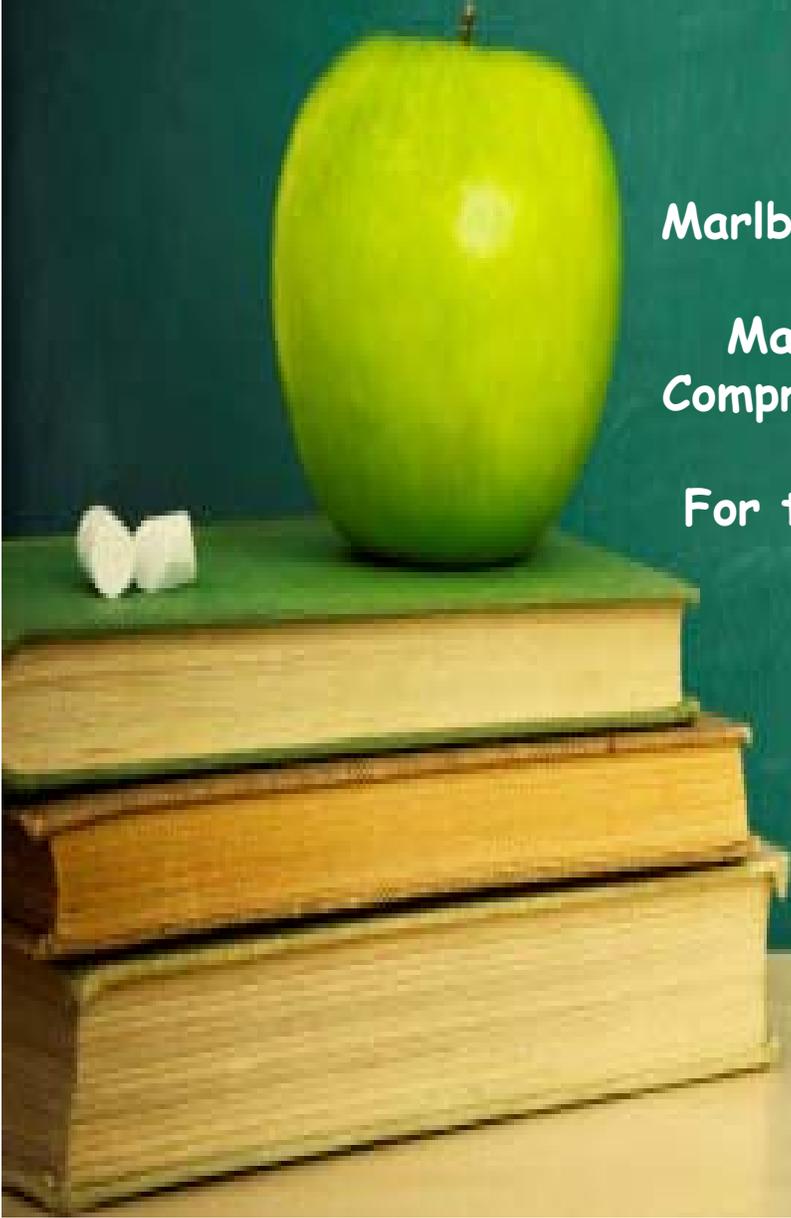


# School District of Marlboro Township



Marlboro Township Board of  
Education  
Marlboro, New Jersey  
Comprehensive Annual Fiscal  
Report  
For the Fiscal Year Ended  
June 30, 2015



# **Marlboro Township School District**

Marlboro, New Jersey

Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2015

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

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	18
Roster of Officials	19
Consultants, Independent Auditors, and Advisors	20
Certificate of Excellence	21
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	25
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART I</b>	
Management's Discussion & Analysis	29
<b>BASIC FINANCIAL STATEMENTS</b>	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	45
A-2 Statement of Activities	46
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	51
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	52
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	54
Proprietary Funds:	
B-4 Statement of Net Position	57
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	58
B-6 Statement of Cash Flows	59
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	63
B-8 Statement of Changes in Fiduciary Net Position	64
Notes to Financial Statements	65
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	94
C-2 Budgetary Comparison Schedule - Special Revenue Fund	112
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	117

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS (continued)**

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
	L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	121
	L-2 Schedule of the District Contributions - PERS	122
	L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	123
	Notes to the Required Supplementary Information - Part III	127

**OTHER SUPPLEMENTARY INFORMATION**

E.	Special Revenue Fund:	
	E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	133
F.	Capital Projects Fund:	
	F-1 Summary Statement of Project Expenditures	139
	F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	140
	F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis	141
H.	Fiduciary Funds:	
	H-1 Combining Statement of Fiduciary Net Position	145
	H-2 Combining Statement of Changes in Fiduciary Net Position	146
	H-3 Combining Statement of Changes in Agency Fund Liabilities	147
	H-4 Student Activity Agency Fund Schedule of Cash Receipts & Disbursements	148
	H-5 Payroll Agency Fund Schedule of Cash Receipts & Disbursements	149
I.	Long-Term Debt:	
	I-1 Schedule of Serial Bonds	152
	I-2 Schedule of Obligations Under Capital Leases	154
	I-3 Debt Service Fund Budgetary Comparison Schedule	155

**STATISTICAL SECTION (unaudited)**

Financial Trends:		
	J-1 Net Position by Component	161
	J-2 Changes in Net Position	162
	J-3 Fund Balances - Governmental Funds	164
	J-4 Changes in Fund Balance - Governmental Funds	165
	J-5 Other Local Revenue by Source - General Fund	166
Revenue Capacity:		
	J-6 Assessed Value & Estimated Actual Value of Taxable Property	169
	J-7 Direct & Overlapping Property Tax Rates	170
	J-8 Principal Property Taxpayers	171
	J-9 Property Tax Levies & Collections	172

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS (continued)**

Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	175
J-11 Ratios of General Bonded Debt Outstanding	176
J-12 Direct & Overlapping Governmental Activities Debt	177
J-13 Legal Debt Margin Information	178
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	181
J-15 Principal Employers	182
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	185
J-17 Operating Statistics	186
J-18 School Building Information	187
J-19 Schedule of Required Maintenance	188
J-20 Insurance Schedule	189

**SINGLE AUDIT SECTION**

K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	193
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB Circular 04-04 and/or 15-08	195
K-3 Schedule of Expenditures of Federal Awards, Schedule A	198
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	200
K-5 Notes to Schedules of Awards and Financial Assistance	203
K-6 Schedule of Findings & Questioned Costs	205
K-7 Summary Schedule of Prior Audit Findings	208

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# Marlboro Township Public Schools

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BOARD SECRETARY

December 8, 2015

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, 2015. 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(s) 04-04 and/or 15-08 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 school business administrator/board secretary, a director of human resources, 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 fourth Tuesday of each month for the regular monthly meeting and at one or two 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. 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 Global Connect, a system that provides both phone and e-mail contact options. The ability to contact the entire parent population within 20 minutes about changes in the school day, i.e., early closure, or to be able to update them in an emergency situation, is a vital component in insuring that our communication efforts are timely, accurate, and effective.

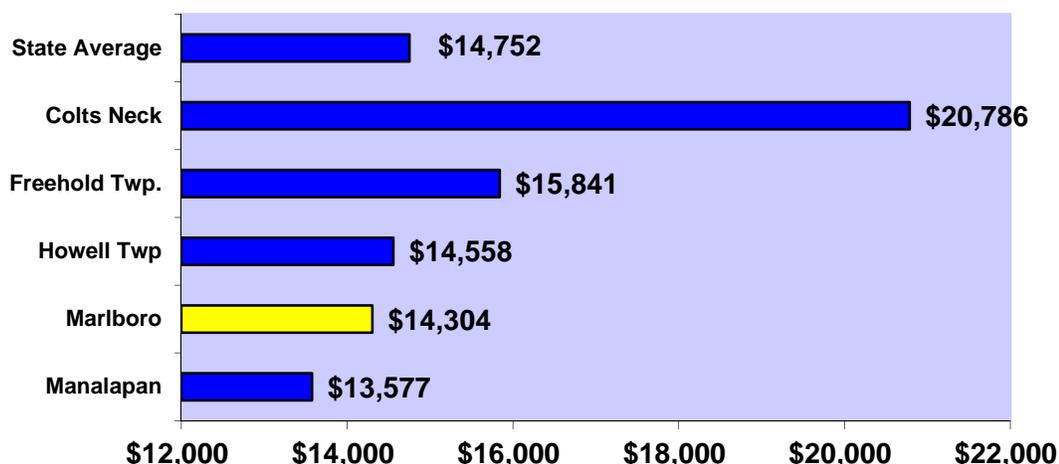
## **EDUCATIONAL PROGRAM**

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

In July 2015, 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 \$14,304 per pupil while the average cost for similar districts is \$14,752. According to the

report, per pupil costs range from a low of \$10,297 to a high of \$21,059 for districts of this type. Of the 82 other K-8 schools districts in the state with enrollments exceeding 751 children, Marlboro ranks 38th lowest in total cost per pupil.

**PER PUPIL TAXPAYERS' GUIDE TO EDUCATION SPENDING, JULY 2015**



**Pre-K and Kindergarten**

David C Abbott Early Learning Center - an early learning center for pre-school handicapped and kindergarten of 379 students. There is one administrator and a staff of 62 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 620 students. There are two administrators and staff of 74 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 546 students. There are two administrators and a staff of 78 teachers, instructional assistants and school aides. The school is located on Rt. 79 in Marlboro.

Frank Dugan Elementary - a grade 1-5 school of 620 students. There are two administrators and a staff of 82 teachers, instructional assistants and school aides. The school is located on Topanemus Road in Marlboro.

Marlboro Elementary - a grade 1-5 school of 517 students. There are two administrators and a staff of 69 teachers, instructional assistants and school aides. The school is located on School Road West in Marlboro.

Robertsville Elementary - a grade 1-5 school of 535 students. There are two administrators and a staff of 75 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 1,077 students. There are three administrators and a staff of 141 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 939 students. There are three administrators and a staff of 115 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, English 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, the Common Core State Standards, and the Next Generation Science Standards that enable students to develop intellectually, socially, physically and emotionally. The core subjects of English 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 State Standards 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 State Standards, takes a developmental and sequential approach; a concept is introduced, subsequently developed, and mastered. The eight mathematical practices are embedded into the curriculum and instruction. 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 with the inclusion of the Next Generation Science Standards as the backbone of the program.

### ***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 State Standards, the New Jersey Core Curriculum Content Standards, the Next Generation Science 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 English language arts 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)** - Grades K-1 are half year, one period per week; Grades 2-3 are full year, two periods per week.  
*Develops advanced mathematical problem solving skills and strategies.*
- **Gifted Reading (Grades 1-3)** - grades K-1 are half year, one period a week; Grades 2-3 are full year, two periods per week.  
*Develops advanced comprehension skills.*

### **Middle Schools' Honors**

The middle schools honors programs are subject specific.

- **English Language Arts; Science; Social Studies** – one period daily, full year.  
*Promotes subject specific deeper development.*
- **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.

### **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. 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, Common Core State Standards, and Next Generation Science Standards***

The Marlboro Township School district is following the Department of Education's guidelines for the adoption of the 2014 New Jersey Core Curriculum Content Standards, the Common Core State Standards, and the Next Generation Science Standards. The following approved curricula are aligned to the Common Core State Standards: K-8 Mathematics and English Language Arts K-8. The following approved curricula are aligned to the Next Generation Science Standards: Science Grades 6-8; All other curricula are aligned to the 2014 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 five days of intensive in-service that includes instructional strategies, classroom management, curriculum, mentoring, district policy, technology, 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 State Standards, 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.

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***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, Activboards have been installed in every classroom 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 its student information system from *PowerSchool* to *Genesis*. All teachers use *Genesis* for inputting term grades, and all report cards are printed electronically. Parents can access their child's schedules, class attendance, and teachers' grade books live through the Parent Portal.

Staff and students of all elementary and middle schools have the use of Chromebooks 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. Additionally, each middle school child will have the opportunity to travel to and from school with his/her district-owned Chromebook for the 2015-2016 school year.

## ECONOMIC CONDITION AND OUTLOOK

The district completed the 2014-2015 fiscal year with an enrollment of 5,274 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 2005-06 through 2015-16 (projected).

<u>School Year</u>	<u>Enrollment as of October 15</u>	<u>% Change</u>
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	5,290	-3.28%
2014-15	5,126	-3.10%
2015-16	5,079	-0.92%

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 are beginning to slowly increase. Existing homes continue to stay on the market for a much longer period of time than a few years ago. A change from previous years', we are beginning to see a slight increase in the number of families relocating in the Township.

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 2014-2015 budget at Asher Holmes School. In a continuing commitment to fiscal responsibility, actual purchases were made very selectively.

As was reflected in the budget and how funds were actually spent during the 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 valid needs 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 continues to be supported in many areas of the 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, and health. Doing so provided monetary support for these programs within the school budget so that these programs could operate properly during the school year.

The Asher Holmes budget reflects 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 our continued efforts to prepare students for 21st-century learning and administration of the PARCC assessment, the Defino Community came together to foster a collaborative culture based on reflective practices, inquiry, and learning. During the 2014-2015 school year, we continued to utilize data to drive instruction and expand small group instruction and Guided Reading into the upper elementary grades.

The school budget effectively afforded the faculty with resources to accomplish these challenging goals. We continued to build our Guided Reading Library and purchase instructional materials to support the existing Language Arts program, Making Meaning and Being a Writer. Making Meaning Student Response Books and Practice workbooks are integrated into daily classroom instruction in grades 1-5, as well as Being a Writer Student Skill Practice Books. Additional test preparation materials were collaboratively developed, and staff attended professional development workshops in preparation for the second round of PARCC testing.

With the implementation of the district technology initiative, all faculty members were given opportunities to attend professional development workshops both in and out of the district. This newly acquired knowledge transferred to classroom practice. Teachers integrated Google applications in daily instruction, and we will continue to use technology to develop formative and summative assessments in the upcoming year.

Additionally, the budget supported enVision math; the district approved math curriculum. All students in grades 1 and 2 received consumable materials for both class work and homework, whereas, math instruction for students in grades 3 through 5 was supported with Common Core Reteaching and Practice workbooks.

In addition to, the previous essential purchases, money was allocated to enhance student learning outside of the traditional classroom setting. Membership costs and materials associated with NJ Math League, Spelling and Geography Competitions were included in the school budget. Also, educational subscriptions for weekly Scholastic Readers in grades 1 and 2 and Time for Kids for students in grades 3 through 5 were purchased.

### ***Dugan***

Goals and objectives for the 2014-2015 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. Teachers were also introduced to the new portal, Genesis. 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, Genesis 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. Also, Dugan virtually tripled all growth projections with the use of Achieve 3000 this year.

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.

Dugan supported the district initiative and introduced Chromebook carts at every grade level. Basic professional development was employed to staff hosting the carts within their classrooms and students engaged in teacher-designed, internet based problem solving activities in addition to completing tasks with interactive software. Class-wide collaborations in a digital atmosphere now became possible and were consistent with the types of thinking embedded within the CCSS as well as 21<sup>st</sup> century learning competencies.

Also, workshops were conducted to train teachers in using the district apps in conjunction with the Chromebooks. Staff was also trained on how to use data to further support their instruction. They were also trained in the new portal, Genesis. Grading, attendance and class schedules were organized this year on genesis.

In addition to the technology changes, the 2014-2015 school year brought curricular change, specifically in the area of language arts and reading. The reading and writing workshop programs have been embraced by the staff and, anecdotally, have demonstrated efficacy in enhancing students' literacy. Additionally, web-based math programs have sustained, specifically the continued use of ST Math and Study Island,

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

During the 2014-2015 budget cycle the David C. Abbott Early Learning Center's budget was refashioned to meet the evolving needs of our students while preparing them for the demands of the Common Core Standards.

Funds were dedicated to the purchase of programs to allow us to monitor student progress and make informed instructional decisions. Assessment tools such as Raz Kids and the Brigance Screening Tool

allowed us to monitor student's reading progress. Empowered with this data, teachers were able to tailor their instruction to the unique needs of each student.

A variety of materials to support the consistent delivery of instruction across grade levels and from grade to grade were purchased. Guided readers were purchased to provide teachers with a common resource for teaching students at their 'just right' reading level. For math, student work mats were purchased for kindergarten students. The work mats were valuable tools for providing students with concrete examples of abstract mathematical concepts. Finally, the purchase of Scholastic Magazine provided teachers with a non-fiction resource for teaching students about current events in an age-appropriate fashion.

### ***Marlboro Elementary***

The 2014-2015 school year centered on District goals set forth by Administration in the beginning of the school year. Focus was placed on PARCC preparation, Small Group Instruction (SGI), 21<sup>st</sup> Century Learning, Data Conferencing and the Google Platform. These goals helped guide our decision making processes this school year. We made every effort to maintain the integrity of our instructional program while also being fiscally responsible.

To implement the goal of PARCC preparation, we purchased materials for the enVision math program which align with the common core. The enVision program, in collaboration with ST math and PARCC practice materials have provided opportunities for students to develop a deeper understanding of math concepts and apply these skills on a daily basis. We also trained the staff on how to access and utilize PARCC tools and test features throughout the school year. The staff in turn, incorporated these skills into their instruction to help students prepare for PARCC testing.

We continued supporting the goal of small group instruction by having teachers incorporate pre-assessment as part of their instructional practices. Teachers used the results from data analysis to identify student strengths and weaknesses; then utilized data conferencing to provide these students with the necessary academic supports and academic challenges as appropriate. We also used data from RAZ Kids, Achieve 3000 as well as results from Math Common Assessments as part of the data conference process.

As part of 21<sup>st</sup> Century Learning, we successfully implemented the district's technology plan to include the 1:1 Technology initiative where each staff member and student were provided with an electronic device as a means to enhance student technology acumen and learning experiences. (Chromebooks for each student in grades 2-5; Nexus Tablets for students in grade 1). The 1:1 initiative afforded teachers the flexibility of using technology at their disposal. Keyboarding skills were introduced at each grade level. We also continued the literacy based programs RAZ Kids for grades 1 and 2, and Achieve 3000 for grades 3 through 5 to help facilitate this goal and enhance student reading fluency and comprehension on a more consistent basis. Promethean Interactive boards continue to be a fundamental instructional tool used in every classroom.

We successfully deployed the Google Platform by providing professional development opportunities for staff. Although it has been only one year, we have provided professional development opportunities for staff via district-wide Pro-days and google workshops taught by google certified staff on apps such as google docs, sheets, classroom and calendar. Staff successfully deployed programs throughout the school year.

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

Throughout the 2014-2015 school year, teachers, parents, students, and all support personnel worked together to support a school environment centered on academic achievement and 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. 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 part of the district initiative, the staff infused technology and the use of Chromebooks on a daily basis. The advancement of 1:1 technology continued to play a major role in the school. Students were given opportunities to research, create, write and read through the Chromebooks. Many teachers have embraced the Google Classroom as a vehicle to provide differentiated instruction and promote students' organizational skills and practices.

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 grade level programs, presented by our school counselors, to address the expectations of tolerance for others and exercising appropriate behavior. Assembly programs, presented by student leadership organizations, Conflict Managers and Peer to Peer, 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.

Professional development initiatives for the staff continued to focus on the Common Core and the infusion of technology. Teachers, in all departments embraced 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 introduction of the PARCC assessments brought the need for additional staff training in order to support students in the administration of this new exam. Teachers incorporated PARCC-like tools into their instructional practice as part of introducing the new assessment. School counselors reached out to students through lessons on test anxiety, preparing for standardized tests and overcoming stress.

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 Annapolis, Maryland after having received the highest awards and recognition. Students in the math club and National History Day club were recognized for their accomplishments at the regional, state and national levels.

The middle school program continued to address the academic and emotional growth of adolescent students and their 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 June 2nd honored more than 400 parent and student contributors for their accomplishments. Graduates moved on to 28 high schools where they will continue to achieve and contribute to new schools across New Jersey.

MMMS educators demonstrated dedication to student learning by engaging in research and designing rigorous assessments aligned to the Common Core State Standards. Students significantly increased their literacy and technology skills throughout the 2014-2015 school year.

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

- Utilized Achieve 3000 as a way to assess individual reading skills, fluency, decoding, word recognition, and comprehension. Pre-test and post-test lexile scores were sent to parents to communicate progress and emphasize the importance of reading.

- Utilized Chromebooks for multiple technology assessments. Teacher trainings provided ways to interpret results and design relevant instruction.
- Math concepts were embedded in readings, authentic assessments, and integration across all content areas.

2014 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.

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, Chromebook implementation, Google Applications and collaborative assessments verified MMMS commitment to the superintendent's goals.

