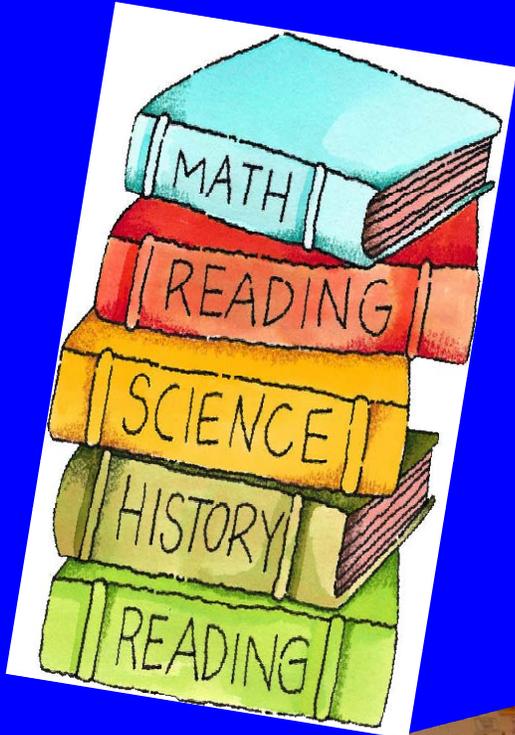


# *School District of Marlboro Township*



**Marlboro Township Board of Education  
Marlboro, New Jersey  
Comprehensive Annual Fiscal Report  
For the Fiscal Year Ended June 30, 2013**

**Marlboro Township School  
District**

Marlboro, New Jersey

Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2013

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, 2013

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# Marlboro Township Public Schools

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BOARD SECRETARY

January 17, 2014

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, 2013. 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, a director of human resources, 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 David C. Abbott 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 7:00 PM. Effective January 17, 2012, all public portions of the regular and workshop meetings of the Marlboro Township Board of Education are taped and posted on the district's website. This has enabled Board meetings to 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 uses several options to insure a consistent flow of information to our stakeholders. *School Notes* newsletters are 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 e-mailed as a special newsletter to all parents as well as to residents who have signed up to receive it and is posted on the district 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 School Messenger, 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.

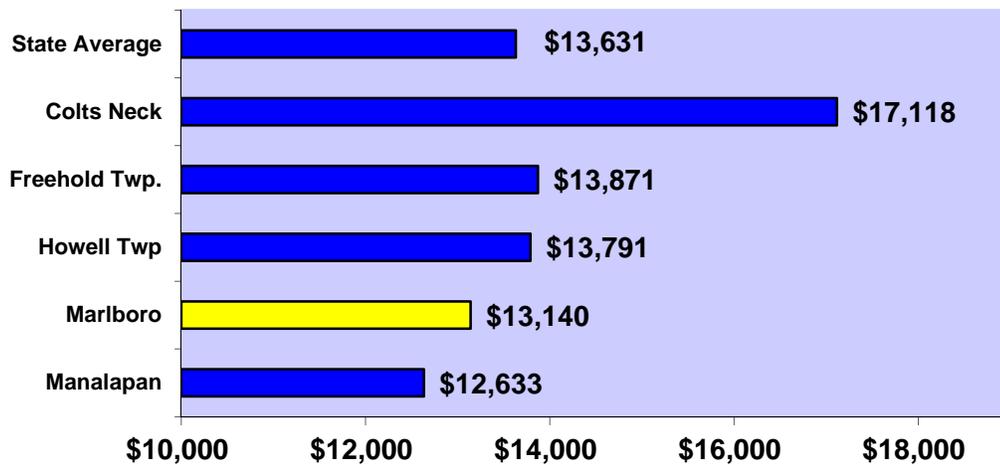
## **EDUCATIONAL PROGRAM**

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 2013, 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 \$13,140 per pupil while the average cost for similar districts is \$13,631. The report also

indicates per pupil costs range from a low of \$10,809 to a high of \$17,635 for districts of this type. Of the 88 other K-8 schools districts in the state with enrollments exceeding 751 children, Marlboro ranks 37th lowest in total cost per pupil.

**PER PUPIL TAXPAYERS' GUIDE TO EDUCATION SPENDING, JULY 2013**



***Pre-K and Kindergarten***

David C Abbott Early Learning Center - an early learning center for pre-school handicapped and kindergarten of 401 students. There is one administrator and a staff of 67 teachers and instructional assistants. The school is located on Tennent Road in the Morganville section of Marlboro.

The Abbott 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 Elementary - a grade 1-5 school of 633 students. There are two administrators and staff of 75 teachers, instructional assistants and school aides. The school is located on Menzel Lane in the Morganville section of Marlboro.

Frank Defino Central Elementary - a grade 1-5 school of 575 students. There are two administrators and a staff of 79 teachers, instructional assistants and school aides. The school is located on Rt. 79 in Marlboro.

Frank Dugan Elementary - a grade 1-5 school of 669 students. There are two administrators and a staff of 80 teachers, instructional assistants and school aides. The school is located on Topanemus Road in Marlboro.

Marlboro Elementary - a grade 1-5 school of 552 students. There are two administrators and a staff of 74 teachers, instructional assistants and school aides. The school is located on School Road West in Marlboro.

Robertsville Elementary - a grade 1-5 school of 498 students. There are two administrators and a staff of 79 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 1,142 students. There are three administrators and a staff of 154 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 1,019 students. There are three administrators and a staff of 123 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.

#### ***English Language Arts***

The English language arts curriculum is aligned to the Common Core and 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, aligned to the Common Core, 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 five are introduced to different languages. (Sign Language in kindergarten, Chinese in first grade, Spanish in second grade and French in third grade, Latin/Greek in fourth/fifth), and then students can choose French or Spanish beginning in grade six 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 Common Core Standards, 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.

- **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 the district and of each school. At the David C. Abbott Early Learning Center, special education programs consist of self contained and inclusive options. These include options for students needing Applied Behavioral Analysis through their day.

Each of the District's elementary schools has both self-contained programs and resource programs. In addition there are several inclusive classrooms at each of the elementary schools. These inclusive programs support the District's goal of educating the maximum number of students in general education settings 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 Common Core Standards: K-8 Mathematics and English Language Arts K-8. All other curricula are aligned to the 2009 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 Achieve 3000, Study Island, ST Math, netTrekker, BrainPop and streaming video.

All schools use e-mail communications with parents, which has reduced the amount of paper 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 can 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 Chromebook carts, each with thirty devices with wireless network cards. These wireless carts support teachers in implementing a real-time assessment, curriculum-based instructional platform. The Abbott Early Learning Center has 3 iPad carts outfitted with class sets of iPads.

## ECONOMIC CONDITION AND OUTLOOK

The district completed the 2012-13 fiscal year with an enrollment of 5,491 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 2003-04 through 2013-14 (projected).

<u>School Year</u>	<u>Enrollment as of October 15</u>	<u>% Change</u>
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	5,470	-2.77%
2013-14	5,283	-3.44%

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.

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.

## MAJOR INITIATIVES

### ***Asher Holmes***

The priorities of maintaining student health and safety as well as rigor in the instructional program were the cornerstones of the 2012-2013 budget at Asher Homes School. The overall budget amount as well as individual account allocations were similar to the previous year. Budgeting within the parameter of keeping costs relatively flat required a careful review of all purchases and services since costs increased from one year to the next while the budgeted amount remained largely unchanged. In a continuing commitment to fiscal responsibility, actual purchases were made very selectively.

For the 2012-13 school year, there was an increase of two classroom sections in the school. A new fifth grade section and a new third grade section were opened to lower overall class size in these grades to both maintain health/safety and instructional excellence. As a result of opening these sections, there was a need to purchase additional desks and chairs that were age appropriate to outfit those classrooms. In addition, there was a need to purchase additional teacher materials for these sections.

As was reflected in the budget and how funds were actually spent during the 2012-13 school year, allocations reflected increases and decreases to various accounts in comparison to past years based on factors such as enrollment, existing supplies, and a need to balance areas that have experienced a decrease from last year to this year. Input from stakeholders across the staff proved useful in determining amounts needed in various supply accounts. Supplies that were ordered were confirmed to be a valid need prior to initiating the purchase process. Whenever possible, members of the staff continued to utilize existing resources to keep costs down.

The core academic program was supported in many areas of the 2012-13 budget, as were several aspects of maintaining student safety and well being. In addition to these fundamental purchases, money was allocated and spent on the media center, the special areas of art, music, PE, health and computer instruction. Doing so provided monetary support for these programs within the school budget so that these programs could operate properly during the school year. For example, the amount of money spent in Library Books decreased based on current need. Similarly, less money was spent on General Supplies Music since a new musical instrument was purchased last year. More money was spent on the General Supply accounts for Art and Health as these programs reflected more of a need.

All initiated purchase requests were for materials that were deemed essential. These included core instructional materials and supplies and materials for the nurse's office. Three large annual monetary allocations were for copier paper, laminating film and basic classroom supplies.

The 2012-13 Asher Holmes budget reflected a commitment to fully support the instructional program while being financially conservative and financially conscientious. The books, services and materials that were purchased were for mandated and supplemental instructional resources that allowed for an academically rigorous program. Many of the other purchases did the same and as well promoted the health and safety of every member of the school community.

### ***Defino Central***

In support of the Superintendent's goals of continuing to implement the Common Core curriculum, Defino Central School focused on Close Reads in all classes – to include the related arts. Concurrently, we maintained our emphasis on the necessary shifts required by the Common Core with text-centered lessons, small group instruction, and academic rigor.

The school's budget provided our teaching staff with the resources needed to meet the above-mentioned goals. It provided for the purchase of materials to support our enVision mathematics curriculum. Grades 1 and 2 consumable materials for classwork 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. Additionally, we purchased enVision Transition Kits for grades 3, 4, and 5 which provided the necessary materials to incorporate the common core standards into our instruction.

The budget also supported the language arts program, Making Meaning, which required the purchase of materials (Making Meaning Student Response Books and practice workbooks) to improve reading comprehension skills throughout our grade levels. These reading materials as well as the Being a Writer Student Skill Practice Books were purchased in order to help students improve performance on the NJ ASK. Practice workbooks and test preparation materials were also purchased to assist teachers in grades 3 through 5 as they prepared their students for the NJ ASK testing.

Our school's media center was supported with the purchases of periodical magazines and additional non-fiction materials in support of the common core and its emphasis on increased non-fiction and rigor. In support of technology in our classrooms, we purchased new batteries for 10 of the laptop computers in our wireless lab. We continued to purchase necessary bulb and pen replacements for our Activboards to support the instructional program.

### **Dugan**

Goals and objectives for the 2012-2013 school year centered largely around 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. All classrooms are now equipped with Activboards due in part to meaningful contributions from Dugan's PTA. 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. The introduction of Achieve 3000 proved useful in determining the reading levels of students in grades 3-5. This data helped inform instruction and enabled teaching staff to align reading material with students' ability.

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. Both Activslates and Activvotes represent the union of technology and assessment as they provide an electronic vehicle for students to illustrate their understanding of objectives and receive immediate feedback. Further, 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-term assignments, projects, test dates, class trips, creating curriculum-related hotlinks, and other classroom-related events. Parental and community feedback has been positive and plans for advancing this technology are underway for the forthcoming year. 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, Dugan students are now able to learn and discover books through the experiences of their peers.

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.

### ***David C. Abbott Early Learning Center***

At the Abbott 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.

This year, the Abbott Center objectives were language arts based, focusing on the common core standards. We concentrated on close reading using non-fiction text. We also focused on guided reading, using leveled text during small group instruction/center time. This effort supports the student's emergent reading process and the confidence to continue to strengthen their reading skills at the elementary level.

A highlight of the 2012-13 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, and Our Community. Our performance-based assessment was aligned to the common core standards.

The school opened 6 full-day regular education classrooms, (the Kindergarten Complement program), with 23 students in each classroom. Parents received ½ day AM program through district funds and paid ½ day tuition for an enrichment program.

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

Continued efforts of the 2012-2013 PTO again deserve special recognition, as this organization contributed to the school by sponsoring several student assemblies and events such as an exploration of multicultural dance and music, the incubation of chicks, the fire prevention assembly, pumpkin picking, and the yearend field day.

### ***Marlboro Elementary***

District funds were used frugally and prudently knowing the financial constraints of the District. Class sizes in third and fifth grade were particularly high. In order to conserve funds, textbooks were provided from other elementary schools. Needed and surplus were also shared with other elementary schools.

- **Technology:** Substantial funds continue to be used to support District initiatives for purchases such as Activpens and bulbs to support the number of Promethean Activboards in the school. There is also a renewal of web-based instructional media. The first distribution of Chromebook carts were delivered to trained staff members in order to provide students with improved access to electronic devices and programs supporting the curriculum. Students will continue to gain exposure to electronic devices and use them during instruction and assessment which will provide an environment conducive to 21<sup>st</sup> Century skills tied to The Common Core State Standards and the new PARCC assessment coming in the 2014-15 academic year. Ink cartridges, toner, and other computer supplies and materials take on a large proportion of the budget as these are used 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.
- **English Language Arts/Making Meaning and Being a Writer:** Support materials were purchased as were new and replacement trade books at various grade levels. Achieve 3000 was a differentiated literacy solution utilized by grades 3-5 to increase Lexile measures of students exposed to the program. A schedule was devised to rotate all students through the computer labs in order to give students access to the required number of activities in order for the program to make an accurate Lexile measure adjustment on a monthly basis. Marlboro Elementary students exceeded the expected Lexile measure gains due to their use of the program with consistency and fidelity.
- **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.

- **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 2012-2013 school year, teachers, parents, students, and all support personnel worked together to support 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 that broadened their understanding of the Common Core curriculum and areas of priority focus.

Standardized test results indicate that our students are continuing to exceed the state's expectations for student growth and achievement. The sub group of special education students continues to show 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 Harassment, Intimidation and Bullying Law by utilizing a building level committee and training the staff in the provisions of the law. We scheduled school assemblies presented by 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 continued to be widely supported by parents and the community. The volleyball and basketball intramural programs continue to be popular among the students. 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 Hershey Park, Pennsylvania after having received the highest awards and recognition. Students in the math club and National History Day club were recognized for their accomplishments.

Professional development initiatives for the staff continued to focus on the Common Core initiatives and the introduction of chrome books at the middle school. 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 are continuing to infuse 1:1 technology into daily lesson design. Students utilized their computers and personal devices daily in instruction with great success and excitement. The purchase of chrome books supports the daily instructional model.

The middle school program continued to address the academic and emotional growth of the adolescent student and his role as a community member in the middle school. The instructional program coupled with the numerous team and club opportunities continues to meet and exceed our goals and expectations.

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

Marlboro Memorial Middle School students made valuable contributions to their school, district and community and were recognized for outstanding scholastic excellence, numerous academic awards, fine arts performances, athletic success and character education events. The Board of Education Recognition Ceremony on May 21st honored more than 350 parent and student contributors for their accomplishments. Graduates moved on to 28 high schools where they will continue to achieve and contribute to new school environments across New Jersey.

MMMS educators demonstrated dedication to student learning by engaging in research and designing rigorous assessments. Students significantly increased their literacy and technology skills. Teachers transformed prior practices into effective student centered activities. These robust structures generated change and prioritized measurable academic success for all MMMS students.

The indicators listed below provide examples of professional development initiatives enacted throughout the school year.

- Introduced Achieve 3000 as a way to assess individual reading skills, fluency, decoding, word recognition, and comprehension. This initiative led to detailed instructional activities. Pre-test and post-test lexile scores were sent to parents to communicate progress and emphasize the importance of reading.
- Established new computer lab schedules for multiple technology assessments. Teacher trainings provided ways to interpret results and design relevant instruction.
- Close read overviews with the ELA Supervisor advanced literacy skills across all grade levels. These sessions reinforced reading strategies to increase critical thinking skills.
- Math concepts were embedded in readings, authentic assessments, and integration across all content areas.

Exemplary academic achievements were recognized in state and district reports during the school year. 2012 NJASK results showed impressive gains in academic achievement. Positive growth is attributed to staff incentives targeted on individual student needs and rigorous focus on high quality instruction. As a result of ever increasing expectations for effective teaching and learning, Dr. Abbott's goals for close reads, domain specific vocabulary infusion, lexile growth, and cross curricular literacy integration were accomplished.

MMMS 2012-2013 building goals expanded instructional strategies that required evidence of mastery. Specific objectives were determined by an analysis of needs assessment data to enhance student learning through measurable and attainable results. Technology integrated instruction, Chrome Book implementation, Google Docs applications and collaborative assessments verified MMMS commitment to the superintendent's goals and Achieve 3000 Lexile challenges. An innovative staff assignment provided the 8<sup>th</sup> grade College and Career Readiness elective which will be expanded to grades 6 and 7 in the new school year.

MMMS professional development goals were successfully accomplished to promote early identification of students experiencing difficulty in academic areas. Technology support was provided through Study Island, Achieve 3000, ST Math, and Apangea. Goals were measured by decreased numbers of referrals to the Child Study Team and increased student success.

The Marlboro Memorial Middle School PTA shared support for students' academic pursuits and Community of Caring initiatives. School wide walk-a thons, clothing drives and numerous fund raisers provided special assemblies and celebrations for all students. Long term partnerships with the Marlboro Alliance, MEF, Kiwanis and the Marlboro Police Department garnered strong support for numerous student initiatives. Complex issues, such as the emergency school evacuation, were well managed.

Eleven years of continuous improvement and excellence provided numerous celebrations and honors for our school community throughout the exciting 2012-2013 school year.

### **Robertsville**

The budget for the 2012 -2013 school year was approximately the same as that for the 2011-12 school year. This required a careful review of all purchases and services since costs increased from one year to the next while the budgeted amount was flat. In a continuing attempt to be fiscally prudent, we tried to be very selective in our purchases.

The initial purchase requests that we wrote last July were for materials that were instructionally essential. These included core materials such as enVision math books for students in grades 1 and 2, reading workbooks for all students, Making Meaning/Being a Writer consumables for students in grades 2-5, penmanship workbooks for students in grades 1-3 and enVision math practice books for students in grades 4 and 5. In addition to these core materials, we needed to purchase bulbs for the Promethean boards and ink for the printers. Supplies and materials for the nurse's office was another critical expense. Three large annual monetary allocations were for copier paper, laminating film and basic classroom supplies. These costs are substantial but are crucial purchases if the school is to operate properly.

In addition to these fundamental purchases, money was allocated and spent on joining the NJ Math league, spelling and geography competition and costs associated with the G&T program. The media center, the special areas of art, music, PE, health and computer instruction all need to be supported within the school budget so that these programs could operate properly during the school year.

When the school year began, teachers requested supplemental instructional materials that were also purchased selectively. These requests included weekly classroom news magazines, NJASK test-prep materials, trade books for the Battle of the Books competition and additional science materials for use in the 4<sup>th</sup> and 5<sup>th</sup> grade classes.

We continue to be diligent about school security by using LobbyGuard for visitors. The majority of the visitors report to the main office to bring in a student who was late, to drop off a book or deliver a lunch. On occasion, a visitor has made an appointment to see a teacher or needs to speak with the nurse, the guidance counselor or a member of the Child Study team. Whenever a visitor needs to go beyond the main office, a visitor's badge is issued. The staff knows that anyone without an official badge must be stopped and questioned. Teachers and cafeteria aides also are issued two way radios that must be used during a fire drill or any security drill.

