,513,759	2,327,131	2,202,154	2,071,966	1,938,285	1,802,323	1,656,841	1,379,785
<b>Total expenditures</b>	<b>67,847,190</b>	<b>65,184,881</b>	<b>69,282,406</b>	<b>73,314,985</b>	<b>78,634,432</b>	<b>84,562,069</b>	<b>84,530,622</b>	<b>88,897,138</b>	<b>88,056,490</b>	<b>84,320,408</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(10,294,889)</b>	<b>(2,005,232)</b>	<b>(2,033,983)</b>	<b>(874,989)</b>	<b>3,306,981</b>	<b>(260,375)</b>	<b>693,758</b>	<b>(1,296,679)</b>	<b>(1,785,632)</b>	<b>4,746,664</b>
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	493,571	440,137	512,711	314,080	428,832	406,125	391,608	398,067	349,062	349,686
Par amount of bonds	-	-	30,125,000	-	-	-	-	-	4,990,000	-
Original issue premium	-	-	1,469,808	-	-	-	-	-	289,424	-
Accrued interest	-	-	77,801	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	(31,272,619)	-	-	-	-	-	(5,188,234)	-
Costs of issuance	-	-	(322,189)	-	-	-	-	-	(91,190)	-
Accrued interest	-	-	(77,801)	-	-	-	-	-	-	-
Transfers in	126,896	35,052	66,414	99,093	111,272	81,980	32,352	4,725,242	2,169,620	6,405
Transfers out	(126,896)	(35,052)	(66,414)	(99,093)	(111,272)	(81,980)	(32,352)	(2,692,077)	(2,034,620)	(6,405)
<b>Total other financing sources (uses)</b>	<b>493,571</b>	<b>440,137</b>	<b>512,711</b>	<b>314,080</b>	<b>428,832</b>	<b>406,125</b>	<b>391,608</b>	<b>2,431,232</b>	<b>484,062</b>	<b>349,686</b>
<b>Net change in fund balances</b>	<b>\$ (9,801,318)</b>	<b>\$ (1,565,095)</b>	<b>\$ (1,521,272)</b>	<b>\$ (560,909)</b>	<b>\$ 3,735,813</b>	<b>\$ 145,750</b>	<b>\$ 1,085,366</b>	<b>\$ 1,134,553</b>	<b>\$ (1,301,570)</b>	<b>\$ 5,096,350</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.4%</b>	<b>7.6%</b>	<b>7.0%</b>	<b>6.6%</b>	<b>6.1%</b>	<b>5.7%</b>	<b>5.7%</b>	<b>5.5%</b>	<b>5.7%</b>	<b>5.7%</b>

Source: CAFR Schedule B-2

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Contributions	Student Fees	Misc.	Total
2003	\$ 141,336	\$ 13,653	\$ 95,000	\$ -	\$ -	\$ 47,779	\$ 297,768
2004	99,505	52,515	95,000	-	-	43,787	290,807
2005	173,313	45,357	96,250	-	-	49,282	364,202
2006	241,260	33,670	110,208	-	-	56,197	441,335
2007	471,711	33,585	103,125	98,449	-	94,559	801,429
2008	435,591	30,150	115,000	88,779	-	95,464	764,984
2009	239,077	59,593	117,500	22,467	-	229,681	668,318
2010	53,861	169,363	79,791	41,199	-	217,799	562,013
2011	7,418	161,226	24,000	49,575	141,597	155,128	538,944
2012	7,990	457,329	20,000	94,933	110,249	308,080	998,581

Source: District Records

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**  
**UNAUDITED**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2003	75,760,600	2,562,720,000	15,622,800	849,250	155,266,800	45,389,900	2,965,200	2,858,574,550	0	6,708,171	2,865,282,721	1.660	4,335,738,675
2004	61,221,900	2,647,082,900	15,421,200	835,750	166,547,200	43,347,300	2,965,200	2,937,421,450	0	5,704,911	2,943,126,361	1.725	5,044,169,053
2005	57,950,900	2,720,795,700	14,787,100	783,950	172,691,600	42,131,400	2,965,200	3,012,105,850	0	5,176,020	3,017,281,870	1.832	5,696,176,531
2006	59,314,400	2,776,197,500	16,205,900	783,750	179,117,800	42,131,400	2,965,200	3,076,715,950	0	4,500,670	3,081,216,620	2.013	6,505,947,255
2007	53,984,300	2,839,037,100	16,367,200	786,550	173,463,400	40,301,700	3,343,100	3,127,283,350	0	4,230,660	3,131,514,010	2.043	7,209,924,440
2008	49,225,500	2,869,073,200	16,223,300	770,350	176,080,600	39,136,700	3,343,100	3,153,852,750	0	3,868,514	3,157,721,264	2.073	7,662,560,380
2009	43,870,600	2,899,810,000	16,268,600	765,050	179,521,700	40,955,700	3,343,100	3,184,534,750	0	4,173,654	3,188,708,404	2.070	7,769,052,818
2010	103,816,500	6,236,324,400	38,815,400	1,051,500	425,388,900	94,454,200	23,225,300	6,923,076,200	0	10,332,044	6,933,408,244	0.980	7,663,341,277
2011	94,958,900	6,231,140,500	37,886,600	1,046,500	415,286,900	88,491,100	19,584,200	6,888,394,700	0	9,144,385	6,897,539,085	0.981	7,449,439,687
2012	92,253,900	6,234,133,500	38,633,800	1,045,400	420,120,900	88,021,900	18,619,900	6,892,829,300	0	9,347,304	6,902,176,604	0.956	7,276,319,180

