

School District of Marlboro Township



**Marlboro Township Board of Education
Marlboro, New Jersey
Comprehensive Annual Fiscal Report
For the Fiscal Year Ended June 30, 2016**

Marlboro Township School District

Marlboro, New Jersey

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2016

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2016**

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October 18, 2016

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, 2016. 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 Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)" and the New Jersey State Treasury Circular Letter 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.

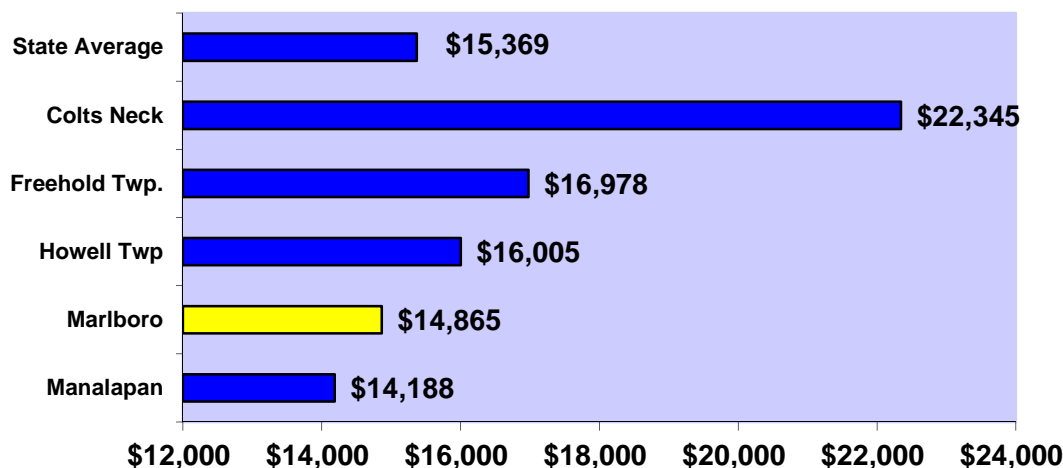
EDUCATIONAL PROGRAM

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 2016, 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 \$14,865 per pupil while the average cost for similar districts is \$15,369. According to the

report, per pupil costs range from a low of \$10,143 to a high of \$22,595 for districts of this type. Of the 79 other K-8 schools districts in the state with enrollments exceeding 751 children, Marlboro ranks 36th lowest in total cost per pupil.

PER PUPIL TAXPAYERS' GUIDE TO EDUCATION SPENDING, JULY 2016



Pre-K and Kindergarten

David C Abbott Early Learning Center - an early learning center for pre-school handicapped and kindergarten of 394 students. There is one administrator and a staff of 71 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 587 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 507 students. There are two administrators and a staff of 81 teachers, instructional assistants and school aides. The school is located on Rt. 79 in Marlboro.

Frank Dugan Elementary - a grade 1-5 school of 572 students. There are two administrators and a staff of 72 teachers, instructional assistants and school aides. The school is located on Topanemus Road in Marlboro.

Marlboro Elementary - a grade 1-5 school of 473 students. There are two administrators and a staff of 66 teachers, instructional assistants and school aides. The school is located on School Road West in Marlboro.

Robertsville Elementary - a grade 1-5 school of 556 students. There are two administrators and a staff of 82 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 1,067 students. There are three administrators and a staff of 156 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 121 teachers, instructional assistants and school aides. This school is located on Nolan Road in the Morganville section of Marlboro.

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

Each of the two middle schools is organized around learning teams (or schools within a school). Each team represents the five disciplines (math, 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 Student Learning 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 New Jersey Student Learning 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 New Jersey Student Learning 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, aligned to the New Jersey Student Learning Standards, 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 while incorporating disciplinary core ideas, science and engineering practices, and crosscutting concepts. In grades 6-8, while the incorporation of disciplinary core ideas,

science and engineering practices, and crosscutting concepts is still prevalent, the specific areas of earth science, life science and physical science are emphasized.

Social Studies

The social studies program is aligned to the New Jersey Student Learning Standards and 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, Mandarin 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 New Jersey Student Learning 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 via turn-key training sessions as well as out-of-district professional development opportunities.

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 (Kindergarten)*** - (once-a-week, pull-out model for 1 period for the second half of the academic year)
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 Mathematics (Grades 1-3)*** - Grade 1 is 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)*** – grade 1 is 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 continues to be an integral part of the district and of each school. There are inclusive classrooms at each of the district's schools as well as pull-out resource rooms and self contained classrooms at most schools.

The inclusive programs support the District's goal of educating the maximum number of students in general education settings as appropriate. The district has proved successful at doing this and is generally well above the state average in this area.

New Jersey Student Learning Standards

The Marlboro Township School district is following the Department of Education's guidelines for the adoption of the 2016 New Jersey Student Learning Standards. All approved curricula are aligned to the New Jersey Student Learning Standards.

Staff Development

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

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

Two full day 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 Student Learning Standards when writing curricula. These documents provide the support needed for teachers to develop curriculum guides that foster higher order thinking skills for all Marlboro students.

Technology

District-wide technology is used to increase productivity, enhance communication, and enrich curriculum and instruction. Every classroom, computer lab, media center, and office in all eight schools, transportation, buildings & grounds, and the administration building are linked together in local and wide area networks. All administrators, teachers, and support staff have access to computers, printers, email accounts, and the Internet within their work areas.

To assist teachers in presenting lessons and resources to an entire class by way of one computer in a classroom, 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 a 1:1 computing environment where every student has access to a district-owned device. Teachers have access to a variety of Internet resources including *Achieve 3000*, *Study Island*, *ST Math*, *BrainPop* and streaming video, to name a few.

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, at the middle school level, the district has also permitted students with 24 hour access to a district-owned Chromebook by providing the ability for the devices to go home with students. This enables them to work virtually and collaborate even when outside the confines of the classroom and school day.

ECONOMIC CONDITION AND OUTLOOK

The district completed the 2015-2016 fiscal year with an enrollment of 5,134 students. The following details the changes in the student enrollment of the district over the last five (5) years and the current school year. The table presents the annual pupil enrollment, as of October 15, for the school years 2011-12 through 2016-17.

<u>School Year</u>	<u>Enrollment as of October 15</u>	<u>% Change</u>
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%
2016-17	4,949 (Estimate)	-2.56%

A demographic study was completed in August 2014 that was revised in August 2015 to include proposed new housing in the district that used the five-year cohort survival method. Although this report does show a declining enrollment, we have seen our enrollment increase this year and project it will do the same for the foreseeable future.

Marlboro Township completed a reassessment of all of its properties in 2010 as required by state law, however over the next few years (2011 – 2014) the ratables decreased due to the volume of tax appeals filed by property owners. The ratable base has increased significantly in the 2015 due to the addition of major retail businesses including Whole Foods, Lowe’s, Ethan Allen and development of the Route 9 corridor. The district’s bonded indebtedness is \$15,430,000 as compared to our school borrowing margin of \$212,525,058.

The eight (8) schools in the district vary in age, with original construction dates ranging from 1956 through 2003. The district will be proposing a bond referendum for voter approval in 2016 for facility upgrades in six (6) of the eight (8) schools. This will include replacement of single paned exterior windows; replacement of HVAC systems; replacement of hot water heater; replacement of boiler, pump and expansion tank; main distribution panel, panel boards, and feeder replacement; fire alarm replacement; and ATC head end. The district has tried two (2) times (2005 and 2015) to expand the David C. Abbott Early Learning Center to house full-day Kindergarten through a bond referendum, but were unsuccessful. The Board decided to renovate existing computer labs to create more classrooms and effectuate full day Kindergarten in 2017-18.

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 safety and security, as well as rigor in the instructional program were the cornerstones of the 2015-16 budget. In a continuing commitment to fiscal responsibility, purchases were made very selectively with both school and district goals at the forefront of that decision making.

For the 2015-16 school year, there was a new third grade section opened to lower overall class size in these grades to maintain both safety and instructional excellence. By carefully examining and utilizing existing resources in the building and in other elementary schools, there was no need to purchase additional desks or chairs. Additionally, all initiated purchase requests were for materials that were deemed essential. These included core instructional materials/supplies and materials for the nurse's office. Two large annual monetary allocations were for copier paper and basic classroom supplies.

As was reflected in the budget and purchases made during the 2015-16 school year, allocations reflected a commitment supporting ELA instruction with the purchase of a guided reading library and accompanying materials. Additionally, purchases of educational resources were also made to enhance small group and differentiated instruction within the mathematics sections at each grade level. Purchases of district-approved classroom furniture such as bookcases, file cabinets, and easels were made to replace those pieces which were discarded at the end of the previous school year in accordance with Business Office recommendations. Additionally, monies were also allocated and spent within the media center and in 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. 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 2015-16 budget reflected a commitment to fully support the instructional program while being financially conservative and responsible. The books, services, and materials that were purchased were for mandated and supplemental instructional resources that allowed for an academically rigorous program.

Defino Central

In preparing our students for their eventual entrance into middle school, high school and beyond, the Defino faculty worked collaboratively to provide a positive school culture based on reflective practices, inquiry, and learning. During the 2015-16 school year, we deepened our commitment and practices in utilizing data to drive instruction and expanded our small group instruction in both Language Arts and Math.

The 2015-16 school budget effectively enabled the purchase of resources to help meet the goal of providing an enriching educational experience for all students. During this year, the school expanded the Guided Reading Library and purchased instructional materials to support the existing Language Arts program.

In Mathematics, educational resources were obtained to enhance small group instruction and differentiated math centers across grade-levels. 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.

With the continuing implementation of the district technology initiative, the faculty had opportunities to attend professional development workshops both in and out of the district. The professional learning was

transferred to classroom practice. Teachers integrated Google applications in daily instruction and used technology to develop formative and summative assessments.

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, institutional 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 2015-16 school year centered largely on continued instructional focus of implementing Google learning and turnkey training. This initiative has included continued efforts in the ever-evolving technology focus, specifically the continued application of technology in both instructional practice and data management. Data conferences were an area of prime focus this year at Dugan. Throughout the year, data conferences were held with staff to provide them with various data points (Achieve 3000, Raz kids, Common assessments, Link-It, Parcc, etc) to be used to support instruction. The reading specialists, math facilitators and data coaches were used primarily to coach teachers and support them with data usage in classrooms.

Overall, Dugan made huge leaps of progress this year. The continuation of Achieve 3000 proved useful in determining the reading levels of students in grades 3-5. This data helped inform instruction, enabled teaching staff to align reading material with students; ability level, and served as the foundation for the identified need of small group instruction. By the end of the academic year approximately 85% students in Grades 3-5 were college and career ready, which was highest in the district and state.

As in years past, professional development opportunities have also included the ongoing use of Chromebooks and tablets in the classroom. Further, the use of these two pieces of technology, in conjunction with the Google apps, enables the teacher to acquire immediate evidence of learning and modify instruction and/or lesson plans respective of the needs of students. Basic professional development was employed to staff, including the Google platform, and students engaged in teacher-designed, internet based problem solving activities in addition to completing tasks with interactive components of the Google classroom. 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 21st century learning competencies. Throughout this school year, informal visits and formal observations demonstrated and confirmed the proficiency with which these tools are used.

In addition, Dugan also celebrated success with the Parcc standardized tests and the district common assessments. In some subjects and grade levels Dugan clearly outperformed all other schools in the district and in the rest we were above district average. Dugan continues to make waves and improve upon itself year after year.

David C. Abbott Early Learning Center

During the 2015-16 budget cycle the David C. Abbott Early Learning Center's budget continued to evolve to meet the demands of a rigorous curriculum as well as the unique needs of our students.

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 ESGI 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. A new phonics program, SIPPS, was purchased. This program aligns to the other CCC programs in use throughout the district and will facilitate a smooth transition for students from Kindergarten to First Grade. To help support the district approved math curriculum, enVision, the

purchase of student 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 2015-16 school year focused on the Google Platform, PARCC preparation, Data Conferencing and furniture maintenance. These goals helped guide our budgetary decision making processes this school year.

The school successfully embedded Google concepts into every aspect of the school building by providing professional development opportunities for all staff. The utilization of district-wide Pro-days, grade-level meetings and Google workshops taught by Google certified staff on Google docs, sheets, classroom, calendar as well as Apps, Extensions and Add-ons helped to fully support this goal. The staff successfully utilized the Google programs throughout the school year to include lesson design, on-line assessments and communication.

To continue the goal of PARCC preparation, materials were purchased for the enVision math program to 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. Staff were trained on how to access and utilize PARCC tools and PARCC-like test features via LinkIt throughout the school year. The teachers consistently incorporated these tools into their instruction and skill development in their lesson design to best meet the students' needs.