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 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, and the Marlboro Police Department garnered strong support for numerous student initiatives. Complex issues, such as school security plans and drills were well managed.

### **Robertsville**

PARCC preparation has been a major focus during the current school year. As a result, students and teachers spent a great deal of time in learning PARCC operations and the students receiving PARCC instruction. Teachers were also responsible for creating PARCC-like questions when writing tests and quizzes for the students.

Student performance was also emphasized through the annual purchase of consumable instructional materials. These include envision math materials for students in grades 1 and 2 and math workbooks for students in grades 3, 4 and 5. Reading is enhanced through the use of Making Meaning and Being a Writer – these materials are also part of an annual purchase since they are consumable materials. We also continued a multi-year program to purchase new classroom furniture. This past school year we purchased 88 students desks for fourth and fifth grade classrooms. The plan is to allocate monies in subsequent school years so that all student desks can be replaced. When planning for the 2016 -2017 school year we hope to allocate money to purchase new furniture for the faculty room and two new cafeteria tables for the students. The tables and chairs in the faculty room were purchased about eleven years ago and are in need of replacement. Similarly, some of the student cafeteria tables need to be replaced

The use of the Promethean Interactive boards is an integral part of the instructional program with teachers using this technology on a daily basis. Money was provided to purchase bulbs for the boards. Since we have several different types of boards, we needed to purchase different types of bulbs so that the use of the Promethean boards would be uninterrupted.

Money was also allocated and spent on joining the NJ Math League, spelling and geography competitions. Related arts classes also consume a portion of the budget as the materials in these areas are consumable and must be replaced each year. This is especially true in Art and in physical education as balls, cones and other materials break and need to be replaced.

As we continue to enhance security, we purchased additional two way radios. Every staff member is issued a radio which they carry with them at all times. The radios we use have a limited lifetime and need

to be replaced regularly. Accordingly, we buy several sets of radios each year so that the staff always has working radios. A new public address system was installed during the summer so that announcements can be made more easily. In addition, the Secure 911 system has been introduced to the staff and has been used as part of our security drills

In summary, monies provided have been used to support the district and school's educational goals while providing a safe and secure environment for students, staff and school community. We continue to remain true to the district goals of academic excellence within a safe and secure instructional environment.

## **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: Related Arts, ESL, World Language, Science and Social Studies. In addition, many curriculum committees worked to modify units of study and resources aligned to the New Jersey Core Curriculum Content Standards, the Common Core State Standards, and the Next Generation Science Standards. Revisions to district assessments in mathematics and English Language Arts as well as creation of district assessments in middle school science took place in July 2015.

### ***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, *Genesis*.
- Deployment of Chromebooks to every middle school student for a true 1:1 experience.

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

- The special services department continued its use of the research based prescriptive programs, Project Read and Moving with Math. A significant number of students reading well below grade level now receive instruction using the expanding Wilson Reading instructional program. During this next school year the district plans to continue training teachers in Wilson Reading. Teacher training in all 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 the use of an inclusion specialist consultant to facilitate the successful integration of special education students into inclusive settings. The district will continue to

employ this specialist to increase teachers' knowledge and ability to accommodate special education students in inclusive settings. 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 2014-2015 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 ninth 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 13th 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, 2014. 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.
- In a continuing effort to streamline payroll functions, the district went to a 100% direct deposit and online paystub system. Not only does this save the district money in printing costs, but it makes it easier for the employee to obtain payroll information whenever they need it.
- Continued to find ways to save taxpayer monies by exploring shared services with Marlboro Township. During the 2014-2015 school year, the district continued to participate in an electricity cooperative and continued to provide the township's summer recreation program with transportation services.
- Chartwells continues to provide meals based on the guidelines prescribed by the State of New Jersey Department of Agriculture.
- In the 2014-2015 School Year, Chartwells introduced more fresh fruits & vegetable into its meal patterns.
- Considering the changes to the meal patterns, the participation for Type A lunch was more than 50% and participation for A La Carte catering was 85 %, which are results of the fact that there is a large variety of items for students to purchase.
- Chartwells continues to provide catering for district-wide functions throughout the district.
- As a shared service with the township, In May of 2015, Chartwells began operating the concession stand at the Marlboro Swim, which will run thru the Summer 2015.
- Chartwells reached its financial obligation of a \$60,000 guarantee, as stipulated in its agreement with the district.

***Personnel:***

The district employed 825 individuals during the 2014-2015 school year. The certificated staff numbered 514; 27 administrators and supervisors and 487 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). In addition, 311 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 year end.

## **CASH MANAGEMENT**

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

## RISK MANAGEMENT

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

## AWARDS

The district received the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the 13th 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.

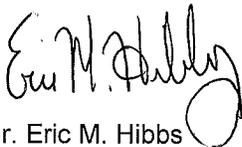
## INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. 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 (s) 04-04 and/or 15-08. The auditors' report on the basic financial statements, required supplementary information, individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the Single Audit are included in the single audit section of this report.

## ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Marlboro Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

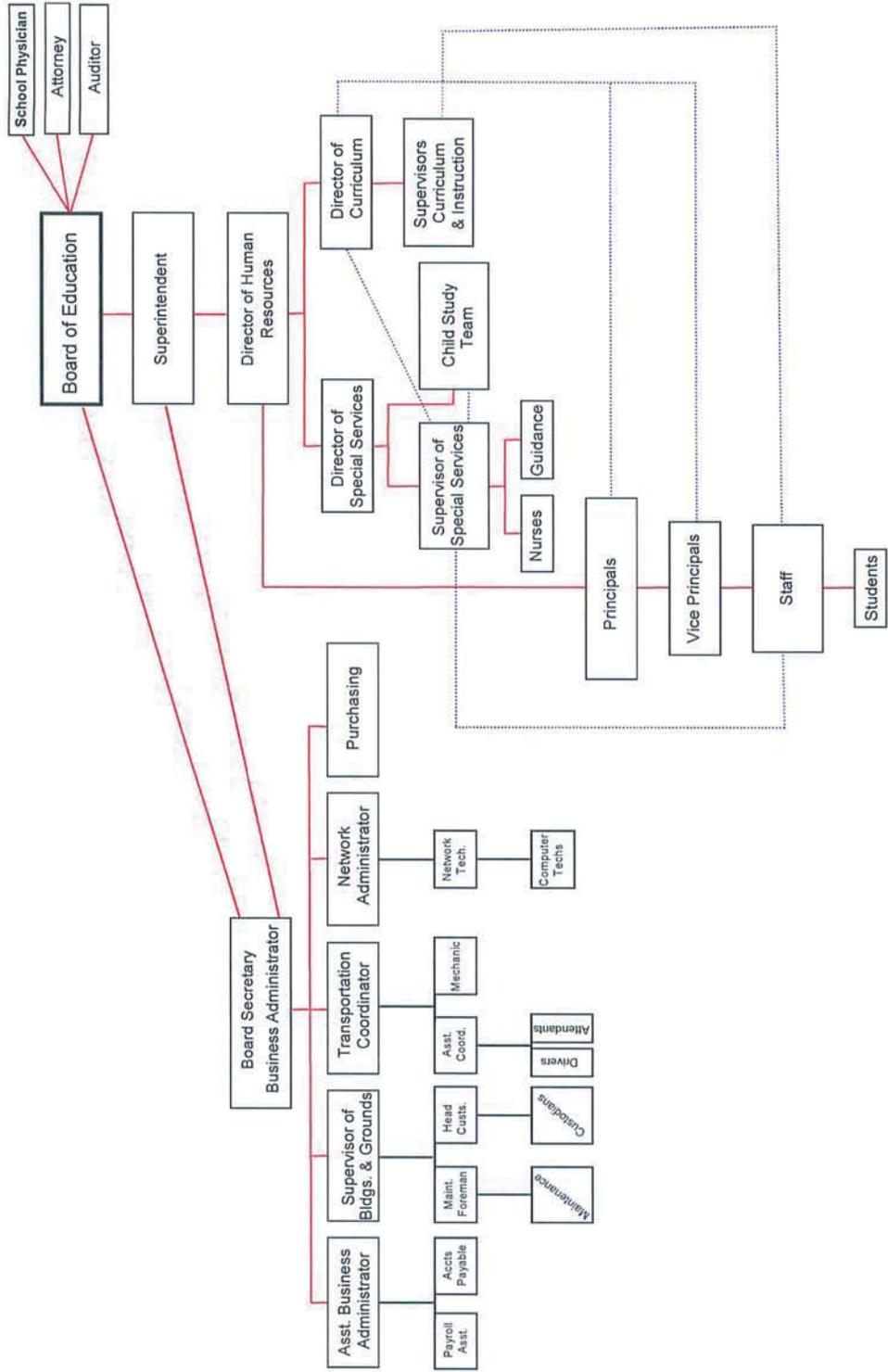


Dr. Eric M. Hibbs  
Superintendent of Schools



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, 2015

<b><u>Board of Education Members</u></b>	<b><u>Term Expires</u></b>
Michael Lilonsky, President	2016
Victoria Dean, Vice-President	2016
John Dwyer (Resigned as of June 24, 2015)	
Dara Enny	2016
Jian Kao	2015
Joanne Liu-Rudel	2017
Craig Marshall	2017
Debbie "Despina" Mattos	2017
BonnieSue Rosenwald	2015

**Other Officials**

Dr. Eric Hibbs, 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, 2015**

**Audit Firm**

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Medford, New Jersey 08055

**Attorney**

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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, 2014*

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 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

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FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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, County of Monmouth, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### ***Change in Accounting Principal***

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplemental 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 New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, 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 the 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 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 taken as a whole.

The introductory section and statistical information 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 December 08, 2015 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 Marlboro Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
December 08, 2015

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**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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, 2015. 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 (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- ❖ As described in Note 21 to the financial statements, "Prior Period Adjustment/Restatement of Net Position", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of \$21,821,179 as indicated in Note 21 to the financial statements.
- ❖ In total, net position of governmental activities increased \$2,055,329, which represents a 8.50% increase from 2014. Net position of business-type activities decreased \$1,997, which represents a .30% increase from 2014.
- ❖ General revenues accounted for \$83,035,220 in revenue or 82.38% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$17,755,838 or 17.62% of total revenues of \$100,791,058.
- ❖ Total assets of governmental activities decreased by \$2,453,923 as cash and cash equivalents decreased by \$4,602,915, receivables increased by \$194,452, net capital assets increased by \$1,954,495, and other assets increased by \$45.
- ❖ The District had \$97,403,384 in governmental activity expenses; only \$16,423,493 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$83,035,220 were adequate to provide for these programs.
- ❖ In the governmental funds, the general fund had \$84,727,350 in revenues and \$88,923,498 in expenditures. The general fund's fund balance decreased \$4,196,148 over 2014.

**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, these

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

statements inform us 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.

**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 2015?" 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

**Proprietary Fund**

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

**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 65 to 94 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 position for 2015 and 2014.

	<b>Table 1 Net Position</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	2015	2014	2015	2014
<b>Assets</b>				
Current and Other Assets	\$ 9,037,482	\$ 13,445,900	\$ 443,308	\$ 400,079
Capital Assets, Net	62,985,358	61,030,863	345,397	356,607
Total Assets	<u>72,022,840</u>	<u>74,476,763</u>	<u>788,705</u>	<u>756,686</u>
<b>Deferred Outflow of Resources</b>				
Deferred Loss on Refunding	1,029,217	1,070,386	-	-
Deferred Outflows Related to Pension	1,599,084	-	-	-
Total Deferred Outflow of Resources	<u>2,628,301</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
Long-term Liabilities	38,858,508	22,384,829	-	-
Other Liabilities	7,921,463	7,162,601	117,245	83,229
Total Liabilities	<u>46,779,971</u>	<u>29,547,430</u>	<u>117,245</u>	<u>83,229</u>
<b>Deferred Inflow of Resources</b>				
Deferred Inflows Related to Pensions	1,637,301	-	-	-
<b>Net Position</b>				
Invested in Capital Assets, Net of Related Debt	42,859,895	33,963,210	345,397	356,607
Restricted	4,746,088	4,910,659	-	-
Unrestricted	(21,372,114)	7,125,850	326,063	316,850
<b>Total Net Position</b>	<u>\$ 26,233,869</u>	<u>\$ 45,999,719</u>	<u>\$ 671,460</u>	<u>\$ 673,457</u>

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

The district's combined net position were \$26,905,329 on June 30, 2015. This was a decrease of \$19,767,847 or 42.35% from the prior year.

Table 2 shows the changes in net position from fiscal year 2015 and fiscal year 2014.

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 701,446	\$ 709,437	\$ 1,107,644	\$ 1,072,939
Operating grants and contributions	15,722,047	8,968,290	224,701	268,620
General Revenues:				
Property taxes	67,591,705	66,488,993	-	-
Federal and State Aid Not Restricted	15,176,417	12,230,385	-	-
Other	267,098	379,293	-	-
Total Revenues	<u>99,458,713</u>	<u>88,776,398</u>	<u>1,332,345</u>	<u>1,341,559</u>
 <b>Program Expenses</b>				
Instruction	58,265,954	52,155,699	-	-
Support services				
Student and related services	12,185,012	10,450,249	-	-
Tuition	2,146,011	2,002,297	-	-
General administration, School administration, and Central services	9,805,421	8,705,820	-	-
Operations and Maintenance of facilities	8,867,078	8,762,802	-	-
Pupil transportation	5,813,977	5,242,39	-	-
Interest on debt	319,931	489,239	-	-
Food service	-	-	1,334,342	1,327,727
Total Expenses	<u>97,403,384</u>	<u>87,808,845</u>	<u>1,334,342</u>	<u>1,327,727</u>
 (Decrease)/Increase in Net Position	<u>\$ 2,055,329</u>	<u>\$ 967,553</u>	<u>\$ (1,997)</u>	<u>\$ 13,832</u>
 Net Position, beginning, as restated	<u>24,178,540</u>	<u>45,032,166</u>	<u>673,457</u>	<u>659,625</u>
 Net Position, ending	<u>\$ 26,233,869</u>	<u>\$ 45,999,719</u>	<u>\$ 671,460</u>	<u>\$ 673,457</u>

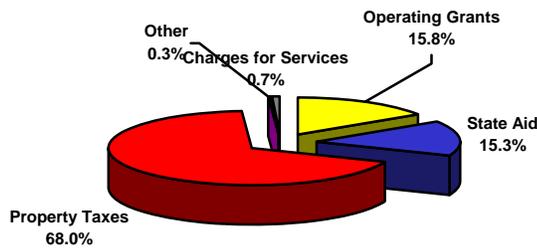
**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

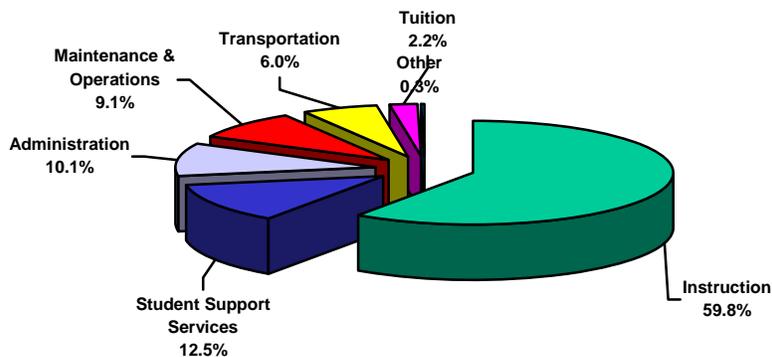
**Governmental Activities**

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 67.96% of revenues for governmental activities for the Marlboro Township Public School District for fiscal year 2015 and 74.90% of revenues for fiscal year 2014. Property tax revenues increased \$1,102,712, which is a 1.66% increase over the prior year. The increase was due to decreases in charges for services, and other revenues. The District's total revenues for governmental activities were \$99,458,713 for the year ended June 30, 2015. Federal, state and local grants accounted for another 31.07% of revenue.

**Sources of Revenues for Fiscal Year 2015**



**Expenses for Fiscal Year 2015**



The total cost of all programs and services was \$97,403,384. Instruction comprised 59.80% 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, 2015  
UNAUDITED (CONTINUED)**

- ◆ Food service expenses exceeded revenues by \$1,997.
- ◆ Charges for services, which are the amounts paid by patrons for daily food services, represent \$1,107,644 of total revenue.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$224,701.

**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 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Instruction	\$ 58,265,954	\$ 47,491,354	\$ 52,155,699	\$ 44,830,508
Support services				
Tuition	2,146,011	2,146,011	2,002,297	2,002,297
Pupils and instructional staff	12,185,012	9,865,206	10,450,249	9,511,310
General administration, school administration, business	9,805,421	8,019,585	8,705,820	7,967,479
Operation and maintenance of Facilities	8,867,078	8,148,546	8,762,802	8,438,315
Pupil transportation	5,813,977	4,989,258	5,242,739	4,891,970
Interest and fiscal charges	319,931	319,931	489,239	489,239
<b>Total expenses</b>	<b>\$ 97,403,384</b>	<b>\$ 80,979,891</b>	<b>\$ 87,808,845</b>	<b>\$ 78,131,118</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, 2015  
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 \$90,835,259 and expenditures were \$95,146,873. The net negative changes in fund balances for the year were in the general fund, which showed a decrease of \$4,196,148 and the debt service fund, which showed a decrease of \$115,466. The change in the general fund reflects the increase of expenditures due to the completion of the security vestibules installed at each school. The decrease in the debt service fund was the use of prior year savings from bond refunding. 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,**

	2015 Amount	2014 Amount	Percentage Change
Property taxes	\$ 67,591,705	\$ 66,488,993	1.66%
Tuition	585,678	596,323	(1.79)%
Interest earnings	1,238	2,299	(46.15)%
Miscellaneous	416,609	490,108	(15.00)%
State sources	20,849,007	19,816,041	5.21%
Federal sources	1,391,022	1,382,634	0.61%
<b>Total</b>	<b>\$ 90,835,259</b>	<b>\$ 88,776,398</b>	<b>2.32%</b>

Revenues were up \$2,058,861 or 2.32% over the prior year, due to a increases in property taxes, aid from state and federal sources.

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

	2015 Amount	2014 Amount	Percentage Change
Salaries and wages	\$ 48,456,266	\$ 48,350,311	0.22%
Benefits	23,060,528	21,718,742	6.18%
Purchased services	12,286,366	12,128,573	1.30%
Supplies and other	2,813,219	2,340,213	20.21%
Capital Outlay	3,895,259	862,739	351.50%
Debt service	4,635,235	4,615,673	0.42%
<b>Total</b>	<b>\$ 95,146,873</b>	<b>\$ 90,016,251</b>	<b>5.70%</b>

Expenditures have increased \$5,130,622 or an increase of 5.70% over the prior year. This increase is primarily attributed to the completion of the security vestibule project at each school, and the purchase of Chromebooks and iPads for student use in the classrooms. Also the increase in providing health benefits to the employees continues to increase each year, thus the on-going increase in benefits. .

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

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	693,632	693,632	1,799,510
13-14	795,403	795,403	1,938,653
14-15	1,230,267	1,230,267	2,389,146

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 2015, 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 \$1,158,879.