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

In 2009-10 the township was reassessed, which occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**MARLBORO TOWNSHIP BOARD OF EDUCATION  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
Unaudited**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Marlboro Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Freehold Regional School District	Marlboro Township	Library/Other	Monmouth County	
2003	\$ 1.519	\$ 0.141	\$ 1.660	\$ 0.769	\$ 0.439	\$ 0.031	\$ 0.632	\$ 3.531
2004	1.587	0.138	1.725	0.790	0.453	0.032	0.635	3.635
2005	1.702	0.130	1.832	0.817	0.533	0.032	0.626	3.840
2006	1.886	0.127	2.013	0.834	0.553	0.032	0.605	4.037
2007	1.916	0.127	2.043	0.851	0.564	0.032	0.609	4.099
2008	1.946	0.127	2.073	0.843	0.587	0.033	0.593	4.129
2009	1.943	0.127	2.070	0.827	0.608	0.033	0.606	4.144
2010	0.922	0.058	0.980	0.388	0.307	0.015	0.289	1.979
2011	0.922	0.059	0.981	0.395	0.320	0.016	0.292	2.004
2012	0.898	0.058	0.956	0.403	0.348	0.016	0.295	2.018

Source: District Records and Municipal Tax Collector

**Note:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b Rates for debt service are based on each year's requirements.
- c The decrease in 2009-10 is attributed to a reassessment the township was ordered to have done by the County Board of Taxation.

**MARLBORO TOWNSHIP BOARD OF EDUCATION  
Principal Property Tax Payers,  
Current Year and Nine Years Ago  
Unaudited**

Exhibit J-8

Taxpayer	2012			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Marlboro Plaza Associates	\$ 36,642,400	1	1.000%	\$ 20,876,700	1	7.84%
Union Hill Nine	30,549,100	2	1.000%	16,842,500	2	6.32%
T M C Marlboro	22,500,000	3	1.000%	13,624,200	4	5.11%
American Plaza (Costco)	14,419,000	4	1.000%	-		0.00%
Brooks Edge Plaza (Acme)	12,700,000	5	1.000%	-		0.00%
Marlboro Lowes	12,501,900	6	1.000%	-		0.00%
Royal Pines	11,400,000	7	1.000%	-		0.00%
Sunrise Assisted Living	9,300,000	8	1.000%	-		0.00%
Samuel Associates (The Mart)	8,801,000	9	1.000%	3,556,000	9	1.33%
Dave Marion Corporation (A & P)	8,750,000	10	1.000%	3,884,900	7	1.46%
Exclusive Plaza	-		0.000%	4,008,900	6	1.51%
K Hovnanian	-		0.00%	14,253,300	3	5.35%
Verizon	-		0.00%	7,742,430	5	2.91%
Marlboro Industrial Park	-		0.00%	3,672,900	8	1.38%
Dadekain Marlboro Partnership	-		0.00%	3,367,300	10	1.26%
<b>Total</b>	<b>\$ 167,563,400</b>		<b>10.00%</b>	<b>\$ 91,829,130</b>		<b>34.47%</b>

Source: District CAFR & Municipal Tax Assessor

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**  
**Unaudited**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 43,415,153	\$ 43,415,153	100.00%	-
2004	47,577,345	47,577,345	100.00%	-
2005	50,756,986	50,756,986	100.00%	-
2006	55,273,708	55,273,708	100.00%	-
2007	62,020,980	62,020,980	100.00%	-
2008	63,968,986	63,968,986	100.00%	-
2009	65,449,052	65,449,052	100.00%	-
2010	66,006,077	66,006,077	100.00%	-
2011	67,930,700	67,930,700	100.00%	-
2012	67,630,325	67,630,325	100.00%	-

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

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003	\$ 54,325,000	-	\$ 1,016,702	-	-	\$ 55,341,702	0.08%	\$ 42,821
2004	52,200,000	-	926,278	-	-	53,126,278	0.08%	42,965
2005	50,485,000	-	905,774	-	-	51,390,774	0.09%	46,069
2006	48,050,000	-	732,339	-	-	48,782,339	0.10%	47,694
2007	45,490,000	-	701,003	-	-	46,191,003	0.11%	51,437
2008	42,790,000	-	756,040	-	-	43,546,040	0.12%	52,129
2009	39,935,000	-	733,804	-	-	40,668,804	0.13%	52,830
2010	36,940,000	-	732,220	-	-	37,672,220	0.14%	53,541
2011	33,710,000	-	701,585	-	-	34,411,585	0.16%	54,262
2012	30,325,000	-	683,699	-	-	31,008,699	0.18%	54,992