Success with data conferencing grew by leaps and bound. Teachers used the results from district common assessments to analyze data and identify trends. Students' strengths and weaknesses were identified and teachers utilized data conferencing to provide these students with the necessary academic supports and academic challenges as appropriate. Data from RAZ Kids and Achieve 3000 was also utilized as part of the data conference process to identify and manage student lexile levels.

We addressed the goal of furniture maintenance by working with our head custodian to develop a plan that identifies furniture needing to be replaced on a rotational basis. Desks and chairs, bookshelves and filing cabinets were purchased to maintain a safe and pleasing learning environment for the staff and students.

Marlboro Middle School

Throughout the 2015-16 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 continued 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 and other curriculum appropriate resources 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 continue to embrace an enhanced focus on non-fiction text, literacy and problem solving in mathematics. Teachers are working together to address the Common Core Standards by attending regular workshops and working together as a professional community.

The school 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, ultimate frisbee and health & fitness clubs. Several students entered the Middle School Technology Association Competition held at TCNJ this spring. The Chorale and Jazz Band returned from competition in Williamsburg, Virginia, 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 exceed our goals and expectations.

Marlboro Memorial Middle School

The Marlboro Memorial Middle School community worked collaboratively to support a school culture centered on academic and personal growth for all students in grades six through eight during the 2015-16 school year. MMMS students excelled in National History Day competition, athletic events, performing arts, and community service.

PARCC results show MMMS well above the state average in student achievement pushing towards the upper echelon. Increases in Special Education and Literacy were noted. Students from MMMS continue to be one of the leading sending schools to the FRHSD learning academies, vocational schools, and private schools.

The 2015-16 building goals centered on improving data driven instruction, small group instruction, and 21st Century Skills. To that end, teachers regularly met with administration to review student data and target "at risk" students. Small group instruction was embraced by the staff and was modeled at faculty meetings by administration and teachers. The use of Chromebooks allowed teachers and students to integrate new methods of instruction and learning into the classroom environment. The Chromebooks also provided teachers the ability to further implement Achieve 3000 for literacy and Study Island for math.

MMMS teachers attended monthly Professional Learning Community sessions focusing on improving instruction and meeting the needs of their students. Teachers researched various elements in instruction and turn keyed the findings to their colleagues which will inform future practices. Our school PTA continued its strong support for student centered initiatives such as assemblies focusing on anti-bullying, walk-a-thons, clothing drives, and community service.

Robertsville

The 2015-16 school year budget reflects a commitment to supporting our rigorous instructional program, while concurrently being selective and conservative with the purchasing of materials and furniture. We continue to remain true to the district goals of academic excellence within a safe and secure instructional environment.

Technology is infused into everything we do which necessitates the purchase of support materials for the Promethean boards in all classrooms and other related technology expenses. For the 2015-16 school year, increased enrollment and additional class sections necessitated the purchase of new teacher kits and materials. The school received financial support from the PTO to establish the Robertsville Guided Reading library that houses thousands of leveled books to assist students in small group reading instruction.

A multi-year program to replace classroom furniture was continued with the purchase of 105 student desks for the third and fourth grades. The plan is to allocate funds in subsequent school years so that all student desks can be replaced.

Essential purchases were made for core instructional materials and supplies, materials for the nurse's office and those materials to support our art, music, library media and physical education programs to meet the demands of the curriculum.

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 order to align the newly adopted New Jersey Student Learning Standards. In addition, many curriculum committees worked to modify units of study and resources aligned to the New Jersey Student Learning Standards. Revisions to district assessments in mathematics and English Language Arts took place in July 2016.

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*.

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 also receive instruction using the Wilson Reading instructional program. The district has continued training teachers in the Wilson methodology and expanding the number of students receiving instruction using Wilson. 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 increasing its capacity to deliver social skills instruction. This takes the form of school counselors, speech specialists, and child study team members utilizing social skill programs such as "Circle of Friends." The programs continue to grow organically,

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 2015-16 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 tenth 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 14th 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, 2015. 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.
- Continued to find ways to save taxpayer monies by exploring shared services with Marlboro Township. During the 2015-2016 school year, the district continued to participate in an electricity cooperative and continued to provide the township's summer recreation program with transportation services.
- In November of 2015, taxpayers were asked to approve a \$46.6 million dollar bond referendum that would have added classrooms and common spaces for full day kindergarten and upgrade district facilities. This referendum was defeated by the tax payers. The Board approved a new referendum to be presented to the taxpayers in November of 2016 for facility upgrades district-wide.
- Chartwells continues to provide meals based on the guidelines prescribed by the State of New Jersey Department of Agriculture.
- In the 2015-16 School Year, Chartwells introduced more variety of breads and wraps into its meal patterns.
- As changes continue to the meal patterns, the participation for Type A lunch remained at 50% and participation for A La Carte catering was 80%, 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 Club, which will run thru the summer 2016.
- Chartwells reached its financial obligation of a \$50,000 guarantee, as stipulated in its agreement with the district.

Personnel:

The district employed 872 individuals during the 2015-2016 school year. The certificated staff numbered 535; 28 administrators and supervisors and 507 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). In addition, 337 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. P.L. 2011, c 202 allowed school districts to elect to eliminate the budget vote and adopt a budget approved by the Board of Education and the New Jersey Department of Education (NJDOE) providing that the tax levy increase does not exceed 2% plus any allowable waivers.

The Marlboro Township Board of Education elected to eliminate the budget vote on August 21, 2012, effective with the November 2013 election.

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, 2015. This was the 14th 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.

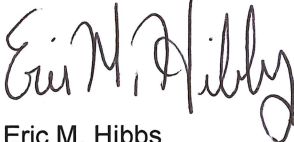
INDEPENDENT AUDIT

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 Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)" and the New Jersey OMB Circular 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,

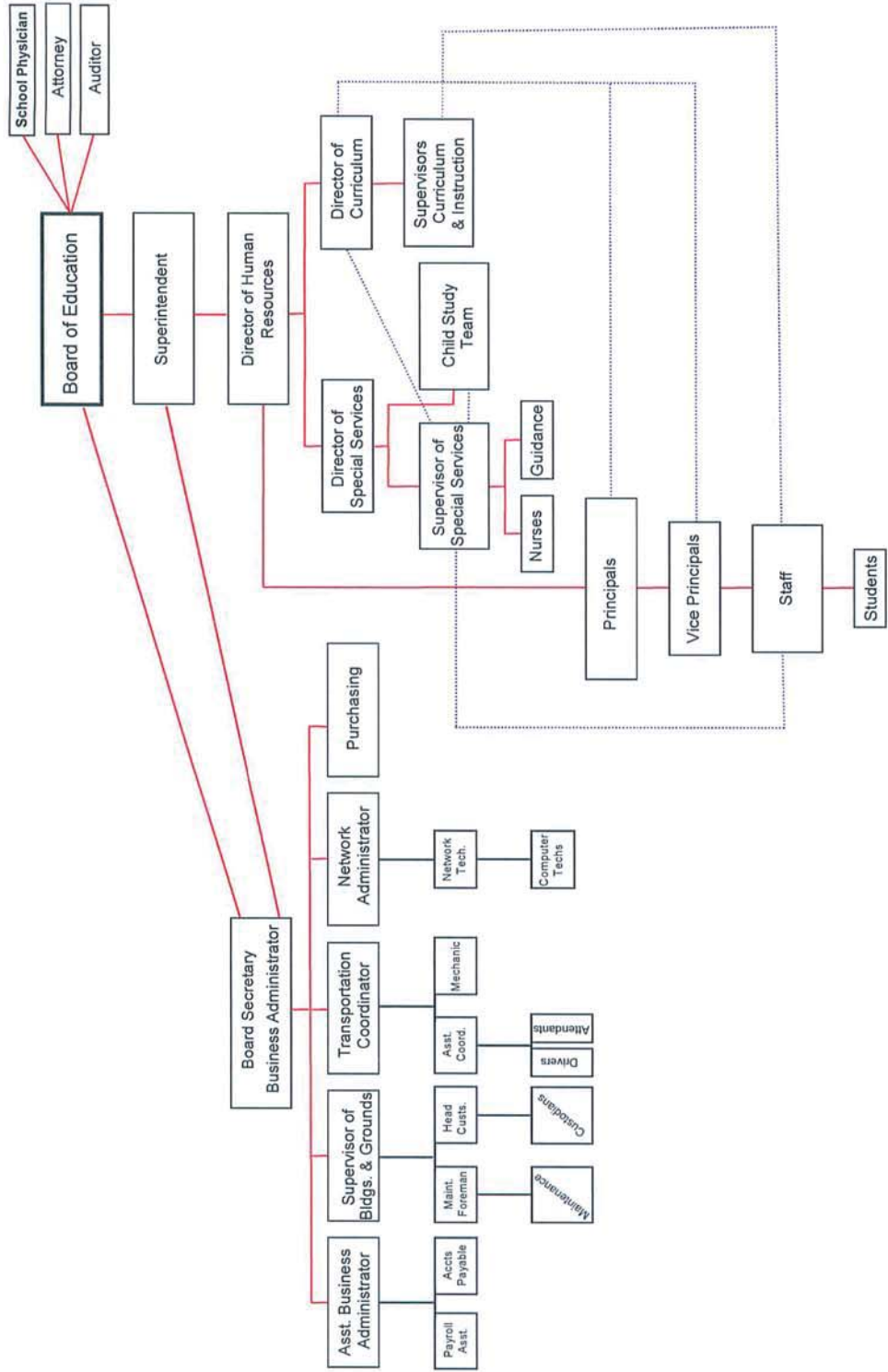


Dr. Eric M. Hibbs
Superintendent of Schools



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, 2016**

<u>Board of Education Members</u>	<u>Term Expires</u>
Debbie "Despina" Mattos, President	2017
Stephen Shifrinson, Vice-President	2018
Victoria Dean	2016
Dara Enny	2016
Michael Lilonsky	2016
Joanne Liu-Rudel	2017
Craig Marshall	2017
Robyn Wolfe	2018
Ellen Wei Xu	2018

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, 2016**

Audit Firm

Holman Frenia Allison, P.C.
618 Stokes Road
Medford, New Jersey 08055

Attorney

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

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, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

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795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

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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, 2016, 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, 2016, 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.

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 the schedules related to accounting and reporting for pensions, 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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2016 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
October 18, 2016

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**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

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, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ In total, net position of governmental activities increased \$4,240,510, which represents a 16.16% increase from 2015. Net position of business-type activities increased \$5,460, which represents a .81% increase from 2015.
- ❖ General revenues accounted for \$94,425,876 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 \$15,509,695 or 17.62% of total revenues of \$109,935,571.
- ❖ Total assets of governmental activities increased by \$71,379 as cash and cash equivalents increased by \$1,772,740, receivables decreased by \$812,536, and net capital assets decreased by \$888,825.
- ❖ The District had \$104,223,295 in governmental activity expenses; only \$14,037,929 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$94,425,876 were adequate to provide for these programs.
- ❖ In the governmental funds, the general fund had \$90,583,599 in revenues, \$89,391,526 in expenditures and \$573,714 in other financing sources. The general fund's fund balance increased \$1,573,714 over 2015.

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 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

This document contains the large number of funds used by the District to provide programs and activities. The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Notes to the Government-wide Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 67 to 96 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 2016 and 2015.