In short, the expenditure of money was carefully considered before a purchase requisition was made. We made every effort to remain true to the instructional program while being financially conservative and financially conscientious. The books, services and materials that were purchased were for mandated and supplemental instructional resources that allowed for an academically sound program and furthered the educational goals of the school district.

### **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: Mathematics(6-8), Music K--5, Band 4-8, Orchestra 6-8. In addition, many curriculum committees worked to provide units of study and resources aligned to the Common Core and create or revised district assessments in mathematics and English Language Arts

**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 will continue training 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 has continued supporting a part-time social skills facilitator. This has enabled and encouraged school 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 organically this past year, embraced by the various stakeholders 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 the Abbott Center. At the middle schools, special education teachers are assigned to teams and travel with students from general education class to general education class.
- The district continues its relationship with the Search School for students with autism. In addition to Search running a classroom in the district, Search also offers the district expert guidance and consultation about the district's in-house program for students with autism.

**Business:**

Due to constant changes in the state fiscal environment, the business office continued to evolve during the 2012-13 school year. Increased workload in all areas, while maintaining current staff levels, proves to be an on-going challenge. Accomplishments/initiatives in this school year were as follows:

- The district completed its seventh year using a contractor for custodial services. Through ongoing hard work and adaptation, the outsourcing out of this service continues to be successful.
- For the eleventh 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, 2012. 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. 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-for-it was utilized for the district Kindergarten Complement Program tuition.

- Continued to find ways to save taxpayer monies by exploring shared services with Marlboro Township. During the 2012-13 school year, the district continued to participate in an electricity cooperative and continued to provide the township's summer recreation program with transportation services.
- The 2012-13 school year was a challenging but successful school year for Chartwells, the district's food service provider. Beginning with Superstorm Sandy, the Director of Dining Services for Chartwells, assisted many affected families for approximately two weeks, by providing breakfast at the Marlboro Recreation Center. As a result of power outages from the storm and with the assistance of staff from the district's Buildings and Grounds Department, Chartwells transported a large portion of food that was stored in the school kitchens and transported it to the Marlboro Memorial Middle School (MMMS) for storage. MMMS is equipped with refrigeration and freezer units for which the electrical supply is connected to backup generators which are valuable assets in situations such as this.
- Chartwells also began to work with Champions, the district's Before- and After-School Care provider for the provision of snacks and refreshments on a regular basis. In addition, Chartwells began catering to the Marlboro Recreation Center for the many planned activities scheduled for township residents. Each month, a different theme of foods was offered at events that would average approximately 150 attendees per event.
- Chartwells once again reach the district's financial obligations of a \$50,000 guarantee.

***Personnel:***

The district employed 874 individuals during the 2012-13 school year. The certificated staff numbered 532; 27 administrators and supervisors and 505 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). In addition, 342 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.

Beginning in September of 2012, the Personnel department began to utilize a substitute calling system called AESOP. This system automates and controls all substitute staff in the district with the exception of the transportation department. AESOP is web based and allows the staff to input their absences while allowing substitutes to log onto the system to search for jobs. This system has extension reporting features and allows the district to track substitute history which in turn reduces the districts exposure to unemployment claims.

**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 yearend.

## **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, 2012. 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 auditor's report related specifically to the Single Audit is included in the single audit section of this report.

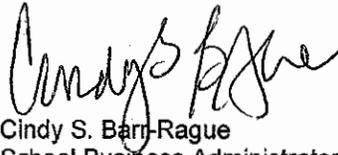
## ACKNOWLEDGMENTS

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,

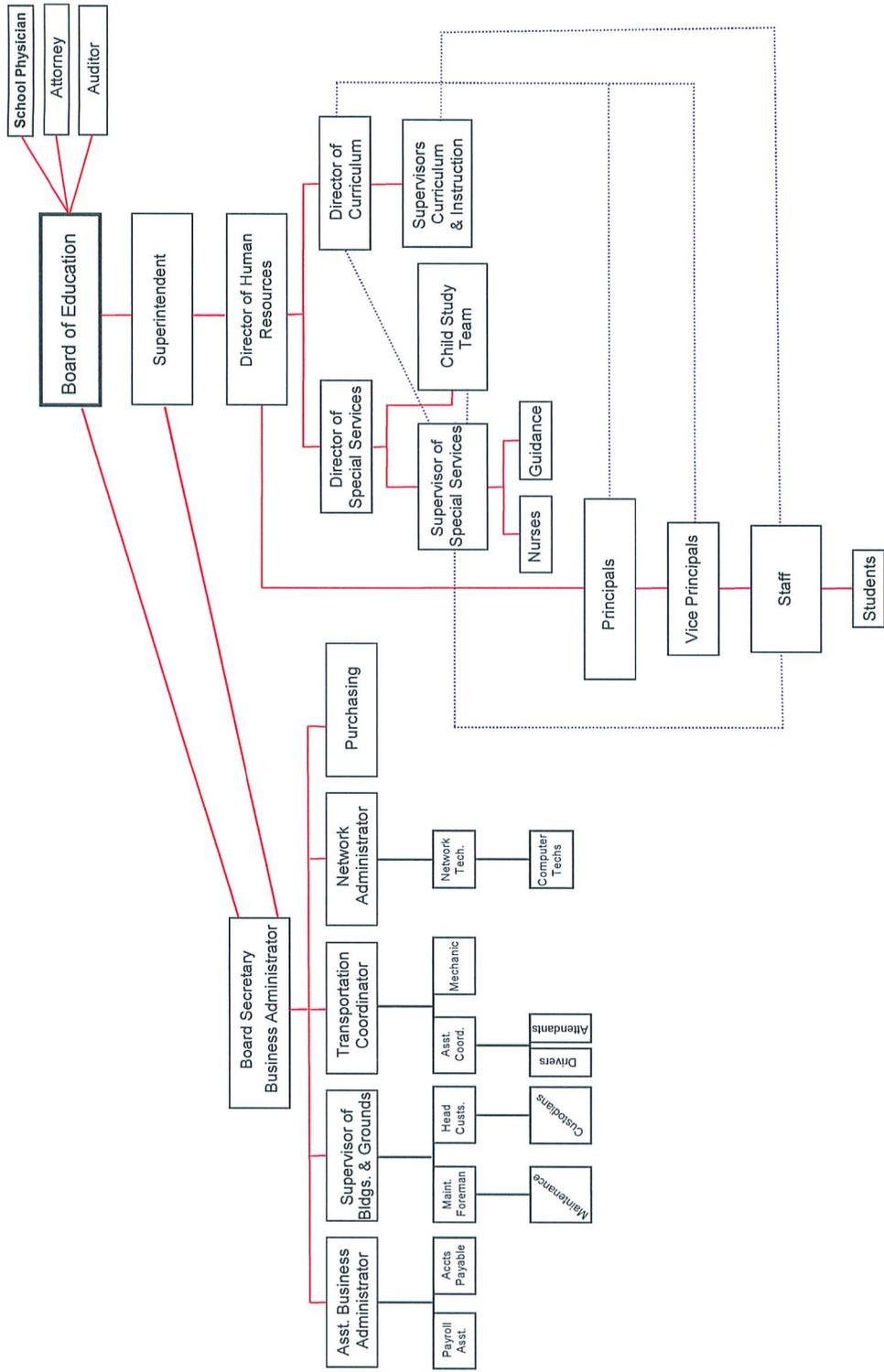


Dr. Eric M. Hibbs  
Superintendent of Schools



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, 2013**

<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
Debbie "Despina" Mattos	2013

**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, 2013**

**Audit Firm**

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

**Attorney**

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

**Special Counsel – Special Education**

Purcell, Mulcahy, Hawkins, Flanagan & Lawless. LLC  
1 Pluckemon Way  
Crossroads Business Center  
P.O. Box 754  
Bedminster, New Jersey 07921

**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, 2012*

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



A handwritten signature in black ink, appearing to read "Ron McCulley".

Ron McCulley, CPPB, RSBO  
President

A handwritten signature in black ink, appearing to read "John D. Musso".

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marlboro Township School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marlboro Township School District's basic 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 basic 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 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 17, 2014 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 in considering the Marlboro Township School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Robert S. Marrone*

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

Voorhees, New Jersey  
January 17, 2014

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Marlboro Township School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 26, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Marlboro Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marlboro Township School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matter that is 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 and which is described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as findings no.: 2013-1

### ***The Marlboro Township School District's Response to Findings***

The Marlboro Township School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



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

Voorhees, New Jersey  
January 17, 2014

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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, 2013. 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 (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- ❖ In total, net position of governmental activities increased \$2,430,538, which represents a 5.71% increase from 2012. Net position of business-type activities increased \$37,738, which represents a 6.07% increase from 2012. As reflected in the financial statements and footnotes, the District reappraised capital assets during the fiscal year resulting in a prior period adjustment of \$3,503,144.
- ❖ General revenues accounted for \$78,024,558 in revenue or 86.32% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$12,369,632 or 13.68% of total revenues of \$90,394,190.
- ❖ Total assets of governmental activities decreased by \$4,655,388 as cash and cash equivalents increased by \$7,111,497, investments decreased by \$7,070,612, receivables decreased by \$32,380, net capital assets decreased by \$4,465,388, and other assets decreased by \$198,538. As reflected in the financial statements and footnotes, the District reappraised capital assets during the fiscal year resulting in a prior period adjustment of \$3,503,144.
- ❖ The District had \$86,600,669 in governmental activity expenses; only \$11,006,649 of these expenses were funded by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$78,024,558 were adequate to provide for these programs.
- ❖ In the governmental funds, the general fund had \$82,739,409 in revenues and \$83,217,920 in expenditures. The general fund's fund balance increased \$14,465 over 2012.

**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 Position* 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, the statements inform us of 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, 2013  
UNAUDITED (CONTINUED)**

**Reporting the School District as a Whole**

**Statement of Net Position 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 2013?" The Statement of Net Position 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 position and changes in those assets. This change in net position 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 Position 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 Position 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, 2013  
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 58 to 83 of this report.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the school district as a whole. Net position 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 2013 and 2012.

**Table 1  
Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	2013	Restated 2012	2013	2012
<b>Assets</b>				
Current and Other Assets	\$ 13,793,025	\$ 13,983,058	\$ 436,704	\$ 348,889
Capital Assets, Net	63,217,093	64,666,631	327,170	346,104
Total Assets	<u>77,010,118</u>	<u>78,649,689</u>	<u>763,874</u>	<u>694,993</u>
<b>Deferred Outflow of Resources:</b>				
Deferred Loss on Refunding	\$ 1,111,555			
<b>Liabilities</b>				
Long-term Liabilities	26,800,063	29,381,375	-	-
Other Liabilities	6,289,444	6,179,359	104,249	73,106
Total Liabilities	<u>33,089,507</u>	<u>35,560,734</u>	<u>104,249</u>	<u>73,106</u>
<b>Net Assets</b>				
Net Investment in,				
Capital Assets	35,261,244	33,753,591	327,170	346,104
Restricted	10,326,308	10,776,087	-	-
Unrestricted	(555,386)	1,575,094	332,455	275,783
<b>Total Net Assets</b>	<u>\$ 45,032,166</u>	<u>\$ 46,104,772</u>	<u>\$ 659,625</u>	<u>\$ 621,887</u>

The district's combined net assets were \$45,691,791 on June 30, 2013. This was a decrease of \$1,034,868 which is attributable to the reappraisal of capital assets during the fiscal year.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (CONTINUED)**

Table 2 shows the changes in net assets from fiscal year 2013 and fiscal year 2012.

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	2013	2012	2013	2012
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 792,518	\$ 567,578	\$ 1,077,688	\$ 1,100,313
Operating grants and contributions	10,214,131	8,611,870	285,295	247,918
General Revenues:				
Property taxes	65,991,241	67,630,325	-	-
Federal and State Aid Not Restricted	11,741,062	11,791,157	-	-
Other	292,255	466,698	-	-
Total Revenues	<u>89,031,207</u>	<u>89,067,628</u>	<u>1,362,983</u>	<u>1,348,231</u>
 <b>Program Expenses</b>				
Instruction	52,393,572	49,078,601	-	-
Support services				
Student and related services	9,653,363	10,087,917	-	-
Tuition	1,912,991	2,368,247	-	-
General administration, School administration, and Central services	9,160,904	7,750,806	-	-
Operations and Maintenance of facilities	7,482,966	7,232,758	-	-
Pupil transportation	5,096,709	4,579,899	-	-
Interest on debt	900,164	1,955,197	-	-
Food service	-	-	1,325,245	1,334,350
Total Expenses	<u>86,600,669</u>	<u>83,053,425</u>	<u>1,325,245</u>	<u>1,334,350</u>
 (Decrease)/Increase in Net Position	<u>\$ 2,430,538</u>	<u>\$ 6,014,203</u>	<u>\$ 37,738</u>	<u>\$ 13,881</u>
 Net Position, beginning	46,104,772	40,090,569	621,887	608,006
Prior period adjustment	<u>(3,503,144)</u>			
 Net Position, beginning (Restated)	<u>42,601,628</u>	<u>40,090,569</u>	<u>621,887</u>	<u>608,006</u>
Net Position, ending	<u>\$ 45,032,166</u>	<u>\$ 46,104,772</u>	<u>\$ 659,625</u>	<u>\$ 621,887</u>

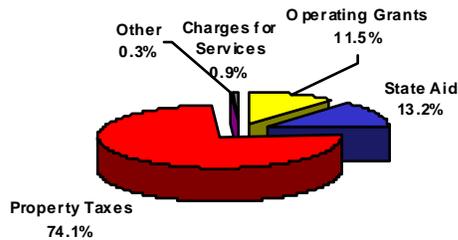
**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (CONTINUED)**

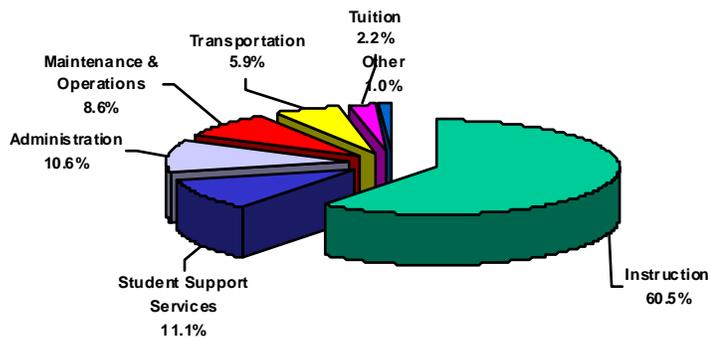
**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations if exceeding the maximum limit of a 2% tax increase. For this District the property taxes are limited to a maximum increase of 2% each year. Property taxes made up 74.12% of revenues for governmental activities for the Marlboro Township Public School District for fiscal year 2013 and 75.93% of revenues for fiscal year 2012. Property tax revenues decreased \$1,639,084, which is a 2.42% decrease over the prior year. The decrease was due to increases in charges for services, and operating grants and contributions. The District's total revenues for governmental activities were \$89,031,207 for the year ended June 30, 2013. Federal, state and local grants accounted for another 24.66% of revenue.

**Sources of Revenues for Fiscal Year 2013**



**Expenses for Fiscal Year 2013**



The total cost of all programs and services was \$86,600,669. Instruction comprised 60.50% 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (CONTINUED)**

**Business-Type Activities**

- ◆ Food service revenues exceeded expenses by \$37,738.
- ◆ Charges for services, which are the amounts paid by patrons for daily food services, represent \$1,077,688 of total revenue.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$285,295.

**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 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Instruction	\$ 52,393,572	\$ 44,310,004	\$ 49,078,601	\$ 41,984,926
Support services				
Tuition	1,912,991	1,912,991	2,368,247	2,368,247
Pupils and instructional staff	9,653,363	8,769,567	10,087,917	9,209,111
General administration, school administration, business	9,160,904	8,278,017	7,750,806	7,122,205
Operation and maintenance of Facilities	7,482,966	7,146,284	7,232,758	6,960,916
Pupil transportation	5,096,709	4,276,993	4,579,899	4,273,375
Interest and fiscal charges	900,164	900,164	1,955,197	1,955,197
<b>Total expenses</b>	<b>\$ 86,600,669</b>	<b>\$ 75,594,020</b>	<b>\$ 83,053,425</b>	<b>\$ 73,873,977</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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (CONTINUED)**

**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 \$89,031,206 and expenditures were \$89,743,484. The net positive changes in fund balances for the year were in the general fund, which showed an increase of \$14,465, the capital projects fund, which showed a decrease of \$136,121 and the debt service fund, which showed an increase of \$46,050. The change in the general fund reflects the increase of expenditures due to increased student needs. 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. The increase in the debt service fund is the result of the savings derived from the refunding of the 2004 Refunding Issue, which was completed after the 2012 – 2013 budget was approved by the Board of Education in April 2012. 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,**

	2013 Amount	2012 Amount	Percentage Change
Property taxes	\$ 65,991,241	\$ 67,630,325	(2.42)%
Tuition	681,099	457,329	48.93%
Interest earnings	4,722	7,990	(40.90)%
Miscellaneous	439,017	568,957	(22.84)%
State sources	20,540,165	18,139,046	13.24%
Federal sources	1,374,962	2,263,425	(39.25)%
<b>Total</b>	<b>\$ 89,031,206</b>	<b>\$ 89,067,072</b>	<b>(0.04)%</b>

Revenues were down slightly \$35,866 or (0.04%) over the prior year, mostly due to a decrease in property taxes, aid from federal sources, and miscellaneous income.

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

	2013 Amount	2012 Amount	Percentage Change
Salaries and wages	\$ 47,264,071	\$ 44,969,776	5.01%
Benefits	21,915,385	19,076,553	14.88%
Purchased services	10,431,977	11,414,947	(8.61)%
Supplies and other	4,634,384	3,537,457	31.01%
Capital Outlay	558,174	556,890	0.23%
Debt service	4,939,493	4,764,785	3.67%
<b>Total</b>	<b>\$ 89,743,484</b>	<b>\$ 84,320,408</b>	<b>6.43%</b>

Expenditures have increased \$5,423,076 or an increase of 6.43% over the prior year. This increase is attributed to the increased student needs both in the classroom and services which must be provided. The increase in benefits is directly attributed to the rising costs of health care. The decrease in purchased services is due to the hiring of additional staff to meet student needs, versus contracting for these services.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (CONTINUED)**

The increase in supplies and other is attributable to the purchase of over 3,300 Chromebooks and over 190 iPads for students for classroom instruction and in preparation for the PARCC testing.

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

**Table 6  
Unassigned Fund Balance**

<u>School Year</u>	<u>Amount</u>	<u>GAAP</u>	<u>Budgetary Basis</u>
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
12-13	660,052	660,052	1,799,510

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 2013, 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 and every year thereafter, which is explained above, which totals \$1,139,458.

**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 2013, 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 \$265,837 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (CONTINUED)**

- ✓ 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.
- ✓ During discussions with the auditor, at the completion of the district-wide audit, it was determined that the account code previously used for architectural/engineering fees was incorrect and therefore we needed to move budgeted funds to the appropriate account code.
- ✓ Reclassification of curriculum staff due to accounting change.
- ✓ Several maintenance projects, that were included in the 11-12 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 12-13 school year.
- ✓ 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.