Source: District CAFR Schedules I-1, I-2

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

- a See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Ratios of Net General Bonded Debt Outstanding to**  
**Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 54,325,000	-	\$ 54,325,000	1.90%	\$ 43,435
2004	52,200,000	-	52,200,000	1.77%	42,821
2005	50,485,000	-	50,485,000	1.67%	42,965
2006	48,050,000	-	48,050,000	1.56%	46,069
2007	45,490,000	-	45,490,000	1.45%	47,694
2008	42,790,000	-	42,790,000	1.36%	51,437
2009	39,935,000	-	39,935,000	1.25%	52,830
2010	36,940,000	-	36,940,000	0.53%	53,541
2011	33,710,000	-	33,710,000	0.49%	54,262
2012	30,625,000	-	30,625,000	0.44%	54,992

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2012**  
**Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Marlboro Township	\$ 31,653,744	100.0000%	\$ 31,653,744
<b>Other debt</b>			
Marlboro Township Water Utility	20,924,000	100.0000%	20,924,000
Marlboro Township Swim Utility	375,000	100.0000%	375,000
Western Monmouth Utility Authority	10,544,760	49.6597%	5,236,498
Freehold Regional High School	35,035,000	23.0304%	8,068,710
Monmouth County	478,007,923	6.2249%	<u>29,755,631</u>
Subtotal, overlapping debt			96,013,583
<b>Marlboro Township School District Direct Debt</b>			<u>30,325,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 126,338,583</u></u>

**Sources:** Marlboro Township Finance Officer, Monmouth County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marlboro. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
**Unaudited**

Exhibit J-13

**Legal Debt Margin Calculation for Fiscal Year 2012**

	Equalized valuation basis
	2012 \$ 7,085,446,679
	2011 7,266,197,377
	2010 7,472,289,477
	<b>[A] \$ 21,823,933,533</b>
	Average equalized valuation of taxable property
	<b>[A/3] \$ 7,274,644,511</b>
	Debt limit (3 % of average equalization value)
	<b>[B] 218,239,335 <sup>a</sup></b>
	Net bonded school debt
	<b>[C] 30,325,000</b>
	<b>[B-C] \$ 187,914,335</b>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 115,166,333	\$ 132,302,338	\$ 150,760,843	\$ 172,462,928	\$ 194,120,482	\$ 213,784,321	\$ 226,415,376	\$ 230,949,545	\$ 228,818,338	\$ 218,239,335
Total net debt applicable to limit	<u>54,325,000</u>	<u>52,200,000</u>	<u>50,485,000</u>	<u>48,050,000</u>	<u>45,490,000</u>	<u>42,790,000</u>	<u>39,935,000</u>	<u>36,940,000</u>	<u>33,710,000</u>	<u>30,325,000</u>
Legal debt margin	<u>\$ 60,841,333</u>	<u>\$ 80,102,338</u>	<u>\$ 100,275,843</u>	<u>\$ 124,412,928</u>	<u>\$ 148,630,482</u>	<u>\$ 170,994,321</u>	<u>\$ 186,480,376</u>	<u>\$ 194,009,545</u>	<u>\$ 195,108,338</u>	<u>\$ 187,914,335</u>
Total net debt applicable to the limit as a percentage of debt limit	47.17%	39.46%	33.49%	27.86%	23.43%	20.02%	17.64%	15.99%	14.73%	13.90%

Source: Abstract of Ratables and District Records CAFR Schedule J-6

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Marlboro Township Board of Education  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

Exhibit J-14

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2003	39,288	\$ 1,644,438,375	\$ 42,821	3.8%
2004	39,801	1,684,856,965	42,965	3.2%
2005	40,010	1,834,546,360	46,069	3.0%
2006	40,291	1,932,624,558	47,694	3.1%
2007	40,633	2,040,136,462	51,437	2.7%
2008	40,977	2,153,629,254	52,129	3.2%
2009	40,532	2,241,009,711	52,830	3.6%
2010	40,546	2,285,829,905	53,541	6.6%
2011	40,226	2,290,401,565	54,262	6.6%
2012	40,232	2,294,982,368	54,992	6.2%

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal Income has been estimated based upon the municipal population and per capita
- <sup>c</sup> Per Capita data provided by the NJ Dept of Labor and Workforce Development
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Principal Employers,**  
**Current Year and Nine Years Ago**  
**Unaudited**

<u>Employer</u>	<u>2012</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Marlboro Township Board of Education	886	1	n/a			n/a
Shop Rite	268	2	n/a			n/a
Freehold Regional Board of Education	232	3	n/a			n/a
Marlboro Township	225	4	n/a			n/a
Lowe's	161	5	n/a			n/a
Pathmark	137	6	n/a			n/a
Home Depot	117	7	n/a			n/a
Acme	102	8	n/a			n/a
Arrow Woven Label, Inc.	62	9	n/a			n/a
Century 21 - Mack Morris Iris	55	10	n/a			n/a
	2,245		n/a	-		n/a

Source: Township Administration Office

Note: Information for 2002 not available. Percentage of total employment not available

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**  
**Fiscal Year Ended June 30,**  
**Unaudited**