	Table 1			
	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Assets				
Current and Other Assets	\$ 9,997,686	\$ 9,037,482	\$ 464,665	\$ 443,308
Capital Assets, Net	62,096,533	62,985,358	310,817	345,397
Total Assets	<u>72,094,219</u>	<u>72,022,840</u>	<u>775,482</u>	<u>788,705</u>
Deferred Outflow of Resources				
Deferred Loss on Refunding	777,446	1,029,217	-	-
Deferred Outflows Related to Pension	3,225,177	1,599,084	-	-
Total Deferred Outflow of Resources	<u>4,002,623</u>	<u>2,628,301</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-term Liabilities	38,386,545	38,858,508	-	-
Other Liabilities	6,158,338	7,921,463	98,562	117,245
Total Liabilities	<u>44,544,883</u>	<u>46,779,971</u>	<u>98,562</u>	<u>117,245</u>
Deferred Inflow of Resources				
Deferred Inflows Related to Pensions	1,077,580	1,637,301	-	-
Net Position				
Invested in Capital Assets,				
Net of Related Debt	46,102,941	42,859,895	310,817	345,397
Restricted	7,011,165	4,746,088	-	-
Unrestricted	<u>(22,639,727)</u>	<u>(21,372,114)</u>	<u>366,103</u>	<u>326,063</u>
Total Net Position	<u>\$ 30,474,379</u>	<u>\$ 26,233,869</u>	<u>\$ 676,920</u>	<u>\$ 671,460</u>

The district's combined net position were \$31,151,299 on June 30, 2016. This was an increase of \$4,245,970 or 15.378% from the prior year.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Table 2 shows the changes in net position from fiscal year 2016 and fiscal year 2015.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Revenues				
Program Revenues:				
Charges for Services	\$ 813,455	\$ 701,446	\$ 1,175,748	\$ 1,107,644
Operating grants and contributions	13,224,474	15,722,047	296,018	224,701
General Revenues:				
Property taxes	71,949,171	67,591,705	-	-
Federal and State Aid Not Restricted	22,025,896	15,176,417	-	-
Other	450,809	267,098	-	-
Total Revenues	<u>108,463,805</u>	<u>99,458,713</u>	<u>1,471,766</u>	<u>1,332,345</u>
Program Expenses				
Instruction	62,832,497	58,265,954	-	-
Support services				
Student and related services	12,977,350	12,185,012	-	-
Tuition	2,167,769	2,146,011	-	-
General administration, School administration, and Central services	10,597,309	9,805,421	-	-
Operations and Maintenance of facilities	9,152,971	8,867,078	-	-
Pupil transportation	6,026,469	5,813,977	-	-
Interest on debt	468,930	319,931	-	-
Food service	-	-	1,466,306	1,334,342
Total Expenses	<u>104,223,295</u>	<u>97,403,384</u>	<u>1,466,306</u>	<u>1,334,342</u>
(Decrease)/Increase in Net Position	<u>\$ 4,240,510</u>	<u>\$ 2,055,329</u>	<u>\$ 5,460</u>	<u>\$ (1,997)</u>
Net Position, beginning	<u>26,233,869</u>	<u>24,178,540</u>	<u>671,460</u>	<u>673,457</u>
Net Position, ending	<u>\$ 30,474,379</u>	<u>\$ 26,233,869</u>	<u>\$ 676,920</u>	<u>\$ 671,460</u>

Governmental Activities

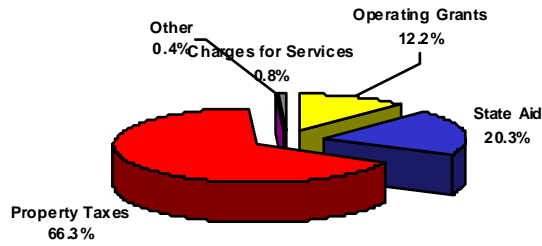
The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations if exceeding the maximum limit of a 2% tax increase. For this District the property taxes are limited to a maximum increase of 2% each year. Property taxes made up 66.33% of revenues for governmental activities for the Marlboro Township Public School District for fiscal year 2016 and 67.96% of revenues for fiscal year 2015. Property tax revenues increased \$4,357,466, which is a 6.45% increase over the prior year. The increase was due to the District's use of banked cap that was available due to property tax increases that were less than the allowable 2% and not used in prior years.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

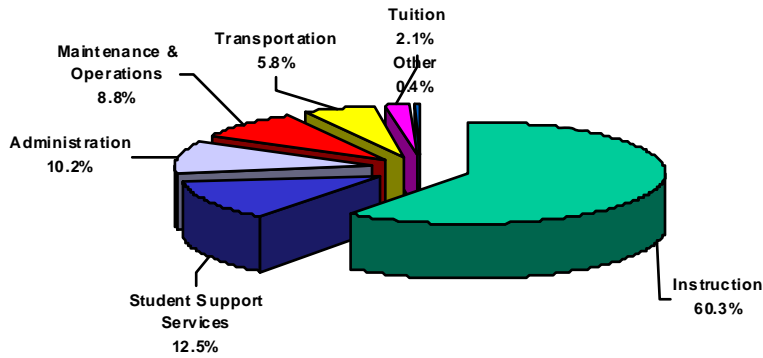
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

available due to property tax increases that were less than the allowable 2% and not used in prior years. The District's total revenues for governmental activities were \$108,463,805 for the year ended June 30, 2016. Federal, state and local grants accounted for another 32.50% of revenue.

Sources of Revenues for Fiscal Year 2016



Expenses for Fiscal Year 2016



The total cost of all programs and services was \$104,223,295. Instruction comprised 60.30% of district expenses.

Business-Type Activities

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

- ◆ Food service revenues exceeded expenses by \$5,460.
- ◆ Charges for services, which are the amounts paid by patrons for daily food services, represent \$1,175,748 of total revenue.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$296,018.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Governmental Activities

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

Table 3

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Instruction	\$ 62,832,497	\$ 52,692,684	\$ 58,265,954	\$ 47,491,354
Support services				
Tuition	2,167,769	2,167,769	2,146,011	2,146,011
Pupils and instructional staff	12,977,350	11,379,192	12,185,012	9,865,206
General administration, school administration, business	10,597,309	9,351,209	9,805,421	8,019,585
Operation and maintenance of Facilities	9,152,971	8,638,781	8,867,078	8,148,546
Pupil transportation	6,026,469	5,486,801	5,813,977	4,989,258
Interest and fiscal charges	468,930	468,930	319,931	319,931
 Total expenses	 \$104,223,295	 \$ 90,185,366	 \$ 97,403,384	 \$ 80,979,891

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$96,882,953, expenditures were \$95,690,879 and other financing sources were \$573,714. The net changes in fund balances for the year were in the general fund, which showed an increase of \$1,765,788 and the debt service fund, which showed an increase of

**MARLBORO TOWNSHIP SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

\$1. The change in the general fund reflects the increase of state funding and conservative spending throughout the year. 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	2015 Amount	Percentage Change
Property taxes	\$ 71,949,171	\$ 67,591,705	6.45%
Tuition	689,506	585,678	17.73%
Interest earnings	6,466	1,238	422.29%
Miscellaneous	601,292	416,609	44.33%
State sources	22,224,133	20,849,007	6.60%
Federal sources	1,412,385	1,391,022	1.54%
Total	\$ 96,882,953	\$ 90,835,259	6.66%

Revenues were up \$6,047,694 or 6.66% over the prior year, due to increases in property taxes, aid from state and federal sources.

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

	2016 Amount	2015 Amount	Percentage Change
Salaries and wages	\$ 49,609,300	\$ 48,456,266	2.38%
Benefits	24,465,011	23,060,528	6.09%
Purchased services	11,972,633	12,286,366	(2.55)%
Supplies and other	3,282,980	2,813,219	16.70%
Capital Outlay	1,705,224	3,895,259	(56.22)%
Debt service	4,655,731	4,635,235	0.44%
Total	\$ 95,690,879	\$ 95,146,873	0.57%

Expenditures have increased \$544,006 or an increase of 0.57% over the prior year. This increase is primarily attributed to the contractual salary increases for staff and the annual increases in providing health benefits to employees.

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:

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

**Table 6
Unassigned Fund Balance**

School Year	Amount	GAAP	Budgetary Basis
03-04	\$ 1,022,849	\$ 1,022,849	\$ 1,517,319
04-05	781,025	781,025	1,290,332
05-06	878,444	878,444	1,387,732
06-07	967,246	967,246	1,476,522
07-08	1,085,466	1,085,466	1,610,037
08-09	594,965	594,965	1,785,257
09-10	575,590	575,590	1,887,025
10-11	1,032,120	1,032,120	1,952,805
11-12	784,573	784,573	1,848,908
12-13	693,632	693,632	1,799,510
13-14	795,403	795,403	1,938,653
14-15	876,841	876,841	2,035,720
15-16	862,017	862,017	2,019,349

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 2016, 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 \$1,157,332.

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 2016, 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 \$395,833 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.
- ✓ Regular programs – salaries 6-8 to general supplies to purchase 1,000 Chromebooks and carrying cases.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

- ✓ 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.
- ✓ 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.
- ✓ General Administration – salaries decreased to due staff on leaves of absence; architect/engineering fees increased due to the fees associated with various projects such as roofing, paving, HVAC refurbishments and computer lab renovations; 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 paving projects district-wide, heating control upgrades at Dugan and Memorial and various other projects throughout the district.
- ✓ Unallocated benefits – PERS contribution due to lower than anticipated cost for the required PERS contribution; 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 increased due to the reallocation of budgeted equipment from fund 11; and, custodial and maintenance increased due to the purchase of two (2) digital school signs.

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

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 2016, the school district had \$62,407,350 invested in land, buildings and improvements and machinery and equipment. Table 7 shows fiscal 2016 balances compared to 2015.

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

	2016	2015
Land	\$ 6,849,273	\$ 6,849,273
Building and improvements	53,339,330	54,240,212
Machinery and equipment	2,218,747	2,241,270
Totals	\$ 62,407,350	\$ 63,330,755

Overall, the capital assets decreased \$923,405 from fiscal year 2015 to fiscal year 2016. This decrease in net capital assets is because the depreciation of assets exceeded the cost of placing new assets into service. For more detailed information, please refer to Note 7 in the Notes to the Basic Financial Statements.

Debt Administration

As of June 30, 2016, the District had \$18,508,735 of outstanding debt including unamortized bond premium. Of this amount, \$2,515,143 is for compensated absences, \$563,592 for bus & equipment leases, and the balance of \$15,430,000 for bonds for school construction. In the May 2016, Standard & Poor's Rating Services re-affirmed the "AA+" rating on the District's bonds. This rating was based on the following characteristics:

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

At June 30, 2016, the District's overall legal debt limit was \$215,940,803 and the non-electoral debt margin was \$200,510,803. 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	\$ 930,000
Partial refunding of 08-05-04 issue	03-26-13	18,700,000	14,500,000

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

For the Future

- It is the opinion of the Superintendent and Business Administrator that the Marlboro Township School District has historically maintained and continues to maintain a strong financial position. This was confirmed by the rating by Standard & Poor's of the District's bonds in May 2016, as 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 and continuing to the present.
- 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 and continues this successful venture for the benefit of the Marlboro Township taxpayers. 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 constantly looking for other costs savings measures, including exploring further opportunities for future purchases jointly with other districts within the Freehold Regional area.
- In conclusion, the Marlboro Township Public School District has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting and internal financial controls are well regarded. We are pleased to report for a 14th consecutive year, the district was awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2015 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.

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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, 2016

A-1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,063,479	\$ 408,105	\$ 4,471,584
Receivables, net	936,561	13,872	950,433
Inventory	-	42,688	42,688
Restricted assets:			
Capital reserve account - cash	4,997,646	-	4,997,646
Capital assets (Note 7)			
Land	6,849,273	-	6,849,273
Building and building improvements, net	53,142,441	196,889	53,339,330
Machinery and equipment, net	2,104,819	113,928	2,218,747
Total assets	<u>72,094,219</u>	<u>775,482</u>	<u>72,869,701</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred loss on refunding	777,446	-	777,446
Deferred outflows related to pensions	<u>3,225,177</u>	<u>-</u>	<u>3,225,177</u>
Total deferred outflow of resources	<u>4,002,623</u>	<u>-</u>	<u>4,002,623</u>
Total assets and deferred outflow of resources	<u>76,096,842</u>	<u>775,482</u>	<u>76,872,324</u>
LIABILITIES			
Cash overdraft	\$ 186,810	\$ -	\$ 186,810
Accounts payable	1,005,599	98,562	1,104,161
Contracts payable - retainage	31,864	-	31,864
Payable to federal government	6,622	-	6,622
Payable to state government	18,357	-	18,357
Unearned revenue	92,228	-	92,228
Accrued interest	121,614	-	121,614
Noncurrent liabilities (Note 8)			
Due within one year	4,821,001	-	4,821,001
Due beyond one year	38,260,788	-	38,260,788
Total liabilities	<u>44,544,883</u>	<u>98,562</u>	<u>44,643,445</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pensions	<u>1,077,580</u>	<u>-</u>	<u>1,077,580</u>
Total deferred inflow of resources	<u>1,077,580</u>	<u>-</u>	<u>1,077,580</u>
Total liabilities and deferred inflow of resources	<u>45,622,463</u>	<u>98,562</u>	<u>45,721,025</u>
NET POSITION			
Net investment in capital assets	46,102,941	310,817	46,413,758
Restricted for:			
Excess surplus - current year	1,439,227	-	1,439,227
Excess surplus - prior years- designated for subsequent year's expenditures	574,290	-	574,290
Capital reserve account	1,337,412	-	1,337,412
Maintenance reserve account	3,660,234	-	3,660,234
Debt service	2	-	2
Unrestricted	<u>(22,639,727)</u>	<u>366,103</u>	<u>(22,273,624)</u>
Total net position	<u>\$ 30,474,379</u>	<u>\$ 676,920</u>	<u>\$ 31,151,299</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, 2016