**Significant Budget to Actual Differences**

- ✓ One of the more 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 2012-13 budget was approved.
- ✓ We continuously review the purchase of supplies, always looking for costs savings and need; by this continual review we were able to save significant monies in supplies.
- ✓ Special education instructional salaries were less than the budgeted amount due to the staff retirements were received after the 2012-13 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 2012-13 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 2012-13.
- ✓ 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.

**Capital Assets**

At the end of the fiscal year 2013, the school district had \$63,544,263 invested in land, buildings and improvements and machinery and equipment. Table 7 shows fiscal 2013 balances compared to 2012.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED (CONTINUED)**

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

	2013	Restated 2012
Land	\$ 6,849,273	\$ 6,849,273
Building and improvements	53,807,467	54,202,755
Machinery and equipment	2,887,523	3,614,603
Totals	\$ 63,544,263	\$ 64,666,631

Overall, the capital assets decreased \$4,465,355 from fiscal year 2012 to fiscal year 2013. This decrease in net capital assets is a direct result of the school district's reappraisal of the district's capital assets. As a result of the reappraisal, the district removed capital assets that were comprised primarily of several years of items that were less than the capitalized threshold of \$2,000 and made adjustments for building and improvements. For more detailed information, please refer to Note 7 in the Notes to the Basic Financial Statements.

**Debt Administration**

As of June 30, 2013 the District had \$31,309,655 of outstanding debt including unamortized bond premium. Of this amount, \$2,242,251 is for compensated absences, \$763,222 for bus & equipment leases, \$159,182 for unamortized bond premium, and the balance of \$28,145,000 for bonds for school construction. In the March 2013, 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
- ❖ Above-average income levels
- ❖ Manageable debt levels
- ❖ History of strong financial and management operations

In March 2013 the District issued \$18,700,000 of refunding bonds to refinance a portion of the District's 2004 issue. The refunding resulted in net debt service savings of approximately \$1,227,450 over the life of the bonds.

At June 30, 2013, the District's overall legal debt limit was \$217,289,143 and the non-electoral debt margin was \$189,144,143. For more detailed information, please refer to Note 8 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	\$ 5,525,000
Partial refunding of 02-15-01 issue	04-19-11	4,990,000	3,920,000
Partial refunding of 08-05-04 issue	03-26-13	18,700,000	18,700,000

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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 March 2013, 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 May 2013 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 eleventh consecutive year, the district was awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2012 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 POSITION  
JUNE 30, 2013

A-1

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,568,827	\$ 355,288	\$ 11,924,115
Receivables, net	1,219,414	28,922	1,248,336
Inventory	-	52,494	52,494
Restricted assets:			
Capital reserve account - cash	1,004,784	-	1,004,784
Capital assets			
Land	6,849,273	-	6,849,273
Building and building improvements, net	53,574,407	233,060	53,807,467
Machinery and equipment, net	2,793,413	94,110	2,887,523
Total assets	<u>77,010,118</u>	<u>763,874</u>	<u>77,773,992</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>			
Deferred Loss on Refunding	<u>1,111,555</u>		<u>1,111,555</u>
<b>LIABILITIES</b>			
Accounts payable	1,406,402	104,249	1,510,651
Internal Balances	11,266		11,266
Payable to federal government	4,077	-	4,077
Payable to state government	32,936	-	32,936
Unearned revenue	62,769	-	62,769
Accrued interest	262,402	-	262,402
Noncurrent liabilities			
Due within one year	4,509,592	-	4,509,592
Due beyond one year	26,800,063	-	26,800,063
Total liabilities	<u>33,089,507</u>	<u>104,249</u>	<u>33,193,756</u>
<b>NET POSITION</b>			
Net Investment in capital assets	35,261,244	327,170	35,588,414
Restricted for:			
Other purposes	10,326,308	-	10,326,308
Unrestricted	(555,386)	332,455	(222,931)
Total net position	<u>\$ 45,032,166</u>	<u>\$ 659,625</u>	<u>\$ 45,691,791</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, 2013

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Governmental activities:</b>			
Instruction:			
Regular	\$ 35,852,547	\$ 681,099	\$ 4,036,141
Special education	12,785,736	-	2,681,647
Other instruction	3,582,539	111,419	400,512
Nonpublic school programs	172,750	-	172,750
Support services:			
Tuition	1,912,991	-	-
Student & instruction related services	9,653,363	-	883,796
General administrative services	2,332,646	-	120,167
School administrative service	5,327,474	-	629,275
Plant operations and maintenance	7,482,966	-	336,682
Pupil transportation	5,096,709	-	819,716
Business and other support services	1,500,784	-	133,445
Interest on long-term debt	900,164	-	-
Total governmental activities	<u>86,600,669</u>	<u>792,518</u>	<u>10,214,131</u>
Business-type activity:			
Food Service	1,325,245	1,077,688	285,295
<b>Total primary government</b>	<u><u>\$ 87,925,914</u></u>	<u><u>\$ 1,870,206</u></u>	<u><u>\$ 10,499,426</u></u>

General revenues:

Taxes:

  Property taxes, levied for general purposes, net

  Taxes levied for debt service

Federal and State aid not restricted

Investment Earnings

Miscellaneous Income

**Total general revenues**

Change in Net Position

Net Position—beginning

Prior period adjustment (See Note 21)

Net Position—beginning (Restated)

Net Position—ending

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (31,135,307)	\$ -	\$ (31,135,307)
(10,104,089)	-	(10,104,089)
(3,070,608)	-	(3,070,608)
		-
(1,912,991)	-	(1,912,991)
(8,769,567)	-	(8,769,567)
(2,212,479)	-	(2,212,479)
(4,698,199)	-	(4,698,199)
(7,146,284)	-	(7,146,284)
(4,276,993)	-	(4,276,993)
(1,367,339)	-	(1,367,339)
(900,164)	-	(900,164)
<u>(75,594,020)</u>	<u>-</u>	<u>(75,594,020)</u>
-	\$ 37,738	37,738
<u>(75,594,020)</u>	<u>37,738</u>	<u>(75,556,282)</u>
62,003,011		62,003,011
3,988,230		3,988,230
11,741,062		11,741,062
4,722		4,722
287,533		287,533
<u>78,024,558</u>	<u>-</u>	<u>78,024,558</u>
<u>2,430,538</u>	<u>37,738</u>	<u>2,468,276</u>
46,104,772	621,887	46,726,659
<u>(3,503,144)</u>		<u>(3,503,144)</u>
<u>42,601,628</u>	<u>621,887</u>	<u>43,223,515</u>
<u>\$ 45,032,166</u>	<u>\$ 659,625</u>	<u>\$ 45,691,791</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, 2013

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,901,920	\$ -	\$ -	\$ 16,172	\$ 11,918,092
Investments	-	-	-	-	-
Receivables, net	495,579	243,355	480,480	-	1,219,414
Due from other funds	134,435	-	-	102,541	236,976
Restricted cash and cash equivalents	1,004,784	-	-	-	1,004,784
<b>Total assets</b>	<b>\$ 13,536,718</b>	<b>\$ 243,355</b>	<b>\$ 480,480</b>	<b>\$ 118,713</b>	<b>\$ 14,379,266</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash Overdraft	\$ -	\$ 129,501	\$ 219,764	\$ -	\$ 349,265
Accounts payable	1,334,330	72,072	-	-	1,406,402
Payable to federal government	-	4,077	-	-	4,077
Payable to state government	-	32,936	-	-	32,936
Payable to other funds	11,266	-	236,976	-	248,242
Unearned revenue	58,000	4,769	-	-	62,769
<b>Total liabilities</b>	<b>1,403,596</b>	<b>243,355</b>	<b>456,740</b>	<b>-</b>	<b>2,103,691</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Excess surplus - current year	944,672	-	-	-	944,672
Excess surplus - prior years- designated for subsequent year's expenditures	4,053,332	-	-	-	4,053,332
Capital reserve account	1,038,364	-	-	-	1,038,364
Maintenance reserve account	4,147,487	-	-	-	4,147,487
Debt service	-	-	-	118,713	118,713
<b>Committed for:</b>					
Other purposes	789,215	-	-	-	789,215
<b>Assigned for:</b>					
Designated for subsequent year's expenditures	500,000	-	23,740	-	523,740
<b>Unassigned, reported in:</b>					
General Fund	660,052	-	-	-	660,052
<b>Total fund balances</b>	<b>12,133,122</b>	<b>-</b>	<b>23,740</b>	<b>118,713</b>	<b>12,275,575</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,536,718</b>	<b>\$ 243,355</b>	<b>\$ 480,480</b>	<b>\$ 118,713</b>	

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 Position. Bond premiums of \$217,067 and the associated amortization of \$57,885.	(159,182)
Accrued interest on Long Term Debt	(262,402)
Deferred loss on defeasance of debt is a consumption of net position that is applicable to a future reporting period and therefore is not reported in the funds.	1,111,555
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$102,927,815 and the accumulated depreciation is \$39,710,722	63,217,093
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.	(31,150,473)
<b>Net position of governmental activities</b>	<b>\$ 45,032,166</b>

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, 2013

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 62,003,011	\$ -	\$ -
Tuition charges	681,099	-	-
Interest Earnings	4,594	-	-
Interest Earned on Capital Reserve Funds	128	-	-
Miscellaneous	398,952	40,065	-
<b>Total - Local Sources</b>	<b>63,087,784</b>	<b>40,065</b>	<b>-</b>
State sources	19,650,099	172,750	-
Federal sources	1,526	1,373,436	-
<b>Total revenues</b>	<b>82,739,409</b>	<b>1,586,251</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current:			
Regular instruction	34,201,432	306,186	-
Special education instruction	11,652,361	1,082,499	-
Other instruction	3,582,539	-	-
Nonpublic school programs	-	172,750	-
Support services and undistributed costs:			
Tuition	1,912,991	-	-
Student & instruction related services	9,596,830	-	-
General administrative services	1,963,225	-	-
School administrative services	5,671,913	-	-
Plant operations and maintenance	7,482,966	-	-
Pupil transportation	5,097,305	22,216	-
Business and other support services	1,500,784	-	-
Capital outlay	555,574	2,600	-
Debt service:			
Bond Issuance Costs	-	-	-
Interest	-	-	-
Principal	-	-	-
<b>Total expenditures</b>	<b>83,217,920</b>	<b>1,586,251</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(478,511)</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital leases (non-budgeted)	459,396	-	-
Transfers in - to Debt Service from Capital Projects	-	-	-
Transfers in - to Capital Reserve from Capital Projects	33,580	-	-
Transfers out- from Capital Projects to Debt Service	-	-	(102,541)
Transfers out- from Capital Projects to Capital Reserve	-	-	(33,580)
Par amount of bonds	-	-	-
Deposit to escrow fund	-	-	-
<b>Total other financing sources and (uses)</b>	<b>492,976</b>	<b>-</b>	<b>(136,121)</b>
<b>Net change in fund balances</b>	<b>14,465</b>	<b>-</b>	<b>(136,121)</b>
Fund balance—July 1	12,118,657	-	159,861
<b>Fund balance—June 30</b>	<b>\$ 12,133,122</b>	<b>\$ -</b>	<b>\$ 23,740</b>

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

Debt Service Fund	Total Governmental Funds
\$ 3,988,230	\$ 65,991,241
-	681,099
-	4,594
-	128
-	439,017
<u>3,988,230</u>	<u>67,116,079</u>
717,316	20,540,165
-	1,374,962
<u>4,705,546</u>	<u>89,031,206</u>
-	34,507,618
-	12,734,860
-	3,582,539
-	172,750
-	1,912,991
-	9,596,830
-	1,963,225
-	5,671,913
-	7,482,966
-	5,119,521
-	1,500,784
-	558,174
164,350	164,350
1,264,963	1,264,963
3,510,000	3,510,000
<u>4,939,313</u>	<u>89,743,484</u>
<u>(233,767)</u>	<u>(712,278)</u>
-	459,396
102,541	102,541
-	33,580
-	(102,541)
-	(33,580)
18,700,000	18,700,000
<u>(18,522,724)</u>	<u>(18,522,724)</u>
<u>279,817</u>	<u>636,672</u>
46,050	(75,606)
72,663	12,351,181
<u>\$ 118,713</u>	<u>\$ 12,275,575</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, 2013

Total net change in fund balances - governmental funds (from B-2) \$ (75,606)

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	\$ (1,520,385)	
Capital outlay (net)	<u>98,778</u>	(1,421,607)

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.

379,873

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.

3,510,000

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.

32,614

In the statement of activities, interest on long term debt 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.

370,895

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.

57,885

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.

(382,347)

Deferred loss on defeasance of debt is a consumption of net position that is applicable to a future reporting period and therefore is not reported in the funds.

(41,169)

Change in net position of governmental activities		<u>\$ 2,430,538</u>
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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 POSITION  
PROPRIETARY FUND  
JUNE 30, 2013

B-4

		Business-type Activity - Enterprise Fund
		<u>Food Service</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	355,288
Interfund receivable		11,266
Intergovernmental receivables		17,656
Inventories		52,494
Total current assets		<u>436,704</u>
Noncurrent assets:		
Building improvements		301,422
Less accumulated depreciation		(68,362)
Furniture, machinery & equipment		440,347
Less accumulated depreciation		(346,237)
Total noncurrent assets		<u>327,170</u>
Total assets		<u>763,874</u>
<b>LIABILITIES</b>		
Current liabilities,		
Accounts payable		<u>104,249</u>
<b>NET POSITION</b>		
Net Investment in capital assets		327,170
Unrestricted		<u>332,455</u>
Total net position	\$	<u><u>659,625</u></u>

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 POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

B-5

	Business-type Activity - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 613,414
Daily sales - non-reimbursable programs	426,826
Special functions	37,448
Total operating revenues	1,077,688
 Operating expenses:	
Cost of sales	438,308
Salaries	645,042
Other purchased professional services	147,850
General supplies	67,078
Depreciation	26,967
Total operating expenses	1,325,245
Operating loss	(247,557)
 Nonoperating revenues:	
State sources:	
State school lunch program	13,772
Federal sources:	
National school lunch program	181,526
Special milk program	2,913
Food donation program	87,084
Total nonoperating revenues	285,295
Change in net assets	37,738
Total net position—beginning	621,887
Total net position—ending	\$ 659,625

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, 2013

B-6

	Business-type Activity - Enterprise Fund
	Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 1,066,422
Payments to employees	(645,042)
Payments to suppliers	(667,876)
Net cash used in operating activities	(246,496)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State Sources	13,772
Federal Sources	271,523
Net cash provided by non-capital financing activities	285,295
<b>CASH FLOW USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Cost of equipment	(8,033)
Net cash used in capital activities	(8,033)
Net decrease in cash and cash equivalents	30,766
Balances—beginning of year	324,522
Balances—end of year	\$ 355,288
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (247,557)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	26,967
Increase in receivables	(18,312)
Increase in inventories	(38,737)
Increase in accounts payable	31,143
Total adjustments	1,061
Net cash used in operating activities	\$ (246,496)

**Noncash Noncapital Financing Activities:**

During the year, the district received \$87,084 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 POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

B-7

	Unemployment Compensation Insurance Trust	Private Purpose Scholarship Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 155,379	\$ 1,437	\$ 516,804
Total assets	155,379	1,437	516,804
<b>LIABILITIES</b>			
Payable to student groups	-	-	72,745
Payroll deductions and withholdings	-	-	444,059
Total liabilities	-	-	\$ 516,804
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	\$ 155,379		
Reserved for scholarships		\$ 1,437	

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 POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	Unemployment Compensation Insurance Trust	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Local contributions	\$ -	\$ -
Employee contributions	155,000	
Total Contributions	155,000	-
Investment earnings:		
Interest		
Net investment earnings	-	-
Total additions	155,000	-
<b>DEDUCTIONS</b>		
Unemployment claims		
Supplies		887
Scholarships awarded		475
Total deductions	-	1,362
Change in net position	155,000	(1,362)
Net position—beginning of the year	379	2,799
Net position—end of the year	\$ 155,379	\$ 1,437

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Marlboro Township School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the Reporting Entity**

The School District is a Type II district located in Monmouth County, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its eight instructional buildings and operates a transportation depot, buildings and grounds office, and an administrative building. The School District has an approximate enrollment at June 30, 2013 of 5,528 and is one of the largest K through 8 districts in Monmouth County.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented (discretely presented, blended, or included in the fiduciary fund financial statements).

Based on the aforementioned, the School District has determined that no component units exist for the fiscal year ended June 30, 2013.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** - The School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Internal service funds are aggregated and presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The governmental funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring inter period equity whether current year revenues were sufficient to pay for current year services. The proprietary fund is accounted for on an "economic resources" measurement focus. Accordingly, statement of revenues, expenses and changes in fund net position for the proprietary fund reports increases and decreases in total economic worth. The private-purpose trust fund is reported using the economic resources measurement focus.

**Governmental Funds** - Governmental funds are those through which most School District functions are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities, except those accounted for in the proprietary fund and fiduciary funds, are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the School District's major governmental funds:

***General Fund*** - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

**Fund Financial Statements (Cont'd)**

**Governmental Funds (Cont'd)**

**General Fund (Cont'd)** -As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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, 2013 is considered to be attributable to Ed Jobs. Ed Jobs expenditures during the fiscal year ended June 30, 2013 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 special revenue fund is used to account for and report the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Proprietary Funds**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

**Fund Financial Statements (Cont'd)**

**Proprietary Funds (Cont'd) -**

The School District maintains the following enterprise fund:

***Food Service Fund*** - This fund accounts for the financial transactions related to the food service operations of the School District. 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 Funds**

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The School District maintains the following fiduciary funds:

***Agency Funds*** - 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). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund, payroll and payroll agency fund and flexible spending fund.

***Private-Purpose Trust Funds*** - 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. The School District maintains the following private-purpose trust funds:

**Scholarship Fund** - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

**New Jersey Unemployment Compensation Insurance Trust Fund** - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

**Basis of Accounting (Cont'd)**

**Modified Accrual**

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e. both available and measurable. "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. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants, and interest on investments. The School District considers all revenues, with the exception of the expenditure-driven grants, as available if they are collected within sixty (60) days after fiscal year-end. The expenditure driven grants are considered available if received within one fiscal year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at fiscal year end when revenue is recognized for taxes received by the School District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due / paid.

In applying the susceptible to accrual concept to revenues from federal and state sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the School District will receive any amounts; therefore, revenues are recognized based on the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In cases where monies are received and all eligibility requirements, including timing, have been satisfied, but the occurrence of expenditure has yet to happen, amounts are reported as unearned revenue. Conversely, where monies are received but eligibility requirements, including timing, have yet to be satisfied, such amounts are reported as deferred inflows of resources.

**Accrual**

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

**Revenue Recognition**

**Property Taxes** - Ad valorem (property) taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School 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 School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". The Township of Marlboro 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

**Basis of Accounting (Cont'd)**

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, and then unrestricted resources as they are needed.

With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations are 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.