Exhibit J-16

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Instruction</b>										
Regular	325	342	360	366	367	366	373	349	342	341
Special education	134	151	184	191	188	188	197	192	141	142
Other special education	0	0	0	0	0	0	0	0	0	0
Vocational	0	0	0	0	0	0	0	0	0	0
Other instruction	0	0	0	0	0	0	0	0	0	0
Nonpublic school programs	0	0	0	0	0	0	0	0	0	0
Adult/continuing education programs	0	0	0	0	0	0	0	0	0	0
<b>Support Services:</b>										
Tuition	0	0	0	0	0	0	0	0	0	0
Student & instruction related services	72	76	78	78	70	70	70	71	120	120
General administrative services	8	8	8	8	8	8	9	9	8	8
School administrative services	36	37	37	37	37	37	37	37	37	37
Business administrative services	11	11	11	11	11	10	12	12	12	12
Plant operations and maintenance	106	113	115	116	80	80	80	79	79	79
Pupil transportation	78	83	87	87	101	102	102	98	91	90
Special Schools	0	0	0	0	0	0	0	0	0	0
Food Service										
Child Care										
<b>Total</b>	<u>770</u>	<u>821</u>	<u>880</u>	<u>893</u>	<u>861</u>	<u>861</u>	<u>880</u>	<u>847</u>	<u>830</u>	<u>829</u>

Source: District Personnel Records

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Operating Statistics**  
**Last Ten Fiscal Years**  
**Unaudited**

Exhibit J-17

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2003	5,837	\$ 52,741,265	\$ 9,036	7.18%	488	1:23	1:24	5,875	5,631	2.26%	95.85%
2004	5,960	58,928,713	9,887	9.43%	481	1:23	1:24	5,983	5,744	1.84%	96.01%
2005	6,071	63,193,500	10,409	5.28%	513	1:23	1:24	6,044	5,794	1.02%	95.86%
2006	6,178	67,876,988	10,987	5.55%	532	1:23	1:24	6,181	5,921	2.26%	95.80%
2007	6,186	73,146,879	11,825	7.62%	532	1:23	1:24	6,137	5,910	-0.70%	96.30%
2008	6,140	78,291,487	12,751	7.84%	535	1:23	1:24	6,104	5,876	-0.54%	96.30%
2009	6,119	79,054,663	12,920	1.32%	540	1:23	1:24	6,040	5,806	-1.05%	96.10%
2010	6,026	83,185,149	13,804	6.85%	511	1:23	1:24	5,941	5,714	-1.64%	96.20%
2011	5,836	79,956,860	13,701	-0.75%	502	1:23	1:24	5,753	5,530	-3.16%	96.10%
2012	5,638	78,998,733	14,012	2.27%	523	1:23	1:24	5,602	5,402	-2.62%	96.40%

Sources: District records and Schedules J-4, J-12, J-14

Note: Enrollment based on number of students at June 30.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**School Building Information**  
**Last Ten Fiscal Years**  
**Unaudited**

Exhibit J-18

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>District Building</b>										
<b>Early Learning Center</b>										
Marlboro Early Learning Center (Jan. 2002)										
Square Feet	39,538	39,538	39,538	39,538	39,538	39,538	39,538	39,538	39,538	39,538
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	494	524	514	522	498	519	475	445	438	424
<b>Elementary</b>										
<b>Defino Central (1956)</b>										
Square Feet	75,236	75,236	75,236	75,236	75,236	75,236	75,236	75,236	75,236	75,236
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	806	779	794	815	827	805	775	733	677	653
<b>Robertsville (1967)</b>										
Square Feet	70,880	70,880	70,880	70,880	70,880	70,880	70,880	70,880	70,880	70,880
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment *	817	627	653	657	671	653	654	595	556	539
<b>Marlboro Elementary (1970)</b>										
Square Feet	72,050	72,050	72,050	72,050	72,050	72,050	72,050	72,050	72,050	72,050
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	762	661	671	676	685	673	650	633	585	536
<b>Asher Holmes (1973)</b>										
Square Feet	70,825	70,825	70,825	70,825	70,825	70,825	70,825	70,825	70,825	70,825
Capacity (students)	650	650	650	650	650	650	650	650	650	650
Enrollment	747	622	602	616	626	599	625	631	625	616
<b>Frank J. Dugan (1988)</b>										
Square Feet	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	774	645	659	705	709	719	715	736	717	690
<b>Middle School</b>										
<b>Marlboro Middle (1976)</b>										
Square Feet	198,820	198,820	198,820	198,820	198,820	198,820	198,820	198,820	198,820	198,820
Capacity (students)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	1,425	1,206	1,167	1,169	1,182	1,146	1,136	1,115	1,124	1,132
<b>Memorial Middle School (March 2003)</b>										
Square Feet	154,373	154,373	154,373	154,373	154,373	154,373	154,373	154,373	154,373	154,373
Capacity (students)	990	990	990	990	990	990	990	990	990	990
Enrollment	-	877	936	968	951	1,026	1,052	1,093	1,069	1,048
<b>Other</b>										
<b>Administration Building</b>										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
<b>Transportation</b>										
Square Feet	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
<b>Maintenance Offices</b>										
Square Feet	900	900	900	900	900	900	900	900	900	900