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 41,644,306	\$ 689,506	\$ 5,361,026
Special education	16,686,291	-	3,197,423
Other instruction	4,301,453	123,949	567,462
Nonpublic school programs	200,447	-	200,447
Support services:			
Tuition	2,167,769	-	-
Student & instruction related services	12,977,350	-	1,598,158
General administrative services	2,044,009	-	130,864
School administrative service	6,607,572	-	895,200
Plant operations and maintenance	9,152,971	-	514,190
Pupil transportation	6,026,469	-	539,668
Business and other support services	1,945,728	-	220,036
Interest on long-term debt	468,930	-	-
Total governmental activities	104,223,295	813,455	13,224,474
Business-type activities:			
Food Service	1,374,770	1,077,326	296,018
Swim Club Concessions	91,536	98,422	-
Total business-type activities:	1,466,306	1,175,748	296,018
Total primary government	\$ 105,689,601	\$ 1,989,203	\$ 13,520,492

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

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
\$ (35,593,774)	\$ -	\$ (35,593,774)
(13,488,868)	-	(13,488,868)
(3,610,042)	-	(3,610,042)
-	-	-
(2,167,769)	-	(2,167,769)
(11,379,192)	-	(11,379,192)
(1,913,145)	-	(1,913,145)
(5,712,372)	-	(5,712,372)
(8,638,781)	-	(8,638,781)
(5,486,801)	-	(5,486,801)
(1,725,692)	-	(1,725,692)
(468,930)	-	(468,930)
<u>(90,185,366)</u>	<u>-</u>	<u>(90,185,366)</u>
-	(1,426)	(1,426)
-	<u>6,886</u>	<u>6,886</u>
-	<u>5,460</u>	<u>5,460</u>
<u>(90,185,366)</u>	<u>5,460</u>	<u>(90,179,906)</u>
68,007,538	-	68,007,538
3,941,633	-	3,941,633
22,025,896	-	22,025,896
6,466	-	6,466
444,343	-	444,343
<u>94,425,876</u>	<u>-</u>	<u>94,425,876</u>
<u>4,240,510</u>	<u>5,460</u>	<u>4,245,970</u>
<u>26,233,869</u>	<u>671,460</u>	<u>26,905,329</u>
<u>\$ 30,474,379</u>	<u>\$ 676,920</u>	<u>\$ 31,151,299</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, 2016

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,063,477	\$ -	\$ -	\$ 2	\$ 4,063,479
Receivables, net	635,133	301,428	-	-	936,561
Restricted cash and cash equivalents	4,997,646	-	-	-	4,997,646
Total assets	\$ 9,696,256	\$ 301,428	\$ -	\$ 2	\$ 9,997,686
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft	\$ -	\$ 186,810	\$ -	\$ -	\$ 186,810
Accounts payable	946,188	59,411	-	-	1,005,599
Contracts payable - retainage	31,864	-	-	-	31,864
Payable to federal government	-	6,622	-	-	6,622
Payable to state government	-	18,357	-	-	18,357
Unearned revenue	62,000	30,228	-	-	92,228
Total liabilities	1,040,052	301,428	-	-	1,341,480
Fund Balances:					
Restricted for:					
Excess surplus - current year	1,439,227	-	-	-	1,439,227
Excess surplus - prior years- designated for subsequent year's expenditures	574,290	-	-	-	574,290
Capital reserve account	1,337,412	-	-	-	1,337,412
Maintenance reserve account	3,660,234	-	-	-	3,660,234
Debt service	-	-	-	2	2
Committed for:					
Other purposes	242,378	-	-	-	242,378
Assigned for:					
Designated for subsequent year's expenditures	540,646	-	-	-	540,646
Unassigned, reported in:					
General Fund	862,017	-	-	-	862,017
Total fund balances	8,656,204	-	-	2	8,656,206
Total liabilities and fund balances	\$ 9,696,256	\$ 301,428	\$ -	\$ 2	

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

Accrued interest on long-term liabilities is not due and payable in the current period and therefore is not reported as a liability in the funds.	(121,614)
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.	2,925,043
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$109,055,266 and the accumulated depreciation is \$46,958,733.	62,096,533
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.	(43,081,789)
Net position of governmental activities	<u>\$ 30,474,379</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, 2016

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund
REVENUES			
Local sources:			
Local tax levy	\$ 68,007,538	\$ -	\$ -
Tuition charges	689,506	-	-
Interest Earnings	6,320	-	-
Interest Earned on Capital Reserve Funds	146	-	-
Miscellaneous	568,292	33,000	-
Total - Local Sources	69,271,802	33,000	-
State sources	21,309,587	200,447	-
Federal sources	2,210	1,410,175	-
Total revenues	90,583,599	1,643,622	-
EXPENDITURES			
Current:			
Regular instruction	33,643,026	301,504	-
Special education instruction	13,309,489	1,136,031	-
Other instruction	3,708,410	-	-
Nonpublic school programs	-	200,447	-
Support services and undistributed costs:			
Tuition	2,167,769	-	-
Student & instruction related services	11,211,083	-	-
General administrative services	1,907,246	-	-
School administrative services	5,942,388	-	-
Plant operations and maintenance	8,615,602	-	-
Pupil transportation	5,465,516	5,640	-
Business and other support services	1,715,773	-	-
Capital outlay	1,705,224	-	-
Debt service:			
Interest	-	-	-
Principal	-	-	-
Total expenditures	89,391,526	1,643,622	-
Excess (deficiency) of revenues over (under) expenditures	1,192,073	-	-
OTHER FINANCING SOURCES (USES)			
Capital leases (non-budgeted)	573,714	-	-
Total other financing sources and (uses)	573,714	-	-
Net change in fund balances	1,765,787	-	-
Fund balance—July 1	6,890,417	-	-
Fund balance—June 30	\$ 8,656,204	\$ -	\$ -

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

Debt Service Fund	Total Governmental Funds
\$ 3,941,633	\$ 71,949,171
-	689,506
-	6,320
-	146
-	601,292
<u>3,941,633</u>	<u>73,246,435</u>
714,099	22,224,133
-	1,412,385
<u>4,655,732</u>	<u>96,882,953</u>
-	33,944,530
-	14,445,520
-	3,708,410
-	200,447
-	2,167,769
-	11,211,083
-	1,907,246
-	5,942,388
-	8,615,602
-	5,471,156
-	1,715,773
-	1,705,224
280,731	280,731
<u>4,375,000</u>	<u>4,375,000</u>
<u>4,655,731</u>	<u>95,690,879</u>
<u>1</u>	<u>1,192,074</u>
-	573,714
-	<u>573,714</u>
1	1,765,788
1	6,890,418
<u>\$ 2</u>	<u>\$ 8,656,206</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, 2016

Total net change in fund balances - governmental funds (from B-2) \$ 1,765,788

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	\$ (2,583,600)	
Retirement of capital assets	(10,449)	
Capital outlay (net)	<u>1,705,224</u>	(888,825)

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

330,585

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

4,375,000

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	(11,580,852)	
State Share of Unfunded TPAF Pension Expense	11,580,852	
Pension Expense - PERS Contribution - 2016	941,119	
Pension Expense	<u>(1,463,173)</u>	(522,054)

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.

(66,754)

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.

28,843

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

43,412

Proceeds from issuance of capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

(573,714)

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.

(251,771)

Change in net position of governmental activities \$ 4,240,510

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 the 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, 2016

B-4

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 386,286	\$ 21,819	\$ 408,105
Intergovernmental receivables	13,783	-	13,783
Other accounts receivable	89	-	89
Inventories	36,714	5,974	42,688
Total current assets	<u>436,872</u>	<u>27,793</u>	<u>464,665</u>
Noncurrent assets:			
Building improvements	301,422	-	301,422
Less accumulated depreciation	(104,533)	-	(104,533)
Furniture, machinery & equipment	521,570	-	521,570
Less accumulated depreciation	(407,642)	-	(407,642)
Total noncurrent assets	<u>310,817</u>	<u>-</u>	<u>310,817</u>
Total assets	<u>747,689</u>	<u>27,793</u>	<u>775,482</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>61,230</u>	<u>37,332</u>	<u>98,562</u>
NET POSITION			
Net Investment in capital assets	310,817	-	310,817
Unrestricted	<u>375,642</u>	<u>(9,539)</u>	<u>366,103</u>
Total net position	<u>\$ 686,459</u>	<u>\$ (9,539)</u>	<u>\$ 676,920</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, 2016

B-5

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 615,810	\$ -	\$ 615,810
Daily sales - non-reimbursable programs	415,695	-	415,695
Daily sales - taxable	-	91,829	91,829
Special functions	45,821	6,593	52,414
Total operating revenues	<u>1,077,326</u>	<u>98,422</u>	<u>1,175,748</u>
Operating expenses:			
Cost of sales	456,629	34,732	491,361
Salaries	654,755	39,841	694,596
Other purchased professional services	146,174	10,755	156,929
Other purchased services	2,544	2,455	4,999
General supplies	80,088	3,753	83,841
Depreciation	34,580	-	34,580
Total operating expenses	<u>1,374,770</u>	<u>91,536</u>	<u>1,466,306</u>
Operating loss	<u>(297,444)</u>	<u>6,886</u>	<u>(290,558)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	11,310	-	11,310
Federal sources:			
National school lunch program	170,187	-	170,187
Special milk program	1,874	-	1,874
Food donation program	112,647	-	112,647
Total nonoperating revenues	<u>296,018</u>	<u>-</u>	<u>296,018</u>
Change in net position	(1,426)	6,886	5,460
Total net position—beginning	<u>687,885</u>	<u>(16,425)</u>	<u>671,460</u>
Total net position—ending	<u>\$ 686,459</u>	<u>\$ (9,539)</u>	<u>\$ 676,920</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, 2016

B-6

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,072,789	\$ 98,422	\$ 1,171,211
Payments to employees	(654,755)	(39,841)	(694,596)
Payments to suppliers	(696,442)	(48,558)	(745,000)
Net cash used in operating activities	(278,408)	10,023	(268,385)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State Sources	11,310	-	11,310
Federal Sources	284,708	-	284,708
Net cash provided by non-capital financing activities	296,018	-	296,018
Net increase in cash and cash equivalents	17,610	10,023	27,633
Balances—beginning of year	368,676	11,796	380,472
Balances—end of year	\$ 386,286	\$ 21,819	\$ 408,105
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (297,444)	\$ 6,886	\$ (290,558)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	34,580	-	34,580
(Increase)/Decrease in receivables	2,152	5,493	7,645
(Increase)/Decrease in inventories	(3,327)	1,958	(1,369)
Increase/(Decrease) in accounts payable	(14,369)	(4,314)	(18,683)
Total adjustments	19,036	3,137	22,173
Net cash used in operating activities	\$ (278,408)	\$ 10,023	\$ (268,385)

Noncash Noncapital Financing Activities:

During the year, the district received \$112,647 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, 2016

	Private Purpose			
	Unemployment Compensation Insurance Trust	Technology Trust Fund	Private Purpose Scholarship Fund	Agency Funds
ASSETS				
Cash and cash equivalents	\$ 300,953	\$ 32,414	\$ 577	\$ 609,734
Total assets	300,953	32,414	577	609,734
LIABILITIES				
Payable to student groups	-	-	-	90,816
Payroll deductions and withholdings	-	-	-	518,918
Total liabilities	-	-	-	\$ 609,734
NET POSITION				
Held in trust for unemployment claims and other purposes	\$ 300,953			
Reserved for Chromebook repairs		\$ 32,414		
Reserved for scholarships			\$ 577	

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, 2016

B-8

	Unemployment Compensation Insurance Trust	Technology Trust Fund	Private Purpose Scholarship Fund
ADDITIONS			
Contributions:			
Local contributions	\$ -	\$ 32,414	\$ -
Total Contributions	<u>-</u>	<u>32,414</u>	<u>-</u>
 Total additions	 <u>-</u>	 <u>32,414</u>	 <u>-</u>
DEDUCTIONS			
Scholarships awarded	-	-	100
Total deductions	<u>-</u>	<u>-</u>	<u>100</u>
 Change in net position	 -	 32,414	 (100)
 Net position—beginning of the year	 <u>300,953</u>	 <u>-</u>	 <u>677</u>
 Net position—end of the year	 <u>\$ 300,953</u>	 <u>\$ 32,414</u>	 <u>\$ 577</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Reporting Entity

The School District is a Type II district located in Monmouth County, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its eight instructional buildings and operates a transportation depot, buildings and grounds office, and an administrative building. The School District has an approximate enrollment at June 30, 2016 of 5,134 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, 2016.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

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.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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) - 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.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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)

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.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

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.