**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 2015, 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 \$379,950 in extraordinary aid for special education costs that was not budgeted. The district is eligible to receive additional funding for each special education student whose program costs exceed \$40,000 for public school programs or \$55,000 for private school placements. However, the state does not have adequate funding for these students and prorates the amount given to districts based on the applications received for this aid and the total amount allocated.
- ✓ TPAF, which is the state's contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the District and is required to be reflected in the financial statements.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

- ✓ Regular programs – salaries 6-8 to general supplies to purchase 570 Nexus tablets/charging case and 545 Chromebooks.
- ✓ Self Contained programs – salaries in LLD, MH and Resource Center programs, salaries transfers both in and out were based on student changing needs between various programs. Also, in the Resource Center program, additional transfers were need for teachers out on leave of absences.
- ✓ Preschool programs – other salaries decreased due to a reallocation on instructional assistants due to students changing needs.
- ✓ Basic skill – teacher salaries were reallocated due to the reclassification of staff to facilitator positions.
- ✓ Co-curricular activities – salary transfers were necessary due to additional staff needed for special education student participation.
- ✓ Out of district instruction had several transfers within this category based on student placement needs.
- ✓ Other support student services – salaries of other professional staff transfers were due to a change in student needs.
- ✓ Extraordinary services – salaries transfers were due to the reallocation of budgeted instructional assistants due to the change in student needs.
- ✓ Other student special services – purchased professional educational services increased due to the coverage of contracted services for OT and speech employees out on leaves of absences.
- ✓ Improvement of Instructional Services – other purchased services purchased services increased due to the purchase of a staff management system.
- ✓ General Administration – salaries increased due to the inclusion of merit pay for the superintendent and change in personnel assistant position from part time to full time; architect/engineering fees increased due to the fees associated with various projects such as roofing, paving and HVAC refurbishments; and other purchased services decreased due to cost savings for liability insurance.
- ✓ School Administration – salaries for principals/asst. principals decreased due to various vacancies throughout the district that were filled by lead teachers at a significantly lower salary; other purchased services decreased due to less need for professional development funds; and supplies increased due to the purchase of office furniture for the new offices and vestibule areas throughout the district.
- ✓ Required maintenance school facilities – increased due to Dugan facility lighting project and the Dugan heat refurbishment.
- ✓ Other Operation & Maintenance of Plant – cleaning/repair/maintenance increased due to the need for various small maintenance projects district-wide.
- ✓ Care & Upkeep of Grounds – salaries were reallocated to maintenance and the reduction of force for the contracting of services for mowing of district grounds; and other purchased services were increased due to the contracting for mowing services of district grounds. .
- ✓ Security – purchased services were increased due to the need for access control upgrades.
- ✓ Transportation – contracted services reallocation due to the requirement to reimburse parents for transportation services; and, transportation supplies decreased due to lower than anticipated gasoline/diesel prices.
- ✓ Unallocated benefits – PERS contribution due to lower than anticipated cost for the required PERS contribution; workers compensation was increased due to higher than budgeted costs for workers compensation insurance; health benefits were decreased due to a lower than anticipated increase from the carrier; and, other employee benefits increased due to an increase in the number of staff participating in the health benefits waiver program.
- ✓ Capital Outlay – business services decreased due to the reallocation of budgeted equipment to fund 11; and, custodial and maintenance increased due to the purchase of a school sign, new box truck and new dump/sander truck.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

Significant Budget to Actual Differences

- ✓ Regular programs – other salaries were lower than due to the decreased need for per diem substitute teachers; and, general supplies were lower due to changing student needs.
- ✓ Other instructional programs – salaries were lower due to budgeted staff being out on leave of absences.
- ✓ Instructional staff training services – other purchased services were lower than the anticipated costs of MTEA workshops/seminars.
- ✓ General administration – architect/engineering fees were lower than anticipated costs in connection with various projects; and, other purchased services were lower due to postage, printing and telephone costs being lower than anticipated.
- ✓ School administration – other purchased services were lower for administrators professional development costs than anticipated.
- ✓ Required maintenance school facilities – cleaning/repair/maintenance costs were lower due to projects not being completed at end of school year; and, general supplies were lower than anticipated.
- ✓ Other operation & maintenance of plant – salaries were lower due to open positions not being filled; cleaning/maintenance/repair costs were lower than anticipated costs for small projects district-wide; and, energy costs were lower due to the savings for electricity due to favorable pricing on the reverse auction shared with the Township.
- ✓ Care & upkeep of grounds – supplies were lower due to contracting for services.
- ✓ Transportation – lease purchase of buses were lower due to savings in the anticipated costs for bus/van leases; and, transportation supplies were lower due to the decreased pricing for gasoline and diesel fuel.
- ✓ Unallocated benefits – health benefits were lower than anticipated costs due to favorable rate renewals and more employees participating in the health benefits waiver program.

**Capital Assets**

At the end of the fiscal year 2014, the school district had \$61,387,470 invested in land, buildings and improvements and machinery and equipment. Table 7 shows fiscal 2015 balances compared to 2014.

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

	2015	2014
Land	\$ 6,849,273	\$ 6,849,273
Building and improvements	54,240,212	51,935,963
Machinery and equipment	2,241,270	2,602,234
Totals	\$ 63,330,755	\$ 61,387,470

Overall, the capital assets increased \$1,943,285 from fiscal year 2014 to fiscal year 2015. This increase in net capital assets is because cost of placing new assets into service exceeded depreciation of assets. For more detailed information, please refer to Note 7 in the Notes to the Basic Financial Statements.

**Debt Administration**

As of June 30, 2015, the District had \$22,617,264 of outstanding debt including unamortized bond premium. Of this amount, \$2,448,389 is for compensated absences, \$320,463 for bus & equipment leases, \$43,412 for unamortized bond premium, and the balance of \$19,805,000 for bonds for school

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

construction. In the March 2013, Standard & Poor’s Rating Services re-affirmed the “AA+” rating on the District’s bonds, reconfirmed in Standard & Poor’s Ratings Direct published October 23, 2015.. 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

At June 30, 2015, the District’s overall legal debt limit was \$212,525,058 and the non-electoral debt margin was \$192,720,058. 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 02-15-01 issue	04-19-11	\$ 4,990,000	\$ 1,920,000
Partial refunding of 08-05-04 issue	03-26-13	18,700,000	17,885,000

**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 reconfirmed October 2015, 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.
- As a result of the strict financial constraints, it is increasingly more difficult to budget adequate funds for the maintenance of the district’s aging facilities. The replacement of roofs and key mechanical systems in the future will require resources outside of the 2% allowable cap.
- 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 2015, 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 purchased from New Jersey Schools Insurance Group and the District’s legal liability insurance is purchased from Zurich Insurance at significant savings from the previous year. The District is exploring further opportunities for future purchases jointly with other districts within the Freehold Regional area.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED (CONTINUED)**

- 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 13<sup>th</sup> consecutive year, the district was awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2014 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**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2015

A-1

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,801,119	\$ 380,472	\$ 7,181,591
Receivables, net	1,749,097	21,517	1,770,614
Inventory	-	41,319	41,319
Restricted assets:			
Capital reserve account - cash	487,266	-	487,266
Capital assets (Note 7)			
Land	6,849,273	-	6,849,273
Building and building improvements, net	54,031,266	208,946	54,240,212
Machinery and equipment, net	2,104,819	136,451	2,241,270
Total assets	<u>72,022,840</u>	<u>788,705</u>	<u>72,811,545</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>			
Deferred loss on refunding	1,029,217	-	1,029,217
Deferred outflows related to pensions	<u>1,599,084</u>	<u>-</u>	<u>1,599,084</u>
Total deferred outflow of resources	<u>2,628,301</u>	<u>-</u>	<u>2,628,301</u>
Total assets and deferred outflow of resources	<u>74,651,141</u>	<u>788,705</u>	<u>75,439,846</u>
<b>LIABILITIES</b>			
Cash overdraft	\$ 366,726	\$ -	\$ 366,726
Accounts payable	1,456,920	117,245	1,574,165
Contracts payable - retainage	153,973	-	153,973
Payable to federal government	10,236	-	10,236
Payable to state government	39,842	-	39,842
Unearned revenue	119,367	-	119,367
PERS pension payable	941,119	-	941,119
Accrued interest	150,456	-	150,456
Noncurrent liabilities (Note 8)			
Due within one year	4,746,612	-	4,746,612
Due beyond one year	38,794,720	-	38,794,720
Total liabilities	<u>46,779,971</u>	<u>117,245</u>	<u>46,897,216</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Deferred inflows related to pensions	<u>1,637,301</u>	<u>-</u>	<u>1,637,301</u>
Total deferred inflow of resources	<u>1,637,301</u>	<u>-</u>	<u>1,637,301</u>
Total liabilities and deferred inflow of resources	<u>48,417,272</u>	<u>117,245</u>	<u>48,534,517</u>
<b>NET POSITION</b>			
Net investment in capital assets	42,859,895	345,397	43,205,292
Restricted for:			
Other purposes	4,746,088	-	4,746,088
Unrestricted	<u>(21,372,114)</u>	<u>326,063</u>	<u>(21,046,051)</u>
Total net position	<u>\$ 26,233,869</u>	<u>\$ 671,460</u>	<u>\$ 26,905,329</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, 2015

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 38,812,737	\$ 585,678	\$ 7,583,298
Special education	15,383,599	-	1,522,148
Other instruction	3,899,995	115,768	798,085
Nonpublic school programs	169,623	-	169,623
Support services:			
Tuition	2,146,011	-	-
Student & instruction related services	12,185,012	-	2,319,806
General administrative services	2,067,140	-	201,240
School administrative service	6,087,140	-	1,271,750
Plant operations and maintenance	8,867,078	-	718,532
Pupil transportation	5,813,977	-	824,719
Business and other support services	1,651,141	-	312,846
Interest on long-term debt	319,931	-	-
Total governmental activities	97,403,384	701,446	15,722,047
Business-type activities:			
Food Service	1,301,548	1,091,275	224,701
Swim Club Concessions	32,794	16,369	-
Total business-type activities:	1,334,342	1,107,644	224,701
Total primary government	\$ 98,737,726	\$ 1,809,090	\$ 15,946,748

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, as Restated (See Note 21)

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
\$ (30,643,761)	\$ -	\$ (30,643,761)
(13,861,451)	-	(13,861,451)
(2,986,142)	-	(2,986,142)
-	-	-
(2,146,011)	-	(2,146,011)
(9,865,206)	-	(9,865,206)
(1,865,900)	-	(1,865,900)
(4,815,390)	-	(4,815,390)
(8,148,546)	-	(8,148,546)
(4,989,258)	-	(4,989,258)
(1,338,295)	-	(1,338,295)
(319,931)	-	(319,931)
<u>(80,979,891)</u>	<u>-</u>	<u>(80,979,891)</u>
-	14,428	14,428
-	<u>(16,425)</u>	<u>(16,425)</u>
-	<u>(1,997)</u>	<u>(1,997)</u>
<u>(80,979,891)</u>	<u>(1,997)</u>	<u>(80,981,888)</u>
63,742,279	-	63,742,279
3,849,426	-	3,849,426
15,176,417	-	15,176,417
1,238	-	1,238
265,860	-	265,860
<u>83,035,220</u>	<u>-</u>	<u>83,035,220</u>
<u>2,055,329</u>	<u>(1,997)</u>	<u>2,053,332</u>
<u>24,178,540</u>	<u>673,457</u>	<u>24,851,997</u>
<u>\$ 26,233,869</u>	<u>\$ 671,460</u>	<u>\$ 26,905,329</u>

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**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.

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MARLBORO TOWNSHIP BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,508,153	\$ -	\$ -	\$ -	\$ 3,508,153
Receivables, net	723,810	284,091	480,480	-	1,488,381
Due from other funds	158,175	-	-	102,541	260,716
Restricted cash and cash equivalents	3,780,232	-	-	-	3,780,232
<b>Total assets</b>	<b>\$ 8,170,370</b>	<b>\$ 284,091</b>	<b>\$ 480,480</b>	<b>\$ 102,541</b>	<b>\$ 9,037,482</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash Overdraft	\$ -	\$ 44,422	\$ 219,764	\$ 102,540	\$ 366,726
Accounts payable	1,049,455	146,749	-	-	1,196,204
Contracts payable - retainage	153,973	-	-	-	153,973
Payable to federal government	-	10,236	-	-	10,236
Payable to state government	-	39,842	-	-	39,842
Payable to other funds	-	-	260,716	-	260,716
Unearned revenue	76,525	42,842	-	-	119,367
<b>Total liabilities</b>	<b>1,279,953</b>	<b>284,091</b>	<b>480,480</b>	<b>102,540</b>	<b>2,147,064</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Excess surplus - current year	574,290	-	-	-	574,290
Excess surplus - prior years- designated for subsequent year's expenditures	391,564	-	-	-	391,564
Capital reserve account	487,266	-	-	-	487,266
Maintenance reserve account	3,292,966	-	-	-	3,292,966
Debt service	-	-	-	1	1
<b>Committed for:</b>					
Other purposes	517,490	-	-	-	517,490
<b>Assigned for:</b>					
Designated for subsequent year's expenditures	750,000	-	-	-	750,000
<b>Unassigned, reported in:</b>					
General Fund	876,841	-	-	-	876,841
<b>Total fund balances</b>	<b>6,890,417</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>6,890,418</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,170,370</b>	<b>\$ 284,091</b>	<b>\$ 480,480</b>	<b>\$ 102,541</b>	

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

Accrued interest on long-term liabilities and PERS pension payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,091,575)
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	991,000
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$107,708,623 and the accumulated depreciation is \$44,723,265.	62,985,358
Long-term liabilities, including net pension liability, bonds payable, bond premiums, compensated absences and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(43,541,332)
Net position of governmental activities	<u>\$ 26,233,869</u>

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, 2015

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 63,742,279	\$ -	\$ -
Tuition charges	585,678	-	-
Interest Earnings	1,192	-	-
Interest Earned on Capital Reserve Funds	46	-	-
Miscellaneous	381,628	34,981	-
<b>Total - Local Sources</b>	<b>64,710,823</b>	<b>34,981</b>	<b>-</b>
State sources	20,008,951	169,623	-
Federal sources	7,576	1,383,446	-
<b>Total revenues</b>	<b>84,727,350</b>	<b>1,588,050</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current:			
Regular instruction	32,900,218	269,688	-
Special education instruction	12,645,494	1,117,368	-
Other instruction	3,482,093	-	-
Nonpublic school programs	-	169,623	-
Support services and undistributed costs:			
Tuition	2,146,011	-	-
Student & instruction related services	10,877,061	-	-
General administrative services	1,961,794	-	-
School administrative services	5,635,859	-	-
Plant operations and maintenance	8,490,966	-	-
Pupil transportation	5,415,541	17,110	-
Business and other support services	1,487,463	-	-
Capital outlay	3,880,998	14,261	-
Debt service:			
Interest	-	-	-
Principal	-	-	-
<b>Total expenditures</b>	<b>88,923,498</b>	<b>1,588,050</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(4,196,148)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(4,196,148)	-	-
Fund balance—July 1	11,086,565	-	-
Fund balance—June 30	<b>\$ 6,890,417</b>	<b>\$ -</b>	<b>\$ -</b>

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

Debt Service Fund	Total Governmental Funds
\$ 3,849,426	\$ 67,591,705
-	585,678
-	1,192
-	46
-	416,609
<u>3,849,426</u>	<u>68,595,230</u>
670,433	20,849,007
-	1,391,022
<u>4,519,859</u>	<u>90,835,259</u>
-	33,169,906
-	13,762,862
-	3,482,093
-	169,623
-	2,146,011
-	10,877,061
-	1,961,794
-	5,635,859
-	8,490,966
-	5,432,651
-	1,487,463
-	3,895,259
400,325	400,325
<u>4,235,000</u>	<u>4,235,000</u>
<u>4,635,325</u>	<u>95,146,873</u>
<u>(115,466)</u>	<u>(4,311,614)</u>
(115,466)	(4,311,614)
115,467	11,202,032
<u>\$ 1</u>	<u>\$ 6,890,418</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, 2015

Total net change in fund balances - governmental funds (from B-2) \$ (4,311,614)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current fiscal year

Depreciation expense	\$ (2,512,553)	
Adjustment to capital assets	571,789	
Capital outlay (net)	<u>3,895,259</u>	1,954,495

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.

273,308

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.

4,235,000

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Unfunded TPAF Pension Expense	(8,624,066)	
State Share of Unfunded TPAF Pension Expense	8,624,066	
Pension Expense - PERS Contribution - 2015	921,313	
Pension Expense	<u>(1,003,537)</u>	(82,224)

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.

(115,805)

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.

85,453

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

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 \$ 2,055,329

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.

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MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2015

B-4

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 368,676	\$ 11,796	\$ 380,472
Intergovernmental receivables	14,790	-	14,790
Other accounts receivable	1,234	5,493	6,727
Inventories	33,387	7,932	41,319
Total current assets	<u>418,087</u>	<u>25,221</u>	<u>443,308</u>
Noncurrent assets:			
Building improvements	301,422	-	301,422
Less accumulated depreciation	(92,476)	-	(92,476)
Furniture, machinery & equipment	521,570	-	521,570
Less accumulated depreciation	(385,119)	-	(385,119)
Total noncurrent assets	<u>345,397</u>	<u>-</u>	<u>345,397</u>
 Total assets	 <u>763,484</u>	 <u>25,221</u>	 <u>788,705</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>75,599</u>	<u>41,646</u>	<u>117,245</u>
<b>NET POSITION</b>			
Net Investment in capital assets	345,397	-	345,397
Unrestricted	<u>342,488</u>	<u>(16,425)</u>	<u>326,063</u>
 Total net position	 <u>\$ 687,885</u>	 <u>\$ (16,425)</u>	 <u>\$ 671,460</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 NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

B-5

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 610,554	\$ -	\$ 610,554
Daily sales - non-reimbursable programs	442,074	-	442,074
Daily sales - taxable	-	13,395	13,395
Special functions	38,647	2,974	41,621
Total operating revenues	<u>1,091,275</u>	<u>16,369</u>	<u>1,107,644</u>
 Operating expenses:			
Cost of sales	416,024	19,262	435,286
Salaries	641,107	6,051	647,158
Other purchased professional services	147,440	866	148,306
Other purchased services	-	2,741	2,741
General supplies	63,509	3,874	67,383
Depreciation	33,468	-	33,468
Total operating expenses	<u>1,301,548</u>	<u>32,794</u>	<u>1,334,342</u>
 Operating loss	<u>(210,273)</u>	<u>(16,425)</u>	<u>(226,698)</u>
 Nonoperating revenues:			
State sources:			
State school lunch program	11,992	-	11,992
Federal sources:			
National school lunch program	183,771	-	183,771
Special milk program	2,476	-	2,476
Food donation program	26,462	-	26,462
Total nonoperating revenues	<u>224,701</u>	<u>-</u>	<u>224,701</u>
 Change in net position	14,428	(16,425)	(1,997)
 Total net position—beginning	<u>673,457</u>	<u>-</u>	<u>673,457</u>
 Total net position—ending	<u>\$ 687,885</u>	<u>\$ (16,425)</u>	<u>\$ 671,460</u>

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, 2015

B-6

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 1,094,365	\$ 10,876	\$ 1,105,241
Payments to employees	(641,107)	(6,051)	(647,158)
Payments to suppliers	(625,629)	6,971	(618,658)
Net cash used in operating activities	(172,371)	11,796	(160,575)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
State Sources	11,992	-	11,992
Federal Sources	212,709	-	212,709
Net cash provided by non-capital financing activities	224,701	-	224,701
<b>CASH FLOW USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Cost of equipment	(22,258)	-	(22,258)
Net cash used in capital activities	(22,258)	-	(22,258)
Net increase in cash and cash equivalents	30,072	11,796	41,868
Balances—beginning of year	338,604	-	338,604
Balances—end of year	\$ 368,676	\$ 11,796	\$ 380,472
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	\$ (210,273)	\$ (16,425)	\$ (226,698)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	33,468	-	33,468
(Increase)/Decrease in receivables	6,933	(5,493)	1,440
(Increase)/Decrease in inventories	5,131	(7,932)	(2,801)
(Increase)/Decrease in accounts payable	(7,630)	41,646	34,016
Total adjustments	37,902	28,221	66,123
Net cash used in operating activities	\$ (172,371)	\$ 11,796	\$ (160,575)

**Noncash Noncapital Financing Activities:**

During the year, the district received \$26,462 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.

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## FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

**Private Purpose Unemployment Compensation/Insurance Trust Fund** - This fiduciary fund is Used to account for unemployment remittance transactions of the School District.

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.

**Flexible Spending** - This agency fund is used to account for the flexible spending accounts held By the School District.

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MARLBORO TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

B-7

	Unemployment Compensation Insurance Trust	Private Purpose Scholarship Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 300,953	\$ 677	\$ 530,896
Total assets	300,953	677	530,896
<b>LIABILITIES</b>			
Payable to student groups	-	-	89,996
Payroll deductions and withholdings	-	-	440,900
Total liabilities	-	-	\$ 530,896
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	\$ 300,953		
Reserved for scholarships		\$ 677	

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, 2015

B-8

	Unemployment Compensation Insurance Trust	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Local contributions	\$ -	\$ -
Employee contributions	85,000	
Total Contributions	85,000	-
 Total additions	 85,000	 -
<b>DEDUCTIONS</b>		
Unemployment claims	18,263	-
Scholarships awarded		335
Total deductions	18,263	335
 Change in net position	 66,737	 (335)
 Net position—beginning of the year	 234,216	 1,012
 Net position—end of the year	 \$ 300,953	 \$ 677

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, 2015**

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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.

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

**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, 2014 of 5,290 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, 2015.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**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.

**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, 2015**

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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.

**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.

The School District maintains the following enterprise funds:

**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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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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)**

***Swim Club Concessions Fund*** - This fund accounts for the financial transactions related to the concessions stand operations of the Township of Marlboro's Swim Club. The Swim Club Concessions Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The fund was established in the current fiscal year through a shared-service agreement between The District and the Township of Marlboro.

**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 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.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**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.

**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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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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)**

**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.

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

**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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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.

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**Cash, Cash Equivalents and Investments (Cont'd)**

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.