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2013, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Budgets / Budgetary Control (Cont'd)**

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned 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.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

Inventories recorded on the district-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased. Inventory consists of donated and purchased food. 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.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements represent deposits made to the School District for services that will take place in the period beyond June 30, 2013.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	50 years
Instructional Equipment	10 years
Office and Computer Equipment	10 years
Vehicles	10 years

The School District does not possess any infrastructure assets.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Deferred Loss on Refunding of Debt**

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**Compensated Absences**

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Bond Discounts / Premiums**

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Net Position (Cont'd)**

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

***Nonspendable*** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

***Assigned*** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

***Unassigned*** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Fund Balance (Cont'd)**

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.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. 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 proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Impact of Recently Issued Accounting Principles**

**Recently Issued and Adopted Accounting Pronouncements**

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011. The School District does not have any SCAs and therefore the adoption of GASBS 60 does not have any impact on the School District's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The School District elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have any impact on the School District's financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Impact of Recently Issued Accounting Principles (Cont'd)**

**Recently Issued and Adopted Accounting Pronouncements**

Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. The adoption of GASBS 62 does not have any impact on the School District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This Statement is effective for financial statements for periods beginning after December 15, 2011. The adoption of GASBS 63, however, does not have a material impact on the School District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASBS 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The School District elected to early implement GASBS 65 effective for fiscal year 2013. The adoption of GASBS 65 materially affected the classification of several balances on the statement of net position.

**Recently Issued Accounting Pronouncements**

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The School District does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the School District's financial statements.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Impact of Recently Issued Accounting Principles (Cont'd)**

**Recently Issued Accounting Pronouncements (Cont'd)**

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of June 30, 2013, the School District's bank balances of \$13,084,844 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 532,624
Collateralized by securities held by the pledging financial institution	<u>12,531,529</u>
	<u>\$ 13,084,844</u>

**Note 3: 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. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the School District or other obligations of the local unit or units within which the School District is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by school districts, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. *The School District has no investment policy that would further limit its investment choices, nor does it have any Investments at June 30, 2013.*

**Note 4: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District by inclusion of \$925,000 on June 30, 1997 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 School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 4: CAPITAL RESERVE ACCOUNT (CONT'D)**

balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012		\$ 1,004,656
Increased by:		
Interest Earnings	\$ 128	
Transfer from Capital Projects Fund	33,580	
		\$ 33,708
Ending Balance, June 30, 2013		\$ 1,038,364

The June 30, 2013 LRFP balance of local support costs of uncompleted projects at June 30, 2013 is \$18,625,680.00.

**Note 5: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

The receivable in the Capital Projects Fund is not expected to be collected within the next fiscal year due to the timing of the State Department of Education's review of costs associated with capital projects that were approved by the Department of Education.

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Intergovernmental	\$ 455,487	\$ 243,355	\$ 480,480	\$ 17,656	\$ 1,196,978
Other	40,092				40,092
	495,579	243,355	480,480	17,656	1,237,070

**Note 6: INVENTORY**

Inventory recorded at June 30, 2013 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food		\$ 39,261
Supplies		13,233
Total		\$ 52,494

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

**Note 7: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	<b>Balance Restated July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2013</b>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 6,849,273			\$ 6,849,273
Total Capital Assets, not being Depreciated	6,849,273	-	-	6,849,273
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	7,107,609	558,174		7,665,783
Buildings and Improvements	88,412,759			88,412,759
Total Capital Assets, being Depreciated	95,520,368	558,174		96,078,542
Total Capital Assets, Cost	102,369,641	558,174		102,927,815
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(3,904,637)	(967,733)		(4,872,370)
Buildings and Improvements	(34,285,700)	(552,652)		(34,838,352)
Land Improvements				
Total Accumulated Depreciation	(38,190,337)	(1,520,385)		(39,710,722)
Total Capital Assets, being Depreciated, Net	57,330,031	(962,211)		56,367,820
Governmental Activities Capital Assets, Net	\$ 64,179,304	\$ (962,211)	-	\$ 63,217,093
	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2013</b>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Buildings and Improvements	\$ 301,422			\$ 301,422
Furniture, Fixtures and Equipment	432,314	\$ 8,033		440,347
Total Capital Assets, being Depreciated	733,736	8,033	-	741,769
Total Capital Assets, Cost	733,736	8,033	-	741,769
Less Accumulated Depreciation for:				
Buildings and Improvements	(56,306)	(12,056)		(68,362)
Furniture, Fixtures and Equipment	(331,326)	(14,911)		(346,237)
Total Accumulated Depreciation	(387,632)	(26,967)	-	(414,599)
Total Capital Assets, being Depreciated, Net	346,104	(18,934)	-	327,170
Business-Type Activities Capital Assets, Net	\$ 346,104	\$ (18,934)	\$ -	\$ 327,170

During the fiscal year, the District commenced a revaluation of capital assets. The results of the revaluation resulted in an overall decrease of capital assets in governmental activities of \$3,503,144., which is reflected in the Balance Restated July 1, 2012 for governmental activities above. This adjustment resulted in an overstatement of net position of the District as of June 30, 2012. See footnote 21 herein.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

**Note 7: CAPITAL ASSETS (CONT'D)**

Depreciation expense was charged to functions / programs of the School District as follows:

<b>Governmental Activities:</b>	
Regular Instruction	\$ 1,377,542
Special Instruction	50,876
Student & Instruction Related Services	56,533
School Administrative Services	<u>35,434</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,520,385</u>
 <b>Business-Type Activities:</b>	
Food Service - Total Depreciation Expense	<u>\$ 26,967</u>

**Note 8: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 30,325,000	\$ 18,700,000	\$(20,880,000)	\$ 28,145,000	\$ 4,105,000
Unamortized Bond Premium	217,067		(57,885)	159,182	
Total Bonds Payable	<u>30,542,067</u>	<u>18,700,000</u>	<u>(20,937,885)</u>	<u>28,304,182</u>	<u>4,105,000</u>
Other Liabilities:					
Obligations under Capital Lease	683,699	459,396	(379,873)	763,222	292,479
Compensated Absences	2,274,865	296,529	(329,143)	2,242,251	112,113
Total Other Liabilities	<u>2,958,564</u>	<u>755,925</u>	<u>(709,016)</u>	<u>3,005,473</u>	<u>404,592</u>
Governmental Activity Long-Term Liabilities	<u>\$ 33,500,631</u>	<u>\$ 19,455,925</u>	<u>\$(21,646,901)</u>	<u>\$ 31,309,655</u>	<u>\$ 4,509,592</u>

The bonds payable are generally liquidated by the debt service fund, while obligations under capital lease and compensated absences are liquidated by the general fund.

**Bonds Payable** - Bonds and loans 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 School District are general obligation bonds.

On August 5, 2004, the School District issued \$30,125,000 general obligation bonds at interest rates varying from 4.15% to 4.75% to refund prior years bonds. The final maturity on these bonds will be July 15, 2014. On April 19, 2011, the School District issued \$4,990,000 general obligation bonds at interest rates varying from 2.00% to 4.00% to refund prior years bonds. The final maturity on these bonds will be July 15, 2016. On March 26, 2013, the School District issued \$18,700,000 general obligation bonds at interest rates varying from 0.438% to 1.919% to refund prior years bonds. The final maturity of these bonds will be July 15, 2019. The bonds will be paid from property taxes.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

**Note 8: LONG-TERM LIABILITIES (CONT'D)**

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$4,105,000	\$510,673	\$4,615,673
2015	4,235,000	400,325	4,635,325
2016	4,375,000	280,732	4,655,732
2017	4,465,000	211,249	4,676,249
2018	3,570,000	151,235	3,721,235
2019	3,650,000	99,716	3,749,716
2020	3,745,000	35,933	3,780,933
	<u>\$28,145,000</u>	<u>\$1,689,863</u>	<u>\$29,834,863</u>

**Bonds Authorized but not Issued** - As of June 30, 2013, the School District had no authorizations to issue additional bonded debt.

**Obligations under Capital Lease** - The School District is leasing 54-passenger school busses and 16-passenger vans totaling \$1,900,143 under capital leases. All capital leases are for terms of four to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2013.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 292,479	\$ 21,684	\$ 314,163
2015	233,445	13,143	246,588
2016	165,085	6,305	171,390
2017	<u>72,213</u>	<u>1,661</u>	<u>73,874</u>
	<u>\$ 763,222</u>	<u>\$ 42,793</u>	<u>\$ 806,015</u>

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Note 9: PENSION PLANS**

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 plan is administered by Prudential Financial for 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

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 9: PENSION PLANS**

**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.

**Teachers' Pension and Annuity Fund (Cont'd)** - 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, which began 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.

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, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. 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.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Regular Pension Contributions</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by School District</u>
2013	\$ 290,599	\$ 694,830	\$ 985,429	\$ 58,650	\$ 1,044,079
2012	408,497	700,568	1,109,065	66,952	1,176,017
2011	365,087	581,742	946,829	71,911	1,018,740

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 9: PENSION PLANS**

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under 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 life 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.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2013	\$ 18,104	\$ 18,104
2012	5,683	5,683
2011	323	323

**Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving postemployment 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 retire from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description** - The School District contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2010, the School District authorized participation in the SHBP's post-retirement benefit program through resolution number 2. The School District provides postemployment health care benefits, at its cost, to all School District retirees who at the date of retirement have not less than twenty-five (25) years of service credit in a State locally administered retirement system and have served at least twenty (20) years as an employee of the School District. Benefits provided include health insurance, dental coverage, and prescription coverage for retirees and their dependents only during the retired employees' life.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/](http://www.state.nj.us/treasury/pensions/).

**Funding Policy** - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the School District on a monthly basis. The School District funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits.

The School District's contributions to SURHP for the fiscal years ended June 30, 2013, 2012, and 2011, were \$2,703,557, \$2,311,105, and \$2,238,416, respectively, which equaled the required contributions each year.

**Note 12: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2013, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$2,290,947 and \$2,703,557, respectively.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 13: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The School District maintains commercial insurance coverage 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.

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2013	\$ -	\$ 155,000	\$ -	\$ -	\$ 155,379
2012	-	-	-	-	379
2011	-	45,000	-	45,479	379

Amounts deposited to the private-purpose trust fund represent amounts from the District's budget which is initially deposited into the payroll agency fund.

**Joint Insurance Pool** - The School District is a member of the Monmouth and Ocean County Shared Services Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

**Note 14: DEFERRED COMPENSATION**

The School District offers its employees a choice of three (3) deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

***AXA Equitable***  
***MetLife Securities, Inc.***  
***Variable Annuity Life Insurance Co. (VALIC)***

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 15: COMPENSATED ABSENCES**

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees who are employed for ten months are entitled to fourteen paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to fourteen paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to four – two personal days, depending upon job classification, which may be carried forward to subsequent years. Vacation days not used during the year may be accumulated and carried forward as per individual contract. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2013, the liability for compensated absences reported on the government-wide statement of net position was \$2,242,251.

**Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 145,661	
Special Revenue	-	-
Capital Projects		\$ 236,976
Debt Service	102,541	-
Food Service		11,226
	<u>\$ 248,202</u>	<u>\$ 248,202</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2014, the School District expects to liquidate such interfunds, depending upon the availability of cash flow. Interfund Transfers:

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
<b><u>Transfer Out:</u></b>			
General Fund	33,580	-	
Capital Projects Fund	(33,580)	(102,541)	
Debt Service Fund		-	102,541
Total Transfers	<u>-</u>	<u>(102,541)</u>	<u>102,541</u>

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 17: CAPITAL DEBT REFUNDING**

On March 26, 2013, the School District issued \$18,700,000 in general obligation bonds with interest rates ranging from .438% to 1.919% to advance refund \$17,370,000 of outstanding 2004 series bonds with interest rates ranging from 4.00% to 4.75%. The net proceeds of \$18,522,343 (after payment of issuance costs) were used to purchase U.S. Treasury Bills. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 series bonds. As a result of the current refunding, the School District will reduce its total debt service payments over the next seven years by almost \$1,224,000, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$1,159,625, or 5.51% of the principal amount being refunded. The current refunding meets the requirements of an in-substance defeasance and the liability for the refunded bonds was removed from the School District's financial statements.

**Note 18: DEFICIT NET POSITION – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

As reflected on Exhibit A-1, statement of net position, an unrestricted net deficit of \$555,386 exists for the governmental activities. In addition to the delay in the payment of state aid until the following fiscal year of \$1,139,458, another cause of the deficit is a result of the recording of the long-term liabilities for compensated absences in the amount of \$2,242,251. In accordance with the rules and regulations that govern the School District in the formulation of their annual budget (see note 1), compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the School District and its employees, are funded in the period in which such services are rendered or in which such events take place; however, in accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, statement of net position, such liabilities are required to be recorded in the period in which they are incurred.

**Note 19: FUND BALANCES**

**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances as of June 30, 2013.

**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund -**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of 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 balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$944,672. Additionally, \$4,053,332 of excess fund balance generated during 2011-2012 has been restricted and designated for utilization in the 2013-2014 budget.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 19: FUND BALANCES (CONT'D)**

**RESTRICTED (CONT'D)**

**For Capital Reserve Account** - As of June 30, 2013, the balance in the capital reserve account is \$1,038,364. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**For Maintenance Reserve Account** - As of June 30, 2013, the balance in the maintenance reserve account is \$4,147,487. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Debt Service Fund** - The fund balance in the debt service fund is restricted to payment of debt. The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014 \$3,246 of debt service fund balance at June 30, 2013.

**COMMITTED**

As stated in note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which is the Board of Education. Specific commitments of the School District's fund balance are summarized as follows:

**General Fund** - As of June 30, 2013, \$789,215 has been committed for encumbrances which are orders placed for goods and/or services that have not been received at June 30, 2013.

**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund -**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2014 \$500,000 of general fund balance at June 30, 2013.

**Capital Projects Fund -**

**For Subsequent Year's Expenditures** - On March 16, 2010, the School District authorized the use of unspent bond proceeds along with capital reserve and a State of New Jersey Development grant to provide a classroom addition at Defino Central School. As of June 30, 2013, the fund balance amount of \$23,740 is assigned for subsequent years' expenditures

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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**Note 19: FUND BALANCES (CONT'D)**

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** - As of June 30, 2013, \$660,052 of general fund balance was unassigned.

**Note 20: 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.

**Note 21: RESTATEMENT OF NET POSITION**

As mentioned in Note 7 Capital Assets, the District commenced a revaluation of capital assets. The results of the revaluation resulted in an overall decrease of capital assets in governmental activities of \$3,503,144. This adjustment resulted in an overstatement of net position of the District as of June 30, 2012.

Net Position, June 30, 2012	\$ 46,104,772
Reduction of Capital Assets as a result of Revaluation	<u>(3,503,144)</u>
Net Position, June 30, 2012 (Restated)	<u><u>\$ 42,601,628</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2013

C-1

	Original Budget	Budget Transfers	Final Budget
<b>REVENUES:</b>			
<b>Local Sources:</b>			
Local Tax Levy	\$ 62,003,011	\$ -	\$ 62,003,011
Tuition	565,500	99,567	665,067
Interest Earnings	15,000	-	15,000
Interest Earned on Capital Reserve Funds	-	-	-
Contributions and Donations	-	18,414	18,414
Play Proceeds	13,500	1,143	14,643
Student Dues and Fees	125,000	-	125,000
Miscellaneous	155,000	-	155,000
<b>Total - Local Sources</b>	<b>62,877,011</b>	<b>119,124</b>	<b>62,996,135</b>
<b>State Sources:</b>			
Categorical Special Education Aid	3,393,701	-	3,393,701
Equalization Aid	7,311,717	-	7,311,717
Extraordinary Aid - Special Education	-	-	-
Categorical Security Aid	348,235	-	348,235
Categorical Transportation Aid	449,954	-	449,954
Other state aid	-	-	-
TPAF Post Retirement/Medical (On-Behalf - Non-Budgeted)	-	-	-
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-
<b>Total State Sources</b>	<b>11,503,607</b>	<b>-</b>	<b>11,503,607</b>
<b>Federal Sources:</b>			
Education Jobs Bill	1,118	-	1,118
Medicaid Reimbursement	-	-	-
<b>Total Federal Sources</b>	<b>1,118</b>	<b>-</b>	<b>1,118</b>
<b>Total Revenues</b>	<b>74,381,736</b>	<b>119,124</b>	<b>74,500,860</b>
<b>EXPENDITURES:</b>			
<b>Current Expense:</b>			
<b>Regular Programs - Instruction</b>			
Preschool/Kindergarten - Salaries of Teachers	863,990	20,089	884,079
Grades 1-5 - Salaries of Teachers	10,982,334	45,000	11,027,334
Grades 6-8 - Salaries of Teachers	9,914,685	(154,694)	9,759,991
<b>Regular Programs - Home Instruction:</b>			
Salaries of Teachers	15,000	24,725	39,725
Purchased Professional-Educational Services	6,000	(1,113)	4,887
<b>Regular Programs - Undistributed Instruction</b>			
Other Salaries for Instruction	480,000	83,655	563,655
Other Purchased Services	110,706	25,120	135,826
General Supplies	1,968,263	(241,398)	1,726,865
Textbooks	94,367	(17,048)	77,319
Other Objects	2,720	-	2,720
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>24,438,065</b>	<b>(215,664)</b>	<b>24,222,401</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>
\$ 62,003,011	\$ -
681,099	16,032
4,594	(10,406)
128	128
23,321	4,907
15,971	1,328
111,419	(13,581)
248,241	93,241
<u>63,087,784</u>	<u>91,649</u>
3,393,701	-
7,311,717	-
265,837	265,837
348,235	-
449,954	-
36,880	36,880
5,094,504	5,094,504
2,824,394	2,824,394
<u>19,725,222</u>	<u>8,221,615</u>
1,118	-
408	408
<u>1,526</u>	<u>408</u>
<u>82,814,532</u>	<u>8,313,672</u>
855,629	28,450
10,957,859	69,475
9,714,622	45,369
39,724	1
4,887	-
519,846	43,809
129,636	6,190
1,627,031	99,834
49,546	27,773
1,200	1,520
<u>23,899,980</u>	<u>322,421</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2013