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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 (Cont'd)

Property Taxes (Cont'd) - 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.

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

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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Budgets / Budgetary Control (Cont'd)

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Cash, Cash Equivalents and Investments

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Inventories

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

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

The value of federal donated commodities as reflected on Schedule A (required by the Single Audit Act, Amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent deposits made to the School District for services that will take place in the period beyond June 30, 2016.

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.

Depreciation is computed using the straight-line method over the following estimated useful lives:

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

The School District does not possess any infrastructure assets.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Deferred Loss on Refunding of Debt

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

Unearned Revenue

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

Compensated Absences

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. 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.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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.

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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Fund Balance (Cont'd)

Unassigned (Cont'd) - 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

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements. OR did not have a significant impact on the District's financial statements OR See Note. xx for the effect of adopting GASB Statement. No. 72.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Impact of Recently Issued Accounting Principles (Cont'd)

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Impact of Recently Issued Accounting Principles (Cont'd)

Recently Issued and Adopted Accounting Pronouncements (Cont'd)

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through October 18, 2016, 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 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of June 30, 2016, the School District's bank balances of \$11,771,242 were exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000
Collateralized by securities held by	
Pledging financial institution	10,662,281
Uninsured and uncollateralized	<u>858,961</u>
Total	<u>\$ 11,771,242</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, 2016.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015		\$ 487,266
Increased by:		
Resolution dated June 28, 2016	\$ 850,000	
Interest earnings	146	
Total Increases		850,146
Ending Balance, June 30, 2016		\$ 1,337,412

The June 30, 2016 LRFP balance of local support costs of uncompleted projects at June 30, 2016 is \$19,266,426. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015		\$ 3,292,966
Increased by:		
Resolution dated June 28, 2016		850,000
Decreased by:		
Resolution dated September 29, 2015	\$ (403,732)	
Resolution dated November 24, 2015	(79,000)	
Total Decreases		(482,732)
Ending Balance, June 30, 2016		\$ 3,660,234

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

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

	General Fund	Special Revenue Fund	Enterprise Funds	Total
Intergovernmental	\$ 601,251	\$ 301,428	\$ 13,783	\$ 916,462
Other	33,882	-	89	33,971
	<u>\$ 635,133</u>	<u>\$ 301,428</u>	<u>\$ 13,872</u>	<u>\$ 950,433</u>

Note 6: INVENTORY

Inventory recorded at June 30, 2016 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:

	Food Service	Swim Club Concessions
Food	\$ 13,951	\$ 4,941
Supplies	22,763	1,033
Total	<u>\$ 36,714</u>	<u>\$ 5,974</u>

Note 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Balance 06/30/15	Transfers/ Additions	Transfers/ Retirements	Balance 06/30/16
Governmental activities:				
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>-</u>	<u>6,849,273</u>
Capital Assets being depreciated:				
Furniture, Fixtures and Equipment	8,138,233	694,059	358,580	8,473,712
Buildings and Improvements	92,721,117	1,011,165	-	93,732,282
Total Capital Assets being Depreciated	<u>100,859,350</u>	<u>1,705,224</u>	<u>358,580</u>	<u>102,205,994</u>
Total Capital Assets, Cost	<u>107,708,623</u>	<u>1,705,224</u>	<u>358,580</u>	<u>109,055,267</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(6,033,414)	(494,075)	(348,131)	(6,179,358)
Buildings and Improvements	(38,689,851)	(2,089,525)	-	(40,779,376)
Total Accumulated Depreciation	<u>(44,723,265)</u>	<u>(2,583,600)</u>	<u>(348,131)</u>	<u>(46,958,734)</u>
Total Capital Assets being Depreciated, Net	<u>56,136,085</u>	<u>(878,376)</u>	<u>10,449</u>	<u>55,247,260</u>
Governmental Activities Capital Assets, Net	<u>\$ 62,985,358</u>	<u>\$ (878,376)</u>	<u>\$ 10,449</u>	<u>\$ 62,096,533</u>

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 7: CAPITAL ASSETS (CONT'D)

	Balance 06/30/15	Transfers/ Additions	Balance 06/30/16
Business-type activities:			
Capital Assets being Depreciated:			
Building improvements	\$ 301,422	\$ -	\$ 301,422
Equipment	521,570	-	521,570
Total Capital Assets being Depreciated	822,992	-	822,992
Total Capital Assets, Cost	822,992	-	822,992
Less Accumulated Depreciation for:			
Building and improvements	(92,476)	(12,057)	(104,533)
Equipment	(385,119)	(22,523)	(407,642)
Total Accumulated Depreciation	(477,595)	(34,580)	(512,175)
Total Capital Assets being Depreciated, Net	345,397	(34,580)	310,817
Business-Type Activities Capital Assets, Net	<u>\$ 345,397</u>	<u>\$ (34,580)</u>	<u>\$ 310,817</u>

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

Governmental Activities:	
Regular Instruction	\$2,340,867
Special Instruction	86,453
Student & Instruction Related Services	96,066
School Administrative Services	60,214
Total Depreciation Expense – Governmental Activities	<u>\$2,583,600</u>
Business Type Activities:	
Food Service – Total Depreciation Expense	<u>\$ 34,580</u>

Note 8: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	Balance 06/30/15	Additions	Reductions	Balance 06/30/16	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 19,805,000	\$ -	\$ (4,375,000)	\$ 15,430,000	\$ 4,465,000
Unamortized Bond Premium	43,412	-	(43,412)	-	-
Total Bonds Payable	19,848,412	-	(4,418,412)	15,430,000	4,465,000
Other Liabilities:					
Capital Lease Obligations	320,463	573,714	(330,585)	563,592	230,244
Net Pension Liability	20,924,067	3,648,987	-	24,573,054	-
Compensated Absences	2,448,389	247,045	(180,291)	2,515,143	125,757
Total Other Liabilities	23,692,919	4,469,746	(510,876)	27,651,789	356,001
Governmental Activity Long-Term Liabilities	<u>\$ 43,541,331</u>	<u>\$ 4,469,746</u>	<u>\$ (4,929,288)</u>	<u>\$ 43,081,789</u>	<u>\$ 4,821,001</u>

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 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>
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>\$ 15,430,000</u>	<u>\$ 498,133</u>	<u>\$ 15,928,133</u>

Bonds Authorized but not Issued - As of June 30, 2016, 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>
2017	\$ 230,244	\$ 11,505	\$ 241,749
2018	118,124	6,377	124,501
2019	120,428	4,073	124,501
2020	94,796	1,722	96,518
	<u>\$ 563,592</u>	<u>\$ 23,677</u>	<u>\$ 587,269</u>

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

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9: PENSION OBLIGATIONS (CONT'D)

Public Employees' Retirement System (PERS) (Cont'd)

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. 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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9: PENSION OBLIGATIONS (CONT'D)

Public Employees' Retirement System (PERS) (Cont'd)

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>
2016	\$ 159,327	\$ 733,964	\$ 893,291	\$ 47,828	\$ 941,119
2015	153,378	709,493	862,871	58,442	921,313
2014	156,747	689,155	845,902	14,386	860,288

Components of Net Pension Liability - At June 30, 2016, the District reported a liability of \$24,573,054 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. 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, 2014, to the measurement date of June 30, 2015. 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, 2015. The District's proportion measured as of June 30, 2015, was .10947 percent, which was a decrease of .00239% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u> July 1, 2015	<u>6/30/2015</u> July 1, 2014
Actuarial valuation date		
Deferred Outflows of Resources	\$ 3,225,177	\$ 1,599,084
Deferred Inflows of Resources	1,077,580	1,637,301
Net Pension Liability	24,573,054	20,924,067
District's portion of the Plan's total net pension liability	0.10947%	0.11176%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$1,463,173. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 586,227	\$ -
Changes of assumptions	2,638,950	-
Net difference between projected and actual earnings on pension plan investments	-	395,087
Changes in proportion and differences between District contributions and proportionate share of contributions	-	682,493
Total	<u>\$ 3,225,177</u>	<u>\$ 1,077,580</u>

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9: PENSION OBLIGATIONS (CONT'D)

Public Employees' Retirement System (PERS) (Cont'd)

\$3,225,177 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, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ 441,848
2018	441,848
2019	441,848
2020	441,848
2021	<u>380,205</u>
Total	<u>\$ 2,147,597</u>

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, 2015
Actuarial valuation date	July 1, 2014
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	3.04%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. 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, 2015 are summarized in the following table:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9: PENSION OBLIGATIONS (CONT'D)

Public Employees' Retirement System (PERS) (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.9% as of June 30, 2015. 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 3.8% as of June 30, 2015, 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 (3.9%) or 1-percentage-point higher (5.9%) than the current rate:

	<u>3.9%</u> <u>1% Decrease</u>	<u>4.9%</u> <u>Current</u> <u>Discount Rate</u>	<u>5.9%</u> <u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 30,541,299	\$ 24,573,054	\$ 19,659,320

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9: PENSION OBLIGATIONS (CONT'D)

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/annrprts.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.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9: PENSION OBLIGATIONS (CONT'D)

Teachers Pensions and Annuity Fund (TPAF) (Cont'd)

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)**

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
06/30/16	\$ 6,541,649	100%	\$ -
06/30/15	5,280,287	100%	-
06/30/14	4,140,911	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, 2015
Actuarial valuation date	July 1, 2014
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.

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, 2015 are summarized in the following table:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9: PENSION OBLIGATIONS (CONT'D)

Teachers Pensions and Annuity Fund (TPAF) (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	53.00%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	63.00%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. 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 3.8% as of June 30, 2015, 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. 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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9: PENSION OBLIGATIONS (CONT'D)

Defined Contribution Retirement Program (Cont'd)

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>
2016	\$ 50,119	\$ 50,119
2015	42,540	42,540
2014	33,605	33,605

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, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the state contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS (CONT'D)

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/.

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, 2016, 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 \$2,986,068 and \$3,555,581 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.

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>
2016	\$ -	\$ -	\$ -	\$ 300,953
2015	-	85,000	18,263	300,953
2014	-	-	6,163	234,216

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 13: RISK MANAGEMENT (CONT'D)

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.

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, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$2,515,143.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables predominately result from payments made by certain funds on behalf of other funds. The District did not have any interfund balances as of June 30, 2016.

A summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 158,175
Capital Projects Fund	260,716	-
Debt Service Fund	-	102,541
	\$ 260,716	\$ 260,716

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 \$(22,639,727) existed as of June 30, 2016 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, 2016

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 \$1,439,227 at June 30, 2016. Additionally, \$574,290 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2015-2016 budget.

For Capital Reserve Account - As of June 30, 2016, the balance in the capital reserve account is \$1,337,412. 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, 2016, the balance in the maintenance reserve account is \$3,660,234. 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, 2017, \$2 of debt service fund balance at June 30, 2016.

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, 2016, \$242,378 has been committed for encumbrances which are orders placed for goods and/or services that have not been received at June 30, 2016.

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, 2016

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, 2017, \$540,646 of general fund balance at June 30, 2016.

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, 2016, \$862,017 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, 2016 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.