**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, 2015.

In the governmental fund financial statements, an asset for these deposits was created, and the expenditure allocation to future accounting periods is required. 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, this leaving a new 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**Capital Assets (Cont'd)**

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.

**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. An expenditure is 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**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:

***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:

***Non-spendable*** - The non-spendable fund balance classification includes amounts that cannot be spent either because it is 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**Fund Balance (Cont'd)**

**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.

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 June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* effective for fiscal years beginning after June 15, 2014. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government 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 inter-period equity, and creating additional transparency.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**Recently Issued Accounting Pronouncements**

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.

**Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2015 through December 08, 2015, which is the date the financial statements were available to be issued.

**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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 2: CASH AND CASH EQUIVALENTS (CONT'D)**

As of June 30, 2015, the School District's bank balances of \$8,537,566 were exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000
Collateralized by securities held by Pledging financial institution	7,266,094
Uninsured and uncollateralized	<u>1,021,472</u>
Total	<u>\$ 8,537,566</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, 2015.

**Note 4: RESERVE ACCOUNTS**

**Capital Reserve-** A capital reserve account was established by the School District in 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 balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 4: RESERVE ACCOUNTS (CONT'D)**

**Capital Reserve (Cont'd)**

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014		\$ 487,220
Increased by:		
Transfer per June resolution		
Interest earnings	\$ 46	
Total Increases		46
Ending Balance, June 30, 2015		\$ 487,266

The June 30, 2015 LRFPP balance of local support costs of uncompleted projects at June 30, 2015 is \$18,625,680. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFPP.

**Maintenance Reserve** - A maintenance reserve account was established by the Marlboro Township School District on June 30, 1997, for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (N.J.A.C. 6A:23A-14.2) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 30 of the budget year. EFCFA requires that upon District completion of a school facilities project, the district must submit a plan for the maintenance of that facility.

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014		\$2,971,736
Increased by:		
Resolution dated June 23, 2015		750,000
Decreased by:		
Withdrawal approved in FY2014 budget		( 135,000)
Resolution dated August 12, 2014		( <u>293,770</u> )
Ending Balance, June 30, 2015		\$3,292,966

**Note 5: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**Note 5: ACCOUNTS RECEIVABLE (CONT'D)**

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

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Intergovernmental	\$ 699,872	\$ 284,091	\$ 480,480	\$ 14,790	\$ 1,479,233
Other	23,938	-	-	6,727	30,665
	<u>\$ 723,810</u>	<u>\$ 284,091</u>	<u>\$ 480,480</u>	<u>\$ 21,517</u>	<u>\$ 1,509,898</u>

**Note 6: INVENTORY**

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the proprietary fund statement of net position, consisted of the following:

	<u>Food Service</u>	<u>Swim Club Concessions</u>
Food	\$ 20,524	\$ 6,614
Supplies	12,863	1,318
Total	<u>\$ 33,387</u>	<u>\$ 7,932</u>

**Note 7: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	<u>Balance 6/30/2014</u>	<u>Transfers/ Additions</u>	<u>Balance 6/30/2015</u>
<b>Governmental activities:</b>			
Capital assets not being Depreciated:			
Land	\$ 6,849,273	\$ -	\$ 6,849,273
Total Capital Assets not being Depreciated	<u>6,849,273</u>	<u>-</u>	<u>6,849,273</u>
Capital Assets being depreciated:			
Furniture, Fixtures and Equipment	7,967,095	171,138	8,138,233
Buildings and Improvements	88,425,207	4,295,910	92,721,117
Total Capital Assets, being Depreciated	<u>96,392,302</u>	<u>4,467,048</u>	<u>100,859,350</u>
Total Capital Assets, Cost	<u>103,241,575</u>	<u>4,467,048</u>	<u>107,708,623</u>
Less Accumulated Depreciation for:			
Furniture, Fixtures and Equipment	(5,500,465)	(532,949)	(6,033,414)
Buildings and Improvements	(36,710,247)	(1,979,604)	(38,689,851)
Total Accumulated Depreciation	<u>(42,210,712)</u>	<u>(2,512,553)</u>	<u>(44,723,265)</u>
Total Capital Assets, being Depreciated, Net	<u>54,181,590</u>	<u>1,954,495</u>	<u>56,136,085</u>
Governmental Activities Capital Assets, Net	<u>61,030,863</u>	<u>1,954,495</u>	<u>62,985,358</u>

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**Business-type activities:**

Capital Assets being Depreciated:

Building improvements	301,422	-	301,422
Equipment	499,312	22,258	521,570
	<u>800,734</u>	<u>22,258</u>	<u>822,992</u>
Total Capital Assets, being Depreciated			
	<u>800,734</u>	<u>22,258</u>	<u>822,992</u>
Total Capital Assets, Cost			
	<u>800,734</u>	<u>22,258</u>	<u>822,992</u>
Less Accumulated Depreciation for:			
Building and improvements	(80,419)	(12,057)	(92,476)
Equipment	(363,708)	(21,411)	(385,119)
	<u>(444,127)</u>	<u>(33,468)</u>	<u>(477,595)</u>
Total Accumulated Depreciation			
	<u>(444,127)</u>	<u>(33,468)</u>	<u>(477,595)</u>
Total Capital Assets, being Depreciated, Net	<u>356,607</u>	<u>(11,210)</u>	<u>345,397</u>
Business-Type Activities Capital Assets, Net	<u>\$ 356,607</u>	<u>\$ (11,210)</u>	<u>\$ 345,397</u>

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

**Governmental Activities:**

Regular Instruction	\$2,276,495
Special Instruction	84,076
Student & Instruction Related Services	93,424
School Administrative Services	58,558
Total Depreciation Expense – Governmental Activities	<u>\$2,512,553</u>

**Business Type Activities:**

Food Service – Total Depreciation Expense	<u>\$ 33,468</u>
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**Note 8: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 24,040,000	\$ -	\$ 4,235,000	\$ 19,805,000	\$ 4,375,000
Unamortized Bond Premium	101,297	-	57,885	43,412	43,412
	<u>24,141,297</u>	<u>-</u>	<u>4,292,885</u>	<u>19,848,412</u>	<u>4,418,412</u>
Total Bonds Payable					
	<u>24,141,297</u>	<u>-</u>	<u>4,292,885</u>	<u>19,848,412</u>	<u>4,418,412</u>
Other Liabilities:					
Obligations under Capital Lease	593,771	-	273,308	320,463	206,082
Net Pension Liability	21,821,179	-	897,112	20,924,067	-
Compensated Absences	2,332,585	342,215	226,411	2,448,389	122,118
	<u>24,747,535</u>	<u>342,215</u>	<u>1,396,831</u>	<u>23,692,412</u>	<u>328,200</u>
Total Other Liabilities					
	<u>24,747,535</u>	<u>342,215</u>	<u>1,396,831</u>	<u>23,692,412</u>	<u>328,200</u>
Governmental Activity Long-Term Liabilities	<u>\$ 27,067,653</u>	<u>\$ 342,215</u>	<u>\$ 5,689,716</u>	<u>\$ 43,541,331</u>	<u>\$ 4,746,612</u>

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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 this bonds was on 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.

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>
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>19,805,000</u>	<u>778,865</u>	<u>20,583,865</u>

**Bonds Authorized but not Issued** - As of June 30, 2015, 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 \$1,324,454 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, 2015.

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	206,083	8,683	214,766
2017	<u>114,380</u>	<u>2,868</u>	<u>117,248</u>
	<u>\$ 320,463</u>	<u>\$ 11,551</u>	<u>\$ 332,014</u>

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9: PENSION OBLIGATIONS**

**Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9: PENSION OBLIGATIONS**

**Public Employees' Retirement System (PERS)**

Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Three-Year Trend Information for PERS**

<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>
2015	\$ 153,378	\$ 709,493	\$ 862,871	\$ 58,442	\$ 921,313
2014	156,747	689,155	845,902	14,386	860,288
2013	290,599	694,830	985,429	58,650	1,044,079

**Components of Net Pension Liability** - At June 30, 2015, the District reported a liability of \$20,924,067 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .01176 percent, which was a decrease of .00242% from its proportion measured as of June 30, 2013.

**Collective Balances at June 30, 2015 and June 30, 2014**

	<u>6/30/2015</u>	<u>6/30/2014</u>
Actuarial valuation date	July 1, 2014	July 1, 2013
Deferred Outflows of Resources	\$ 1,599,084	\$ 921,313
Deferred Inflows of Resources	1,637,301	-
Net Pension Liability	20,924,067	21,821,179
District's portion of the Plan's total net pension Liability	0.11176%	0.11418%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2015, the District recognized pension expense of \$1,003,537. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9: PENSION OBLIGATIONS (CONT'D)**

**Public Employees Retirement System (PERS) (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	657,965	-
Net difference between projected and actual earnings on pension plan investments	-	1,246,961
Changes in proportion and differences between District contributions and proportionate share of contributions	-	390,340
District contributions subsequent to the measurement date	941,119	-
Total	\$ 1,599,084	\$ 1,637,301

\$941,119 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016		\$ (207,836)
2017		(207,836)
2018		(207,836)
2019		(207,836)
2020		(207,836)
Thereafter		59,842
Total		\$ (979,338)

**Actuarial Assumptions** – The total pension asset/ (liability) as of the measurement date was determined by an actuarial valuation as noted in the table below, which was rolled forward to the measurement date. The actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40%
	Based on Age
	Thereafter - 3.15-5.40%
	Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9: PENSION OBLIGATIONS (CONT'D)**

**Public Employees Retirement System (PERS) (continued)**

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9: PENSION OBLIGATIONS (CONT'D)**

**Public Employees Retirement System (PERS) (continued)**

	4.39%	5.39%	6.39%
	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 26,323,189	\$ 20,924,067	\$ 16,390,179

**Teachers Pensions and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9: PENSION OBLIGATIONS (CONT'D)**

**Teachers Pensions and Annuity Fund (TPAF)**

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

**Three-Year Trend Information for TPAF Normal & Post Retirement  
 Medical Contributions (Paid on behalf of the District)**

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2015	\$ 5,280,287	100%	\$ -
6/30/2014	4,140,911	100%	-
6/30/2013	5,094,504	100%	-

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

<u>TPAF</u>	
Measurement date	June 30, 2014
Acturial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9: PENSION OBLIGATIONS (CONT'D)**

**Teachers Pensions and Annuity Fund (TPAF)**

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Divisions of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
Total	100%	

**Discount rate** – The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9: PENSION OBLIGATIONS (CONT'D)**

**Teachers Pensions and Annuity Fund (TPAF)**

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

**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>
2015	\$ 42,540	\$ 42,540
2014	33,605	33,605
2013	24,165	24,165

**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, 2014, there were 103,432 retirees receiving postemployment medical benefits, and the state contributed \$1.04 billion on their behalf. 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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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.

**Note 12: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2015, 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 \$2,040,690 and \$3,239,597 respectively.

**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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 13: RISK MANAGEMENT (CONT'D)**

**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>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2015	\$ -	\$ 85,000	\$ 18,263	\$ 300,953
2014	-	-	6,163	234,216
2013	-	155,000	-	155,379

**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)***

**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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 15: COMPENSATED ABSENCES (CONT'D)**

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, 2015, the liability for compensated absences reported on the government-wide statement of net position was \$2,448,389.

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

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 158,175	\$ -
Capital Projects	-	260,716
Debt Service	102,541	-
	<u>\$ 260,716</u>	<u>\$ 260,716</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the School District expects to liquidate such interfunds, depending upon the availability of cash flow. The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

**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 UNRESTRICTED NET POSITION**

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$(21,372,114) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. 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. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**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, 2015.

**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 District had excess fund balance of \$574,290 at June 30, 2015. Additionally, \$391,564 of excess fund balance generated during 2013-2014 has been restricted and designated for utilization in the 2015-2016 budget.

**For Capital Reserve Account** - As of June 30, 2015, the balance in the capital reserve account is \$487,266. 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, 2015, the balance in the maintenance reserve account is \$3,292,966. 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, 2016, \$1 of debt service fund balance at June 30, 2015.

**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, 2014, \$517,490 has been committed for encumbrances which are orders placed for goods and/or services that have not been received at June 30, 2015.

**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:

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 19: FUND BALANCES**

**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, 2015, \$750,000 of general fund balance at June 30, 2015.

**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, 2015, \$876,841 of general fund balance was unassigned.

**Note 20: CONTINGENCIES**

**State and Federal Grantor Agencies** - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Pending 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: PRIOR PERIOD ADJUSTMENT/RESTATEMENT OF NET POSITION**

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

		<u>Governmental Activities</u>
Net Position as previously reported at June 30, 2014		\$ 45,999,719
Prior period adjustment - Implementation of GASB #68:		
Net Pension Liability (Measurement date as of June 30, 2013)	\$ (21,821,179)	
Pension Payable at June 30, 2015	(921,313)	
Deferred Outflows (District contributions made during fiscal year 2014)	921,313	
Total prior period adjustment		<u>(21,821,179)</u>
Net Position as restated, July 1, 2014		<u>\$ 24,178,540</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

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**BUDGETARY COMPARISON SCHEDULES**

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 63,742,279	\$ -	\$ 63,742,279
Tuition from Individuals	655,000	-	655,000
Interest Earnings	3,000	-	3,000
Interest Earned on Capital Reserve Funds	-	-	-
Contributions and Donations	-	33,969	33,969
Play Proceeds	13,500	4,845	18,345
Student Dues and Fees	100,000	-	100,000
Miscellaneous	235,000	25,000	260,000
<b>Total - Local Sources</b>	<b>64,748,779</b>	<b>63,814</b>	<b>64,812,593</b>
State Sources:			
Categorical Special Education Aid	3,375,643	-	3,375,643
Equalization Aid	6,247,588	-	6,247,588
Extraordinary Aid - Special Education	-	-	-
Categorical Security Aid	349,448	-	349,448
Categorical Transportation Aid	437,531	-	437,531
Adjustment Aid	532,737	-	532,737
Additional Adjustment Aid	560,660	-	560,660
Other state aid	100,280	-	100,280
TPAF Post Retirement/Medical (On-Behalf - Non-Budgeted)	-	-	-
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-
<b>Total State Sources</b>	<b>11,603,887</b>	<b>-</b>	<b>11,603,887</b>
Federal Sources:			
Medicaid Reimbursement	1,000	-	1,000
<b>Total Federal Sources</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>
<b>Total Revenues</b>	<b>76,353,666</b>	<b>63,814</b>	<b>76,417,480</b>
<b>EXPENDITURES:</b>			
Current Expense:			
Regular Programs - Instruction			
Preschool/Kindergarten - Salaries of Teachers	848,641	2,649	851,290
Grades 1-5 - Salaries of Teachers	10,599,748	6,982	10,606,730
Grades 6-8 - Salaries of Teachers	10,165,887	(743,756)	9,422,131
Regular Programs - Home Instruction:			
Salaries of Teachers	15,000	(3,500)	11,500
Purchased Professional-Educational Services	6,000	(4,000)	2,000
Regular Programs - Undistributed Instruction			
Other Salaries for Instruction	541,000	2,500	543,500
Other Purchased Services	121,416	14,183	135,599
General Supplies	698,427	737,110	1,435,537
Textbooks	167,025	(8,600)	158,425
Other Objects	3,672	100	3,772
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>23,166,816</b>	<b>3,668</b>	<b>23,170,484</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
\$ 63,742,279	\$ -
585,678	(69,322)
1,192	(1,808)
46	46
38,498	4,529
16,325	(2,020)
115,768	15,768
211,037	(48,963)
<u>64,710,823</u>	<u>(101,770)</u>
3,375,643	-
6,247,588	-
379,950	379,950
349,448	-
437,531	-
532,737	-
560,660	-
137,648	37,368
5,280,287	5,280,287
2,723,088	2,723,088
<u>20,024,580</u>	<u>8,420,693</u>
<u>7,576</u>	<u>6,576</u>
<u>7,576</u>	<u>6,576</u>
<u>84,742,979</u>	<u>8,325,499</u>
850,963	327
10,577,077	29,653
9,336,393	85,738
10,600	900
188	1,812
433,111	110,389
125,423	10,176
1,303,472	132,065
146,944	11,481
2,607	1,165
<u>22,786,778</u>	<u>383,706</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2015

C-1

	Original Budget	Budget Transfers	Final Budget
<b>SPECIAL EDUCATION - INSTRUCTION</b>			
Learning and/or Language Disabilities:			
Salaries of Teachers	\$ 301,190	\$ 18,628	\$ 319,818
Other Salaries for Instruction	155,084	5,911	160,995
General Supplies	10,500	(3,400)	7,100
Textbooks	1,800	(1,368)	432
Total Learning and/or Language Disabilities	<u>468,574</u>	<u>19,771</u>	<u>488,345</u>
Multiply Handicapped:			
Salaries of Teachers	933,409	(67,814)	865,595
Other Salaries for Instruction	625,232	(19,633)	605,599
General Supplies	18,750	(8,116)	10,634
Total Multiply Handicapped	<u>1,577,391</u>	<u>(95,563)</u>	<u>1,481,828</u>
Resource Room/Resource Center:			
Salaries of Teachers	5,525,452	243,207	5,768,659
Other Purchased Services	-	3,000	3,000
General Supplies	28,550	(2,856)	25,694
Textbooks	3,300	(1,700)	1,600
Total Resource Room/Resource Center	<u>5,557,302</u>	<u>241,651</u>	<u>5,798,953</u>
Preschool Disabilities - Part-Time:			
Salaries of Teachers	648,657	(11,170)	637,487
Other Salaries for Instruction	343,839	(150,499)	193,340
General Supplies	5,100	(1,600)	3,500
Total Preschool Disabilities - Part-Time	<u>997,596</u>	<u>(163,269)</u>	<u>834,327</u>
Special Education Home Instruction			
Salaries of Teachers	25,000	-	25,000
Purchased Professional-Educational Services	6,000	(6,000)	-
	<u>31,000</u>	<u>(6,000)</u>	<u>25,000</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>8,631,863</u>	<u>(3,410)</u>	<u>8,628,453</u>
Basic Skills/Remedial - Instruction			
Salaries of Teachers	903,398	267,399	1,170,797
General Supplies	5,400	-	5,400
Total Basic Skills/Remedial - Instruction	<u>908,798</u>	<u>267,399</u>	<u>1,176,197</u>
Bilingual Education - Instruction			
Salaries of Teachers	308,597	9,416	318,013
Other Purchased Services	500	5,900	6,400
Total Bilingual Education - Instruction	<u>309,097</u>	<u>15,316</u>	<u>324,413</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
\$ 317,413	\$ 2,405
159,921	1,074
7,090	10
431	1
<u>484,855</u>	<u>3,490</u>
858,844	6,751
604,784	815
10,218	416
<u>1,473,846</u>	<u>7,982</u>
5,736,404	32,255
2,408	592
24,234	1,460
1,577	23
<u>5,764,623</u>	<u>34,330</u>
635,711	1,776
193,068	272
3,329	171
<u>832,108</u>	<u>2,219</u>
22,867	2,133
-	-
<u>22,867</u>	<u>2,133</u>
<u>8,578,299</u>	<u>50,154</u>
1,161,146	9,651
4,591	809
<u>1,165,737</u>	<u>10,460</u>
318,013	-
6,400	-
<u>324,413</u>	<u>-</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2015