C-1

	Original Budget	Budget Transfers	Final Budget
<b>SPECIAL EDUCATION - INSTRUCTION</b>			
<b>Learning and/or Language Disabilities:</b>			
Salaries of Teachers	\$ 587,631	\$ (285,407)	\$ 302,224
Other Salaries for Instruction	314,549	(50,000)	264,549
General Supplies	10,000	(4,000)	6,000
Textbooks	1,800	(483)	1,317
<b>Total Learning and/or Language Disabilities</b>	<b>913,980</b>	<b>(339,890)</b>	<b>574,090</b>
<b>Multiply Handicapped:</b>			
Salaries of Teachers	254,403	549,796	804,199
Other Salaries for Instruction	203,862	218,947	422,809
General Supplies	8,750	17,200	25,950
Textbooks	500	300	800
<b>Total Multiply Handicapped</b>	<b>467,515</b>	<b>786,243</b>	<b>1,253,758</b>
<b>Resource Room/Resource Center:</b>			
Salaries of Teachers	5,197,437	217,479	5,414,916
General Supplies	27,500	-	27,500
Textbooks	4,300	(2,321)	1,979
<b>Total Resource Room/Resource Center</b>	<b>5,229,237</b>	<b>215,158</b>	<b>5,444,395</b>
<b>Autism:</b>			
Salaries of Teachers	259,029	(259,029)	-
Other Salaries for Instruction	316,647	(316,647)	-
General Supplies	13,200	(13,200)	-
Textbooks	300	(300)	-
<b>Total Autism</b>	<b>589,176</b>	<b>(589,176)</b>	<b>-</b>
<b>Preschool Disabilities - Part-Time:</b>			
Salaries of Teachers	684,345	(109,282)	575,063
Other Salaries for Instruction	238,864	-	238,864
General Supplies	4,700	2,804	7,504
<b>Total Preschool Disabilities - Part-Time</b>	<b>927,909</b>	<b>(106,478)</b>	<b>821,431</b>
<b>Special Education Home Instruction</b>			
Salaries of Teachers	25,000	(15,729)	9,271
Purchased Professional-Educational Services	6,000	(1,883)	4,117
	<u>31,000</u>	<u>(17,612)</u>	<u>13,388</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>8,158,817</b>	<b>(51,755)</b>	<b>8,107,062</b>
<b>Basic Skills/Remedial - Instruction</b>			
Salaries of Teachers	675,154	3,035	678,189
Other Salaries for Instruction	73,935	1,395	75,330
Other Purchased Services	5,200	-	5,200
General Supplies	21,150	-	21,150
<b>Total Basic Skills/Remedial - Instruction</b>	<b>775,439</b>	<b>4,430</b>	<b>779,869</b>
<b>Bilingual Education - Instruction</b>			
Salaries of Teachers	293,255	-	293,255
General Supplies	800	-	800
<b>Total Bilingual Education - Instruction</b>	<b>294,055</b>	<b>-</b>	<b>294,055</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
\$ 299,992	\$ 2,232
216,893	47,656
5,129	871
759	558
<u>522,773</u>	<u>51,317</u>
794,027	10,172
402,111	20,698
22,849	3,101
-	800
<u>1,218,987</u>	<u>34,771</u>
5,403,396	11,520
25,808	1,692
1,869	110
<u>5,431,073</u>	<u>13,322</u>
-	-
-	-
-	-
-	-
-	-
574,041	1,022
202,731	36,133
5,712	1,792
<u>782,484</u>	<u>38,947</u>
8,816	455
2,479	1,638
<u>11,295</u>	<u>2,093</u>
7,966,612	140,450
665,989	12,200
72,945	2,385
456	4,744
14,456	6,694
<u>753,846</u>	<u>26,023</u>
266,652	26,603
689	111
<u>267,341</u>	<u>26,714</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2013

C-1

	Original Budget	Budget Transfers	Final Budget
School-Spon. Cocurricular Actvts. - Inst.			
Salaries	\$ 176,534	\$ 30,000	\$ 206,534
Purchased Professional Services	9,800	(1,410)	8,390
Supplies and Materials	7,934	7,120	15,054
Other Objects	1,660	1,559	3,219
Total School-Spon. Cocurricular Actvts. - Inst.	<u>195,928</u>	<u>37,269</u>	<u>233,197</u>
School-Spon. Athletics - Inst.			
Salaries	164,176	(14,000)	150,176
Supplies and Materials	7,936	-	7,936
Other Objects	17,965	-	17,965
Total School-Spon. Athletics - Inst.	<u>190,077</u>	<u>(14,000)</u>	<u>176,077</u>
Other Instructional Programs - Instruction			
Salaries	1,045,925	(16,000)	1,029,925
Supplies and Materials	54,521	(590)	53,931
Other Objects	820	-	820
Total Other Instructional Programs - Instruction	<u>1,101,266</u>	<u>(16,590)</u>	<u>1,084,676</u>
Total Instruction	<u>35,153,647</u>	<u>(256,310)</u>	<u>34,897,337</u>
Undistributed Expenditures - Instruction:			
Tuition to Regular Education - Private	-	25,352	25,352
Tuition to Regional Day Facilities	63,504	-	63,504
Tuition to Private Schools for the Handicapped - w/in state	1,817,145	(66,231)	1,750,914
Tuition to Charter School	41,225	41,226	82,451
Total Undistributed Expenditures - Instruction:	<u>1,921,874</u>	<u>347</u>	<u>1,922,221</u>
Undistributed Expend. - Attend. & Social Work			
Salaries	480,305	3,500	483,805
Purchased Professional and Technical Services	12,546	-	12,546
Other Purchased Services (400-500 series)	500	-	500
Total Undistributed Expend. - Attend. & Social Work	<u>493,351</u>	<u>3,500</u>	<u>496,851</u>
Undist. Expend. - Health Services			
Salaries	708,295	2,700	710,995
Purchased Professional and Technical Services	18,500	-	18,500
Supplies and Materials	20,506	(584)	19,922
Total Undistributed Expenditures - Health Services	<u>747,301</u>	<u>2,116</u>	<u>749,417</u>
Undist. Expend.-Other Sup. Ser. Students-Related Serv.			
Salaries of Other Professional Staff	1,064,182	(23,358)	1,040,824
Purchased Professional - Educational Services	62,800	2,450	65,250
Supplies and Materials	5,884	-	5,884
Total Undist. Expend.-Other Sup. Ser. Students-Related Serv.	<u>1,132,866</u>	<u>(20,908)</u>	<u>1,111,958</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
\$ 204,481	\$ 2,053
5,716	2,674
11,158	3,896
2,309	910
<u>223,664</u>	<u>9,533</u>
149,257	919
7,188	748
15,835	2,130
<u>172,280</u>	<u>3,797</u>
1,014,125	15,800
44,231	9,700
-	820
<u>1,058,356</u>	<u>26,320</u>
34,342,079	555,258
25,351	1
63,504	-
1,748,899	2,015
75,237	7,214
<u>1,912,991</u>	<u>9,230</u>
480,671	3,134
4,631	7,915
-	500
<u>485,302</u>	<u>11,549</u>
675,984	35,011
15,700	2,800
14,969	4,953
<u>706,653</u>	<u>42,764</u>
983,040	57,784
60,252	4,998
3,057	2,827
<u>1,046,349</u>	<u>65,609</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2013

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	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Extraordinary Services			
Other Salaries for Instruction	\$ 1,053,059	\$ 120,000	\$ 1,173,059
Total Undist. Expend. - Extraordinary Services	<u>1,053,059</u>	<u>120,000</u>	<u>1,173,059</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.			
Salaries of Other Professional Staff	863,576	(13,262)	850,314
Salaries of Secretarial and Clerical Assistants	96,155	5,658	101,813
Other Purchased Services	165,655	-	165,655
Supplies and Materials	39,418	(7,000)	32,418
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>1,164,804</u>	<u>(14,604)</u>	<u>1,150,200</u>
Undist. Expend.-Other Sup. Ser. Students-Spc. Services			
Salaries of Other Professional Staff	1,223,778	(99,978)	1,123,800
Salaries of Secretarial and Clerical Assistants	149,603	4,058	153,661
Purchased Professional - Educational Services	210,500	81,524	292,024
Other Purchased Services	12,000	(512)	11,488
Supplies and Materials	22,500	512	23,012
Total Undist. Expend.-Other Sup. Ser. Students-Spc. Services	<u>1,618,381</u>	<u>(14,396)</u>	<u>1,603,985</u>
Undist. Expend. - Improvement of Inst. Serv.			
Salaries of Supervisor of Instruction	465,509	(465,509)	-
Salaries of Secr and Clerical Assist.	71,789	300	72,089
Other Salaries	104,750	(20,000)	84,750
Other Purch Prof. and Tech. Services	9,000	(9,000)	-
Other Purchased Services	173,327	29,065	202,392
Supplies and Materials	10,500	1,535	12,035
Total Undist. Expend. - Improvement of Inst. Serv.	<u>834,875</u>	<u>(463,609)</u>	<u>371,266</u>
Undist. Expend. - Edu. Media Serv./Sch. Library			
Salaries	531,545	-	531,545
Other Purchased Services	21,137	(10,930)	10,207
Supplies and Materials	56,698	12,450	69,148
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>609,380</u>	<u>1,520</u>	<u>610,900</u>
Undist. Expend. - Instructional Staff Training Serv.			
Salaries of Supervisors of Instruction	51,723	(51,723)	-
Salaries of Secretarial and Clerical Assist	17,823	75	17,898
Other Salaries	16,295	(3,620)	12,675
Other Purchased Prof. and Tech. Services	21,500	(1,000)	20,500
Other Purchased Services (400-500 series)	76,367	10,230	86,597
Supplies and Materials	2,000	-	2,000
Total Undist. Expend. - Instructional Staff Training Serv.	<u>185,708</u>	<u>(46,038)</u>	<u>139,670</u>
Undist. Expend. - Supp. Serv. - General Admin.			
Salaries	781,450	(69,312)	712,138
Legal Services	109,500	40,586	150,086
Audit Fees	36,500	(7,150)	29,350
Architect/Engineering Fees	-	253,400	253,400
Other Purchased Professional Services	127,300	16,274	143,574
Communications/Telephone	254,244	(29,697)	224,547
Board of Education Other Purchased Services	1,000	(1,000)	-
Other Purchased Services	203,819	(27,966)	175,853
Supplies and Materials	8,000	(1,151)	6,849
Board of Education Supplies	2,000	(224)	1,776
Judgements against School	50,000	(12,541)	37,459
Miscellaneous Expenditures	8,675	-	8,675
Board of Education Membership Dues & Fees	40,000	(6,026)	33,974
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,622,488</u>	<u>155,193</u>	<u>1,777,681</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
\$ 1,169,490	\$ 3,569
<u>1,169,490</u>	<u>3,569</u>
849,663	651
101,811	2
163,966	1,689
27,628	4,790
<u>1,143,068</u>	<u>7,132</u>
1,123,295	505
152,610	1,051
271,785	20,239
9,654	1,834
21,448	1,564
<u>1,578,792</u>	<u>25,193</u>
-	-
71,589	500
74,688	10,062
-	-
174,564	27,828
7,325	4,710
<u>328,166</u>	<u>43,100</u>
531,545	-
9,336	871
60,147	9,001
<u>601,028</u>	<u>9,872</u>
-	-
17,897	1
4,223	8,452
17,220	3,280
55,749	30,848
-	2,000
<u>95,089</u>	<u>44,581</u>
712,116	22
150,086	-
29,000	350
117,283	136,117
135,010	8,564
224,546	1
-	-
175,852	1
5,295	1,554
1,775	1
37,459	-
8,675	-
33,974	-
<u>1,631,071</u>	<u>146,610</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2013

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	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Support Serv. - School Admin.			
Salaries of Principals/Assistant Principals	\$ 2,450,718	\$ 435,150	\$ 2,885,868
Salaries of Secretarial and Clerical Assistants	859,555	(14,065)	845,490
Other Purchased Services	148,458	(8,694)	139,764
Supplies and Materials	59,630	12,807	72,437
Other Objects	20,559	-	20,559
Total Undist. Expend. - Support Serv. - School Admin.	<u>3,538,920</u>	<u>425,198</u>	<u>3,964,118</u>
Undist. Expend. - Support Services - Central Services			
Salaries	541,295	-	541,295
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>561,595</u>	<u>-</u>	<u>561,595</u>
Undist. Expend. - Support Services - Admin. Info. Tech. Svcs.			
Salaries	257,809	-	257,809
Purchased Technical Services	1,500	64,750	66,250
Other Purchased Services	64,900	13,018	77,918
Supplies & Materials	32,000	161,132	193,132
Total Undist. Expend. - Support Svcs. - Admin. Info. Tech. Svcs.	<u>356,209</u>	<u>238,900</u>	<u>595,109</u>
Undist. Expend. - Required Maint. School Facilities			
Cleaning, Repair and Maintenance Services	1,006,224	168,450	1,174,674
General Supplies	222,899	5,400	228,299
Other Objects	25,000	3,456	28,456
Total Undist. Expend. - Required Maint. School Facilities	<u>1,254,123</u>	<u>177,306</u>	<u>1,431,429</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant			
Salaries	1,499,504	(47,773)	1,451,731
Other Salaries	480,703	-	480,703
Purchased Professional/Technical Services	132,487	(50,000)	82,487
Cleaning, Repair and Maintenance Services	1,618,625	72,336	1,690,961
Other Purchased Property Services	233,912	-	233,912
Insurance	160,977	13,512	174,489
Miscellaneous Purchased Services	2,100	-	2,100
General Supplies	180,946	(202)	180,744
Energy (Energy and Electricity)	1,536,000	(46,084)	1,489,916
Other Objects	10,700	-	10,700
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>5,855,954</u>	<u>(58,211)</u>	<u>5,797,743</u>
Undist. Expend. - Care and Upkeep of Grounds			
Salaries	244,832	-	244,832
Other Purchased Property Services	13,000	-	13,000
General Supplies	49,925	-	49,925
Total Undist. Expend. - Care and Upkeep of Grounds	<u>307,757</u>	<u>-</u>	<u>307,757</u>
Undist. Expend. - Security			
Salaries	52,758	8,710	61,468
Purchased Professional/Technical Services	-	126,963	126,963
General Supplies	-	42,600	42,600
Total Undist. Expend. - Security	<u>52,758</u>	<u>178,273</u>	<u>231,031</u>
Total Undist. Expend. - Oper. & Maint. Plant Services	<u>7,470,592</u>	<u>297,368</u>	<u>7,767,960</u>
Undist. Expend. - Student Transportation Serv.			
Salaries - Administration	207,419	6,000	213,419
Salaries - (between home and school) - Regular	1,583,904	33,350	1,617,254
Salaries - (between home and school) - Special Education	375,823	(6,000)	369,823
Salaries - (other than between home & school)	15,074	-	15,074
Purchased Professional Services	10,385	-	10,385
Cleaning, Maintenance and Repair Services	12,000	37,000	49,000
Lease Purchase Payments - Busses	415,590	-	415,590
Contracted Services - Athletic Trips	34,000	-	34,000
Contracted Services - Joint Agreements (Non-Public)	379,310	32,945	412,255
Contracted Services - Joint Agreements (Special Education)	782,605	(39,945)	742,660
Miscellaneous purchased services	54,223	4,154	58,377
Supplies and materials	9,226	-	9,226
Transportation supplies	684,270	(47,000)	637,270
Other Objects	10,675	-	10,675
Total Undist. Expend. - Student Transportation Serv.	<u>4,574,504</u>	<u>20,504</u>	<u>4,595,008</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
\$ 2,885,868	\$ -
843,236	2,254
117,709	22,055
65,995	6,442
19,732	827
<u>3,932,540</u>	<u>31,578</u>
532,991	8,304
520	480
5,283	3,517
7,329	171
2,626	374
<u>548,749</u>	<u>12,846</u>
257,809	-
64,750	1,500
72,182	5,736
188,440	4,692
<u>583,181</u>	<u>11,928</u>
698,347	476,327
157,182	71,117
24,309	4,147
<u>879,838</u>	<u>551,591</u>
1,270,079	181,652
479,978	725
63,820	18,667
1,620,764	70,197
208,974	24,938
174,479	10
-	2,100
157,070	23,674
1,258,012	231,904
3,122	7,578
<u>5,236,298</u>	<u>561,445</u>
184,462	60,370
-	13,000
21,527	28,398
<u>205,989</u>	<u>101,768</u>
60,661	807
126,962	1
42,598	2
<u>230,221</u>	<u>810</u>
<u>6,552,346</u>	<u>1,215,614</u>
211,487	1,932
1,570,875	46,379
324,547	45,276
-	15,074
7,978	2,407
36,447	12,553
402,685	12,905
33,810	190
293,836	118,419
659,937	82,723
52,839	5,538
6,709	2,517
506,657	130,613
7,596	3,079
<u>4,115,403</u>	<u>479,605</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2013

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	Original Budget	Budget Transfers	Final Budget
<b>UNALLOCATED BENEFITS</b>			
Social Security Contributions	\$ 900,000	\$ (44,974)	\$ 855,026
PERS Contribution	879,680	164,399	1,044,079
Unemployment Compensation	500,000	(283,522)	216,478
Workmen's Compensation	460,228	(24,314)	435,914
Health Benefits	11,674,848	(385,637)	11,289,211
Tuition Reimbursement	76,473	-	76,473
Other Employee Benefits	175,200	156,958	332,158
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>14,666,429</u>	<u>(417,090)</u>	<u>14,249,339</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>14,666,429</u>	<u>(417,090)</u>	<u>14,249,339</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>42,552,336</u>	<u>288,001</u>	<u>42,840,337</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>77,705,983</u>	<u>31,691</u>	<u>77,737,674</u>
<b>CAPITAL OUTLAY</b>			
Equipment			
Grades 6-8	-	2,898	2,898
Special Education - Learning and/or Language Disabilities	-	-	-
Undistributed Expenditures - Health Services	-	2,284	2,284
Undistributed Expenditures - Child Study Team	-	3,443	3,443
Undistributed Expenditures - Business/Other Support Services	28,439	40,828	69,267
Undistributed Expenditures - Required Maintenance	8,000	23,953	31,953
Undistributed Expenditures - Custodial and Maintenance	17,923	(11,073)	6,850
Undistributed Expenditures - Security	-	17,100	17,100
Undistributed Expenditures - Transpsortation	-	8,000	8,000
<b>Total Equipment</b>	<u>54,362</u>	<u>87,433</u>	<u>141,795</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
\$ 816,128	\$ 38,898
1,044,079	-
142,186	74,292
431,606	4,308
11,188,111	101,100
49,053	27,420
299,988	32,170
<u>13,971,151</u>	<u>278,188</u>
5,094,504	(5,094,504)
2,824,394	(2,824,394)
<u>7,918,898</u>	<u>(7,918,898)</u>
21,890,049	(7,640,710)
<u>48,320,267</u>	<u>(5,479,930)</u>
<u>82,662,346</u>	<u>(4,924,672)</u>
2,650	248
2,260	-
3,443	24
49,121	-
23,951	20,146
6,850	8,002
-	-
7,903	17,100
<u>96,178</u>	<u>97</u>
	<u>45,617</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2013

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	Original Budget	Budget Transfers	Final Budget
Undistributed Expenditures: Student Transportation	\$ -	\$ -	\$ -
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>54,362</b>	<b>87,433</b>	<b>141,795</b>
<b>TOTAL EXPENDITURES</b>	<b>77,760,345</b>	<b>119,124</b>	<b>77,879,469</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,378,609)	-	(3,378,609)
Other Financing Sources:			
Transfer In - from Capital Projects Fund to Capital Reserve	-	-	-
Transfer out - to Capital Projects Fund	-	-	-
Transfer from Capital Reserve to Capital Projects	-	-	-
Capital Leases (non-budgeted)	-	-	-
<b>Total Other Financing Sources:</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(3,378,609)	-	(3,378,609)
Fund Balance, July 1	13,182,992	-	13,182,992
Fund Balance, June 30	<u>\$ 9,804,383</u>	<u>\$ -</u>	<u>\$ 9,804,383</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

(Continued)

Actual	Variance Final to Actual
\$ -	\$ -
459,396	(459,396)
555,574	(413,779)
83,217,920	(5,338,451)
(403,388)	2,975,221
33,580	33,580
-	-
459,396	459,396
492,976	492,976
89,588	3,468,197
13,182,992	-
<u>\$ 13,272,580</u>	<u>\$3,468,197</u>