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, 2016

C-1

	Original Budget	Budget Transfers	Final Budget
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 68,007,538	\$ -	\$ 68,007,538
Tuition from Individuals	555,000	58,170	613,170
Interest Earnings	3,000	-	3,000
Interest Earned on Capital Reserve Funds	-	-	-
Contributions and Donations	-	89,123	89,123
Play Proceeds	15,050	-	15,050
Bus Advertising	-	-	-
Student Dues and Fees	100,000	-	100,000
Miscellaneous	235,000	14,878	249,878
Total - Local Sources	68,915,588	162,171	69,077,759
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)	-	-	-
Total State Sources	11,603,887	-	11,603,887
Federal Sources:			
Medicaid Reimbursement	-	-	-
Total Federal Sources	-	-	-
Total Revenues	80,519,475	162,171	80,681,646
EXPENDITURES:			
Current Expense:			
Regular Programs - Instruction			
Preschool/Kindergarten - Salaries of Teachers	876,290	56,170	932,460
Grades 1-5 - Salaries of Teachers	11,011,752	(109,333)	10,902,419
Grades 6-8 - Salaries of Teachers	9,680,532	35,018	9,715,550
Regular Programs - Home Instruction:			
Salaries of Teachers	12,000	16,500	28,500
Purchased Professional-Educational Services	6,000	8,100	14,100
Regular Programs - Undistributed Instruction			
Other Salaries for Instruction	546,500	2,000	548,500
Purchased Professional Services	16,525	-	16,525
Other Purchased Services	197,109	6,220	203,329
General Supplies	638,683	451,100	1,089,783
Textbooks	68,250	(22,672)	45,578
Other Objects	3,997	(450)	3,547
TOTAL REGULAR PROGRAMS - INSTRUCTION	23,057,638	442,653	23,500,291

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
\$ 68,007,538	\$ -
689,506	76,336
6,320	3,320
146	146
91,995	2,872
19,201	4,151
3,928	3,928
123,949	23,949
329,219	79,341
<u>69,271,802</u>	<u>194,043</u>
3,375,643	-
6,247,588	-
395,833	395,833
349,448	-
437,531	-
532,737	-
560,660	-
132,953	32,673
6,541,649	6,541,649
2,733,998	2,733,998
<u>21,308,040</u>	<u>9,704,153</u>
2,210	2,210
<u>2,210</u>	<u>2,210</u>
<u>90,582,052</u>	<u>9,900,406</u>
920,946	11,514
10,791,186	111,233
9,535,928	179,622
28,500	-
967	13,133
454,450	94,050
11,535	4,990
166,001	37,328
1,021,445	68,338
45,577	1
2,841	706
<u>22,979,376</u>	<u>520,915</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2016

C-1

	Original Budget	Budget Transfers	Final Budget
SPECIAL EDUCATION - INSTRUCTION			
Learning and/or Language Disabilities:			
Salaries of Teachers	\$ 328,157	\$ (1,545)	\$ 326,612
Other Salaries for Instruction	184,915	16,586	201,501
Other Purchase Services	-	5,000	5,000
General Supplies	9,500	(1,152)	8,348
Textbooks	1,800	(1,800)	-
Total Learning and/or Language Disabilities	<u>524,372</u>	<u>17,089</u>	<u>541,461</u>
Multiply Handicapped:			
Salaries of Teachers	903,937	4,643	908,580
Other Salaries for Instruction	670,243	(52,944)	617,299
Other Purchased Services	-	20,424	20,424
General Supplies	19,000	(5,047)	13,953
Total Multiply Handicapped	<u>1,593,180</u>	<u>(32,924)</u>	<u>1,560,256</u>
Resource Room/Resource Center:			
Salaries of Teachers	5,893,828	82,547	5,976,375
Other Purchased Services	-	2,980	2,980
General Supplies	40,000	(3,179)	36,821
Textbooks	3,300	-	3,300
Total Resource Room/Resource Center	<u>5,937,128</u>	<u>82,348</u>	<u>6,019,476</u>
Preschool Disabilities - Part-Time:			
Salaries of Teachers	622,365	15,517	637,882
Other Salaries for Instruction	307,811	(106,242)	201,569
Other Purchased Services	-	25,000	25,000
General Supplies	8,350	(1,365)	6,985
Total Preschool Disabilities - Part-Time	<u>938,526</u>	<u>(67,090)</u>	<u>871,436</u>
Special Education Home Instruction			
Salaries of Teachers	22,000	2,709	24,709
Purchased Professional-Educational Services	6,000	(2,848)	3,152
	<u>28,000</u>	<u>(139)</u>	<u>27,861</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>9,021,206</u>	<u>(716)</u>	<u>9,020,490</u>
Basic Skills/Remedial - Instruction			
Salaries of Teachers	1,344,815	(49,241)	1,295,574
Other Purchased Services	9,300	(9,300)	-
General Supplies	5,782	9,300	15,082
Total Basic Skills/Remedial - Instruction	<u>1,359,897</u>	<u>(49,241)</u>	<u>1,310,656</u>
Bilingual Education - Instruction			
Salaries of Teachers	325,630	-	325,630
Other Purchased Services	9,000	-	9,000
General Supplies	750	-	750
Total Bilingual Education - Instruction	<u>335,380</u>	<u>-</u>	<u>335,380</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
\$ 324,975	\$ 1,637
200,187	1,314
5,000	-
6,085	2,263
-	-
<u>536,247</u>	<u>5,214</u>
888,304	20,276
615,385	1,914
20,398	26
12,572	1,381
<u>1,536,659</u>	<u>23,597</u>
5,972,549	3,826
2,951	29
34,724	2,097
783	2,517
<u>6,011,007</u>	<u>8,469</u>
637,299	583
199,354	2,215
12,097	12,903
3,062	3,923
<u>851,812</u>	<u>19,624</u>
24,708	1
-	3,152
<u>24,708</u>	<u>3,153</u>
8,960,433	60,057
1,266,154	29,420
-	-
14,453	629
<u>1,280,607</u>	<u>30,049</u>
297,787	27,843
902	8,098
663	87
<u>299,352</u>	<u>36,028</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2016

C-1

	Original Budget	Budget Transfers	Final Budget
School-Spon. Cocurricular Actvts. - Inst.			
Salaries	\$ 167,354	\$ -	\$ 167,354
Purchased Professional Services	6,300	(500)	5,800
Other Purchased Services	4,700	2,800	7,500
Supplies and Materials	7,781	(800)	6,981
Other Objects	2,090	-	2,090
Total School-Spon. Cocurricular Actvts. - Inst.	<u>188,225</u>	<u>1,500</u>	<u>189,725</u>
School-Spon. Athletics - Inst.			
Salaries	173,532	-	173,532
Supplies and Materials	12,912	827	13,739
Other Objects	20,364	-	20,364
Total School-Spon. Athletics - Inst.	<u>206,808</u>	<u>827</u>	<u>207,635</u>
Other Instructional Programs - Instruction			
Salaries	596,694	-	596,694
Supplies and Materials	9,009	2,900	11,909
Total Other Instructional Programs - Instruction	<u>605,703</u>	<u>2,900</u>	<u>608,603</u>
Total Instruction	<u>34,774,857</u>	<u>397,923</u>	<u>35,172,780</u>
Undistributed Expenditures - Instruction:			
Tuition to Regional Day Facilities	-	2,067	2,067
Tuition to Private Schools for the Handicapped - w/in state	2,021,286	106,856	2,128,142
Tuition to Charter School	119,314	-	119,314
Total Undistributed Expenditures - Instruction:	<u>2,140,600</u>	<u>108,923</u>	<u>2,249,523</u>
Undistributed Expend. - Attend. & Social Work			
Salaries	524,534	2,500	527,034
Purchased Professional and Technical Services	10,097	-	10,097
Other Purchased Services (400-500 series)	5,100	-	5,100
Total Undistributed Expend. - Attend. & Social Work	<u>539,731</u>	<u>2,500</u>	<u>542,231</u>
Undist. Expend. - Health Services			
Salaries	754,187	17,500	771,687
Purchased Professional and Technical Services	146,500	-	146,500
Supplies and Materials	16,018	-	16,018
Total Undistributed Expenditures - Health Services	<u>916,705</u>	<u>17,500</u>	<u>934,205</u>
Undist. Expend.-Other Sup. Ser. Students-Related Serv.			
Salaries of Other Professional Staff	1,074,337	(18,636)	1,055,701
Purchased Professional - Educational Services	45,400	29,397	74,797
Other Purchased Services	100	199	299
Supplies and Materials	10,124	(3,000)	7,124
Total Undist. Expend.-Other Sup. Ser. Students-Related Serv.	<u>1,129,961</u>	<u>7,960</u>	<u>1,137,921</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
\$ 164,678	\$ 2,676
5,419	381
5,576	1,924
5,265	1,716
786	1,304
<u>181,724</u>	<u>8,001</u>
154,985	18,547
12,585	1,154
14,945	5,419
<u>182,515</u>	<u>25,120</u>
556,554	40,140
10,245	1,664
<u>566,799</u>	<u>41,804</u>
34,450,806	721,974
2,060	7
2,109,801	18,341
55,908	63,406
<u>2,167,769</u>	<u>81,754</u>
524,485	2,549
1,914	8,183
-	5,100
<u>526,399</u>	<u>15,832</u>
768,606	3,081
116,231	30,269
12,422	3,596
<u>897,259</u>	<u>36,946</u>
1,052,575	3,126
55,105	19,692
226	
5,526	1,598
<u>1,113,432</u>	<u>24,489</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

C-1

	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Extraordinary Services			
Other Salaries for Instruction	\$ 1,243,075	\$ 66,100	\$ 1,309,175
Other Purchased Services	-	25,000	25,000
Total Undist. Expend. - Extraordinary Services	<u>1,243,075</u>	<u>91,100</u>	<u>1,334,175</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.			
Salaries of Other Professional Staff	890,278	17,000	907,278
Salaries of Secretarial and Clerical Assistants	99,284	-	99,284
Purchased Professional/Technical Services	239,225	(2,000)	237,225
Other Purchased Services	418	1,500	1,918
Supplies and Materials	19,710	386	20,096
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>1,248,915</u>	<u>16,886</u>	<u>1,265,801</u>
Undist. Expend.-Other Sup. Ser. Students-Spc. Services			
Salaries of Other Professional Staff	1,255,064	(45,154)	1,209,910
Salaries of Secretarial and Clerical Assistants	183,862	(14,621)	169,241
Purchased Professional - Educational Services	235,000	54,576	289,576
Other Purchased Services	20,600	(7,776)	12,824
Supplies and Materials	36,000	141	36,141
Total Undist. Expend.-Other Sup. Ser. Students-Spc. Services	<u>1,730,526</u>	<u>(12,834)</u>	<u>1,717,692</u>
Undist. Expend. - Improvement of Inst. Serv.			
Salaries of Secr and Clerical Assist.	78,127	-	78,127
Other Salaries	186,769	(10,068)	176,701
Other Purch Prof. and Tech. Services	5,000	(5,000)	-
Other Purchased Services	55,969	2,199	58,168
Supplies and Materials	7,370	5,105	12,475
Total Undist. Expend. - Improvement of Inst. Serv.	<u>333,235</u>	<u>(7,764)</u>	<u>325,471</u>
Undist. Expend. - Edu. Media Serv./Sch. Library			
Salaries	579,240	-	579,240
Other Purchased Services	20,530	-	20,530
Supplies and Materials	53,982	(7,755)	46,227
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>653,752</u>	<u>(7,755)</u>	<u>645,997</u>
Undist. Expend. - Instructional Staff Training Serv.			
Salaries of Secretarial and Clerical Assist	19,407	-	19,407
Other Salaries	16,045	(7,640)	8,405
Other Purchased Prof. and Tech. Services	5,000	(360)	4,640
Other Purchased Services (400-500 series)	77,627	-	77,627
Supplies and Materials	2,000	(1,000)	1,000
Total Undist. Expend. - Instructional Staff Training Serv.	<u>120,079</u>	<u>(9,000)</u>	<u>111,079</u>
Undist. Expend. - Supp. Serv. - General Admin.			
Salaries	608,907	(45,782)	563,125
Legal Services	167,500	15,804	183,304
Audit Fees	32,000	(3,000)	29,000
Architect/Engineering Fees	50,000	256,853	306,853
Other Purchased Professional Services	155,500	(5,939)	149,561
Communications/Telephone	255,867	-	255,867
Board of Education Other Purchased Services	1,000	-	1,000
Other Purchased Services	139,414	(11,505)	127,909
Supplies and Materials	11,200	924	12,124
Board of Education Supplies	1,000	676	1,676
Judgements against School	50,000	20,000	70,000
Miscellaneous Expenditures	8,000	-	8,000
Board of Education Membership Dues & Fees	40,000	(3,583)	36,417
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,520,388</u>	<u>224,448</u>	<u>1,744,836</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
\$ 1,295,011	\$ 14,164
25,000	-
<u>1,320,011</u>	<u>14,164</u>
902,838	4,440
99,284	-
235,115	2,110
177	1,741
18,508	1,588
<u>1,255,922</u>	<u>9,879</u>
1,209,844	66
164,074	5,167
269,129	20,447
10,374	2,450
34,781	1,360
<u>1,688,202</u>	<u>29,490</u>
77,627	500
174,822	1,879
-	-
56,686	1,482
12,353	122
<u>321,488</u>	<u>3,983</u>
579,240	-
17,302	3,228
42,219	4,008
<u>638,761</u>	<u>7,236</u>
19,407	-
6,382	2,023
4,640	-
45,382	32,245
554	446
<u>76,365</u>	<u>34,714</u>
563,124	1
165,222	18,082
28,500	500
242,257	64,596
143,248	6,313
248,147	7,720
-	1,000
118,128	9,781
10,240	1,884
1,413	263
70,000	-
4,554	3,446
36,082	335
<u>1,630,915</u>	<u>113,921</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2016