Number of Schools at June 30, 2011

  Early Learning Center = 1  
  Elementary = 5  
  Middle School = 2  
  Other = 3

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED**

Exhibit J-19

**UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX**

School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Defino Central Elementary	N/A	\$ 27,381	\$ 51,987	\$ 366,280	\$ 80,383	\$ 88,537	\$ 84,343	\$ 32,197	\$ 39,425	\$ 39,131	\$ 32,993
Frank Dugan Elementary	N/A	29,230	314,288	68,935	120,192	34,439	64,841	80,078	49,964	41,492	25,667
Marlboro Early Learning Center	N/A	20,385	33,736	182,383	40,736	25,048	60,553	19,981	18,215	28,711	11,900
Marlboro Elementary	N/A	32,506	78,836	84,070	266,191	277,841	68,846	42,212	29,999	30,471	43,419
Marlboro Memorial Middle School	N/A	185,685	189,520	54,355	27,836	25,048	60,553	19,981	18,215	17,794	15,093
Marlboro Middle School	N/A	270,866	731,692	150,490	371,363	60,831	93,267	90,673	55,806	62,505	30,469
Robertville	N/A	83,240	80,779	73,377	59,988	106,006	53,430	32,717	40,469	28,891	28,592
Asher Holmes	N/A	52,770	318,888	98,568	63,709	98,414	68,237	47,757	34,357	42,420	29,542
<b>Total School Facilities</b>		<b>702,063</b>	<b>1,799,726</b>	<b>1,078,458</b>	<b>1,030,398</b>	<b>716,164</b>	<b>554,070</b>	<b>365,596</b>	<b>286,450</b>	<b>291,415</b>	<b>217,675</b>
<b>Other Facilities</b>		<b>25,579</b>	<b>51,386</b>	<b>67,422</b>	<b>78,778</b>	<b>542,942</b>	<b>79,085</b>	<b>43,464</b>	<b>43,683</b>	<b>38,775</b>	<b>36,347</b>
<b>Grand Total</b>		<b>\$ 727,642</b>	<b>\$ 1,851,112</b>	<b>\$ 1,145,880</b>	<b>\$ 1,109,176</b>	<b>\$ 1,259,106</b>	<b>\$ 633,155</b>	<b>\$ 409,060</b>	<b>\$ 330,133</b>	<b>\$ 330,190</b>	<b>\$ 254,022</b>

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

Exhibit J-20

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Utica National	Property Blanket Building & Contents- Replacement Cost Values	\$ 156,298,110	\$ 1,000
Utica National	Flood/Earthquake	2,500,000 occ/ 2,500,000 agg.	25,000
Zurich	Pollution Liability - underground tanks	1,000,000 occ/ 2,000,000 agg.	5,000
Utica National	General Liability		
	-Each Occurrence	1,000,000	-
	-General Aggregate	3,000,000	-
	-Prod/Completed Oper	3,000,000	-
	-Personal Injury	1,000,000	-
	-Fire Damage	100,000	-
	-Medical Expense Limit (Excluding students)	10,000	-
	-Employee Benefit Liability	1,000,000	1,000
	-Aggregate	3,000,000	-
Utica National	Automotive Coverage		
	-Combined Single Limit	1,000,000	-
	-Hired/Non-Owned	1,000,000	-
	-Uninsured & Underinsured	1,000,000	-
Utica National	Inland Marine		
	-Electronic Data Processing Equipment	435,000	500
Utica National	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	100,000	1,000
	-Theft, Disappearance & Destruction Inside and Out	25,000	1,000
Utica National	Boiler & Machinery Coverage	151,183,965	1,000
Utica National	Catastrophe Liability Coverage		
	-Occurrence Limit	10,000,000	10,000
	-Aggregate Limit	10,000,000	
	-Retained Limit	-	

Source: District Records

(Continued)

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

Exhibit J-20

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group	Board of Education		
	-School Leaders Errors and Omissions		
	Each Loss	\$ 1,000,000	\$ 5,000
	Aggregate	1,000,000	5,000
National Union Fire	Accident-Volunteer Workers	250,000	N/A
Markel Insurance	Student Accident - Voluntary Program		
	-Benefit Period 2 years	500,000	
Selective Insurance	Fidelity Bond		
	-School Business Administrator/ Board Secretary	400,000	
New Jersey School Boards Association Insurance Group	Worker's Compensation		
	-Covered Payrolls-Professional	43,159,451	N/A
	-Covered Payrolls-Non-Professional	4,423,477	N/A
	Each Employee	2,000,000	
	Aggregate	2,000,000	

**SINGLE AUDIT SECTION**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

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

**Compliance**

We have audited the Marlboro Township School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2012. The 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 School District's management. Our responsibility is to express an opinion on the 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; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB 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 Marlboro 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 the School District's compliance with those requirements.