\$ 944,672
4,053,332
1,038,364
4,147,487
789,215
500,000
1,799,510
<u>13,272,580</u>
(1,139,458)
<u>\$ 12,133,122</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION JOBS FUND PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	Original Budget	Budget Transfers
<b>REVENUES:</b>		
Federal Sources	\$ 1,118	\$ -
State Sources	-	-
Local Sources	-	-
	1,118	-
<b>Total Revenues</b>	<b>1,118</b>	<b>-</b>
<b>EXPENDITURES:</b>		
Instruction		
Salaries of Teachers	-	-
Other Salaries for Instruction	-	-
Purchased Professional and Technical Services	-	-
Tuition	-	-
General Supplies	-	-
Textbooks	-	-
<b>Total Instruction</b>	<b>-</b>	<b>-</b>
Support Services		
Salaries of Other Professional Staff	-	-
Other Salaries	-	-
Personal Services - Employee Benefits	1,118	-
Purchased Professional - Educational Services	-	-
Other Purchased Professional Services	-	-
Other Purchased Services	-	-
Supplies & Materials	-	-
<b>Total Support Services</b>	<b>1,118</b>	<b>-</b>
Facilities Acquisition and Construction Services:		
Instructional Equipment	-	-
Noninstructional Equipment	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,118</b>	<b>-</b>
<b>Total Outflows</b>	<b>1,118</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>		
<b>Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION JOBS FUND PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Final Budget	Actual	Variance Final to Actual
\$ 1,118	\$ 1,118	\$ -
-	-	-
-	-	-
<u>1,118</u>	<u>1,118</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
1,118	1,118	-
-	-	-
-	-	-
<u>1,118</u>	<u>1,118</u>	<u>-</u>
-	-	-
-	-	-
<u>1,118</u>	<u>1,118</u>	<u>-</u>
<u>1,118</u>	<u>1,118</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, 2013

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	Original Budget	Budget Transfers
<b>REVENUES:</b>		
Federal Sources	\$ 1,504,227	\$ -
State Sources	205,685	-
Local Sources	40,939	-
<b>Total Revenues</b>	<b>1,750,851</b>	<b>-</b>
<b>EXPENDITURES:</b>		
<b>Instruction</b>		
Salaries of Teachers	83,092	-
Other Salaries for Instruction	116,870	-
Purchased Professional and Technical Services	157,265	-
Tuition	838,184	-
General Supplies	50,905	-
Textbooks	20,924	-
<b>Total Instruction</b>	<b>1,267,240</b>	<b>-</b>
<b>Support Services</b>		
Salaries of Other Professional Staff	-	-
Other Salaries	130,940	-
Personal Services - Employee Benefits	25,313	-
Purchased Professional - Educational Services	81,232	-
Other Purchased Professional Services	199,707	-
Other Purchased Services	11,402	-
Supplies & Materials	32,417	-
<b>Total Support Services</b>	<b>481,011</b>	<b>-</b>
<b>Facilities Acquisition and Construction Services:</b>		
Instructional Equipment	-	-
Noninstructional Equipment	2,600	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>2,600</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,750,851</b>	<b>-</b>
<b>Total Outflows</b>	<b>1,750,851</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, 2013

C-2

Final Budget	Actual	Variance Final to Actual
\$ 1,504,227	\$ 1,362,861	\$ (141,366)
205,685	172,750	(32,935)
40,939	40,065	(874)
<u>1,750,851</u>	<u>1,575,676</u>	<u>(175,175)</u>
83,092	82,616	476
116,870	116,756	114
157,265	139,782	17,483
838,184	721,393	116,791
50,905	50,465	440
20,924	20,042	882
<u>1,267,240</u>	<u>1,131,054</u>	<u>136,186</u>
-	-	-
130,940	131,814	(874)
25,313	25,336	(23)
81,232	71,591	9,641
199,707	172,057	27,650
11,402	10,002	1,400
32,417	31,222	1,195
<u>481,011</u>	<u>442,022</u>	<u>38,989</u>
-	-	-
<u>2,600</u>	<u>2,600</u>	<u>-</u>
<u>2,600</u>	<u>2,600</u>	<u>-</u>
<u>1,750,851</u>	<u>1,575,676</u>	<u>175,175</u>
<u>1,750,851</u>	<u>1,575,676</u>	<u>175,175</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	\$ 82,814,532	\$ 1,575,676
<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.	-	10,575
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,064,335	
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>(1,139,458)</u>	<u>-</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 82,739,409</u>	<u>\$ 1,586,251</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 83,217,920	\$ 1,575,676
<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>10,575</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 83,217,920</u>	<u>\$ 1,586,251</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, 2013

E-1

	Title I	Title II A	Title II A Carryover	Title III	Title III Immigrant
<b>REVENUES:</b>					
Federal sources	\$ 152,684	\$ 80,029	\$ 27,173	\$ 18,538	\$ 12,557
State sources	-	-	-	-	-
Local sources	-	-	-	-	-
<b>Total Revenues</b>	<b>152,684</b>	<b>80,029</b>	<b>27,173</b>	<b>18,538</b>	<b>12,557</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of teachers	75,146	-	-	7,470	-
Other salaries for instruction	-	-	-	-	-
Purchased professional and technical services	17,500	-	-	-	-
Tuition	-	-	-	-	-
General supplies	4,511	-	1,429	6,153	12,557
Textbooks	-	-	-	-	-
<b>Total instruction</b>	<b>97,157</b>	<b>-</b>	<b>1,429</b>	<b>13,623</b>	<b>12,557</b>
<b>Support Services:</b>					
Salaries of other professional staff	-	-	-	-	-
Salaries of other staff	38,994	68,400	22,800	1,620	-
Personnel services - employee benefits	8,733	5,233	1,744	695	-
Supplies and materials	-	1,003	-	-	-
Purchased prof. - educ. services	-	-	-	-	-
Purchased technical services	7,800	393	-	-	-
Other purchased services	-	5,000	1,200	-	-
<b>Total support services</b>	<b>55,527</b>	<b>80,029</b>	<b>25,744</b>	<b>2,315</b>	<b>-</b>
<b>Facilities acquisition and construction services:</b>					
Instructional equipment	-	-	-	-	-
Non-Instructional equipment	-	-	-	2,600	-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600</b>	<b>-</b>
<b>Total Expenditures</b>	<b>152,684</b>	<b>80,029</b>	<b>27,173</b>	<b>18,538</b>	<b>12,557</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, 2013

E-1

	I.D.E.A.				Non-Public	
	Basic	Carryover	Preschool	Carryover	Nursing	Textbook
<b>REVENUES:</b>						
Federal sources	\$ 951,785	\$ 58,014	\$ 62,081	\$ -	\$ -	\$ -
State sources	-	-	-	-	24,465	20,042
Local sources	-	-	-	-	-	-
<b>Total Revenues</b>	<b>951,785</b>	<b>58,014</b>	<b>62,081</b>	<b>-</b>	<b>24,465</b>	<b>20,042</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers	-	-	-	-	-	-
Other salaries for instruction	116,756	-	-	-	-	-
Purchased professional and technical services	61,338	-	-	-	-	-
Tuition	683,209	38,184	-	-	-	-
General supplies	-	18,510	-	-	-	-
Textbooks	-	-	-	-	-	20,042
<b>Total instruction</b>	<b>861,303</b>	<b>56,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,042</b>
Support Services:						
Salaries of other professional staff	-	-	-	-	-	-
Salaries of other staff	-	-	-	-	-	-
Personnel services - employee benefits	8,931	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Purchased prof. - educ. services	48,694	-	-	-	-	-
Purchased technical services	32,857	1,320	62,081	-	24,465	-
Other purchased services	-	-	-	-	-	-
<b>Total support services</b>	<b>90,482</b>	<b>1,320</b>	<b>62,081</b>	<b>-</b>	<b>24,465</b>	<b>-</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>Total Expenditures</b>	<b>951,785</b>	<b>58,014</b>	<b>62,081</b>	<b>-</b>	<b>24,465</b>	<b>20,042</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>

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

E-1

	Non-Public	Chapter 193 Nonpublic		Chapter 193 Nonpublic			
	Tech Aid	Comp. Ed.	ESL	Transportation	Classification	Speech	Instruction
<b>REVENUES:</b>							
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	7,305	28,343	6,821	5,880	31,217	25,780	22,897
Local sources	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>7,305</b>	<b>28,343</b>	<b>6,821</b>	<b>5,880</b>	<b>31,217</b>	<b>25,780</b>	<b>22,897</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers							
Other salaries for instruction							
Purchased professional and technical services		28,343	6,821			25,780	
Tuition							
General supplies	7,305						
Textbooks							
<b>Total instruction</b>	<b>7,305</b>	<b>28,343</b>	<b>6,821</b>	<b>-</b>	<b>-</b>	<b>25,780</b>	<b>-</b>
Support Services:							
Salaries of other professional staff	-	-	-	-	-	-	-
Salaries other staff	-	-	-	-	-	-	-
Personnel services - employee benefits	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-
Purchased prof. - educ. services	-	-	-	-	-	-	22,897
Purchased technical services	-	-	-	5,880	31,217	-	-
Other purchased services	-	-	-	-	-	-	-
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,880</b>	<b>31,217</b>	<b>-</b>	<b>22,897</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>7,305</b>	<b>28,343</b>	<b>6,821</b>	<b>5,880</b>	<b>31,217</b>	<b>25,780</b>	<b>22,897</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, 2013

E-1

	Other Local Grants				Total 2013
	Middle Schools	Elementary Schools	Transportation	Foundation	
<b>REVENUES:</b>					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 1,362,861
State sources	-	-	-	-	172,750
Local sources	175	477	22,216	17,197	40,065
<b>Total Revenues</b>	<b>175</b>	<b>477</b>	<b>22,216</b>	<b>17,197</b>	<b>1,575,676</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of teachers	-	-	-	-	82,616
Other salaries for instruction	-	-	-	-	116,756
Purchased professional and technical services	-	-	-	-	139,782
Tuition	-	-	-	-	721,393
General supplies	-	-	-	-	50,465
Textbooks	-	-	-	-	20,042
<b>Total instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,131,054</b>
<b>Support Services:</b>					
Salaries of other professional staff			-	-	-
Salaries other staff			-	-	131,814
Personnel services - employee benefits			-	-	25,336
Supplies and materials	175	477	22,216	7,351	31,222
Purchased prof. - educ. services			-	-	71,591
Purchased technical services			-	6,044	172,057
Other purchased services			-	3,802	10,002
<b>Total support services</b>	<b>175</b>	<b>477</b>	<b>22,216</b>	<b>17,197</b>	<b>442,022</b>
<b>Facilities acquisition and construction services:</b>					
Instructional equipment	-	-	-	-	-
Non-Instructional equipment	-	-	-	-	2,600
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600</b>
<b>Total Expenditures</b>	<b>175</b>	<b>477</b>	<b>22,216</b>	<b>17,197</b>	<b>1,575,676</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)

**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, 2013

<u>PROJECT DESCRIPTION</u>	<u>APPROVAL DATE</u>	<u>REVISED BUDGETARY APPROPRIATIONS</u>	<u>EXPENDITURES PRIOR YEARS</u>	<u>TRANSFERS CURRENT YEAR</u>	<u>UNEXPENDED BALANCE 6/30/2013</u>
Classroom Addition - Defino Central	3/16/2010	\$ 2,552,605	\$ 2,426,324	\$ 102,541	\$ 23,740
Administrative Office Renovations - Defino Central	3/16/2010	615,141	581,561	33,580	-
		<u>\$ 3,167,746</u>	<u>\$ 3,007,885</u>	<u>\$ 136,121</u>	<u>\$ 23,740</u>
To Debt Service Fund				\$ 102,541	
To Capital Reserve				<u>33,580</u>	
				<u>\$ 136,121</u>	

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND

F-2

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY  
 FOR THE YEAR ENDED JUNE 30, 2013

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	-
Construction services	-
	<hr/>
Total Expenditures	-
	<hr/>

Excess (Deficiency) of revenues over (under) expenditures

-

OTHER FINANCING SOURCES (USES):

Transfers to Debt Service Fund	(102,541)
Transfers to Capital Reserve	(33,580)
Total other financing sources and (uses)	<hr/> (136,121) <hr/>

Net change in fund balance	(136,121)
Fund Balance-- July 1	159,861
Fund Balance --June 30	<hr/> \$ 23,740 <hr/>

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, 2013

	PRIOR PERIODS	CURRENT PERIOD	TOTALS	REVISED AUTHORIZED COSTS
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State sources - SDA grant	\$ 480,480		\$ 480,480	\$ 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
	2,552,605	-	2,552,605	2,552,605
<b>Total Revenues</b>	<b>2,552,605</b>	<b>-</b>	<b>2,552,605</b>	<b>2,552,605</b>
<b>EXPENDITURES:</b>				
Purchased Professional and technical services	321,153	-	321,153	332,343
Construction services	2,105,171	-	2,105,171	2,220,262
	2,426,324	-	2,426,324	2,552,605
<b>Total Expenditures</b>	<b>2,426,324</b>	<b>-</b>	<b>2,426,324</b>	<b>2,552,605</b>
Excess (Deficiency) of revenues over (under) expenses	\$ 126,281	\$ -	126,281	\$ -
<b>OTHER FINANCING USES:</b>				
Transfer to Debt Service Fund			(102,541)	
<b>FUND BALANCE JUNE 30, 2013</b>			<b>\$ 23,740</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	\$ 2,033,165
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, 2013

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
 Total Revenues	 615,141	 -	 615,141	 615,141
 <b>EXPENDITURES:</b>				
Purchased Professional and technical services	35,000		35,000	35,000
Construction services	546,561	-	546,561	580,141
 Total Expenditures	 581,561	 -	 581,561	 615,141
 Excess (Deficiency) of revenues over (under) expenses	 \$ 33,580	 \$ -	 33,580	 \$ -
 <b>OTHER FINANCING USES:</b>				
Transfer to Capital Reserve			\$ 33,580	

**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 POSITION  
 JUNE 30, 2013

	Private Purpose Trust Fund	Agency Funds			Unemployment Compensation Insurance Trust	Totals
	Scholarship Fund	Student Activity	Payroll and Payroll Agency	Flexible Spending		
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 1,437	\$ 72,745	\$ 421,911	\$ 22,148	\$ 155,379	\$673,620
<b>LIABILITIES:</b>						
Payroll deductions and withholdings	\$ -	\$ -	\$ 421,911	\$ 22,148	\$ -	\$444,059
Due to student groups	-	72,745	-	-	-	72,745
Total liabilities	-	72,745	421,911	22,148	-	516,804
<b>NET POSITION:</b>						
Reserved for unemployment claims	-	-	-	-	155,379	155,379
Reserved for scholarships	1,437	-	-	-	-	1,437
<b>TOTAL NET POSITION</b>	<b>\$ 1,437</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 155,379</b>	<b>\$156,816</b>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

H-2

	<u>Scholarship Funds</u>			<u>Totals</u>	<u>Unemployment Compensation Insurance Trust</u>
	<u>Ross Barshay</u>	<u>Alan Feinberg</u>	<u>Bill Botwinick</u>		
ADDITIONS:					
Local sources:					
Local contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on investments	-	-	-	-	-
Employee unemployment contributions	-	-	-	-	155,000
Total additions	-	-	-	-	155,000
DEDUCTIONS:					
Scholarships	100	175	200	475	-
Supplies	-	-	887	887	-
Total deductions	100	175	1,087	1,362	-
CHANGE IN NET POSITION	(100)	(175)	(1,087)	(1,362)	155,000
NET POSITION, July 1	559	438	1,802	2,799	379
NET POSITION, June 30	<u>\$ 459</u>	<u>\$ 263</u>	<u>\$ 715</u>	<u>\$ 1,437</u>	<u>\$ 155,379</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

H-3

	<u>Student Activity</u>	<u>Flexible Spending</u>	<u>Payroll and Payroll Agency Agency</u>	<u>Totals</u>
<b>ADDITIONS:</b>				
Local sources:				
Student fees and collections	\$ 289,946	\$ -	\$ -	\$ 289,946
Net Payroll	-	-	23,062,651	23,062,651
Employee withholdings	-	52,005	29,461,480	29,513,485
<b>Total additions</b>	<u>289,946</u>	<u>52,005</u>	<u>52,524,131</u>	<u>52,866,082</u>
<b>DEDUCTIONS:</b>				
Student activity payments	297,136	-	-	297,136
Net Payroll	-	-	29,461,480	29,461,480
Payroll related payments	-	49,201	23,127,425	23,176,626
<b>Total deductions</b>	<u>297,136</u>	<u>49,201</u>	<u>52,588,905</u>	<u>52,935,242</u>
<b>CHANGES IN AGENCY FUNDS</b>	<u>(7,190)</u>	<u>2,804</u>	<u>(64,774)</u>	<u>(69,160)</u>
<b>BALANCE, July 1</b>	<u>79,935</u>	<u>19,344</u>	<u>486,685</u>	<u>585,964</u>
<b>BALANCE, June 30</b>	<u>\$ 72,745</u>	<u>\$ 22,148</u>	<u>\$ 421,911</u>	<u>\$ 516,804</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 STUDENT ACTIVITY AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

H-4

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
Asher Holmes	\$ 3,319	\$ 10,503	\$ 9,519	\$ 4,303
Frank J. Dugan Elementary	2,000	7,408	6,213	3,195
Frank Defino Central Elementary	14,388	11,512	22,786	3,114
Marlboro Early Learning Center	3,921	2,241	-	6,162
Marlboro Elementary	3,661	18,945	16,378	6,228
Marlboro Memorial Middle School	18,503	125,694	130,858	13,339
Marlboro Middle School	29,583	102,511	100,793	31,301
Robertsville Elementary	4,560	11,132	10,589	5,103
<b>Total all schools</b>	<b><u>\$ 79,935</u></b>	<b><u>\$ 289,946</u></b>	<b><u>\$ 297,136</u></b>	<b><u>\$ 72,745</u></b>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 PAYROLL AGENCY FUND  
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

H-5

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash - Payroll	\$ -	\$ 29,461,480	\$ 29,461,480	\$ -
Cash - Payroll Agency	486,685	23,062,651	23,127,425	421,911
Cash - Flexible Spending	19,344	52,005	49,201	22,148
<b>TOTAL ASSETS</b>	<u>\$ 506,029</u>	<u>\$ 52,576,136</u>	<u>\$ 52,638,106</u>	<u>\$ 444,059</u>
 <b>LIABILITIES:</b>				
Net Payroll	\$ -	\$ 29,461,480	\$ 29,461,480	\$ -
Payroll deductions and withholdings	506,029	23,114,656	23,176,626	444,059
<b>TOTAL LIABILITIES</b>	<u>\$ 506,029</u>	<u>\$ 52,576,136</u>	<u>\$ 52,638,106</u>	<u>\$ 444,059</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, 2013

I-1

<u>Issue</u>	<u>Date of Issue</u>	<u>Date of Issue</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
Refunding Bonds- 2004 Issue	08/05/04	\$ 30,125,000	07/15/13	\$ 2,690,000	4.15%
			07/15/14	2,835,000	4.75%
Refunding Bonds- 2011 Issue	04/19/11	4,990,000	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%
Refunding Bonds - 2013 Issue	3/26/2013	18,700,000	07/15/13	430,000	0.438%
			07/15/14	385,000	0.688%
			07/15/15	3,385,000	0.788%
			07/15/16	3,535,000	1.004%
			07/15/17	3,570,000	1.326%
			07/15/18	3,650,000	1.526%
			07/15/19	3,745,000	1.919%