C-1

	Original Budget	Budget Transfers	Final Budget
School-Spon. Cocurricular Actvts. - Inst.			
Salaries	\$ 149,382	\$ 9,042	\$ 158,424
Purchased Professional Services	6,800	900	7,700
Other Purchased Services	3,950	499	4,449
Supplies and Materials	6,623	(499)	6,124
Other Objects	2,030	105	2,135
Total School-Spon. Cocurricular Actvts. - Inst.	<u>168,785</u>	<u>10,047</u>	<u>178,832</u>
School-Spon. Athletics - Inst.			
Salaries	165,817	(3,000)	162,817
Supplies and Materials	7,204	-	7,204
Other Objects	20,772	156	20,928
Total School-Spon. Athletics - Inst.	<u>193,793</u>	<u>(2,844)</u>	<u>190,949</u>
Other Instructional Programs - Instruction			
Salaries	568,975	10,217	579,192
Supplies and Materials	12,216	-	12,216
Total Other Instructional Programs - Instruction	<u>581,191</u>	<u>10,217</u>	<u>591,408</u>
Total Instruction	<u>33,960,343</u>	<u>300,393</u>	<u>34,260,736</u>
Undistributed Expenditures - Instruction:			
Tuition to Regular Education - Private	-	55,860	55,860
Tuition to Regional Day Facilities	55,000	(51,008)	3,992
Tuition to Private Schools for the Handicapped - w/in state	1,918,964	95,251	2,014,215
Tuition to Charter School	103,537	(31,061)	72,476
Total Undistributed Expenditures - Instruction:	<u>2,077,501</u>	<u>69,042</u>	<u>2,146,543</u>
Undistributed Expend. - Attend. & Social Work			
Salaries	510,636	4,500	515,136
Purchased Professional and Technical Services	8,784	-	8,784
Other Purchased Services (400-500 series)	4,700	-	4,700
Total Undistributed Expend. - Attend. & Social Work	<u>524,120</u>	<u>4,500</u>	<u>528,620</u>
Undist. Expend. - Health Services			
Salaries	769,370	(13,478)	755,892
Purchased Professional and Technical Services	96,500	4,676	101,176
Supplies and Materials	17,103	17,336	34,439
Total Undistributed Expenditures - Health Services	<u>882,973</u>	<u>8,534</u>	<u>891,507</u>
Undist. Expend.-Other Sup. Ser. Students-Related Serv.			
Salaries of Other Professional Staff	1,084,777	(60,796)	1,023,981
Purchased Professional - Educational Services	45,200	(5,325)	39,875
Supplies and Materials	7,808	(199)	7,609
Total Undist. Expend.-Other Sup. Ser. Students-Related Serv.	<u>1,137,785</u>	<u>(66,320)</u>	<u>1,071,465</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
\$ 156,297	\$ 2,127
7,515	185
2,733	1,716
3,184	2,940
1,938	197
<u>171,667</u>	<u>7,165</u>
156,656	6,161
4,712	2,492
17,080	3,848
<u>178,448</u>	<u>12,501</u>
526,813	52,379
9,199	3,017
<u>536,012</u>	<u>55,396</u>
33,741,354	519,382
55,859	1
3,462	530
2,014,214	1
72,476	-
<u>2,146,011</u>	<u>532</u>
514,523	613
1,749	7,035
3,711	989
<u>519,983</u>	<u>8,637</u>
743,285	12,607
91,700	9,476
29,575	4,864
<u>864,560</u>	<u>26,947</u>
1,012,290	11,691
29,485	10,390
3,832	3,777
<u>1,045,607</u>	<u>25,858</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2015

C-1

	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Extraordinary Services			
Other Salaries for Instruction	\$ 1,140,239	\$ 229,414	\$ 1,369,653
Total Undist. Expend. - Extraordinary Services	<u>1,140,239</u>	<u>229,414</u>	<u>1,369,653</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.			
Salaries of Other Professional Staff	859,849	13,109	872,958
Salaries of Secretarial and Clerical Assistants	96,568	40	96,608
Other Purchased Services	179,759	(8,000)	171,759
Supplies and Materials	21,691		21,691
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>1,157,867</u>	<u>5,149</u>	<u>1,163,016</u>
Undist. Expend.-Other Sup. Ser. Students-Spc. Services			
Salaries of Other Professional Staff	1,255,388	(22,697)	1,232,691
Salaries of Secretarial and Clerical Assistants	152,669	3,241	155,910
Purchased Professional - Educational Services	220,000	158,895	378,895
Other Purchased Services	12,600	9,367	21,967
Supplies and Materials	23,600	2,571	26,171
Total Undist. Expend.-Other Sup. Ser. Students-Spc. Services	<u>1,664,257</u>	<u>151,377</u>	<u>1,815,634</u>
Undist. Expend. - Improvement of Inst. Serv.			
Salaries of Secr and Clerical Assist.	75,835	-	75,835
Other Salaries	80,600	(500)	80,100
Other Purch Prof. and Tech. Services	9,000	(9,000)	-
Other Purchased Services	46,424	21,500	67,924
Supplies and Materials	7,100	-	7,100
Total Undist. Expend. - Improvement of Inst. Serv.	<u>218,959</u>	<u>12,000</u>	<u>230,959</u>
Undist. Expend. - Edu. Media Serv./Sch. Library			
Salaries	560,239	2,901	563,140
Other Purchased Services	14,890	1,050	15,940
Supplies and Materials	53,907	(1,050)	52,857
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>629,036</u>	<u>2,901</u>	<u>631,937</u>
Undist. Expend. - Instructional Staff Training Serv.			
Salaries of Secretarial and Clerical Assist	18,834	38	18,872
Other Salaries	14,865	(2,000)	12,865
Other Purchased Prof. and Tech. Services	9,000	(1,603)	7,397
Other Purchased Services (400-500 series)	82,724	1,918	84,642
Supplies and Materials	2,000	-	2,000
Total Undist. Expend. - Instructional Staff Training Serv.	<u>127,423</u>	<u>(1,647)</u>	<u>125,776</u>
Undist. Expend. - Supp. Serv. - General Admin.			
Salaries	551,989	40,000	591,989
Legal Services	165,000	-	165,000
Audit Fees	32,000	-	32,000
Architect/Engineering Fees	50,000	410,940	460,940
Other Purchased Professional Services	159,500	3,000	162,500
Communications/Telephone	266,220	(2,416)	263,804
Board of Education Other Purchased Services	1,000	-	1,000
Other Purchased Services	224,302	(76,157)	148,145
Supplies and Materials	9,300	800	10,100
Board of Education Supplies	1,000	3,400	4,400
Judgements against School	50,000	(40,353)	9,647
Miscellaneous Expenditures	8,000	-	8,000
Board of Education Membership Dues & Fees	40,000	-	40,000
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,558,311</u>	<u>339,214</u>	<u>1,897,525</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
\$ 1,369,653	\$ -
<u>1,369,653</u>	<u>-</u>
870,591	2,367
96,608	-
170,989	770
12,394	9,297
<u>1,150,582</u>	<u>12,434</u>
1,232,691	-
155,910	-
357,813	21,082
21,965	2
25,904	267
<u>1,794,283</u>	<u>21,351</u>
75,486	349
79,573	527
-	-
61,071	6,853
3,792	3,308
<u>219,922</u>	<u>11,037</u>
563,140	-
15,611	329
42,125	10,732
<u>620,876</u>	<u>11,061</u>
18,872	-
8,988	3,877
4,700	2,697
43,427	41,215
764	1,236
<u>76,751</u>	<u>49,025</u>
584,900	7,089
133,521	31,479
31,500	500
375,765	85,175
138,148	24,352
259,210	4,594
-	1,000
107,738	40,407
7,108	2,992
4,283	117
-	9,647
3,016	4,984
37,686	2,314
<u>1,682,875</u>	<u>214,650</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2015

C-1

	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Support Serv. - School Admin.			
Salaries of Principals/Assistant Principals	\$ 2,911,338	\$ (69,911)	\$ 2,841,427
Salaries of Secretarial and Clerical Assistants	882,778	(22,639)	860,139
Other Purchased Services	141,842	(13,529)	128,313
Supplies and Materials	44,540	30,101	74,641
Other Objects	21,170	-	21,170
Total Undist. Expend. - Support Serv. - School Admin.	<u>4,001,668</u>	<u>(75,978)</u>	<u>3,925,690</u>
Undist. Expend. - Support Services - Central Services			
Salaries	571,136	(7,957)	563,179
Purchased Professional Services	1,000	3,320	4,320
Other Purchased Services	8,800	-	8,800
Supplies & Materials	6,500	-	6,500
Miscellaneous Expenditures	3,000	-	3,000
Total Undist. Expend. - Support Serv. - Central Services	<u>590,436</u>	<u>(4,637)</u>	<u>585,799</u>
Undist. Expend. - Support Services - Admin. Info. Tech. Svcs.			
Salaries	369,625	(14,752)	354,873
Purchased Technical Services	52,300	18,200	70,500
Other Purchased Services	4,900	-	4,900
Supplies & Materials	52,000	12,222	64,222
Total Undist. Expend. - Support Svcs. - Admin. Info. Tech. Svcs.	<u>478,825</u>	<u>15,670</u>	<u>494,495</u>
Undist. Expend. - Required Maint. School Facilities			
Cleaning, Repair and Maintenance Services	642,900	541,724	1,184,624
General Supplies	182,000	5,917	187,917
Other Objects	30,000	(29,000)	1,000
Total Undist. Expend. - Required Maint. School Facilities	<u>854,900</u>	<u>518,641</u>	<u>1,373,541</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant			
Salaries	1,508,439	(46,061)	1,462,378
Other Salaries	556,977	(39,000)	517,977
Purchased Professional/Technical Services	37,500	1,791	39,291
Cleaning, Repair and Maintenance Services	1,858,187	121,479	1,979,666
Other Purchased Property Services	223,750	(10,000)	213,750
Insurance	206,114	36,341	242,455
Miscellaneous Purchased Services	1,100	3,710	4,810
General Supplies	152,000	6,267	158,267
Energy (Energy and Electricity)	1,401,500	(22,000)	1,379,500
Other Objects	10,200	3,906	14,106
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>5,955,767</u>	<u>56,433</u>	<u>6,012,200</u>
Undist. Expend. - Care and Upkeep of Grounds			
Salaries	237,394	(181,961)	55,433
Other Purchased Property Services	13,000	93,428	106,428
General Supplies	56,000	(878)	55,122
Total Undist. Expend. - Care and Upkeep of Grounds	<u>306,394</u>	<u>(89,411)</u>	<u>216,983</u>
Undist. Expend. - Security			
Salaries	272,943	(8,000)	264,943
Purchased Professional/Technical Services	110,800	218,169	328,969
General Supplies	16,350	8,000	24,350
Total Undist. Expend. - Security	<u>400,093</u>	<u>218,169</u>	<u>618,262</u>
Total Undist. Expend. - Oper. & Maint. Plant Services	<u>7,517,154</u>	<u>703,832</u>	<u>8,220,986</u>
Undist. Expend. - Student Transportation Serv.			
Salaries - Administration	218,415	5,000	223,415
Salaries - (between home and school) - Regular	1,438,990	(5,000)	1,433,990
Salaries - (between home and school) - Special Education	617,790	34,294	652,084
Salaries - (other than between home & school)	8,738	(300)	8,438
Purchased Professional Services	12,780	-	12,780
Cleaning, Maintenance and Repair Services	40,000	5,000	45,000
Lease Purchase Payments - Busses	363,163	-	363,163
Contracted Services - Athletic Trips	51,750	(5,000)	46,750
Contracted Services - Joint Agreements (Non-Public)	331,420	(52,387)	279,033
Contracted Services - Joint Agreements (Special Education)	905,663	(40,207)	865,456
Contracted Services - Parent	-	88,300	88,300
Miscellaneous purchased services	57,401	(800)	56,601
Supplies and materials	9,100	-	9,100
Transportation supplies	708,810	(92,917)	615,893
Other Objects	11,070	1,158	12,228
Total Undist. Expend. - Student Transportation Serv.	<u>4,775,090</u>	<u>(62,859)</u>	<u>4,712,231</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
\$ 2,840,347	\$ 1,080
854,239	5,900
96,415	31,898
64,296	10,345
18,740	2,430
<u>3,874,037</u>	<u>51,653</u>
554,959	8,220
3,863	457
3,677	5,123
6,052	448
2,644	356
<u>571,195</u>	<u>14,604</u>
354,872	1
68,275	2,225
2,292	2,608
56,962	7,260
<u>482,401</u>	<u>12,094</u>
970,725	213,899
138,618	49,299
45	955
<u>1,109,388</u>	<u>264,153</u>
1,344,863	117,515
492,118	25,859
31,661	7,630
1,884,885	94,781
187,134	26,616
241,932	523
3,710	1,100
141,824	16,443
1,279,986	99,514
10,990	3,116
<u>5,619,103</u>	<u>393,097</u>
55,433	-
90,605	15,823
27,689	27,433
<u>173,727</u>	<u>43,256</u>
251,373	13,570
327,075	1,894
14,333	10,017
<u>592,781</u>	<u>25,481</u>
<u>7,494,999</u>	<u>725,987</u>
216,353	7,062
1,404,159	29,831
626,857	25,227
(644)	9,082
9,896	2,884
33,744	11,256
289,963	73,200
16,985	29,765
251,016	28,017
865,456	-
86,328	1,972
40,675	15,926
6,172	2,928
490,432	125,461
10,284	1,944
<u>4,347,676</u>	<u>364,555</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2015

C-1

	Original Budget	Budget Transfers	Final Budget
<b>UNALLOCATED BENEFITS</b>			
Social Security Contributions	\$ 900,000	\$ -	\$ 900,000
PERS Contribution	1,008,768	(82,173)	926,595
Unemployment Compensation	200,000	-	200,000
Workmen's Compensation	432,473	41,432	473,905
Health Benefits	13,314,470	(298,700)	13,015,770
Tuition Reimbursement	81,224	-	81,224
Other Employee Benefits	243,100	52,000	295,100
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>16,180,035</u>	<u>(287,441)</u>	<u>15,892,594</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>16,180,035</u>	<u>(287,441)</u>	<u>15,892,594</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>44,661,679</u>	<u>1,042,751</u>	<u>45,704,430</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>78,622,022</u>	<u>1,343,144</u>	<u>79,965,166</u>
<b>CAPITAL OUTLAY</b>			
<b>Equipment</b>			
Grades 6-8	4,440	-	4,440
Undistributed Expenditures - School Administration	2,000	6,110	8,110
Undistributed Expenditures - Business/Other Support Services	81,000	(28,000)	53,000
Undistributed Expenditures - Custodial and Maintenance	8,000	105,626	113,626
Undistributed Expenditures - Transportation	8,500	(3,515)	4,985
<b>Total Equipment</b>	<u>103,940</u>	<u>84,351</u>	<u>188,291</u>
<b>Facilities Acquisition and Construction Services</b>			
Construction Services	-	3,797,288	3,797,288
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>3,797,288</u>	<u>3,797,288</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
\$ 867,571	\$ 32,429
925,977	618
180,846	19,154
473,904	1
12,238,384	777,386
63,301	17,923
286,377	8,723
<u>15,036,360</u>	<u>856,234</u>
5,280,287	(5,280,287)
2,723,088	(2,723,088)
<u>8,003,375</u>	<u>(8,003,375)</u>
23,039,735	(7,147,141)
51,301,146	(5,596,716)
<u>85,042,500</u>	<u>(5,077,334)</u>
4,435	5
8,072	38
51,607	1,393
106,689	6,937
4,984	1
<u>179,917</u>	<u>8,374</u>
3,701,081	96,207
<u>3,701,081</u>	<u>96,207</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2015

C-1

	Original Budget	Budget Transfers	Final Budget
TOTAL CAPITAL OUTLAY	103,940	3,881,639	3,985,579
TOTAL EXPENDITURES	78,725,962	5,224,783	83,950,745
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,372,296)	(5,160,969)	(7,533,265)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(2,372,296)	(5,160,969)	(7,533,265)
Fund Balance, July 1	12,229,815	-	12,229,815
Fund Balance, June 30	\$ 9,857,519	\$ (5,160,969)	\$ 4,696,550

**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)

<u>Actual</u>	<u>Variance Final to Actual</u>
<u>3,880,998</u>	<u>104,581</u>
<u>88,923,498</u>	<u>(4,972,753)</u>
<u>(4,180,519)</u>	<u>3,352,746</u>
(4,180,519)	3,352,746
12,229,815	-
<u>\$ 8,049,296</u>	<u>\$3,352,746</u>

\$ 574,290
391,564
487,266
3,292,966
517,490
750,000
<u>2,035,720</u>
8,049,296
<u>(1,158,879)</u>
<u>\$ 6,890,417</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

C-2

	Original Budget	Budget Transfers
<b>REVENUES:</b>		
Federal Sources	\$ 1,429,685	\$ -
State Sources	209,465	-
Local Sources	39,214	-
<b>Total Revenues</b>	<b>1,678,364</b>	<b>-</b>
<b>EXPENDITURES:</b>		
Instruction		
Salaries of Teachers	56,844	-
Other Salaries for Instruction	122,859	-
Purchased Professional and Technical Services	27,811	-
Tuition	750,000	-
General Supplies	67,212	-
Textbooks	25,680	-
<b>Total Instruction</b>	<b>1,050,406</b>	<b>-</b>
Support Services		
Salaries of Other Professional Staff	12,725	-
Other Salaries	80,623	-
Personal Services - Employee Benefits	20,932	-
Purchased Professional - Educational Services	423,480	-
Other Purchased Professional Services	41,200	-
Other Purchased Services	9,499	-
Supplies & Materials	24,009	-
<b>Total Support Services</b>	<b>612,468</b>	<b>-</b>
Facilities Acquisition and Construction Services:		
Instructional Equipment	15,490	-
Noninstructional Equipment	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>15,490</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,678,364</b>	<b>-</b>
<b>Total Outflows</b>	<b>1,678,364</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, 2015

Final Budget	Actual	Variance Final to Actual
\$ 1,429,685	\$ 1,383,446	\$ (46,239)
209,465	169,623	(39,842)
39,214	39,181	(33)
<u>1,678,364</u>	<u>1,592,250</u>	<u>(86,114)</u>
56,844	56,844	-
122,859	122,807	52
27,811	20,895	6,916
750,000	745,995	4,005
67,212	65,502	1,710
25,680	24,394	1,286
<u>1,050,406</u>	<u>1,036,437</u>	<u>13,969</u>
12,725	11,541	1,184
80,623	80,622	1
20,932	20,793	139
423,480	362,710	60,770
41,200	34,035	7,165
9,499	8,694	805
24,009	23,157	852
<u>612,468</u>	<u>541,552</u>	<u>70,916</u>
15,490	14,261	1,229
-	-	-
<u>15,490</u>	<u>14,261</u>	<u>1,229</u>
<u>1,678,364</u>	<u>1,592,250</u>	<u>86,114</u>
<u>1,678,364</u>	<u>1,592,250</u>	<u>86,114</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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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	\$ 84,742,979	\$ 1,592,250
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(4,200)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,143,250	
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>(1,158,879)</u>	<u>-</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 84,727,350</u>	<u>\$ 1,588,050</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 88,923,498	\$ 1,592,250
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>(4,200)</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 88,923,498</u>	<u>\$ 1,588,050</u>

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.112%	0.114%
District's proportionate share of the net pension liability (asset)	\$ 20,924,067	\$ 21,821,179
District's covered-employee payroll	\$ 7,556,838	\$ 7,514,106
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276.89%	290.40%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 941,119	\$ 921,313	\$ 1,044,079
Contributions in relation to the contractually required contribution	<u>941,119</u>	<u>921,313</u>	<u>1,044,079</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,556,838	\$ 7,514,106	7,660,687
Contributions as a percentage of covered-employee payroll	12.45%	12.26%	13.63%

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHERS' PENSION AND ANNUITY FUND  
 LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.371%	0.370%
State's proportionate share of the net pension liability (asset) associated with the District	\$198,195,083	\$ 187,008,674
District's covered-employee payroll	\$ 37,025,512	\$ 36,267,687
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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

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**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to Required Supplementary Data - Part III**  
**For the Fiscal Year Ended June 30, 2015**

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**Teachers' Pension and Annuity Fund (TPAF)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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**OTHER SUPPLEMENTARY INFORMATION**

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**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.