In our opinion, the Marlboro Township School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

**Internal Control Over Compliance**

Management of the Marlboro Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the 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 to determine the 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 State of New Jersey Circular 04-04-OMB, 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 School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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, members of the Board of Education, others within the School District, the Division of Administration and Finance of the New Jersey Department of Education, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Public School Accountant No. CS 01113

Voorhees, New Jersey  
November 19, 2012

MARLBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 30,2011
<b>U.S. Department of Education</b>						
<b>General Fund:</b>						
Education Jobs Fund	84.410A	ARRA	\$ 448,099	8/10/2010	9/30/2012	\$ -
Medical Assistance Program (SEMI)	93.778	N/A	256	7/1/2011	6/30/2012	-
Total General Fund						-
<b>U.S. Department of Education Passed-Through State Department of Education:</b>						
<b>Special Revenue Fund:</b>						
Title I	84.010A	NCLB FY 12	163,589	9/1/2011	8/31/2012	-
Title I, carryover	84.010A	NCLB FY 11	154,623	9/1/2010	8/31/2011	(6,986)
Title I, carryover	84.010A	NCLB FY 10	145,893	9/1/2009	8/31/2010	(547)
Title V, Innovative Education Program c/o	84.298A	NCLB FY 08	58,528	9/1/2007	8/31/2008	75
Title II A, Teacher Training & Recruiting	84.367A	NCLB FY 12	93,221	9/1/2011	8/31/2012	-
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 11	96,397	9/1/2010	8/31/2011	(37,917)
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 10	103,912	9/1/2009	8/31/2010	1,210
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 09	56,560	9/1/2008	8/31/2009	842
Title II D, Enhancing Education -Technology	84.318X	NCLB FY 11	343	9/1/2010	8/31/2011	(315)
Title II D, Enhancing Education -Tech. c/o	84.318X	NCLB FY 10	1,466	9/1/2009	8/31/2010	39
Title II D, Enhancing Education -Tech. c/o	84.318X	NCLB FY 09	1,315	9/1/2008	8/31/2009	51
Title II D, Enhancing Education -Tech. c/o	84.318X	NCLB FY 08	1,011	9/1/2007	8/31/2008	35
Title III, English Language Enhancement	84.365A	NCLB FY 12	19,441	9/1/2011	8/31/2012	-
Title III, English Language Enhancement c/o	84.365A	NCLB FY 11	24,178	9/1/2010	8/31/2011	(7,599)
Title III, English Language Enhancement c/o	84.365A	NCLB FY 08	21,770	9/1/2007	8/31/2008	438
I.D.E.A. Part B Basic Regular	84.027	FT FY 12	1,157,700	9/1/2011	8/31/2012	-
I.D.E.A. Part B Basic Regular carryover	84.027	FT FY 11	1,074,396	9/1/2010	8/31/2011	(187,002)
I.D.E.A. Part B Basic Regular carryover	84.027	FT FY 10	1,112,864	9/1/2009	8/31/2010	(17,185)
I.D.E.A. Part B Preschool	84.027	FT FY 12	69,437	9/1/2011	8/31/2012	-
I.D.E.A. Part B Preschool carryover	84.173	FT FY 11	68,296	9/1/2010	8/31/2011	(6,126)
I.D.E.A. Part B Preschool carryover	84.173	FT FY 10	67,044	9/1/2009	8/31/2010	208
ARRA - IDEA Part B Basic	84.391	ARRA FY 10	1,365,329	9/1/2009	8/31/2011	(413,032)
ARRA - IDEA Part B Preschool	84.392	ARRA FY 10	49,410	9/1/2009	8/31/2011	(25,195)
Title IV, Drug Free Schools carryover	84.186A	NCLB FY 11	8,409	9/1/2010	8/31/2011	(1,889)
Title IV, Drug Free Schools carryover	84.186A	NCLB FY 10	10,639	9/1/2009	8/31/2010	2
Title IV, Drug Free Schools carryover	84.186A	NCLB FY 09	11,556	9/1/2008	8/31/2009	106
Title IV, Drug Free Schools carryover	84.186A	NCLB FY 08	15,488	9/1/2007	8/31/2008	139
Total Special Revenue						(700,648)
<b>U.S. Department of Agriculture Passed-Through State Department of Education:</b>						
<b>Enterprise Fund:</b>						
Food Donation Program (1)	10.550	N/A	82,267	7/1/2011	6/30/2012	-
National School Lunch Program	10.555	N/A	149,219	7/1/2011	6/30/2012	-
National School Lunch Program	10.555	N/A	134,335	7/1/2010	6/30/2011	(7,725)
Special Milk Program	10.556	N/A	2,720	7/1/2011	6/30/2012	-
Special Milk Program	10.556	N/A	3,385	7/1/2010	6/30/2011	(126)
Total Enterprise Fund						(7,851)
Total Federal Financial Awards						\$ (708,499)