C-1

	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Support Serv. - School Admin.			
Salaries of Principals/Assistant Principals	\$ 3,048,527	\$ (42,244)	\$ 3,006,283
Salaries of Secretarial and Clerical Assistants	890,086	-	890,086
Other Purchased Services	143,554	(22,525)	121,029
Supplies and Materials	49,027	28,563	77,590
Other Objects	21,161	-	21,161
Total Undist. Expend. - Support Serv. - School Admin.	<u>4,152,355</u>	<u>(36,206)</u>	<u>4,116,149</u>
Undist. Expend. - Support Services - Central Services			
Salaries	582,569	-	582,569
Purchased Professional Services	3,640	500	4,140
Other Purchased Services	8,800	-	8,800
Supplies & Materials	6,500	465	6,965
Miscellaneous Expenditures	3,000	-	3,000
Total Undist. Expend. - Support Serv. - Central Services	<u>604,509</u>	<u>965</u>	<u>605,474</u>
Undist. Expend. - Support Services - Admin. Info. Tech. Svcs.			
Salaries	372,089	2,544	374,633
Purchased Technical Services	40,200	(10,605)	29,595
Other Purchased Services	161,900	(94,736)	67,164
Supplies & Materials	248,436	(33,900)	214,536
Total Undist. Expend. - Support Svcs. - Admin. Info. Tech. Svcs.	<u>822,625</u>	<u>(136,697)</u>	<u>685,928</u>
Undist. Expend. - Required Maint. School Facilities			
Cleaning, Repair and Maintenance Services	412,500	825,867	1,238,367
General Supplies	267,300	(81,575)	185,725
Other Objects	25,000	(17,675)	7,325
Total Undist. Expend. - Required Maint. School Facilities	<u>704,800</u>	<u>726,617</u>	<u>1,431,417</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant			
Salaries	1,587,420	(22,825)	1,564,595
Other Salaries	487,726	-	487,726
Purchased Professional/Technical Services	37,500	-	37,500
Cleaning, Repair and Maintenance Services	1,912,895	54,577	1,967,472
Other Purchased Property Services	198,200	-	198,200
Insurance	253,008	-	253,008
Miscellaneous Purchased Services	6,850	-	6,850
General Supplies	158,500	15,128	173,628
Energy (Energy and Electricity)	1,408,000	-	1,408,000
Other Objects	12,000	5,940	17,940
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>6,062,099</u>	<u>52,820</u>	<u>6,114,919</u>
Undist. Expend. - Care and Upkeep of Grounds			
Salaries	70,153	(5,000)	65,153
Other Purchased Property Services	92,859	20,000	112,859
General Supplies	20,000	12,500	32,500
Total Undist. Expend. - Care and Upkeep of Grounds	<u>183,012</u>	<u>27,500</u>	<u>210,512</u>
Undist. Expend. - Security			
Salaries	253,301	18,092	271,393
Purchased Professional/Technical Services	165,500	(2,592)	162,908
General Supplies	19,425	9,149	28,574
Total Undist. Expend. - Security	<u>438,226</u>	<u>24,649</u>	<u>462,875</u>
Total Undist. Expend. - Oper. & Maint. Plant Services	<u>7,388,137</u>	<u>831,586</u>	<u>8,219,723</u>
Undist. Expend. - Student Transportation Serv.			
Salaries - Administration	402,217	22,365	424,582
Salaries - (between home and school) - Regular	1,323,917	(29,365)	1,294,552
Salaries - (between home and school) - Special Education	656,616	7,000	663,616
Salaries - (other than between home & school)	7,490	3,000	10,490
Purchased Professional Services	12,460	2,000	14,460
Cleaning, Maintenance and Repair Services	48,622	49,635	98,257
Lease Purchase Payments - Busses	351,865	(12,599)	339,266
Contracted Services - Athletic Trips	45,159	(3,000)	42,159
Contracted Services - Joint Agreements (Non-Public)	319,500	(22,500)	297,000
Contracted Services - Joint Agreements (Special Education)	973,049	-	973,049
Contracted Services - Parent	50,000	-	50,000
Miscellaneous purchased services	46,787	-	46,787
Supplies and materials	8,600	1,191	9,791
Transportation supplies	613,549	(1,280)	612,269
Other Objects	11,220	2,000	13,220
Total Undist. Expend. - Student Transportation Serv.	<u>4,871,051</u>	<u>18,447</u>	<u>4,889,498</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
\$ 2,959,844	\$ 46,439
889,908	178
110,863	10,166
73,286	4,304
19,371	1,790
<u>4,053,272</u>	<u>62,877</u>
570,150	12,419
3,100	1,040
4,593	4,207
6,288	677
2,644	356
<u>586,775</u>	<u>18,699</u>
374,633	-
29,595	-
54,408	12,756
206,746	7,790
<u>665,382</u>	<u>20,546</u>
1,201,070	37,297
155,183	30,542
7,325	-
<u>1,363,578</u>	<u>67,839</u>
1,408,848	155,747
480,218	7,508
22,269	15,231
1,934,715	32,757
196,730	1,470
248,244	4,764
4,881	1,969
162,103	11,525
1,105,606	302,394
17,016	924
<u>5,580,630</u>	<u>534,289</u>
50,816	14,337
109,296	3,563
25,404	7,096
<u>185,516</u>	<u>24,996</u>
271,088	305
106,150	56,758
23,692	4,882
<u>400,930</u>	<u>61,945</u>
7,530,654	689,069
410,019	14,563
1,269,144	25,408
641,372	22,244
1,762	8,728
10,561	3,899
77,434	20,823
339,266	-
-	42,159
225,646	71,354
880,998	92,051
-	50,000
46,017	770
7,044	2,747
405,889	206,380
10,787	2,433
<u>4,325,939</u>	<u>563,559</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2016

C-1

	Original Budget	Budget Transfers	Final Budget
UNALLOCATED BENEFITS			
Social Security Contributions	\$ 925,000	\$ -	\$ 925,000
PERS Contribution	1,039,721	(38,000)	1,001,721
Unemployment Compensation	200,000	-	200,000
Workmen's Compensation	497,600	-	497,600
Health Benefits	13,369,040	(217,161)	13,151,879
Tuition Reimbursement	75,647	3,018	78,665
Other Employee Benefits	288,100	38,000	326,100
TOTAL UNALLOCATED BENEFITS	<u>16,395,108</u>	<u>(214,143)</u>	<u>16,180,965</u>
On-behalf TPAF Post Retirement/Medical Contributions (non-budgeted)	-	-	-
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>16,395,108</u>	<u>(214,143)</u>	<u>16,180,965</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>45,810,752</u>	<u>895,916</u>	<u>46,706,668</u>
TOTAL GENERAL CURRENT EXPENSE	<u>80,585,609</u>	<u>1,293,839</u>	<u>81,879,448</u>
CAPITAL OUTLAY			
Equipment			
Grades 6-8	6,000	(6,000)	-
Undistributed Expenditures - Other Supp. Svc. - Special Services	-	5,500	5,500
Undistributed Expenditures - General Administration	7,200	-	7,200
Undistributed Expenditures - Business/Other Support Services	30,000	48,000	78,000
Undistributed Expenditures - Required Maintenance	-	39,233	39,233
Undistributed Expenditures - Custodial and Maintenance	10,000	-	10,000
Undistributed Expenditures - Transportation	22,230	-	22,230
Total Equipment	<u>75,430</u>	<u>86,733</u>	<u>162,163</u>
Facilities Acquisition and Construction Services			
Construction Services	1,000,000	84,800	1,084,800
Total Facilities Acquisition and Construction Services	<u>1,000,000</u>	<u>84,800</u>	<u>1,084,800</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
\$ 917,982	\$ 7,018
941,119	60,602
63,479	136,521
466,998	30,602
12,399,747	752,132
64,307	14,358
307,672	18,428
<u>15,161,304</u>	<u>1,019,661</u>
6,541,649	(6,541,649)
2,733,998	(2,733,998)
<u>9,275,647</u>	<u>(9,275,647)</u>
24,436,951	(8,255,986)
<u>53,235,496</u>	<u>(6,528,828)</u>
<u>87,686,302</u>	<u>(5,806,854)</u>
-	-
5,467	33
7,119	81
77,273	727
39,233	-
5,815	4,185
21,549	681
<u>156,456</u>	<u>5,707</u>
975,054	109,746
<u>975,054</u>	<u>109,746</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2016

C-1

	Original Budget	Budget Transfers	Final Budget
Undistributed Expenditures: Student Transportation	\$ -	\$ -	\$ -
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-
TOTAL CAPITAL OUTLAY	1,075,430	171,533	1,246,963
TOTAL EXPENDITURES	81,661,039	1,465,372	83,126,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,141,564)	(1,303,201)	(2,444,765)
Other Financing Sources: Capital Leases (non-budgeted)	-	-	-
Total Other Financing Sources:	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,141,564)	(1,303,201)	(2,444,765)
Fund Balance, July 1	8,049,296	-	8,049,296
Fund Balance, June 30	<u>\$ 6,907,732</u>	<u>\$ (1,303,201)</u>	<u>\$ 5,604,531</u>

Recapitulation:

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

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

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

(Continued)

<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 573,714	\$ (573,714)
<u>573,714</u>	<u>(573,714)</u>
1,705,224	(458,261)
<u>89,391,526</u>	<u>(6,265,115)</u>
<u>1,190,526</u>	<u>3,635,291</u>
573,714	573,714
<u>573,714</u>	<u>573,714</u>
1,764,240	4,209,005
8,049,296	-
<u>\$ 9,813,536</u>	<u>\$4,209,005</u>
\$ 1,439,227	
574,290	
1,337,412	
3,660,234	
242,378	
540,646	
<u>2,019,349</u>	
9,813,536	
<u>(1,157,332)</u>	
<u>\$ 8,656,204</u>	

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

C-2

	Original Budget	Budget Transfers
REVENUES:		
Federal Sources	\$ 1,444,106	\$ -
State Sources	218,804	-
Local Sources	33,192	-
Total Revenues	<u>1,696,102</u>	<u>-</u>
EXPENDITURES:		
Instruction		
Salaries of Teachers	92,668	-
Other Salaries for Instruction	161,945	-
Purchased Professional and Technical Services	41,404	-
Tuition	750,000	-
General Supplies	57,062	-
Textbooks	23,182	-
Total Instruction	<u>1,126,261</u>	<u>-</u>
Support Services		
Salaries of Other Professional Staff	17,306	-
Other Salaries	95,726	-
Personal Services - Employee Benefits	28,172	-
Purchased Professional - Educational Services	348,443	-
Other Purchased Professional Services	58,179	-
Other Purchased Services	1,310	-
Supplies & Materials	20,705	-
Total Support Services	<u>569,841</u>	<u>-</u>
Facilities Acquisition and Construction Services:		
Instructional Equipment	-	-
Noninstructional Equipment	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,696,102</u>	<u>-</u>
Total Outflows	<u>1,696,102</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

C-2

Final Budget	Actual	Variance Final to Actual
\$ 1,444,106	\$ 1,410,877	\$ (33,229)
218,804	200,447	(18,357)
33,192	33,000	(192)
<u>1,696,102</u>	<u>1,644,324</u>	<u>(51,778)</u>
92,668	92,668	-
161,945	161,945	-
41,404	41,385	19
750,000	737,781	12,219
57,062	53,125	3,937
23,182	17,659	5,523
<u>1,126,261</u>	<u>1,104,563</u>	<u>21,698</u>
17,306	17,306	-
95,726	94,885	841
28,172	28,060	112
348,443	324,598	23,845
58,179	53,088	5,091
1,310	1,309	1
20,705	20,515	190
<u>569,841</u>	<u>539,761</u>	<u>30,080</u>
-	-	-
-	-	-
-	-	-
<u>1,696,102</u>	<u>1,644,324</u>	<u>51,778</u>
<u>1,696,102</u>	<u>1,644,324</u>	<u>51,778</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>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 90,582,052	\$ 1,644,324
 Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(702)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,158,879	
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>(1,157,332)</u>	<u>-</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 90,583,599</u>	<u>\$ 1,643,622</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 89,391,526	\$ 1,644,324
 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>(702)</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 89,391,526</u>	<u>\$ 1,643,622</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 THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.109%	0.112%	0.114%
District's proportionate share of the net pension liability (asset)	\$ 24,573,054	\$ 20,924,067	\$ 21,821,179
District's covered-employee payroll	\$ 7,556,838	\$ 7,514,106	\$ 7,660,561
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	325.18%	278.46%	284.85%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	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>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 941,119	\$ 921,313	\$ 860,288
Contributions in relation to the contractually required contribution	<u>941,119</u>	<u>921,313</u>	<u>860,288</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,653,569	\$ 7,556,838	7,514,106
Contributions as a percentage of covered-employee payroll	12.30%	12.19%	11.45%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
State's proportion of the net pension liability (asset) associated with the District	0.377%	0.371%	0.370%
State's proportionate share of the net pension liability (asset) associated with the District	\$238,571,199	\$ 198,195,083	\$ 187,008,674
District's covered-employee payroll	\$ 37,842,545	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	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, 2016