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MARLBORO TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

E-1

	<u>Title I</u>	<u>Title II A</u>	<u>Title II A Carryover</u>	<u>Title III</u>	<u>Title III Immigrant</u>
<b>REVENUES:</b>					
Federal sources	\$ 145,965	\$ 82,404	\$ 12,744	\$ 18,038	\$ 6,927
State sources	-	-	-	-	-
Local sources	-	-	-	-	-
<b>Total Revenues</b>	<b>145,965</b>	<b>82,404</b>	<b>12,744</b>	<b>18,038</b>	<b>6,927</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	56,844	-	-	-	-
Other salaries for instruction	-	-	-	-	-
Purchased professional and technical services	10,500	-	-	-	-
Tuition	-	-	-	-	-
General supplies	25,846	284	1,969	4,076	1,228
Textbooks	-	-	-	-	-
<b>Total instruction</b>	<b>93,190</b>	<b>284</b>	<b>1,969</b>	<b>4,076</b>	<b>1,228</b>
Support Services:					
Salaries of other professional staff	6,757	-	-	4,784	-
Salaries of other staff	27,378	46,579	6,665	-	-
Personnel services - employee benefits	6,959	3,563	510	366	-
Supplies and materials	3,181	670	-	-	-
Purchased prof. - educ. services	8,500	22,864	3,600	-	-
Purchased technical services	-	-	-	-	-
Other purchased services	-	8,444	-	250	-
<b>Total support services</b>	<b>52,775</b>	<b>82,120</b>	<b>10,775</b>	<b>5,400</b>	<b>-</b>
Facilities acquisition and construction services:					
Instructional equipment	-	-	-	8,562	5,699
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,562</b>	<b>5,699</b>
<b>Total Expenditures</b>	<b>145,965</b>	<b>82,404</b>	<b>12,744</b>	<b>18,038</b>	<b>6,927</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, 2015

E-1

	I.D.E.A.				Non-Public	
	Basic	Carryover	Preschool	Carryover	Nursing	Textbook
<b>REVENUES:</b>						
Federal sources	\$ 1,007,292	\$ 50,956	\$ 59,120	\$ -	\$ -	\$ -
State sources	-	-	-	-	33,811	24,394
Local sources	-	-	-	-	-	-
<b>Total Revenues</b>	<b>1,007,292</b>	<b>50,956</b>	<b>59,120</b>	<b>-</b>	<b>33,811</b>	<b>24,394</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers	-	-	-	-	-	-
Other salaries for instruction	122,807	-	-	-	-	-
Purchased professional and technical services	10,395	-	-	-	-	-
Tuition	745,995	-	-	-	-	-
General supplies	19,406	-	-	-	-	-
Textbooks	-	-	-	-	-	24,394
<b>Total instruction</b>	<b>898,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,394</b>
Support Services:						
Salaries of other professional staff	-	-	-	-	-	-
Salaries of other staff	-	-	-	-	-	-
Personnel services - employee benefits	9,395	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Purchased prof. - educ. services	99,294	50,956	59,120	-	-	-
Purchased technical services	-	-	-	-	33,811	-
Other purchased services	-	-	-	-	-	-
<b>Total support services</b>	<b>108,689</b>	<b>50,956</b>	<b>59,120</b>	<b>-</b>	<b>33,811</b>	<b>-</b>
Facilities acquisition and construction services:						
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>1,007,292</b>	<b>50,956</b>	<b>59,120</b>	<b>-</b>	<b>33,811</b>	<b>24,394</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, 2015

E-1

	Non-Public	Chapter 192 Nonpublic		Chapter 193 Nonpublic			
	Tech Aid	Comp. Ed.	ESL	Transportation	Classification	Speech	Instruction
REVENUES:							
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	12,693	22,451	2,741	-	29,177	24,738	19,618
Local sources	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>12,693</b>	<b>22,451</b>	<b>2,741</b>	<b>-</b>	<b>29,177</b>	<b>24,738</b>	<b>19,618</b>
EXPENDITURES:							
Instruction:							
Salaries of teachers	-	-	-	-	-	-	-
Other salaries for instruction	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-
General supplies	12,693	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	-
<b>Total instruction</b>	<b>12,693</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Support Services:							
Salaries of other professional staff	-	-	-	-	-	-	-
Salaries other staff	-	-	-	-	-	-	-
Personnel services - employee benefits	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-
Purchased prof. - educ. services	-	22,451	2,741	-	29,177	24,738	19,618
Purchased technical services	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-
<b>Total support services</b>	<b>-</b>	<b>22,451</b>	<b>2,741</b>	<b>-</b>	<b>29,177</b>	<b>24,738</b>	<b>19,618</b>
Facilities acquisition and construction services:							
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>12,693</b>	<b>22,451</b>	<b>2,741</b>	<b>-</b>	<b>29,177</b>	<b>24,738</b>	<b>19,618</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

E-1

	Other Local Grants				Total 2015
	Middle Schools	Elementary Schools	Transportation	Foundation	
REVENUES:					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 1,383,446
State sources	-	-	-	-	169,623
Local sources	-	467	17,110	21,604	39,181
<b>Total Revenues</b>	<b>-</b>	<b>467</b>	<b>17,110</b>	<b>21,604</b>	<b>1,592,250</b>
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	-	-	-	56,844
Other salaries for instruction	-	-	-	-	122,807
Purchased professional and technical services	-	-	-	-	20,895
Tuition	-	-	-	-	745,995
General supplies	-	-	-	-	65,502
Textbooks	-	-	-	-	24,394
<b>Total instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,036,437</b>
Support Services:					
Salaries of other professional staff	-	-	-	-	11,541
Salaries other staff	-	-	-	-	80,622
Personnel services - employee benefits	-	-	-	-	20,793
Supplies and materials	-	467	17,110	1,729	23,157
Purchased prof. - educ. services	-	-	-	19,651	362,710
Purchased technical services	-	-	-	224	34,035
Other purchased services	-	-	-	-	8,694
<b>Total support services</b>	<b>-</b>	<b>467</b>	<b>17,110</b>	<b>21,604</b>	<b>541,552</b>
Facilities acquisition and construction services:					
Instructional equipment	-	-	-	-	14,261
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,261</b>
<b>Total Expenditures</b>	<b>-</b>	<b>467</b>	<b>17,110</b>	<b>21,604</b>	<b>1,592,250</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other	\$ -	\$ -	\$ -	\$ -	\$ -

**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.

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MARLBORO TOWNSHIP BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROJECT DESCRIPTION	APPROVAL DATE	REVISED BUDGETARY APPROPRIATIONS	EXPENDITURES PRIOR YEARS	TRANSFERS PRIOR YEAR	TRANSFERS CURRENT YEAR	UNEXPENDED BALANCE 06/30/15
Classroom Addition - Defino Central	03/16/10	\$ 2,552,605	\$ 2,426,324	\$ 126,281	\$ -	\$ -
Administrative Office Renovations - Defino Central	03/16/10	615,141	581,561	33,580	-	-
		<u>\$ 3,167,746</u>	<u>\$ 3,007,885</u>	<u>\$ 159,861</u>	<u>\$ -</u>	<u>\$ -</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION

CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY  
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES AND OTHER FINANCING SOURCES:

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

EXPENDITURES AND OTHER FINANCING USES:

Purchased Professional and technical services	-
Construction services	<u>-</u>
 Total Expenditures	 <u>-</u>
 Excess (Deficiency) of revenues over (under) expenditures	 <u><u>\$ -</u></u>

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, 2015

F-2a

	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
<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
<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	<u>\$ 126,281</u>	<u>\$ -</u>	126,281	<u>\$ -</u>
<b>OTHER FINANCING USES:</b>				
Transfer to Debt Service Fund - Prior Year			(102,541)	
Transfer to Capital Reserve - Prior Year			<u>(23,740)</u>	
<b>FUND BALANCE JUNE 30, 2015</b>			<u><u>\$ -</u></u>	

**ADDITIONAL PROJECT INFORMATION:**

Project Number	3030-030-09-1002
Grant Date/Letter of Notification	11/05/09
Bond Authorization/Referendum Date	09/29/09
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	12/31/10
Revised Target Completion Date	03/31/12

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## FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

**Private Purpose Unemployment Compensation/Insurance Trust Fund** - This fiduciary fund is Used to account for unemployment remittance transactions of the School District.

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.

**Flexible Spending** - This agency fund is used to account for the flexible spending accounts held By the School District.

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MARLBORO TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

	Private Purpose	Agency Funds			Unemployment	Totals
	Trust Fund	Student	Payroll and	Flexible	Compensation	
	Scholarship	Activity	Payroll Agency	Spending	Insurance Trust	
	Fund					
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 677	\$ 89,996	\$ 407,805	\$ 33,095	\$ 300,953	\$ 832,526
<b>LIABILITIES:</b>						
Payroll deductions and withholdings	\$ -	\$ -	\$ 407,805	\$ 33,095	\$ -	\$ 440,900
Due to student groups	-	89,996	-	-	-	89,996
Total liabilities	-	89,996	407,805	33,095	-	530,896
<b>NET POSITION:</b>						
Reserved for unemployment claims	-	-	-	-	300,953	300,953
Reserved for scholarships	677	-	-	-	-	677
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 677</b>	<b>\$ 89,996</b>	<b>\$ 407,805</b>	<b>\$ 33,095</b>	<b>\$ 300,953</b>	<b>\$ 832,526</b>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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:					
Employee unemployment contributions	\$ -	\$ -	\$ -	\$ -	\$ 85,000
Total additions	-	-	-	-	85,000
DEDUCTIONS:					
Scholarships	-	135	200	335	-
Unemployment compensation assessments	-	-	-	-	18,263
Total deductions	-	135	200	335	18,263
CHANGE IN NET POSITION	-	(135)	(200)	(335)	66,737
NET POSITION, July 1	359	138	515	1,012	234,216
NET POSITION, June 30	<u>\$ 359</u>	<u>\$ 3</u>	<u>\$ 315</u>	<u>\$ 677</u>	<u>\$ 300,953</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN AGENCY FUND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

H-3

	<u>Student Activity</u>	<u>Flexible Spending</u>	<u>Payroll and Payroll Agency</u>	<u>Totals</u>
ADDITIONS:				
Local sources:				
Student fees and collections	\$ 304,272	\$ -	\$ -	\$ 304,272
Net Payroll	-	-	28,892,034	28,892,034
Employee withholdings	-	46,654	24,780,314	24,826,968
Total additions	<u>304,272</u>	<u>46,654</u>	<u>53,672,348</u>	<u>54,023,274</u>
DEDUCTIONS:				
Student activity payments	298,638	-	-	298,638
Net Payroll	-	-	28,892,034	28,892,034
Payroll related payments	-	38,622	24,849,607	24,888,229
Total deductions	<u>298,638</u>	<u>38,622</u>	<u>53,741,641</u>	<u>54,078,901</u>
CHANGE IN LIABILITIES	<u>5,634</u>	<u>8,032</u>	<u>(69,293)</u>	<u>(55,627)</u>
LIABILITIES, July 1	<u>84,362</u>	<u>25,063</u>	<u>477,098</u>	<u>586,523</u>
LIABILITIES, June 30	<u>\$ 89,996</u>	<u>\$ 33,095</u>	<u>\$ 407,805</u>	<u>\$ 530,896</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 STUDENT ACTIVITY AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

H-4

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
Asher Holmes	\$ 7,304	\$ 15,794	\$ 15,451	\$ 7,647
Frank J. Dugan Elementary	4,186	12,964	12,565	4,585
Frank Defino Central Elementary	6,620	12,720	11,607	7,733
Marlboro Early Learning Center	5,066	718	1,160	4,624
Marlboro Elementary	6,246	21,292	21,801	5,737
Marlboro Memorial Middle School	10,285	112,290	108,138	14,437
Marlboro Middle School	38,051	122,372	121,685	38,738
Robertsville Elementary	6,604	6,122	6,231	6,495
	<u>84,362</u>	<u>304,272</u>	<u>298,638</u>	<u>89,996</u>
Total all schools	<u>\$ 84,362</u>	<u>\$ 304,272</u>	<u>\$ 298,638</u>	<u>\$ 89,996</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

H-5

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>ASSETS:</b>				
Cash - Payroll	\$ -	\$ 28,892,034	\$ 28,892,034	\$ -
Cash - Payroll Agency	477,098	24,780,314	24,849,607	407,805
Cash - Flexible Spending	25,063	46,654	38,622	33,095
<b>TOTAL ASSETS</b>	<b>\$ 502,161</b>	<b>\$ 53,719,002</b>	<b>\$ 53,780,263</b>	<b>\$ 440,900</b>
<b>LIABILITIES:</b>				
Net Payroll	\$ -	\$ 28,892,034	\$ 28,892,034	\$ -
Payroll deductions and withholdings	502,161	24,826,968	24,888,229	440,900
<b>TOTAL LIABILITIES</b>	<b>\$ 502,161</b>	<b>\$ 53,719,002</b>	<b>\$ 53,780,263</b>	<b>\$ 440,900</b>

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**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, 2015

I-1

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
Refunding Bonds- 2011 Issue	04/19/11	\$ 4,990,000	07/15/15	\$ 990,000	4.00%
			07/15/16	930,000	4.00%
Refunding Bonds - 2013 Issue	03/26/13	18,700,000	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%

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS PAYABLE (CONTINUED)  
 AS OF JUNE 30, 2015

July 1, 2014	Issued	Decreased	June 30, 2015
\$ 2,935,000	\$ -	\$ 1,015,000	\$ 1,920,000
18,270,000	-	385,000	17,885,000
\$ 21,205,000	\$ -	\$ 1,400,000	\$ 19,805,000

MARLBORO TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 AS OF JUNE 30, 2015

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2014	Additions Current Year	Retired Current Year	Balance June 30, 2015
2011 Buses - 4 2011 Van -1	2.95%	\$ 349,062	\$ 67,123	\$ -	\$ 67,123	\$ -
2012 Buses - 4 2012 Van -1	2.90%	349,686	138,650	-	71,268	67,382
2013 Buses - 4	2.30%	352,980	211,805	-	69,002	142,803
2013 Vans - 2	3.80%	106,416	53,166	-	26,051	27,115
2014 16 Passenger Bus - 2	2.00%	103,842	77,173	-	25,217	51,956
2014 - 20 Passenger Bus - 1	4.20%	62,468	45,854	-	14,647	31,207
			<u>\$ 593,771</u>	<u>\$ -</u>	<u>\$ 273,308</u>	<u>\$ 320,463</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 3,849,426	\$ -	\$ 3,849,426	\$ 3,849,426	\$ -
Total revenues - local sources	<u>3,849,426</u>	<u>-</u>	<u>3,849,426</u>	<u>3,849,426</u>	<u>-</u>
State sources:					
Debt service aid type II	670,433	-	670,433	670,433	-
Total state sources	<u>670,433</u>	<u>-</u>	<u>670,433</u>	<u>670,433</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>4,519,859</u>	<u>-</u>	<u>4,519,859</u>	<u>4,519,859</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular debt service:					
Interest	400,326	-	400,326	400,325	1
Redemption of principal	4,235,000	-	4,235,000	4,235,000	-
Total regular debt service	<u>4,635,326</u>	<u>-</u>	<u>4,635,326</u>	<u>4,635,325</u>	<u>1</u>
<b>TOTAL EXPENDITURES</b>	<u>4,635,326</u>	<u>-</u>	<u>4,635,326</u>	<u>4,635,325</u>	<u>1</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(115,467)</u>	<u>-</u>	<u>(115,467)</u>	<u>(115,466)</u>	<u>1</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in - from capital projects fund	-	-	-	-	-
Sources (Uses) of Refunding Issue:					
Par amount of bonds	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES</b>	<u>(115,467)</u>	<u>-</u>	<u>(115,467)</u>	<u>(115,466)</u>	<u>1</u>
<b>FUND BALANCES, July 1</b>	<u>115,467</u>	<u>-</u>	<u>115,467</u>	<u>115,467</u>	<u>-</u>
<b>FUND BALANCES, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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# STATISTICAL SECTION (UNAUDITED)

## CONTENTS

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

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## **FINANCIAL TRENDS INFORMATION**

Financial trends information is intended to assist users in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial position and the respective changes.

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**MARLBORO TOWNSHIP BOARD OF EDUCATION**

**Net Assets by Component,  
Last Ten Fiscal Years**

Unaudited

(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Governmental activities</b>										
Net investment in capital assets	\$ 24,168,293	\$ 25,511,039	\$ 27,432,967	\$ 29,148,937	\$ 33,110,689	\$ 33,753,591	\$ 35,261,244	\$ 33,963,210	\$ 42,859,895	
Restricted	659,711	3,119,132	2,461,742	2,834,929	5,168,518	8,358,487	10,326,308	4,519,095	4,746,088	
Unrestricted	1,904,426	3,295,719	5,111,885	5,721,472	1,811,362	3,992,694	(555,386)	7,517,414	(21,372,114)	
<b>Total governmental activities net position</b>	<b>\$ 26,732,430</b>	<b>\$ 31,925,890</b>	<b>\$ 36,876,436</b>	<b>\$ 37,705,338</b>	<b>\$ 40,090,569</b>	<b>\$ 46,104,772</b>	<b>\$ 45,032,166</b>	<b>\$ 45,999,719</b>	<b>\$ 26,233,869</b>	
<b>Business-type activities</b>										
Net investment in capital assets	\$ 149,129	\$ 142,758	\$ 187,073	\$ 217,395	\$ 314,975	\$ 346,104	\$ 327,170	\$ 356,607	\$ 345,397	
Restricted	-	-	-	-	-	-	-	-	-	
Unrestricted	281,995	333,633	370,219	367,741	293,031	275,783	332,455	316,850	326,063	
<b>Total business-type activities net position</b>	<b>\$ 431,124</b>	<b>\$ 476,391</b>	<b>\$ 557,292</b>	<b>\$ 585,136</b>	<b>\$ 608,006</b>	<b>\$ 621,887</b>	<b>\$ 659,625</b>	<b>\$ 673,457</b>	<b>\$ 671,460</b>	
<b>District-wide</b>										
Net investment in capital assets	\$ 24,317,422	\$ 25,653,797	\$ 27,620,040	\$ 29,366,332	\$ 33,425,664	\$ 34,099,695	\$ 35,588,414	\$ 34,319,817	\$ 43,205,292	
Restricted	659,711	3,119,132	2,461,742	2,834,929	5,168,518	8,358,487	10,326,308	4,519,095	4,746,088	
Unrestricted	2,186,421	3,629,352	5,482,104	6,089,213	2,104,393	4,268,477	(222,931)	7,834,264	(21,046,051)	
<b>Total district net position</b>	<b>\$ 27,163,554</b>	<b>\$ 32,402,281</b>	<b>\$ 37,433,728</b>	<b>\$ 38,290,474</b>	<b>\$ 40,698,575</b>	<b>\$ 46,726,659</b>	<b>\$ 45,691,791</b>	<b>\$ 46,673,176</b>	<b>\$ 26,905,329</b>	

Source: CAFR Schedule A-1

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 30,511,666	\$ 34,457,788	\$ 35,899,991	\$ 35,308,166	\$ 34,028,149	\$ 32,511,657	\$ 33,531,658	\$ 35,852,547	\$ 35,881,684	\$ 38,812,737
Special education	8,511,574	9,972,189	10,964,321	11,414,671	12,445,136	12,415,997	12,042,092	12,785,736	13,183,818	15,383,599
Other instruction	2,987,659	2,774,427	3,244,359	3,305,976	3,626,480	3,262,333	3,301,696	3,582,539	2,933,164	3,899,995
Nonpublic school programs	229,936	261,488	271,569	306,156	255,014	195,449	203,155	172,750	157,033	169,623
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,844,767	1,987,689	1,946,971	2,262,184	2,749,383	2,357,797	2,368,247	1,912,991	2,002,297	2,146,011
Student & instruction related services	6,536,812	7,198,198	7,659,313	7,485,130	10,702,326	9,982,798	10,087,917	9,653,363	10,450,249	12,185,012
General administrative services	1,528,939	1,480,237	1,578,702	1,885,771	1,831,079	1,759,871	1,790,584	2,332,646	1,915,430	2,067,140
School administrative services	4,044,922	4,344,941	4,515,216	4,616,520	4,863,100	4,630,066	4,797,935	5,327,474	5,423,443	6,087,140
Business administrative services	886,325	1,020,132	1,057,046	1,086,758	1,194,106	1,157,915	1,162,287	1,500,784	1,366,947	1,651,141
Plant operations and maintenance	7,240,068	6,144,611	7,232,977	7,361,475	7,428,730	8,127,879	7,232,758	7,482,966	8,762,802	8,867,078
Pupil transportation	4,763,022	5,725,190	6,235,612	5,638,865	5,857,276	5,409,724	4,579,899	5,096,709	5,242,739	5,813,977
Interest on long-term debt	2,327,131	2,202,154	2,071,966	1,938,285	1,802,323	2,084,198	1,955,197	900,164	489,239	319,931
Total governmental activities expenses	<u>71,412,821</u>	<u>77,569,044</u>	<u>82,668,043</u>	<u>82,609,957</u>	<u>86,783,102</u>	<u>83,895,684</u>	<u>83,053,425</u>	<u>86,600,669</u>	<u>87,808,845</u>	<u>97,403,384</u>
Business-type activities:										
Food service	1,440,370	1,430,045	1,375,010	1,418,879	1,429,310	1,345,952	1,334,350	1,325,245	1,327,727	1,334,342
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>1,440,370</u>	<u>1,430,045</u>	<u>1,375,010</u>	<u>1,418,879</u>	<u>1,429,310</u>	<u>1,345,952</u>	<u>1,334,350</u>	<u>1,325,245</u>	<u>1,327,727</u>	<u>1,334,342</u>
Total district expenses	<u>\$ 72,853,191</u>	<u>\$ 78,999,089</u>	<u>\$ 84,043,053</u>	<u>\$ 84,028,836</u>	<u>\$ 88,212,412</u>	<u>\$ 85,241,636</u>	<u>\$ 84,387,775</u>	<u>\$ 87,925,914</u>	<u>\$ 89,136,572</u>	<u>\$ 98,737,726</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,578	\$ 792,518	\$ 709,437	\$ 701,446
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	6,295,117	8,845,572	8,865,939	6,729,314	7,921,913	7,450,835	8,611,870	10,214,131	8,968,290	15,722,047
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>6,295,117</u>	<u>8,845,572</u>	<u>8,865,939</u>	<u>6,729,314</u>	<u>7,921,913</u>	<u>7,450,835</u>	<u>9,179,448</u>	<u>11,006,649</u>	<u>9,677,727</u>	<u>16,423,493</u>