(1) Amount represents the value received

See accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Awards

MARLBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance at June 30, 2012		
					Accounts Receivable	Deferred Revenue	Due to Grantor
\$ -	\$ 425,524	\$ 448,099	\$ -	\$ -	(22,575)	\$ -	\$ -
-	-	256	-	-	(256)	-	-
-	425,524	448,355	-	-	(22,831)	-	-
-	133,668	163,589	-	-	(29,921)	-	-
-	7,532	-	(546)	-	-	-	-
-	-	-	547	-	-	-	-
-	-	-	-	75	-	-	-
-	55,562	67,269	-	-	(37,659)	25,952	-
-	41,692	-	(1,603)	-	-	2,172	-
-	-	-	14	-	-	-	1,224
-	-	-	-	-	-	-	842
-	294	-	(53)	-	(88)	-	14
-	-	-	-	-	-	-	39
-	-	-	-	-	-	-	51
-	-	-	-	35	-	-	-
-	8,766	19,323	-	-	(10,675)	118	-
-	8,466	1,304	-	-	(1,025)	588	-
-	-	-	-	438	-	-	-
-	950,976	1,044,950	(54,736)	-	(206,724)	58,014	-
-	264,316	69,823	(7,491)	-	-	-	-
-	-	997	18,182	-	-	-	-
-	55,921	68,309	(1,128)	-	(13,516)	-	-
-	29,033	18,182	(4,725)	-	-	-	-
-	-	-	93	-	-	301	-
-	458,999	45,967	-	-	-	-	-
-	34,547	9,363	11	-	-	-	-
-	2,688	2,864	(2,689)	-	(5,077)	323	-
-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	106
-	-	-	-	139	-	-	-
-	2,052,460	1,511,940	(54,124)	687	(304,685)	87,468	2,278
-	82,267	81,143	-	-	-	1,124	-
-	139,589	149,219	-	-	(9,630)	-	-
-	7,725	-	-	-	-	-	-
-	2,575	2,720	-	-	(145)	-	-
-	126	-	-	-	-	-	-
-	232,282	233,082	-	-	(9,775)	1,124	-
\$ -	\$ 2,710,266	\$ 2,193,377	\$ (54,124)	\$ 687	\$ (337,291)	\$ 88,592	\$ 2,278

See accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Awards

MARLBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2011	
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor
<b>State Department of Education:</b>						
<b>General Fund</b>						
Extraordinary Aid - Special Education	12-495-034-5120-044	\$ 391,773	7/1/2011	6/30/2012	\$ -	\$ -
Extraordinary Aid - Special Ed., carryover	11-495-034-5120-044	434,693	7/1/2010	6/30/2012	(434,693)	-
Special Education Categorical Aid	12-495-034-5120-089	3,241,327	7/1/2011	6/30/2012	-	-
Equalization Aid	12-495-034-5120-078	7,191,164	7/1/2011	6/30/2012	-	-
Security Aid	12-495-034-5120-084	337,647	7/1/2011	6/30/2012	-	-
Other State Aid - Transportation Non-Pub	12-495-034-5120-014	39,801	7/1/2011	6/30/2012	-	-
Other State Aid - Transport. Non-Pub, carryover	11-495-034-5120-014	49,962	7/1/2010	6/30/2012	(49,962)	-
Other State Aid - Home Instruction Non-Pub	12-495-034-5120-011	1,261	7/1/2011	6/30/2012	-	-
Reimbursed TPAF Social Security	12-495-034-5095-002	2,700,756	7/1/2011	6/30/2012	-	-
<b>Total General Fund</b>		<u>14,388,384</u>			<u>(484,655)</u>	<u>-</u>
<b>Special Revenue Fund</b>						
<b>N.J. Nonpublic Aid:</b>						
Textbook	12-100-034-5120-064	22,485	7/1/2011	6/30/2012	-	-
Textbook	11-100-034-5120-064	27,623	7/1/2010	6/30/2011	-	4,516
Nursing	12-100-034-5120-070	28,415	7/1/2011	6/30/2012	-	-
Nursing	11-100-034-5120-070	29,163	7/1/2010	6/30/2011	-	4,078
Compensatory Education	12-100-034-5120-067	46,493	7/1/2011	6/30/2012	-	-
Compensatory Education	11-100-034-5120-067	31,816	7/1/2010	6/30/2011	-	5,024
English as a second language	12-100-034-5120-067	5,603	7/1/2011	6/30/2012	-	-
Transportation (192)	12-100-034-5120-068	5,945	7/1/2011	6/30/2012	-	-
Exam and Classification	12-100-034-5120-066	60,378	7/1/2011	6/30/2012	-	-
Exam and Classification	11-100-034-5120-066	64,905	7/1/2010	6/30/2011	-	13,074
Supplemental Instruction	12-100-034-5120-066	26,658	7/1/2011	6/30/2012	-	-
Corrective Speech	12-100-034-5120-066	37,123	7/1/2011	6/30/2012	-	-
Corrective Speech	11-100-034-5120-066	54,762	7/1/2010	6/30/2011	-	25,034
<b>Total Special Revenue Fund</b>		<u>441,369</u>			<u>-</u>	<u>51,726</u>
<b>Debt Service Fund</b>						
Debt Service Aid	12-495-034-5120-075	715,053	7/1/2011	6/30/2012	-	-
<b>Total Debt Service Fund</b>		<u>715,053</u>			<u>-</u>	<u>-</u>
<b>Enterprise Fund</b>						
National School Lunch Program (State Share)	12-100-010-3350-023	13,712	7/1/2011	6/30/2012	-	-
National School Lunch Program (State Share)	11-100-010-3350-023	14,118	7/1/2010	6/30/2011	(1,702)	-
<b>Total Enterprise Fund</b>		<u>27,830</u>			<u>(1,702)</u>	<u>-</u>
<b>Total State Awards</b>		<u>\$ 15,572,636</u>			<u>\$ (486,357)</u>	<u>\$ 51,726</u>

(1) Not subject to Single Audit.

See accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Awards and State Financial Assistance.

MARLBORO TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2012			MEMO	
				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ -	\$ -	\$ (391,773)	\$ -	\$ (391,773)	\$ -	\$ -	\$ -	\$ 391,773
-	434,693	-	-	-	-	-	-	-
-	2,917,194	(3,241,327)	-	(324,133)	-	-	(324,133)	3,241,327
-	6,484,727	(6,747,192)	-	(706,437)	443,972	-	(706,437)	6,747,192
-	303,882	-	-	(33,765)	337,647	-	(33,765)	-
-	-	(39,801)	-	(39,801)	-	-	-	39,801
-	49,962	-	-	-	-	-	-	-
-	1,261	(1,261)	-	-	-	-	-	1,261
-	2,700,756	(2,700,756)	-	-	-	-	-	2,700,756
-	12,892,475	(13,122,110)	-	(1,495,909)	781,619	-	(1,064,335)	13,122,110
-	22,485	(20,133)	-	-	-	(2,352)	-	20,133
-	-	-	4,516	-	-	-	-	-
-	27,513	(27,513)	-	(902)	-	(902)	-	27,513
-	-	-	4,078	-	-	-	-	-
-	32,122	(32,122)	-	(14,371)	-	(14,371)	(14,371)	32,122
-	-	-	5,024	-	-	-	-	-
-	5,603	(5,603)	-	-	-	-	-	5,603
-	5,945	(5,945)	-	-	-	-	-	5,945
-	52,639	(52,639)	-	(7,739)	-	(7,739)	(7,739)	52,639
-	-	-	13,074	-	-	-	-	-
-	25,255	(25,255)	-	(1,403)	-	(1,403)	(1,403)	25,255
-	31,594	(31,594)	-	(5,529)	-	(5,529)	(5,529)	31,594
-	-	-	25,034	-	-	-	-	-
-	203,156	(200,804)	51,726	(29,944)	-	(32,296)	(29,042)	200,804
-	715,053	(715,053)	-	-	-	-	-	715,053
-	715,053	(715,053)	-	-	-	-	-	715,053
-	12,877	(13,712)	-	(835)	-	-	-	13,712
-	1,702	-	-	-	-	-	-	-
-	14,579	(13,712)	-	(835)	-	-	-	13,712
\$ -	\$ 13,825,263	\$ (14,051,679)	\$ 51,726	\$ (1,526,688)	\$ 781,619	\$ (32,296)	\$ (1,093,377)	\$ 14,051,679

See accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Awards and State Financial Assistance.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards  
and State Financial Assistance  
For the Fiscal Year Ended June 30, 2012

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Marlboro School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District'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, are included on the schedules of expenditures of federal awards and state financial assistance.

**Note 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using 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 School District'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*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$143,650 for the general fund and \$305,481 for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$305,481 for the special revenue fund and no adjustment is necessary for the general fund. See Exhibit C-3, 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
Notes to the Schedules of Expenditures of Federal Awards  
and State Financial Assistance  
For the Fiscal Year Ended June 30, 2012

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**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 448,355	\$ 17,220,838	\$ 17,669,193
Special Revenue	1,815,070	203,155	2,018,225
Debt Service		715,053	715,053
Food Service	<u>234,206</u>	<u>5,062</u>	<u>239,268</u>
	<u>2,497,631</u>	<u>18,144,108</u>	<u>20,641,739</u>

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent differences in the presentation of the prior year.

**Note 6: OTHER**

Revenues and expenditures reported under the food distribution program represent current year value received and current year distribution, respectively. TPAF social security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012.

**Note 7: MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012**

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ yes x no

Significant deficiency(ies) identified? \_\_\_ yes x none reported

Noncompliance material to financial statements noted? \_\_\_ yes x no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes x no

Significant deficiency(ies) identified? \_\_\_ 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 OMB Circular A-133? \_\_\_ yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.410A	Education Jobs Fund
84.027	IDEIA Part B Basic
84.173	IDEIA Part B Preschool
84.391	ARRA - IDEIA Part B Basic
84.392	ARRA - IDEIA Part B Preschool

Dollar threshold used to determine Type A programs \$300,000

Auditee qualified as low-risk auditee? x yes \_\_\_ no

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2012**

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes   x   no

Significant deficiency(ies) identified? \_\_\_\_\_ 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 OMB Circular A-133 or New Jersey Circular 04-04-OMB? \_\_\_\_\_ yes   x   no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5095-002	TPAF Social Security Aid
495-034-5120-075	Debt Service Aid

Dollar threshold used to determine Type A programs \$421,550

Auditee qualified as low-risk auditee?   x   yes \_\_\_\_\_ no

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2012

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**None**

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2012**

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

**None**

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2012**

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**None**

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Summary Schedule of Prior Year Audit Findings**  
**and Questioned Costs as Prepared by Management**

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

None

**FEDERAL AWARDS**

None

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None