Payment of Bond Principal  
 Defeasance of Bonds

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS PAYABLE (CONTINUED)  
 AS OF JUNE 30, 2013

<u>July 1, 2012</u>	<u>Issued</u>	<u>Decreased</u>	<u>June 30, 2013</u>
\$ 25,395,000	\$ -	\$ 19,870,000	\$ 5,525,000
4,930,000		1,010,000	3,920,000
	18,700,000	-	18,700,000
<u>\$ 30,325,000</u>	<u>\$ 18,700,000</u>	<u>\$ 20,880,000</u>	<u>\$ 28,145,000</u>
		\$ 3,510,000	
		<u>17,370,000</u>	
		<u>\$ 20,880,000</u>	

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 AS OF JUNE 30, 2013

	<u>Interest Rate Payables</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2012</u>	<u>Additions Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2013</u>
2009 Buses - 4 2008 Vans - 2	3.50%	\$ 343,932	\$ 56,041	\$ -	\$ 56,041	\$ -
2010 Buses - 4 2010 Vans - 3	3.60%	398,067	145,227	-	86,143	59,084
2011 Buses - 4 2011 Van -1	2.95%	349,062	207,097	-	68,877	138,220
2012 Buses - 4 2012 Van -1	2.90%	349,686	275,334	-	67,385	207,949
2013 Buses - 4	2.30%	352,980	-	352,980	73,207	279,773
2013 Vans - 2	3.80%	106,416	-	106,416	28,220	78,196
			<u>\$ 683,699</u>	<u>\$ 459,396</u>	<u>\$ 379,873</u>	<u>\$ 763,222</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

I-3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 3,988,230	\$ -	\$ 3,988,230	\$ 3,988,230	\$ -
Total revenues - local sources	<u>3,988,230</u>	<u>-</u>	<u>3,988,230</u>	<u>3,988,230</u>	<u>-</u>
State sources:					
Debt service aid type II	717,316	-	717,316	717,316	-
Total state sources	<u>717,316</u>	<u>-</u>	<u>717,316</u>	<u>717,316</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>4,705,546</u>	<u>-</u>	<u>4,705,546</u>	<u>4,705,546</u>	<u>-</u>
<b>EXPENDITURES</b>					
Bond Issuance Costs	-	-	-	164,350	(164,350)
Regular debt service:					
Interest	1,264,963	-	1,264,963	1,264,963	-
Redemption of principal	3,510,000	-	3,510,000	3,510,000	-
Total regular debt service	<u>4,774,963</u>	<u>-</u>	<u>4,774,963</u>	<u>4,774,963</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>4,774,963</u>	<u>-</u>	<u>4,774,963</u>	<u>4,939,313</u>	<u>(164,350)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(69,417)</u>	<u>-</u>	<u>(69,417)</u>	<u>(233,767)</u>	<u>(164,350)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in - from capital projects fund	-	-	-	102,541	102,541
Sources (Uses) of Refunding Issue:					
Par amount of bonds				18,700,000	18,700,000
Deposit to escrow fund				<u>(18,522,724)</u>	<u>(18,522,724)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,817</u>	<u>279,817</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES</b>	<u>(69,417)</u>	<u>-</u>	<u>(69,417)</u>	<u>46,050</u>	<u>115,467</u>
<b>FUND BALANCES, July 1</b>	<u>72,663</u>	<u>-</u>	<u>72,663</u>	<u>72,663</u>	<u>-</u>
<b>FUND BALANCES, June 30</b>	<u>\$ 3,246</u>	<u>\$ -</u>	<u>\$ 3,246</u>	<u>\$ 118,713</u>	<u>\$ 115,467</u>

**STATISTICAL SECTION  
(UNAUDITED)**

<b><u>CONTENTS</u></b>	<b><u>PAGES</u></b>
<b>Financial Trends</b>	<b>129 - 134</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>135 – 138</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>139 – 142</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>143 – 144</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>145 – 150</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 Position by Component,**  
**Last Ten Fiscal Years**

Unaudited

(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 35,261,244
Restricted	482,349	630,480	659,711	3,119,132	2,461,742	4,331,584	2,834,929	5,168,518	8,358,487	10,326,308
Unrestricted	4,240,751	2,237,211	1,904,426	3,295,719	5,891,672	5,111,885	5,721,472	1,811,362	3,992,694	(555,386)
Total governmental activities net position	\$ 26,574,102	\$ 25,776,326	\$ 26,732,430	\$ 31,925,890	\$ 34,257,323	\$ 36,876,436	\$ 37,705,338	\$ 40,090,569	\$ 46,104,772	\$ 45,032,166
<b>Business-type activities</b>										
Net investment in capital assets	\$ 35,945	\$ 160,359	\$ 149,129	\$ 142,758	\$ 137,096	\$ 187,073	\$ 217,395	\$ 314,975	\$ 346,104	\$ 327,170
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	328,024	236,834	281,995	333,633	383,319	370,219	367,741	293,031	275,783	332,455
Total business-type activities net position	\$ 363,969	\$ 397,193	\$ 431,124	\$ 476,391	\$ 520,415	\$ 557,292	\$ 585,136	\$ 608,006	\$ 621,887	\$ 659,625
<b>District-wide</b>										
Net investment in capital assets	\$ 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	\$ 35,588,414
Restricted	482,349	630,480	659,711	3,119,132	2,461,742	4,331,584	2,834,929	5,168,518	8,358,487	10,326,308
Unrestricted	4,568,775	2,474,045	2,186,421	3,629,352	6,274,991	5,482,104	6,089,213	2,104,393	4,268,477	(222,931)
Total district net position	\$ 26,938,071	\$ 26,173,519	\$ 27,163,554	\$ 32,402,281	\$ 34,777,738	\$ 37,433,728	\$ 38,290,474	\$ 40,698,575	\$ 46,726,659	\$ 45,691,791

Source: CAFR Schedule A-1

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 35,852,547
Special education	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	12,785,736
Other instruction	2,713,809	2,755,748	2,987,659	2,774,427	3,244,359	3,305,976	3,626,480	3,282,333	3,301,696	3,582,539
Nonpublic school programs	15,282	23,143	229,936	261,488	271,569	306,156	255,014	195,449	203,155	172,750
Support Services:										
Tuition	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	1,912,991
Student & instruction related services	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	9,653,363
General administrative services	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	2,332,646
School administrative services	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	5,327,474
Business administrative services	882,910	909,908	886,325	1,020,132	1,057,046	1,086,758	1,194,106	1,157,915	1,162,287	1,500,784
Plant operations and maintenance	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	7,482,966
Pupil transportation	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	5,086,709
Interest on long-term debt	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	900,164
Total governmental activities expenses	63,667,536	67,884,738	71,412,821	77,569,044	82,668,043	82,609,957	86,783,102	83,895,684	83,059,425	86,600,669
Business-type activities:										
Food service	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	1,325,245
Total business-type activities expense	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	1,325,245
Total district expenses	\$ 64,956,840	\$ 69,272,292	\$ 72,853,191	\$ 78,999,089	\$ 84,043,053	\$ 84,028,836	\$ 88,212,412	\$ 85,241,636	\$ 84,387,775	\$ 87,925,914
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition and fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 792,518
Operating grants and contributions	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	10,214,131
Total governmental activities program revenues	5,279,857	5,585,913	6,295,117	8,845,572	8,865,939	6,729,314	7,921,913	7,450,835	9,179,448	11,006,649

(Continued)

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Business-type activities:</b>										
<b>Changes for services</b>										
Food service	1,136,807	1,221,295	1,275,751	1,270,813	1,192,235	1,219,451	1,213,277	1,151,206	1,100,313	1,077,888
Operating grants and contributions	179,762	199,543	164,619	204,499	226,799	236,305	243,878	217,616	247,918	285,295
Total business type activities program revenues	1,316,569	1,420,778	1,440,370	1,475,312	1,419,034	1,455,756	1,457,155	1,368,822	1,348,231	1,362,983
Total district program revenues	\$ 6,596,446	\$ 7,006,691	\$ 7,735,487	\$ 10,320,884	\$ 10,284,973	\$ 8,185,070	\$ 9,379,068	\$ 8,819,657	\$ 10,527,679	\$ 12,369,632
<b>Net (Expense)/Revenue</b>	\$ (58,387,679)	\$ (62,298,825)	\$ (65,117,704)	\$ (68,723,472)	\$ (73,802,104)	\$ (75,880,643)	\$ (78,861,189)	\$ (76,444,849)	\$ (73,873,977)	\$ (75,594,020)
<b>Governmental activities</b>	27,285	33,224	33,931	45,267	44,024	36,877	27,845	22,870	13,881	37,738
<b>Business-type activities</b>	\$ (58,360,394)	\$ (62,265,601)	\$ (65,083,773)	\$ (68,678,205)	\$ (73,758,080)	\$ (75,843,766)	\$ (78,833,344)	\$ (76,421,979)	\$ (73,860,096)	\$ (75,556,282)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 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	\$ 62,003,011
Taxes levied for debt service	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	3,988,230
Unrestricted grants and contributions	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	11,741,062
Investment earnings	134,557	317,529	340,353	582,983	517,571	271,429	58,672	8,873	7,990	4,722
Miscellaneous income	206,895	193,632	212,717	339,687	359,533	429,241	500,437	584,421	458,708	287,533
Loss on disposal of equipment	-	-	(71,110)	-	-	-	-	-	-	-
Total governmental activities	57,899,792	61,607,731	66,073,808	73,916,932	76,133,526	78,495,066	79,678,546	78,830,080	79,888,180	78,024,558
<b>Business-type activities:</b>										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ 57,899,792	\$ 61,607,731	\$ 66,073,808	\$ 73,916,932	\$ 76,133,526	\$ 78,495,066	\$ 79,678,546	\$ 78,830,080	\$ 79,888,180	\$ 78,024,558
<b>Change in Net Position</b>	\$ (487,887)	\$ (691,094)	\$ 956,104	\$ 5,193,460	\$ 2,331,422	\$ 2,614,423	\$ 817,358	\$ 2,385,231	\$ 6,014,203	\$ 2,430,538
<b>Governmental activities</b>	27,285	33,224	33,931	45,267	44,024	36,877	27,845	22,870	13,881	37,738
<b>Business-type activities</b>	\$ (460,602)	\$ (657,870)	\$ 990,035	\$ 5,238,727	\$ 2,375,446	\$ 2,651,300	\$ 845,203	\$ 2,408,101	\$ 6,028,084	\$ 2,468,276
<b>Total district</b>										

Source: CAFR Schedule A-2

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Reserved	\$ 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	\$ 10,973,070
Restricted										500,000
Assigned										660,052
Unassigned	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	
Unreserved	3,690,900	2,482,665	2,251,142	6,150,128	6,314,123	7,410,302	5,636,043	6,950,946	12,118,657	12,133,122
<b>Total general fund</b>										
	\$ 73,560	\$ 24,028	\$ 18,150	\$ 29,736	\$ -	\$ -	\$ 64,125	\$ 192,819	\$ 72,663	\$ 118,713
<b>All Other Governmental Funds</b>										
Reserved								111,066	159,861	23,740
Restricted										
Assigned										
Unreserved, reported in:										
Capital projects fund	2,789,571	2,380,415	2,134,708	2,027,799	2,039,290	2,033,165	2,856,232			
Debt service fund	1	145,652	67,851	1	1	2	1			
<b>Total all other governmental funds</b>	\$ 2,863,132	\$ 2,550,095	\$ 2,220,709	\$ 2,057,536	\$ 2,039,291	\$ 2,033,167	\$ 2,920,358	\$ 303,885	\$ 232,524	\$ 142,453

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Tax levy	\$ 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	\$ 65,991,241
Tuition charges	52,515	45,357	33,670	33,585	30,150	59,593	158,157	161,226	457,329	681,099
Interest earnings	134,557	317,529	340,353	582,983	517,571	271,429	58,672	8,873	7,990	4,722
Miscellaneous	154,380	148,275	179,047	306,102	329,393	369,648	342,280	413,139	568,957	439,017
State sources	14,093,316	14,721,969	15,265,223	17,606,455	18,031,568	17,600,515	17,535,677	15,977,505	18,587,145	20,540,165
Federal sources	1,167,536	1,258,307	1,347,995	1,391,308	1,424,026	1,474,143	3,499,996	1,779,415	1,815,326	1,374,962
Total revenue	63,179,649	67,248,423	72,439,996	81,941,413	84,301,694	85,224,380	87,600,459	86,270,858	89,067,072	89,031,206
<b>Expenditures</b>										
Instruction										
Regular instruction	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	34,507,618
Special education instruction	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	12,734,860
Other instruction	2,710,656	2,735,875	2,987,658	2,774,427	3,244,359	3,305,976	3,626,480	3,282,333	3,301,696	3,582,539
Nonpublic school programs	179,888	227,875	229,936	261,488	271,569	306,156	255,014	195,449	203,155	172,750
Support Services:										
Tuition	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	1,837,754
Student & instruction related services	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	9,596,830
General administrative services	1,361,721	1,487,462	1,543,964	1,480,237	1,578,702	1,885,771	1,831,079	1,759,871	1,790,584	2,127,575
School Administrative services	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	5,671,913
Business administrative services	843,959	904,584	886,325	1,020,132	1,057,046	1,086,758	1,194,106	1,157,915	1,162,287	1,500,784
Plant operations and maintenance	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	7,482,966
Pupil transportation	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	5,119,521
Charter Schools	-	-	-	-	-	-	-	-	45,809	75,237
Capital outlay	1,419,769	1,315,147	675,866	725,399	1,498,616	682,674	914,666	3,287,789	556,890	556,174
Debt service:										
Principal	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	3,510,000
Interest and other charges	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	1,264,963
Total expenditures	65,184,881	69,282,406	73,314,985	78,634,432	84,562,060	84,530,622	88,897,138	88,056,490	84,320,408	89,743,484
Excess (Deficiency) of revenues over (under) expenditures	(2,005,232)	(2,033,983)	(874,989)	3,306,981	(260,375)	683,758	(1,296,679)	(1,785,632)	4,746,664	(712,278)
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	440,137	512,711	314,080	428,832	406,125	391,608	398,067	349,062	349,686	459,396
Par amount of bonds	-	30,125,000	-	-	-	-	-	4,990,000	-	18,700,000
Original issue premium	-	1,469,808	-	-	-	-	-	288,424	-	-
Accrued interest	-	77,801	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	(31,272,619)	-	-	-	-	-	-	-	-
Costs of issuance	-	(322,189)	-	-	-	-	-	-	-	-
Accrued interest	-	(77,801)	-	-	-	-	-	-	-	-
Transfers in	35,052	66,414	99,093	111,272	81,980	32,352	4,725,242	2,169,620	6,405	136,121
Transfers out	(35,052)	(66,414)	(99,093)	(111,272)	(81,980)	(32,352)	(2,692,077)	(2,034,620)	(6,405)	(136,121)
Total other financing sources (uses)	440,137	512,711	314,080	428,832	406,125	391,608	2,431,232	484,062	349,686	636,672
Net change in fund balances	\$ (1,565,095)	\$ (1,521,272)	\$ (560,909)	\$ 3,735,813	\$ 145,750	\$ 1,085,366	\$ 1,134,553	\$ (1,301,570)	\$ 5,096,350	\$ (75,606)
Debt service as a percentage of noncapital expenditures	7.6%	7.0%	6.6%	6.1%	5.7%	5.7%	5.5%	5.7%	5.7%	5.4%

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		Capital Reserve	Tuition		Rentals	Contributions	Student Fees	Misc.	Total
	Investments			Revenue						
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	7,970	20	457,329	20,000	94,933	-	-	110,249	308,080	998,581
2013	4,594	128	681,099	20,000	23,321	-	-	111,419	244,212	1,084,773

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)
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	7,266,197,377
2013	85,204,500	6,098,106,500	36,036,300	1,036,500	424,031,300	86,543,000	18,619,900	6,749,578,000	0	-	6,749,578,000	0.985	7,013,277,224

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

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> 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	
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
2013	0.928	0.057	0.985	0.433	0.360	0.028	0.299	2.105

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 Ten Years Ago**  
**Unaudited**

Taxpayer	2013			2003		
	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	\$ 45,642,400	1	0.67%	\$ 20,897,800	1	7.29%
Union Hill Nine	30,549,100	2	0.45%	16,704,700	2	5.83%
T M C Marlboro	22,500,000	3	0.33%	13,624,200	3	4.75%
American Plaza (Costco)	20,718,500	4	0.30%	-		
Brooks Edge Plaza (Acme)	12,700,000	5	0.19%	-		
Marlboro Lowes	12,501,900	6	0.19%	-		
Royal Pines	11,400,000	7	0.17%	-		
Triangle Business Park	11,043,800	8	0.16%	-		
Phyllis Manzo	9,446,400	9	0.14%	-		
Sunrise Assisted Living	9,300,000	10	0.14%	5,752,300	8	2.01%
Exclusive Plaza	-			4,155,800	9	1.45%
K Hovnanian	-			7,140,200	4	2.49%
Verizon	-			6,708,171	5	2.34%
Carlton Homes	-			6,237,700	6	2.17%
BTS Marlboro	-			5,935,200	7	2.07%
Crine Realty	-			4,024,100	10	1.40%
<b>Total</b>	<b>\$ 185,802,100</b>		<b>2.74%</b>	<b>\$ 91,180,171</b>		<b>31.80%</b>

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2013	66,488,993	66,488,993	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, which is the amount voted upon or certified prior to the end of the school year.

**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		Total District	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				
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	
2013	28,145,000	-	763,222	-	-	28,908,222	0.19%	55,733	

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.

<sup>a</sup> 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**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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	30,325,000	-	30,325,000	0.44%	54,992
2013	28,145,000	-	28,145,000	0.42%	55,733

**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, 2013**  
**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	\$ 30,065,638	100.0000%	\$ 30,065,638
<b>Other debt</b>			
Marlboro Township Water Utility	19,446,550	100.0000%	19,446,550
Marlboro Township Swim Utility	375,000	100.0000%	375,000
Western Monmouth Utility Authority	8,184,156	49.4270%	4,045,181
Freehold Regional High School	31,400,000	23.6972%	7,440,921
Monmouth County	466,110,820	6.1959%	<u>28,879,544</u>
Subtotal, overlapping debt			90,252,834
<b>Marlboro Township School District Direct Debt</b>			<u>28,145,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 118,397,834</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.