(Continued)

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type activities:</b>										
Charges for services	1,275,751	1,270,813	1,192,235	1,219,451	1,213,277	1,151,206	1,100,313	1,077,688	1,072,939	1,107,644
Food service	-	-	-	-	-	-	-	-	-	-
Child care	164,619	204,499	226,799	236,305	243,878	217,616	247,918	285,295	268,620	224,701
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,440,370	1,475,312	1,419,034	1,455,756	1,457,155	1,368,822	1,348,231	1,362,983	1,341,559	1,332,345
Total business type activities program revenues	\$ 7,735,487	\$ 10,320,884	\$ 10,284,973	\$ 8,185,070	\$ 9,379,068	\$ 8,819,657	\$ 10,527,679	\$ 12,369,632	\$ 11,019,286	\$ 17,755,838
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (65,117,704)	\$ (68,723,472)	\$ (73,802,104)	\$ (75,880,643)	\$ (78,861,189)	\$ (76,444,849)	\$ (73,873,977)	\$ (75,594,020)	\$ (78,131,118)	\$ (80,979,891)
Business-type activities	33,931	45,267	44,024	36,877	27,845	22,870	13,881	37,738	13,832	(1,997)
Total district-wide net expense	\$ (65,083,773)	\$ (68,678,205)	\$ (73,758,080)	\$ (75,843,766)	\$ (78,833,344)	\$ (76,421,979)	\$ (73,860,096)	\$ (75,556,282)	\$ (78,117,286)	\$ (80,981,888)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 51,353,120	\$ 58,113,855	\$ 59,994,128	\$ 61,465,408	\$ 62,027,882	\$ 63,824,547	\$ 63,521,724	\$ 62,003,011	\$ 62,607,136	\$ 63,742,279
Taxes levied for debt service	3,920,588	3,907,125	3,974,858	3,983,644	3,978,195	4,106,153	4,108,601	3,988,230	3,881,857	3,849,426
Unrestricted grants and contributions	10,318,140	10,973,282	11,287,436	12,345,344	13,113,360	10,306,086	11,791,157	11,741,062	12,230,385	15,176,417
Investment earnings	340,353	582,983	517,571	271,429	58,672	8,873	7,990	4,722	2,299	1,238
Miscellaneous income	212,717	339,687	359,533	429,241	500,437	584,421	458,708	287,533	376,994	265,860
Loss on disposal of equipment	(71,110)	-	-	-	-	-	-	-	-	-
Total governmental activities	66,073,808	73,916,932	76,133,526	78,495,066	79,678,546	78,830,080	79,888,180	78,024,558	79,098,671	83,035,220
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 66,073,808	\$ 73,916,932	\$ 76,133,526	\$ 78,495,066	\$ 79,678,546	\$ 78,830,080	\$ 79,888,180	\$ 78,024,558	\$ 79,098,671	\$ 83,035,220
<b>Change in Net Position</b>										
Governmental activities	\$ 956,104	\$ 5,193,460	\$ 2,331,422	\$ 2,614,423	\$ 817,358	\$ 2,385,231	\$ 6,014,203	\$ 2,430,538	\$ 967,553	\$ 2,055,329
Business-type activities	33,931	45,267	44,024	36,877	27,845	22,870	13,881	37,738	13,832	(1,997)
Total district	\$ 990,035	\$ 5,238,727	\$ 2,375,446	\$ 2,651,300	\$ 845,203	\$ 2,408,101	\$ 6,028,084	\$ 2,468,276	\$ 981,385	\$ 2,053,332

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,185,510	\$ 3,733,851	\$ 3,584,202	\$ 4,617,877	\$ 3,023,931	\$ 4,740,655	\$ 10,300,412	\$ 10,183,855	\$ 4,795,192	\$ -
Restricted						235,044	403,012	789,215	4,503,346	4,746,086
Committed						943,127	630,660	500,000	992,624	517,490
Assigned						1,032,120	784,573	660,052	795,403	750,000
Unassigned	1,065,632	2,416,277	2,729,921	2,792,425	2,612,112	-	-	-	-	876,841
Unreserved	2,251,142	6,150,128	6,314,123	7,410,302	5,636,043	6,950,946	12,118,657	12,133,122	11,086,565	6,890,417
Total general fund										
All Other Governmental Funds										
Reserved	\$ 18,150	\$ 29,736	\$ -	\$ -	\$ 64,125	\$ 192,819	\$ 72,663	\$ 118,713	\$ -	\$ -
Restricted						111,066	159,861	23,740	115,467	1
Assigned						-	-	-	-	-
Unreserved, reported in:										
Capital projects fund	2,134,708	2,027,799	2,039,290	2,033,165	2,856,232	-	-	-	-	-
Debt service fund	67,851	1	1	2	1	-	-	-	-	-
Total all other governmental funds	\$ 2,220,709	\$ 2,057,536	\$ 2,039,291	\$ 2,033,167	\$ 2,920,358	\$ 303,885	\$ 232,524	\$ 142,453	\$ 115,467	\$ 1

Source: CAFR Schedule B-1

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Changes in Fund Balances, Governmental Funds,**

Unaudited  
 Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 55,273,708	\$ 62,020,980	\$ 63,968,986	\$ 65,449,052	\$ 66,006,077	\$ 67,930,700	\$ 67,630,325	\$ 65,991,241	\$ 66,488,993	\$ 67,591,705
Tuition charges	33,670	33,585	30,150	59,593	158,157	161,226	457,329	681,099	596,323	585,678
Interest earnings	340,353	582,983	517,571	271,429	58,672	8,873	7,980	4,722	2,289	1,238
Miscellaneous	179,047	306,102	329,393	369,648	342,280	413,139	588,957	439,017	490,108	416,609
State sources	15,265,223	17,606,455	18,031,568	17,600,515	17,535,677	15,977,505	18,587,145	20,540,165	19,816,041	20,849,007
Federal sources	1,347,995	1,391,308	1,424,026	1,474,143	3,499,596	1,779,415	1,815,326	1,374,962	1,382,634	1,391,022
Total revenue	72,439,996	81,941,413	84,301,694	85,224,380	87,800,459	86,270,658	88,067,072	89,031,206	88,776,398	90,835,259
<b>Expenditures</b>										
Instruction										
Regular instruction	28,859,280	32,427,980	33,790,512	33,440,521	32,033,387	30,484,135	31,277,541	34,507,618	33,143,569	33,169,906
Special education instruction	8,444,880	9,904,445	10,884,829	11,344,419	12,373,718	12,342,341	11,966,246	12,734,860	13,100,162	13,762,862
Other instruction	2,987,659	2,774,427	3,244,359	3,305,976	3,626,480	3,262,333	3,301,696	3,582,539	2,933,164	3,482,093
Nonpublic school programs	229,936	261,488	271,569	306,156	255,014	196,449	203,155	172,750	157,033	169,623
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,844,767	1,987,689	1,946,971	2,262,184	2,749,383	2,357,797	2,322,438	1,837,754	2,002,297	2,146,011
Student & instruction related services	6,462,702	7,122,922	7,592,094	7,407,067	10,622,967	9,900,953	10,003,638	9,596,830	10,357,292	10,877,061
General administrative services	1,543,964	1,480,237	1,578,702	1,885,771	1,831,079	1,759,871	1,790,584	2,127,575	1,915,430	1,961,794
School Administrative services	3,996,470	4,297,758	4,466,816	4,567,591	4,813,358	4,578,766	4,745,110	5,671,913	5,534,629	5,635,859
Business administrative services	886,325	1,020,132	1,057,046	1,194,106	1,194,106	1,157,915	1,162,287	1,500,784	1,386,947	1,487,463
Plant operations and maintenance	7,366,163	6,144,611	7,232,977	7,361,475	7,428,730	8,127,879	7,232,758	7,482,966	8,762,802	8,490,966
Pupil transportation	5,252,842	5,725,190	6,235,612	6,086,745	6,256,927	5,789,421	4,947,471	5,119,521	5,264,514	5,432,651
Unallocated employee benefits	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	675,866	725,399	1,498,616	682,674	914,666	3,287,789	556,890	568,174	862,739	3,895,259
Debt service:										
Principal	2,435,000	2,560,000	2,700,000	2,855,000	2,995,000	3,155,000	3,385,000	3,510,000	4,105,000	4,235,000
Interest and other charges	2,327,131	2,202,154	2,071,966	1,938,285	1,802,323	1,656,841	1,379,785	1,264,963	510,673	400,325
Total expenditures	73,314,985	78,634,432	84,562,069	84,530,622	88,897,138	88,056,490	84,320,408	89,743,484	90,016,251	95,146,873
Excess (Deficiency) of revenues over (under) expenditures	(874,989)	3,306,981	(260,375)	693,758	(1,296,679)	(1,785,632)	4,746,664	(712,278)	(1,239,853)	(4,311,614)
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	314,080	428,832	406,125	391,608	398,067	349,062	349,686	459,396	166,310	-
Par amount of bonds	-	-	-	-	-	4,990,000	-	18,700,000	-	-
Original issue premium	-	-	-	-	-	289,424	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	(5,188,234)	-	(18,522,724)	-	-
Costs of issuance	-	-	-	-	-	(91,190)	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Transfers in	99,093	111,272	81,980	32,352	4,725,242	2,169,620	6,405	136,121	23,740	-
Transfers out	(99,093)	(111,272)	(81,980)	(32,352)	(2,692,077)	(2,034,620)	(6,405)	(23,740)	(23,740)	-
Total other financing sources (uses)	314,080	428,832	406,125	391,608	2,431,232	484,062	349,686	636,672	166,310	-
Net change in fund balances	\$ (560,909)	\$ 3,735,813	\$ 145,750	\$ 1,085,966	\$ 1,134,553	\$ (1,301,570)	\$ 5,096,360	\$ (75,606)	\$ (1,073,543)	\$ (4,311,614)
Debt service as a percentage of noncapital expenditures	6.6%	6.1%	5.7%	5.7%	5.5%	5.7%	5.7%	5.4%	5.2%	5.1%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Interest on Capital Reserve	Tuition Revenue	Rentals	Contributions	Student Fees	Misc.	Total
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
2014	2,183	116	596,323	76,753	61,856	113,114	214,691	1,065,036
2015	1,192	46	585,678	82,811	38,498	115,768	144,551	968,544

Source: District Records

## **REVENUE CAPCAITY INFORMATION**

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenue. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenue.

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**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.	Clarm	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)
2006	59,314,400	2,776,197,500	16,205,900	783,750	179,117,800	42,131,400	2,985,200	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
2014	77,822,900	6,099,931,774	35,205,200	1,036,800	428,732,400	84,673,900	18,619,900	6,746,022,874	0	-	6,746,022,874	1.002	7,014,335,162
2015	69,839,100	6,439,597,624	37,757,200	1,094,700	444,223,200	82,478,300	21,756,900	7,096,747,024	0	-	7,096,747,024	1.014	7,224,893,419

Source: District records tax list summary & municipal tax assessor.

**Note:** Real property is required to be assessed at some percentage of true value (fiar or markket value) established by each county board of taxation. In 2009-10 the township was reassessed, which occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

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

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

Fiscal Year Ended June 30,	Marlboro Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Freehold Regional School District	Marlboro Township	Library/Other	
2006	1.886	0.127	2.013	0.834	0.553	0.032	4.037
2007	1.916	0.127	2.043	0.851	0.564	0.032	4.099
2008	1.946	0.127	2.073	0.843	0.587	0.033	4.129
2009	1.943	0.127	2.070	0.827	0.608	0.033	4.144
2010	0.922	0.058	0.980	0.388	0.307	0.015	1.979
2011	0.922	0.059	0.981	0.395	0.320	0.016	2.004
2012	0.898	0.058	0.956	0.403	0.348	0.016	2.018
2013	0.928	0.057	0.985	0.433	0.360	0.028	2.105
2014	0.945	0.057	1.002	0.447	0.387	0.024	2.163
2015	0.958	0.056	1.014	0.445	0.366	0.021	2.142

Source: District Records and Municipal Tax Collector

**Note:**

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

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

**c** The decrease in 2009-10 is attributed to a reassessment the township was ordered to have done by the County Board of Taxation.

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

Taxpayer	2015			2006		
	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	\$ 38,624,200	1	0.54%	\$ 20,897,800	1	6.94%
Union Hill Nine	30,549,100	2	0.43%	16,704,700	2	5.55%
T M C Marlboro	22,500,000	3	0.32%	13,624,200	3	4.52%
American Plaza (Costco)	20,927,500	4	0.29%	-		
CRP Royal Pines, LLC	14,521,100	5	0.20%	-		
Marlboro Commons LLC	12,713,100	6	0.18%			
Marlboro Lowe's Retail Center	12,501,900	7	0.18%	9,058,400	4	3.00%
Brooks Edge Plaza, LLC	11,697,300	8	0.16%	-		0.00%
Triangle Business Park LLC	11,043,800	9	0.16%			
Lucas Development L.L.C.	8,801,500	10	0.12%			
BTS Marlboro	-			5,937,900	6	1.97%
Sunrise Assisted Living	-			6,384,400	5	2.12%
Verizon	-			5,464,700	7	1.81%
Kara Homes	-			5,176,020	8	1.72%
Exclusive Plaza	-			5,172,700	9	1.72%
				4,155,800	10	1.38%
<b>Total</b>	<b>\$ 183,879,500</b>		<b>2.59%</b>	<b>\$ 92,576,620</b>		<b>30.73%</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	
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	65,991,241	65,991,241	100.00%	-
2014	66,488,993	66,488,993	100.00%	-
2015	67,591,705	67,591,705	100.00%	-

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

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

## **DEBT CAPACITY INFORMATION**

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2006	48,050,000	-	732,339	-	-	48,782,339	54,823
2007	45,490,000	-	701,003	-	-	46,191,003	58,503
2008	42,790,000	-	756,040	-	-	43,546,040	59,215
2009	39,935,000	-	733,804	-	-	40,668,804	56,965
2010	36,940,000	-	732,220	-	-	37,672,220	57,387
2011	33,710,000	-	701,585	-	-	34,411,585	59,875
2012	30,325,000	-	683,699	-	-	31,008,699	61,997
2013	28,145,000	-	763,222	-	-	28,908,222	62,901
2014	24,040,000	-	593,771	-	-	24,633,771	63,748
2015	19,805,000	-	320,463	-	-	20,125,463	64,606

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

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

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

**MARLBORO TOWNSHIP BOARD OF EDUCATION**  
**Ratios of Net General Bonded Debt Outstanding**  
**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		
2006	48,050,000	-	48,050,000	1.56%	54,823
2007	45,490,000	-	45,490,000	1.45%	58,508
2008	42,790,000	-	42,790,000	1.36%	59,215
2009	39,935,000	-	39,935,000	1.25%	56,965
2010	36,940,000	-	36,940,000	0.53%	57,387
2011	33,710,000	-	33,710,000	0.49%	59,875
2012	30,325,000	-	30,325,000	0.44%	61,997
2013	28,145,000	-	28,145,000	0.42%	62,901
2014	24,040,000	-	24,040,000	0.36%	63,748
2015	19,805,000	-	19,805,000	0.28%	64,606

**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, 2015**  
**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	\$ 37,163,604	100.00000%	\$ 37,163,604
<b>Other debt</b>			
Marlboro Township Water Utility	22,957,846	100.00000%	22,957,846
Marlboro Township Swim Utility	1,264,000	100.00000%	1,264,000
Western Monmouth Utility Authority	10,386,254	49.5295%	5,144,255
Freehold Regional High School	23,540,000	24.3162%	5,724,028
Monmouth County	454,689,897	6.4048%	29,122,149
Subtotal, overlapping debt			101,375,882
<b>Marlboro Township School District Direct Debt</b>			<u>19,805,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 121,180,882</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 2015**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 172,462,928	\$ 194,120,482	\$ 213,784,321	\$ 226,415,376	\$ 230,949,545	\$ 228,818,338	\$ 218,239,335	\$ 217,289,143	\$ 212,938,098	\$ 212,525,058
Total net debt applicable to limit	48,050,000	45,490,000	42,790,000	39,935,000	36,940,000	33,710,000	30,325,000	28,145,000	24,040,000	19,805,000
Legal debt margin	\$ 124,412,928	\$ 148,630,482	\$ 170,994,321	\$ 186,480,376	\$ 194,009,545	\$ 195,108,338	\$ 187,914,335	\$ 189,144,143	\$ 188,898,098	\$ 192,720,058
Total net debt applicable to the limit as a percentage of debt limit	27.86%	23.43%	20.02%	17.64%	15.99%	14.73%	13.90%	12.95%	11.29%	9.32%

	2015	2014	2013
Equalized valuation basis	\$ 7,224,893,419	\$ 7,014,335,162	\$ 7,013,277,224
[A]	\$ 21,252,505,805		
[A/3]	\$ 7,084,168,602		
Average equalized valuation of taxable property			
Debt limit (3 % of average equalization value)	[B] 212,525,058	a	
Net bonded school debt	[C] 19,805,000		
Legal debt margin	[B-C] 192,720,058		

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

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

Demographic and economic information is intended to (1) assist users in understanding the socioeconomic environment within which the School District operates and (2) provide information that facilitates comparisons of financial information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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

Exhibit J-14

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	40,279	1,932,624,558	54,823	3.1%
2007	40,573	2,040,136,462	58,503	2.7%
2008	40,503	2,153,629,254	59,215	3.2%
2009	40,546	2,241,009,711	56,965	3.6%
2010	40,210	2,285,829,905	57,387	6.6%
2011	40,158	2,290,401,565	59,875	6.1%
2012	40,217	2,294,982,368	61,997	6.2%
2013	40,331	2,299,572,333	62,901	6.8%
2014	41,000	2,304,171,477	63,748	4.7%
2015	41,041	2,308,779,820	64,606	4.9%

**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,  
Current Year and Nine Years Ago  
Unaudited

Exhibit J-15

Employer	2015			2006		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Marlboro Township Board of Education	825	1	n/a	886	1	0.00%
Shop Rite	257	2	n/a	268	2	n/a
Freehold Regional Board of Education	228	3	n/a	232	3	n/a
Marlboro Township	222	4	n/a	225	4	n/a
Kohls	218	5	n/a			
Costco	210	6	n/a			
Whole Foods	200	7	n/a			
Lowe's	153	8	n/a	161	5	n/a
Home Depot	120	9	n/a	117	7	n/a
Hobby Lobby	100	10	n/a			
Pathmark				137	6	n/a
Acme				102	8	n/a
Arrow Woven-Label, Inc				62	9	n/a
Century 21- Mack Morris Iris				55	10	n/a
	<u>2,533</u>		n/a	<u>2,245</u>		n/a

**Source:** Township Administration Office

**Note:** Percentage of total employment not available

## **OPERATING INFORMATION**

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction	366	367	366	373	349	342	341	340	350	319
Regular	191	188	188	197	192	141	142	141	129	101
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:	0	0	0	0	0	0	0	0	0	0
Tuition	78	70	70	70	71	120	120	120	128	167
Student & instruction related services	8	8	8	9	9	8	8	8	8	8
General administrative services	37	37	37	37	37	37	37	37	37	37
School administrative services	11	11	10	12	12	12	12	12	12	14
Business administrative services	116	80	80	80	79	79	79	83	81	88
Plant operations and maintenance	87	101	102	102	98	91	90	90	90	91
Pupil transportation	0	0	0	0	0	0	0	0	0	0
Special Schools										
Food Service										
Child Care										
<b>Total</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>	<b>835</b>	<b>825</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
2006	6,178	67,876,988	10,987	5.55%	532	1:23	1:24	6,181	5,921	2.26%	95.80%
2007	6,186	73,146,879	11,825	7.62%	532	1:23	1:24	6,137	5,910	-0.70%	96.30%
2008	6,140	78,291,487	12,751	7.84%	535	1:23	1:24	6,104	5,876	-0.54%	96.30%
2009	6,119	79,054,663	12,920	1.32%	540	1:23	1:24	6,040	5,806	-1.05%	96.10%
2010	6,026	83,185,149	13,804	6.85%	511	1:23	1:24	5,941	5,714	-1.64%	96.20%
2011	5,836	79,956,860	13,701	-0.75%	502	1:23	1:24	5,753	5,530	-3.16%	96.10%
2012	5,638	78,998,733	14,012	2.27%	523	1:23	1:24	5,602	5,402	-2.62%	96.40%
2013	5,528	84,410,347	15,270	8.98%	532	1:23	1:24	5,455	5,106	-2.62%	93.60%
2014	5,324	85,400,578	16,041	5.05%	516	1:23	1:24	5,264	5,074	-3.50%	96.40%
2015	5,274	85,042,500	16,125	0.52%	486	1:23	1:24	5,149	4,958	-2.18%	96.30%