**a** 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 2011

Equalized valuation basis	
2013	\$ 7,013,277,224
2012	7,266,197,377
2011	7,449,439,687
[A]	\$ 21,728,914,288
[A/3]	\$ 7,242,971,429
[B]	217,289,143
[C]	28,145,000
[B-C]	\$ 189,144,143

Average equalized valuation of taxable property

Debt limit (3 % of average equalization value)

Net bonded school debt

Legal debt margin

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Debt limit	\$ 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	\$ 217,289,143	
Total net debt applicable to limit	52,200,000	50,485,000	48,050,000	45,490,000	42,790,000	39,935,000	36,940,000	33,710,000	30,325,000	28,145,000	
Legal debt margin	\$ 80,102,338	\$ 100,275,843	\$ 124,412,928	\$ 148,630,482	\$ 170,994,321	\$ 186,480,376	\$ 194,009,545	\$ 195,108,338	\$ 187,914,335	\$ 189,144,143	
Total net debt applicable to the limit as a percentage of debt limit	39.46%	33.49%	27.86%	23.43%	20.02%	17.64%	15.99%	14.73%	13.90%	12.85%	

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

a Limit set by N.J.S.A. 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**

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>
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	6.1%
2012	40,232	2,294,982,368	54,992	6.2%
2013	40,201	2,299,572,333	55,732	6.8%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<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,

Exhibit J-15

Current Year and Ten Years Ago  
Unaudited

Employer	2013			2003		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
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
	<u>2,245</u>		n/a	-		n/a

**Source:** Township Administration Office

**Note:** Information for 2003 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**

<u>Function/Program</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>	<u>2013</u>
Instruction	342	360	366	367	366	373	349	342	341	340
Regular	151	184	191	188	188	197	192	141	142	141
Special education	0	0	0	0	0	0	0	0	0	0
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
Support Services:										
Tuition	0	0	0	0	0	0	0	0	0	0
Student & instruction related services	76	78	78	70	70	70	71	120	120	120
General administrative services	8	8	8	8	8	9	9	8	8	8
School administrative services	37	37	37	37	37	37	37	37	37	37
Business administrative services	11	11	11	11	10	12	12	12	12	12
Plant operations and maintenance	113	115	116	80	80	80	79	79	79	83
Pupil transportation	83	87	87	101	102	102	98	91	90	90
Special Schools	0	0	0	0	0	0	0	0	0	0
Food Service										
Child Care										
<b>Total</b>	<b>821</b>	<b>880</b>	<b>893</b>	<b>861</b>	<b>861</b>	<b>880</b>	<b>847</b>	<b>830</b>	<b>829</b>	<b>831</b>

Source: District Personnel Records

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

Fiscal Year Ended June 30,	Pupil/Teacher Ratio										
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
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	7.82%	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%
2013	5,528	84,410,347	15,270	8.98%	532	1:23	1:24	5,455	5,106	-2.62%	93.60%

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**

Fiscal Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<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	524	514	522	498	519	475	445	438	424	400
<b>Elementary</b>										
Defino Central (1956)										
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	779	794	815	827	805	775	733	677	653	578
Robertsville (1967)										
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*	627	653	657	671	653	654	595	556	539	499
Marlboro Elementary (1970)										
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	661	671	678	685	673	650	633	585	536	551
Asher Holmes (1973)										
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	622	602	616	626	599	625	631	625	616	633
Frank J. Dugan (1988)										
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	645	659	705	709	719	715	736	717	680	669
<b>Middle School</b>										
Marlboro Middle (1976)										
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	1,206	1,167	1,169	1,182	1,146	1,136	1,115	1,124	1,132	1,142
Memorial Middle School (March 2003)										
Square Feet	153,275	153,275	153,275	153,275	153,275	153,275	153,275	153,275	153,275	153,275
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	1,018
<b>Other</b>										
Administration Building										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Transportation										
Square Feet	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
Maintenance Offices										
Square Feet	900	900	900	900	900	900	900	900	900	900
Number of Schools at June 30, 2013										
Early Learning Center = 1										
Elementary = 5										
Middle School = 2										
Other = 3										

Number of Schools at June 30, 2013  
 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**

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

School Facilities	Project # (s)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Defino Central Elementary	N/A	\$ 132,945	\$ 27,381	\$ 51,987	\$ 366,280	\$ 80,383	\$ 88,537	\$ 84,343	\$ 32,197	\$ 39,425	\$ 39,131
Frank Dugan Elementary	N/A	32,424	29,230	314,288	68,935	120,192	34,439	64,841	80,078	49,964	41,492
Marlboro Early Learning Center	N/A	31,595	20,385	33,736	182,383	40,736	25,048	60,553	19,981	18,215	28,711
Marlboro Elementary	N/A	116,040	32,506	78,836	84,070	266,191	277,841	68,846	42,212	29,999	30,471
Marlboro Memorial Middle School	N/A	22,484	185,685	189,520	54,355	27,836	25,048	60,553	19,981	18,215	17,794
Marlboro Middle School	N/A	174,036	270,866	731,692	150,490	371,363	60,831	93,267	90,673	55,806	62,505
Robertville	N/A	109,340	83,240	80,779	73,377	59,988	106,006	53,430	32,717	40,469	28,891
Asher Holmes	N/A	233,122	52,770	318,888	98,568	63,709	98,414	68,237	47,757	34,357	42,420
<b>Total School Facilities</b>		<b>851,986</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>Other Facilities</b>		<b>27,852</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>Grand Total</b>		<b>\$ 879,838</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>

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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/ 3,000,000 agg.	25,000 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	156,298,110	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, 2013  
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
Berkley 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	44,406,144	N/A
	-Covered Payrolls-Non-Professional	4,420,652	N/A
	Each Employee	2,000,000	
	Aggregate	2,000,000	

**SINGLE AUDIT SECTION**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on Compliance for Each Major Federal and State Program***

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, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 of 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the School District's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the Marlboro Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Marlboro Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

  
BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

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

Voorhees, New Jersey  
January 17, 2014

MARLBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012
				From	To	
<b>U.S. Department of Education</b>						
<b>General Fund:</b>						
Education Jobs Fund	84.410A	ARRA	\$ 1,118	8/10/2012	6/30/2013	-
Medical Assistance Program (SEMI)	93.778	N/A	408	7/1/2012	6/30/2013	-
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 13	\$ 153,151	9/1/2012	8/31/2013	\$ -
Title I, carryover	84.010A	NCLB FY 12	163,589	9/1/2011	8/31/2012	(29,921)
Title II A, Teacher Training & Recruiting	84.367A	NCLB FY 13	82,395	9/1/2012	8/31/2013	-
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 12	93,221	9/1/2011	8/31/2012	(11,707)
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 11	96,397	9/1/2010	8/31/2011	2,172
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 10	103,912	9/1/2009	8/31/2010	1,224
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 -Tech. c/o	84.318X	NCLB FY 11	343	9/1/2010	8/31/2011	(74)
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 III, English Language Enhancement	84.365A	NCLB FY 13	18,540	9/1/2012	8/31/2013	-
Title III, English Language Enhancement c/o	84.365A	NCLB FY 12	19,441	9/1/2011	8/31/2012	(10,557)
Title III, English Language Enhancement c/o	84.365A	NCLB FY 11	24,178	9/1/2010	8/31/2011	(437)
Title III, Immigrant	84.365A	NCLB FY 13	13,072	9/1/2012	8/31/2013	-
I.D.E.A. Part B Basic Regular	84.027	FT FY 13	1,083,884	9/1/2012	8/31/2013	-
I.D.E.A. Part B Basic Regular carryover	84.027	FT FY 12	1,102,964	9/1/2011	8/31/2012	(148,710)
I.D.E.A. Part B Preschool	84.027	FT FY 13	68,015	9/1/2012	8/31/2013	-
I.D.E.A. Part B Preschool carryover	84.027	FT FY 12	68,309	9/1/2011	8/31/2012	(13,516)
I.D.E.A. Part B Preschool carryover	84.027	FT FY 10	67,044	9/1/2009	8/31/2010	301
Title IV, Drug Free Schools carryover	84.186A	NCLB FY 11	8,409	9/1/2010	8/31/2011	(4,754)
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
Total Special Revenue						(214,939)
<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	87,084	7/1/2012	6/30/2013	-
Food Donation Program (1)	10.550	N/A	82,267	7/1/2011	6/30/2012	1,124
National School Lunch Program	10.555	N/A	181,526	7/1/2012	6/30/2013	-
National School Lunch Program	10.555	N/A	149,219	7/1/2011	6/30/2012	(9,630)
Special Milk Program	10.556	N/A	2,913	7/1/2012	6/30/2013	-
Special Milk Program	10.556	N/A	2,720	7/1/2011	6/30/2012	(145)
Total Enterprise Fund						(8,651)
Total Federal Financial Awards						<u>\$ (223,590)</u>

(1) Amount represents the value received

See Notes to Schedules of Expenditures of Awards

MARLBORO TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance at June 30, 2013		
					Accounts Receivable	Unearned Revenue	Due to Grantor
-	\$ 1,118	\$ (1,118)	-	-	-	-	-
-	408	(408)	-	-	-	-	-
-	1,526	(1,526)	-	-	-	-	-
\$ -	\$ 144,558	\$ (152,684)	\$ -	\$ -	\$ (8,593)	\$ 467	\$ -
-	29,921	-	-	-	-	-	-
-	17,732	(80,029)	-	-	(64,663)	2,366	-
-	37,911	(25,001)	(252)	-	-	-	951
-	-	(2,172)	-	-	-	-	-
-	-	-	-	-	-	-	1,224
-	-	-	-	(842)	-	-	-
-	88	-	-	-	-	-	14
-	-	-	-	-	-	-	39
-	-	-	-	(51)	-	-	-
-	17,278	(18,538)	-	-	(1,262)	-	2
-	10,557	-	118	-	-	-	118
-	-	-	-	-	(1,025)	-	588
-	12,557	(12,557)	515	-	-	-	515
-	858,054	(951,785)	-	-	(93,731)	-	-
-	170,903	(58,014)	-	-	(35,821)	-	-
-	49,893	(62,081)	-	-	(12,188)	-	-
-	13,516	-	-	-	-	-	-
-	-	-	-	-	-	-	301
-	-	-	-	-	(5,077)	-	323
-	-	-	-	-	-	-	2
-	-	-	-	(106)	-	-	-
-	1,362,968	(1,362,861)	381	(999)	(222,360)	2,833	4,077
-	87,084	(86,725)	-	-	-	359	-
-	-	(1,124)	-	-	-	-	-
-	166,640	(181,526)	-	-	(14,886)	-	-
-	9,630	-	-	-	-	-	-
-	2,847	(2,913)	-	-	(66)	-	-
-	145	-	-	-	-	-	-
-	266,346	(272,288)	-	-	(14,952)	359	-
\$ -	\$ 1,630,840	\$ (1,636,675)	\$ 381	\$ (999)	\$ (237,312)	\$ 3,192	\$ 4,077

See 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, 2013

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2012	
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor
<b>State Department of Education:</b>						
<b>General Fund</b>						
Extraordinary Aid - Special Education	13-495-034-5120-044	\$ 265,837	7/1/2012	6/30/2013	\$ -	\$ -
Extraordinary Aid - Special Ed., carryover	12-495-034-5120-044	391,773	7/1/2012	6/30/2013	(391,773)	-
Special Education Categorical Aid	13-495-034-5120-089	3,393,701	7/1/2012	6/30/2013	(324,133)	-
Equalization Aid	13-495-034-5120-078	7,311,717	7/1/2012	6/30/2013	(706,437)	-
Security Aid	13-495-034-5120-084	348,235	7/1/2012	6/30/2013	(33,765)	-
Transportation Aid	13-495-034-5120-014	449,954	7/1/2012	6/30/2013	-	-
Other State Aid - Transportation Non-Pub	13-495-034-5120-014	36,880	7/1/2012	6/30/2013	-	-
Other State Aid - Transport. Non-Pub, carryover	12-495-034-5120-014	39,801	7/1/2011	6/30/2012	(39,801)	-
Other State Aid - Home Instruction Non-Pub	12-495-034-5120-011	-	7/1/2011	6/30/2012	-	-
Reimbursed TPAF Social Security	13-495-034-5095-002	2,824,394	7/1/2012	6/30/2013	-	-
<b>Total General Fund</b>		<b>15,062,292</b>			<b>(1,495,909)</b>	<b>-</b>
<b>Special Revenue Fund</b>						
<b>N.J. Nonpublic Aid:</b>						
Textbook	13-100-034-5120-064	20,924	7/1/2012	6/30/2013	-	-
Textbook	12-100-034-5120-064	22,485	7/1/2011	6/30/2012	-	2,352
Nursing	13-100-034-5120-070	24,715	7/1/2012	6/30/2013	-	-
Nursing	12-100-034-5120-070	28,415	7/1/2011	6/30/2012	-	902
Technology Aid	13-100-034-5120-064	7,724	7/1/2012	6/30/2013	-	-
Compensatory Education	13-100-034-5120-067	28,343	7/1/2012	6/30/2013	-	-
Compensatory Education	12-100-034-5120-067	46,493	7/1/2011	6/30/2012	-	14,371
English as a second language	13-100-034-5120-067	6,821	7/1/2012	6/30/2013	-	-
Transportation (192)	13-100-034-5120-068	5,880	7/1/2012	6/30/2013	-	-
Exam and Classification	13-100-034-5120-066	51,757	7/1/2012	6/30/2013	-	-
Exam and Classification	12-100-034-5120-066	60,378	7/1/2011	6/30/2012	-	7,739
Supplemental Instruction	13-100-034-5120-066	29,835	7/1/2012	6/30/2013	-	-
Supplemental Instruction	12-100-034-5120-066	26,658	7/1/2011	6/30/2012	-	1,403
Corrective Speech	13-100-034-5120-066	29,686	7/1/2012	6/30/2013	-	-
Corrective Speech	12-100-034-5120-066	37,123	7/1/2011	6/30/2012	-	5,529
<b>Total Special Revenue Fund</b>		<b>427,237</b>			<b>-</b>	<b>32,296</b>
<b>Debt Service Fund</b>						
Debt Service Aid	13-495-034-5120-125	717,316	7/1/2012	6/30/2013	-	-
<b>Total Debt Service Fund</b>		<b>717,316</b>			<b>-</b>	<b>-</b>
<b>Enterprise Fund</b>						
National School Lunch Program (State Share)	13-100-010-3350-023	13,712	7/1/2012	6/30/2013	-	-
National School Lunch Program (State Share)	12-100-010-3350-023	13,712	7/1/2011	6/30/2012	(835)	-
<b>Total Enterprise Fund</b>		<b>27,424</b>			<b>(835)</b>	<b>-</b>
<b>Total State Awards</b>		<b>\$ 16,234,269</b>			<b>\$ (1,496,744)</b>	<b>\$ 32,296</b>

(1) Not subject to Single Audit.

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

MARLBORO TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2013			MEMO	
				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ -	\$ -	\$ (265,837)	\$ -	\$ (265,837)	\$ -	\$ -	\$ -	\$ 265,837
-	391,773	-	-	-	-	-	-	-
-	3,381,680	(3,393,701)	-	(336,154)	-	-	(336,154)	3,393,701
-	7,293,912	(7,311,717)	-	(724,242)	-	-	(724,242)	7,311,717
-	347,507	(348,235)	-	(34,493)	-	-	(34,493)	348,235
-	405,385	(449,954)	-	(44,569)	-	-	(44,569)	449,954
-	-	(36,880)	-	(36,880)	-	-	-	36,880
-	39,801	-	-	-	-	-	-	-
-	2,685,070	(2,824,394)	-	(139,324)	-	-	-	2,824,394
-	<u>14,545,128</u>	<u>(14,630,718)</u>	-	<u>(1,581,499)</u>	-	-	<u>(1,139,458)</u>	<u>14,630,718</u>
-	20,924	(20,042)	-	-	-	882	-	(20,042)
-	-	-	(2,352)	-	-	-	-	-
-	24,715	(24,465)	-	-	-	250	-	(24,465)
-	-	-	(902)	-	-	-	-	-
-	7,724	(7,305)	-	-	-	419	-	(7,305)
-	28,343	(28,343)	-	-	-	-	-	(28,343)
-	-	-	(14,371)	-	-	-	-	-
-	6,821	(6,821)	-	-	-	-	-	(6,821)
-	5,880	(5,880)	-	-	-	-	-	(5,880)
-	51,757	(31,217)	-	-	-	20,540	20,540	(31,217)
-	-	-	(7,739)	-	-	-	-	-
-	29,835	(22,897)	-	-	-	6,938	6,938	(22,897)
-	-	-	(1,403)	-	-	-	-	-
-	29,686	(25,780)	-	-	-	3,906	3,906	(25,780)
-	-	-	(5,529)	-	-	-	-	-
-	<u>205,685</u>	<u>(172,750)</u>	<u>(32,296)</u>	-	-	<u>32,935</u>	<u>31,384</u>	<u>(172,750)</u>
-	<u>717,316</u>	<u>(717,316)</u>	-	-	-	-	-	<u>(717,316)</u>
-	<u>717,316</u>	<u>(717,316)</u>	-	-	-	-	-	<u>(717,316)</u>
-	11,946	(13,772)	-	(1,826)	-	-	-	(13,772)
-	835	-	-	-	-	-	-	-
-	<u>12,781</u>	<u>(13,772)</u>	-	<u>(1,826)</u>	-	-	-	<u>(13,772)</u>
\$ -	\$ <u>15,480,910</u>	\$ <u>(15,534,556)</u>	\$ <u>(32,296)</u>	\$ <u>(1,583,325)</u>	\$ -	\$ <u>32,935</u>	\$ <u>(1,108,074)</u>	\$ <u>13,726,880</u>

See accompanying Notes to Financial Statements and Notes to  
 Schedules of Expenditures of Federal 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, 2013

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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 Marlboro Township 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 \$75,123 for the general fund and \$10,575 for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$10,575 for the special revenue 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.

**Notes to the Schedules of Expenditures of Federal Awards  
and State Financial Assistance (Cont'd)**

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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	\$ 1,526	\$ 19,650,099	\$ 19,651,625
Special Revenue	172,750	1,373,436	1,546,186
Debt Service		717,316	717,316
Food Service	<u>171,523</u>	<u>13,722</u>	<u>185,245</u>
Total Awards and Financial Assistance	<u>\$ 174,276</u>	<u>\$ 21,754,573</u>	<u>\$ 21,915,127</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 favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2010-2011.

**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, 2013.

**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 Fiscal Year Ended June 30, 2013**

**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 Unmodified

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
495-034-5120-084	Security Aid
495-034-5120-089	Special Education Aid
495-034-5095-002	Reimbursed TPAF Social Security
495-034-5120-014	Transportation Aid
495-034-5120-075	Debt Service Aid

Dollar threshold used to determine Type A programs \$ 466,037

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, 2013

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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.

**Finding No. 2013-1**

**Criteria or Specific Requirement**

Capital assets should be reconciled on an annual basis.

**Condition**

Several capital assets originally could not be traced to the District's revalued inventory detail of capital assets.

**Context**

The District's capital assets were removed from the District's prior year net capital assets as a result of the District's reappraised/revalued report, with additions. Several fixed assets could not be traced to the original document.

**Effect**

Net position of the District for the prior year is restated as a result of the reappraisal of capital assets. The total net capital assets may still be under or overstated which would impact the Net Investment in Capital Assets for the District, however, has no impact on fund balance of the District.

**Cause**

During the fiscal year 2012-13, the District contracted with an outside vendor to reappraise or revalue the District's capital assets. Unfortunately, the report generated contained numerous omissions requiring the Board Secretary/Business Administrator to add to the report items that were obviously missed as well as review prior purchases of capital outlay to ensure they be included in the District's total capital assets. As a result the appraisal company reissued their report. The District's capital assets decreased, thereby causing the Net Investment in Capital Assets to be restated for the previous year.

**Recommendation**

That the District, review and adjust capital assets on a timely and annual basis.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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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, 2013

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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.

**None**