**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,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>District Building</b>										
<b>Early Learning Center</b>										
David C. Abbott 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	522	498	519	475	445	438	424	400	366	379
<b>Elementary</b>										
Defino Central (1956)										
Square Feet	75,236	75,236	75,236	75,236	75,236	75,236	75,236	79,452	79,452	79,452
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	815	827	805	775	733	677	653	578	566	546
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	657	671	653	654	595	556	539	499	490	535
Marlboro Elementary (1970)										
Square Feet	72,050	72,050	72,050	72,050	72,050	72,050	72,050	74,129	74,129	74,129
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	676	685	673	650	633	585	536	551	520	517
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	616	626	599	625	631	625	616	633	634	620
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	705	709	719	715	736	717	690	669	642	620
<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	1,169	1,182	1,146	1,136	1,115	1,124	1,132	1,142	1,105	1,077
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	968	951	1,026	1,052	1,093	1,069	1,048	1,018	963	939
<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, 2015  
 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)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Defino Central Elementary	N/A	\$ 36,931	\$ 78,466	\$ 132,945	\$ 27,381	\$ 51,987	\$ 366,280	\$ 80,383	\$ 88,537	\$ 84,343	\$ 32,197
Frank Dugan Elementary	N/A	397,007	79,559	32,424	29,230	314,288	68,935	120,192	34,439	64,841	80,078
David C. Abbott Early Learning Center	N/A	38,664	79,978	31,595	20,385	33,736	182,383	40,736	25,048	60,553	19,981
Marlboro Elementary	N/A	29,061	83,644	116,040	32,506	78,836	84,070	266,191	277,841	68,846	42,212
Marlboro Memorial Middle School	N/A	24,334	107,463	22,484	185,685	189,520	54,355	27,836	25,048	60,553	19,981
Marlboro Middle School	N/A	159,413	284,385	174,036	270,866	731,692	150,490	371,363	60,831	93,267	90,673
Robertville Elementary	N/A	188,114	275,712	109,340	83,240	80,779	73,377	59,988	106,006	53,430	32,717
Asher Holmes Elementary	N/A	181,916	86,182	233,122	52,770	318,888	98,568	63,709	98,414	68,237	47,757
<b>Total School Facilities</b>		<b>1,055,440</b>	<b>1,075,389</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>Other Facilities</b>		<b>53,948</b>	<b>84,605</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>Grand Total</b>		<b>\$ 1,109,388</b>	<b>\$ 1,159,994</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>

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

Exhibit J-20

Company	Type of Coverage	Coverage	Deductible
Zurich	Property Blanket Building & Contents- Replacement Cost Values	\$ 178,491,732	\$ 5,000
Zurich	Flood/Earthquake	5,000,000 occ/ 5,000,000 agg.	50,000 5% each occur.
ACE	Pollution Liability - underground tanks	1,000,000 occ/ 2,000,000 agg.	5,000
Zurich	General Liability		
	-Each Occurrence	1,000,000	-
	-General Aggregate	2,000,000	-
	-Prod/Completed Oper	2,000,000	-
	-Personal Injury	1,000,000	-
	-Fire Damage	1,000,000	-
	-Medical Expense Limit (Excluding students)	10,000	-
	-Employee Benefit Liability	1,000,000	1,000
	-Aggregate	3,000,000	-
Zurich	Automotive Coverage		
	-Combined Single Limit	1,000,000	-
	-Hired/Non-Owned	1,000,000	-
	-Uninsured & Underinsured	1,000,000	-
Zurich	Inland Marine		
	-Electronic Data Processing Equipment	4,000,000	1,000
Zurich	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	100,000	500
	-Theft, Disappearance & Destruction Inside and Out	25,000	500
	Computer Fraud	100,000	5,000
Zurich	Boiler & Machinery Coverage	included	5,000
Zurich	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, 2015  
UNAUDITED**

Exhibit J-20

Company	Type of Coverage	Coverage	Deductible
Zurich	Board of Education -School Leaders Errors and Omissions Each Loss (Coverage A & B) Aggregate (Shared)	\$ 1,000,000 1,000,000	\$ 5,000 5,000
National Union Fire	Accident-Volunteer Workers	250,000	N/A
Markel Insurance	Student Accident - Voluntary Program -Benefit Period 2 years	500,000	
Selective Insurance	Fidelity Bond -School Business Administrator/ Board Secretary	400,000	
New Jersey School Boards Association Insurance Group	Worker's Compensation -Covered Payrolls-Professional -Covered Payrolls-Non-Professional Each Employee Aggregate	44,476,995 4,780,032 2,000,000 2,000,000	N/A N/A

**SINGLE AUDIT SECTION**

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**INDEPENDENT AUDITOR’S 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**

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 audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Marlboro Township School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Marlboro Township School District’s basic financial statements, and have issued our report thereon dated December 08, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 Marlboro Township School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Marlboro Township 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

## **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 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 Office of School Finance, Department of Education, State of New Jersey, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
December 08, 2015



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-  
133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

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 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 Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2015. Marlboro Township School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

**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 Marlboro Township 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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state

program occurred. An audit includes examining, on a test basis, evidence about 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 Marlboro Township School District's compliance.

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

In our opinion, 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 year ended June 30, 2015.

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

Management of 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 Marlboro Township 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 New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marlboro Township School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
December 08, 2015

MARLBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30,2014
				From	To	
<b>U.S. Department of Education</b>						
<b>General Fund:</b>						
Medical Assistance Program (SEMI)	93.778	N/A	7,576	7/1/2014	6/30/2015	-
Total General Fund						-
<b>U.S. Department of Education</b>						
<b>Passed-Through State Department</b>						
<b>of Education:</b>						
<b>Special Revenue Fund:</b>						
Title I,	84.010A	NCLB FY 15	\$ 146,347	7/1/2014	6/30/2015	\$ -
Title I, carryover	84.010A	NCLB FY 14	134,408	7/1/2013	6/30/2014	(49,621)
Title I, carryover	84.010A	NCLB FY 13	153,151	9/1/2012	8/31/2013	(458)
Title II A, Teacher Training & Recruiting	84.367A	NCLB FY 15	83,716	7/1/2014	6/30/2015	-
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 14	82,401	7/1/2013	6/30/2014	(20,435)
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 13	82,395	9/1/2012	8/31/2013	(2,365)
Title II A, Teacher Training & Recruiting c/o	84.367A	NCLB FY 12	93,221	9/1/2011	8/31/2012	951
Title III, English Language Enhancement	84.365A	NCLB FY 15	19,445	7/1/2014	6/30/2015	-
Title III, English Language Enhancement c/o	84.365A	NCLB FY 14	15,963	7/1/2013	6/30/2014	(5,671)
Title III, English Language Enhancement c/o	84.365A	NCLB FY 12	19,441	9/1/2011	8/31/2012	118
Title III, English Language Enhancement c/o	84.365A	NCLB FY 11	24,178	9/1/2010	8/31/2011	588
Title III, Immigrant	84.365A	NCLB FY 15	8,028	7/1/2014	6/30/2015	-
Title III, Immigrant, carryover	84.365A	NCLB FY 14	12,877	7/1/2013	6/30/2014	(68)
Title III, Immigrant, carryover	84.365A	NCLB FY 13	13,072	9/1/2012	8/31/2013	515
I.D.E.A. Part B Basic Regular	84.027	FT FY 15	1,038,971	7/1/2014	6/30/2015	-
I.D.E.A. Part B Basic Regular, carryover	84.027	FT FY 14	1,015,363	7/1/2013	6/30/2014	(24,659)
I.D.E.A. Part B Basic Regular, carryover	84.027	FT FY 13	1,083,884	9/1/2012	8/31/2013	(132,041)
I.D.E.A. Part B Preschool	84.027	FT FY 15	64,695	7/1/2014	6/30/2015	-
I.D.E.A. Part B Preschool, carryover	84.027	FT FY 14	65,043	7/1/2013	6/30/2014	(18,193)
I.D.E.A. Part B Preschool, carryover	84.027	FT FY 13	68,015	9/1/2012	8/31/2013	(4,792)
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	323
Title IV, Drug Free Schools carryover	84.186A	NCLB FY 10	10,639	9/1/2009	8/31/2010	2
Total Special Revenue						(255,505)
<b>U.S. Department of Agriculture</b>						
<b>Passed-Through State Department</b>						
<b>of Education:</b>						
<b>Enterprise Fund:</b>						
Food Donation Program (1)	10.550	N/A	26,462	7/1/2014	6/30/2015	-
Food Donation Program (1)	10.550	N/A	74,847	7/1/2013	6/30/2014	529
National School Lunch Program	10.555	N/A	183,771	7/1/2014	6/30/2015	-
National School Lunch Program	10.555	N/A	178,797	7/1/2013	6/30/2014	(13,185)
Special Milk Program	10.556	N/A	2,476	7/1/2014	6/30/2015	-
Special Milk Program	10.556	N/A	2,164	7/1/2013	6/30/2014	(64)
Total Enterprise Fund						(12,720)
Total Federal Financial Awards:						<u>\$ (268,225)</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, 2015

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance at June 30, 2015		
					Accounts Receivable	Unearned Revenue	Due to Grantor
-	4,890	(7,576)	-	-	(2,686)	-	-
-	4,890	(7,576)	-	-	(2,686)	-	-
\$ -	\$ 95,642	\$ (145,965)	\$ -	\$ -	\$ (50,705)	\$ 382	\$ -
-	49,621	-	-	-	-	-	1,780
-	458	-	-	-	-	-	10
-	62,221	(82,404)	-	-	(21,495)	-	1,312
-	28,522	(12,744)	-	-	-	-	2,117
-	-	-	2,365	-	-	-	965
-	-	-	-	(951)	-	-	-
-	9,476	(18,038)	-	-	(9,969)	1,407	-
-	5,670	-	1	-	-	-	980
-	-	-	-	(118)	-	-	-
-	-	-	-	(588)	-	-	-
-	1,226	(6,927)	-	-	(6,802)	1,101	-
-	68	-	-	-	-	-	1,873
-	-	-	-	(515)	-	-	-
-	911,380	(1,007,292)	-	-	(127,591)	31,679	-
-	41,538	(50,956)	-	-	(9,418)	1,832	-
-	102,497	-	(29,544)	-	-	-	58
-	38,813	(59,120)	-	-	(25,882)	5,575	-
-	18,193	-	-	-	-	834	-
-	4,793	-	(1)	-	-	-	1,142
-	-	-	-	(301)	-	-	-
-	-	-	-	(323)	-	-	-
-	-	-	-	(2)	-	-	-
-	1,370,118	(1,383,446)	(27,179)	(2,798)	(251,862)	42,810	10,237
-	26,462	(26,462)	-	-	-	-	-
-	529	-	-	-	-	-	-
-	169,885	(183,771)	-	-	(13,886)	-	-
-	13,185	-	-	-	-	-	-
-	2,441	(2,476)	-	-	(35)	-	-
-	64	-	-	-	-	-	-
-	212,566	(212,709)	-	-	(13,921)	-	-
\$ -	\$ 1,587,574	\$ (1,603,731)	\$ (27,179)	\$ (2,798)	\$ (268,469)	\$ 42,810	\$ 10,237

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, 2015

						Balance at June 30, 2014	
State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period		Deferred Revenue (Accts Receivable)	Due to Grantor	
			From	To			
<b>State Department of Education:</b>							
<b>General Fund</b>							
Extraordinary Aid - Special Education	15-495-034-5120-044	\$ 379,950	07/01/14	06/30/15	\$ -	\$ -	
Extraordinary Aid - Special Ed., carryover	14-495-034-5120-044	363,407	07/01/13	06/30/14	(363,407)	-	
Special Education Categorical Aid	15-495-034-5120-089	3,375,643	07/01/14	06/30/15	-	-	
Equalization Aid	15-495-034-5120-078	6,247,588	07/01/14	06/30/15	-	-	
Security Aid	15-495-034-5120-084	349,448	07/01/14	06/30/15	-	-	
Transportation Aid	15-495-034-5120-014	437,531	07/01/14	06/30/15	-	-	
Adjustment Aid	15-495-034-5120-085	532,737	07/01/14	06/30/15	-	-	
Additional Adjustment Aid	15-495-034-5120-085	560,660	07/01/14	06/30/15	-	-	
Per Pupil Growth Aid	15-495-034-5120-097	50,140	07/01/14	06/30/15	-	-	
PARCC Readiness	15-495-034-5120-098	50,140	07/01/14	06/30/15	-	-	
Other State Aid - Transportation Non-Pub	15-495-034-5120-014	37,368	07/01/14	06/30/15	-	-	
Other State Aid - Transport. Non-Pub, carryover	14-495-034-5120-014	42,286	07/01/13	06/30/14	(42,286)	-	
On-Behalf Teacher Pension and Annuity Fund	15-100-034-5095-116	2,040,690	07/01/14	06/30/15	-	-	
On-Behalf Teacher Post Retirement - Medical	15-100-034-5095-116	3,239,597	07/01/14	06/30/15	-	-	
Reimbursed TPAF Social Security	15-495-034-5095-002	2,723,088	07/01/14	06/30/15	(68,854)	-	
Total General Fund		20,430,273			(474,547)	-	
<b>Special Revenue Fund</b>							
N.J. Nonpublic Aid:							
Textbook	15-100-034-5120-064	25,680	07/01/14	06/30/15	-	-	
Textbook	14-100-034-5120-064	22,543	07/01/13	06/30/14	-	760	
Nursing	15-100-034-5120-070	40,976	07/01/14	06/30/15	-	-	
Nursing	14-100-034-5120-070	31,883	07/01/13	06/30/14	-	3,481	
Technology Aid	15-100-034-5120-064	13,792	07/01/14	06/30/15	-	-	
Technology Aid	14-100-034-5120-064	8,820	07/01/13	06/30/14	-	211	
Compensatory Education	15-100-034-5120-067	31,353	07/01/14	06/30/15	-	-	
Compensatory Education	14-100-034-5120-067	32,527	07/01/13	06/30/14	-	13,695	
English as a second language	15-100-034-5120-067	7,308	07/01/14	06/30/15	-	-	
English as a second language	14-100-034-5120-067	6,110	07/01/13	06/30/14	-	3,491	
Exam and Classification	15-100-034-5120-066	35,305	07/01/14	06/30/15	-	-	
Exam and Classification	14-100-034-5120-066	52,063	07/01/13	06/30/14	-	26,421	
Supplemental Instruction	15-100-034-5120-066	25,895	07/01/14	06/30/15	-	-	
Supplemental Instruction	14-100-034-5120-066	24,978	07/01/13	06/30/14	-	761	
Corrective Speech	15-100-034-5120-066	29,156	07/01/14	06/30/15	-	-	
Corrective Speech	14-100-034-5120-066	31,248	07/01/13	06/30/14	-	9,739	
Total Special Revenue Fund		419,637			-	58,559	
<b>Debt Service Fund</b>							
Debt Service Aid	15-495-034-5120-125	670,433	07/01/14	06/30/15	-	-	
Total Debt Service Fund		670,433			-	-	
<b>Enterprise Fund</b>							
National School Lunch Program (State Share)	15-100-010-3350-023	11,992	07/01/14	06/30/15	-	-	
National School Lunch Program (State Share)	14-100-010-3350-023	12,085	07/01/13	06/30/14	(1,561)	-	
Total Enterprise Fund		24,077			(1,561)	-	
Total State Awards		\$ 21,544,420			\$ (476,108)	\$ 58,559	

**Less: Awards Not Subject to New Jersey OMB Circular(s) 04-04 and 15-08:**

On-Behalf Teacher Pension and Annuity Fund  
On-Behalf Teacher Post Retirement - Medical

Total State Financial Assistance Subject to New Jersey OMB Circular(s) 04-04 and/or 15-08

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, 2015

Carryover/ (Walkover) Amount	Balance at June 30, 2015						MEMO	
	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ -	\$ -	\$ (379,950)	\$ -	\$ (379,950)	\$ -	\$ -	\$ -	\$ 379,950
-	363,407	-	-	-	-	-	-	-
-	3,375,643	(3,375,643)	-	-	-	-	337,125	3,375,643
-	6,247,588	(6,247,588)	-	-	-	-	623,947	6,247,588
-	349,448	(349,448)	-	-	-	-	34,899	349,448
-	437,531	(437,531)	-	-	-	-	43,696	437,531
-	532,737	(532,737)	-	-	-	-	53,204	532,737
-	560,660	(560,660)	-	-	-	-	55,992	560,660
-	50,140	(50,140)	-	-	-	-	5,007	50,140
-	50,140	(50,140)	-	-	-	-	5,007	50,140
-	-	(37,368)	-	(37,368)	-	-	-	37,368
-	42,286	-	-	-	-	-	-	-
-	2,040,690	(2,040,690)	-	-	-	-	-	2,040,690
-	3,239,597	(3,239,597)	-	-	-	-	-	3,239,597
-	2,588,917	(2,723,088)	-	(203,025)	-	-	-	2,723,088
-	19,878,784	(20,024,580)	-	(620,343)	-	-	1,158,879	20,024,580
-	25,680	(24,394)	-	-	-	1,286	-	(24,394)
-	-	-	(760)	-	-	-	-	-
-	40,976	(33,811)	-	-	-	7,165	-	(33,811)
-	-	-	(3,481)	-	-	-	-	-
-	13,792	(12,693)	-	-	-	1,099	-	(12,693)
-	-	-	(211)	-	-	-	-	-
-	31,353	(22,451)	-	-	-	8,902	-	(22,451)
-	-	-	(13,695)	-	-	-	-	-
-	7,308	(2,741)	-	-	-	4,567	-	(2,741)
-	-	-	(3,491)	-	-	-	-	-
-	35,305	(29,177)	-	-	-	6,128	-	(29,177)
-	-	-	(26,421)	-	-	-	-	-
-	25,895	(19,618)	-	-	-	6,277	-	(19,618)
-	-	-	(761)	-	-	-	-	-
-	29,156	(24,738)	-	-	-	4,418	-	(24,738)
-	-	-	(9,739)	-	-	-	-	-
-	209,465	(169,623)	(58,559)	-	-	39,842	-	(169,623)
-	670,433	(670,433)	-	-	-	-	-	(670,433)
-	670,433	(670,433)	-	-	-	-	-	(670,433)
-	11,122	(11,992)	-	(870)	-	-	-	(11,992)
-	1,561	-	-	-	-	-	-	-
-	12,683	(11,992)	-	(870)	-	-	-	(11,992)
\$ -	\$ 20,771,365	(20,876,628)	\$ (58,559)	\$ (621,213)	\$ -	\$ 39,842	\$ 1,158,879	\$ 19,172,532

2,040,690  
 3,239,597  
\$ (15,596,341)

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

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**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2015**

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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 Board of Education, Marlboro Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the 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 on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

**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 last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(15,629) for the general fund and \$(4,200) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**MARLBORO TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Federal Awards and State Financial Assistance (continued)**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 3: Relationship to Basic Financial Statements (continued)**

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ 7,576	\$ 20,008,951	\$ 20,016,527
Special Revenue Fund	1,383,446	169,623	1,553,069
Debt Service Fund	-	670,433	670,433
Food Service Fund	212,709	11,992	224,701
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 1,603,731</u>	<u>\$ 20,860,999</u>	<u>\$ 22,464,730</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: Other**

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension & Post-Retirement Medical Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. 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 year ended June 30, 2015.

**Note 6: Federal and State Loans Outstanding**

The Marlboro Township School District had no loan balances outstanding at June 30, 2015.

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial statements noted?	None Reported

**Federal Awards**

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 510(a) of Circular A-133?	None Reported

**Identification of major programs:**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.027	IDEA Part B Basic
84.173	IDEA Part B Preschool

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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**Section I – Summary of Auditor’s Results (continued)**

**State Financial Assistance**

Dollar threshold used to distinguish between type A and type B programs:	\$467,890
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular(s) 04-04 and/or 15-08	None Reported

**Identification of major programs:**

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
15-495-034-5120-089	Categorical Special Education Aid
15-495-034-5120-078	Equalization Aid
15-495-034-5120-084	Categorical Security Aid
15-495-034-5120-085	Adjustment Aid
15-495-034-5120-098	PARCC Readiness Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5095-002	Reimbursed TPAF Social Security

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

**Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 or New Jersey OMB's Circular(s) 04-04 and/or 15-08.

No Current Year Findings

**MARLBORO TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, USOMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

No Prior Audit Findings