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, 2016

E-1

	Title I	Title I Carryover	Title II A	Title III	Title III Carryover	Title III Imm. Carryover
REVENUES:						
Federal sources	\$ 161,830	\$ 382	\$ 79,209	\$ 30,917	\$ 1,407	\$ 1,101
State sources	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
Total Revenues	161,830	382	79,209	30,917	1,407	1,101
EXPENDITURES:						
Instruction:						
Salaries of teachers	92,668	-	-	-	-	-
Other salaries for instruction	-	-	-	-	-	-
Purchased professional and technical services	7,000	-	-	15,800	-	-
Tuition	-	-	-	-	-	-
General supplies	5,030	382	-	4,534	1,407	1,101
Textbooks	-	-	-	-	-	-
Total instruction	104,698	382	-	20,334	1,407	1,101
Support Services:						
Salaries of other professional staff	7,475	-	-	9,831	-	-
Salaries of other staff	33,868	-	61,017	-	-	-
Personnel services - employee benefits	10,251	-	4,668	752	-	-
Supplies and materials	2,038	-	-	-	-	-
Purchased prof. - educ. services	3,500	-	13,524	-	-	-
Purchased technical services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Total support services	57,132	-	79,209	10,583	-	-
Facilities acquisition and construction services:						
Instructional equipment	-	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-	-
Total Expenditures	161,830	382	79,209	30,917	1,407	1,101
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, 2016

E-1

	I.D.E.A.				Non-Public	
	Basic	Carryover	Preschool	Carryover	Nursing	Textbook
REVENUES:						
Federal sources	\$ 1,032,216	\$ 31,679	\$ 65,727	\$ 6,409	\$ -	\$ -
State sources	-	-	-	-	31,449	17,659
Local sources	-	-	-	-	-	-
Total Revenues	1,032,216	31,679	65,727	6,409	31,449	17,659
EXPENDITURES:						
Instruction:						
Salaries of teachers	-	-	-	-	-	-
Other salaries for instruction	161,945	-	-	-	-	-
Purchased professional and technical services	-	16,797	-	-	-	-
Tuition	737,781	-	-	-	-	-
General supplies	23,568	-	-	-	-	-
Textbooks	-	-	-	-	-	17,659
Total instruction	923,294	16,797	-	-	-	17,659
Support Services:						
Salaries of other professional staff	-	-	-	-	-	-
Salaries of other staff	-	-	-	-	-	-
Personnel services - employee benefits	12,389	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Purchased prof. - educ. services	96,533	14,882	65,727	6,409	-	-
Purchased technical services	-	-	-	-	31,449	-
Other purchased services	-	-	-	-	-	-
Total support services	108,922	14,882	65,727	6,409	31,449	-
Facilities acquisition and construction services:						
Instructional equipment	-	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-	-
Total Expenditures	1,032,216	31,679	65,727	6,409	31,449	17,659
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, 2016

E-1

	Non-Public	Non-Public	Chapter 192 Nonpublic		Chapter 193 Nonpublic			
	Tech Aid	Security Aid	Comp. Ed.	ESL	Transportation	Classification	Speech	Instruction
REVENUES:								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	10,106	8,785	29,611	1,726	8,425	44,474	23,410	24,802
Local sources	-	-	-	-	-	-	-	-
Total Revenues	10,106	8,785	29,611	1,726	8,425	44,474	23,410	24,802
EXPENDITURES:								
Instruction:								
Salaries of teachers	-	-	-	-	-	-	-	-
Other salaries for instruction	-	-	-	-	-	-	-	-
Purchased professional and technical services	1,788	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-	-
General supplies	8,318	8,785	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	-	-
Total instruction	10,106	8,785	-	-	-	-	-	-
Support Services:								
Salaries of other professional staff	-	-	-	-	-	-	-	-
Salaries other staff	-	-	-	-	-	-	-	-
Personnel services - employee benefits	-	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-	-
Purchased prof. - educ. services	-	-	29,611	1,726	-	44,474	23,410	24,802
Purchased technical services	-	-	-	-	8,425	-	-	-
Other purchased services	-	-	-	-	-	-	-	-
Total support services	-	-	29,611	1,726	8,425	44,474	23,410	24,802
Facilities acquisition and construction services:								
Instructional equipment	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-
Total Expenditures	10,106	8,785	29,611	1,726	8,425	44,474	23,410	24,802
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, 2016

E-1

	Other Local Grants				Total 2016
	Middle Schools	Elementary Schools	Transportation	Foundation	
REVENUES:					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 1,410,877
State sources	-	-	-	-	200,447
Local sources	809	533	5,640	26,018	33,000
Total Revenues	809	533	5,640	26,018	1,644,324
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	-	-	-	92,668
Other salaries for instruction	-	-	-	-	161,945
Purchased professional and technical services	-	-	-	-	41,385
Tuition	-	-	-	-	737,781
General supplies	-	-	-	-	53,125
Textbooks	-	-	-	-	17,659
Total instruction	-	-	-	-	1,104,563
Support Services:					
Salaries of other professional staff	-	-	-	-	17,306
Salaries other staff	-	-	-	-	94,885
Personnel services - employee benefits	-	-	-	-	28,060
Supplies and materials	809	533	4,331	12,804	20,515
Purchased prof. - educ. services	-	-	-	-	324,598
Purchased technical services	-	-	-	13,214	53,088
Other purchased services	-	-	1,309	-	1,309
Total support services	809	533	5,640	26,018	539,761
Facilities acquisition and construction services:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-
Total Expenditures	809	533	5,640	26,018	1,644,324
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2016

	Private Purpose Trust Fund	Agency Funds			Technology Trust Fund	Unemployment Compensation Insurance Trust	Totals
	Scholarship Fund	Student Activity	Payroll and Payroll Agency	Flexible Spending			
ASSETS:							
Cash and cash equivalents	\$ 577	\$ 90,816	\$ 494,551	\$ 24,367	\$ 32,414	\$ 300,953	\$ 943,678
LIABILITIES:							
Payroll deductions and withholdings	\$ -	\$ -	\$ 494,551	\$ 24,367	\$ -	\$ -	\$ 518,918
Due to student groups	-	90,816	-	-	-	-	90,816
Chromebook repairs	-	-	-	-	-	-	-
Total liabilities	-	90,816	494,551	24,367	-	-	609,734
NET POSITION:							
Reserved for unemployment claims	-	-	-	-	-	300,953	300,953
Reserved for scholarships	577	-	-	-	-	-	577
Reserved for Chromebook repairs	-	-	-	-	32,414	-	32,414
TOTAL LIABILITIES AND NET POSITION	\$ 577	\$ 90,816	\$ 494,551	\$ 24,367	\$ 32,414	\$ 300,953	\$ 943,678

MARLBORO TOWNSHIP BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

H-2

Scholarship Funds

	<u>Ross Barshay</u>	<u>Alan Feinberg</u>	<u>Bill Botwinick</u>	<u>Totals</u>	<u>Technology Trust Fund</u>	<u>Unemployment Compensation Insurance Trust</u>
ADDITIONS:						
Local sources:						
Employee unemployment contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chromebook usage fee					32,414	-
Total additions	-	-	-	-	32,414	-
DEDUCTIONS:						
Scholarships	-	-	100	100	-	-
Unemployment compensation assessments	-	-	-	-	-	-
Total deductions	-	-	100	100	-	-
CHANGE IN NET POSITION	-	-	(100)	(100)	32,414	-
NET POSITION, July 1	359	3	315	677	-	300,953
NET POSITION, June 30	<u>\$ 359</u>	<u>\$ 3</u>	<u>\$ 215</u>	<u>\$ 577</u>	<u>\$ 32,414</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, 2016

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	\$ 359,078	\$ -	\$ -	\$ 359,078
Net Payroll	-	-	29,093,764	29,093,764
Employee withholdings	-	36,110	25,356,470	25,392,580
Total additions	<u>359,078</u>	<u>36,110</u>	<u>54,450,234</u>	<u>54,845,422</u>
DEDUCTIONS:				
Student activity payments	358,258	-	-	358,258
Net Payroll	-	-	29,093,764	29,093,764
Payroll related payments	-	44,838	25,269,724	25,314,562
Total deductions	<u>358,258</u>	<u>44,838</u>	<u>54,363,488</u>	<u>54,766,584</u>
CHANGE IN LIABILITIES	<u>820</u>	<u>(8,728)</u>	<u>86,746</u>	<u>78,838</u>
LIABILITIES, July 1	<u>89,996</u>	<u>33,095</u>	<u>407,805</u>	<u>530,896</u>
LIABILITIES, June 30	<u>\$ 90,816</u>	<u>\$ 24,367</u>	<u>\$ 494,551</u>	<u>\$ 609,734</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

H-4

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Asher Holmes	\$ 7,647	\$ 14,919	\$ 19,676	\$ 2,890
Frank J. Dugan Elementary	4,585	17,141	11,707	10,019
Frank Defino Central Elementary	7,733	13,950	14,537	7,146
Marlboro Early Learning Center	4,624	3,052	1,064	6,612
Marlboro Elementary	5,737	23,663	21,322	8,078
Marlboro Memorial Middle School	14,437	96,569	88,804	22,202
Marlboro Middle School	38,738	179,174	192,365	25,547
Robertsville Elementary	6,495	10,610	8,783	8,322
Total all schools	<u>\$ 89,996</u>	<u>\$ 359,078</u>	<u>\$ 358,258</u>	<u>\$ 90,816</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 PAYROLL AGENCY FUND
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

H-5

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash - Payroll	\$ -	\$ 29,093,764	\$ 29,093,764	\$ -
Cash - Payroll Agency	407,805	25,356,470	25,269,724	494,551
Cash - Flexible Spending	33,095	36,110	44,838	24,367
TOTAL ASSETS	\$ 440,900	\$ 54,486,344	\$ 54,408,326	\$ 518,918
LIABILITIES:				
Net Payroll	\$ -	\$ 29,093,764	\$ 29,093,764	\$ -
Payroll deductions and withholdings	440,900	25,392,580	25,314,562	518,918
TOTAL LIABILITIES	\$ 440,900	\$ 54,486,344	\$ 54,408,326	\$ 518,918

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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, 2016

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	07/15/16	\$ 930,000	4.00%
Refunding Bonds - 2013 Issue	03/26/13	18,700,000	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, 2016

July 1, 2015	Issued	Decreased	June 30, 2016
\$ 1,920,000	\$ -	\$ 990,000	\$ 930,000
17,885,000	-	3,385,000	14,500,000
\$ 19,805,000	\$ -	\$ 4,375,000	\$ 15,430,000

MARLBORO TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 AS OF JUNE 30, 2016

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2015	Additions Current Year	Retired Current Year	Balance June 30, 2016
2012 Buses - 4						
2012 Van -1	2.90%	\$ 349,686	\$ 67,382	\$ -	\$ 67,382	\$ -
2013 Buses - 4	2.30%	352,980	142,803	-	70,590	72,213
2013 Vans - 2	3.80%	106,416	27,115	-	27,115	-
2014 16 Passenger Bus - 2	2.00%	103,842	51,956	-	25,721	26,235
2014 - 20 Passenger Bus - 1	4.20%	62,468	31,207	-	15,276	15,931
2016 Buses - 5	1.82%	465,676	-	465,676	96,519	369,157
2016 Vans - 2	2.41%	108,038	-	108,038	27,982	80,056
			<u>\$ 320,463</u>	<u>\$ 573,714</u>	<u>\$ 330,585</u>	<u>\$ 563,592</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 3,941,633	\$ -	\$ 3,941,633	\$ 3,941,633	\$ -
Total revenues - local sources	<u>3,941,633</u>	<u>-</u>	<u>3,941,633</u>	<u>3,941,633</u>	<u>-</u>
State sources:					
Debt service aid type II	714,099	-	714,099	714,099	-
Total state sources	<u>714,099</u>	<u>-</u>	<u>714,099</u>	<u>714,099</u>	<u>-</u>
TOTAL REVENUES	<u>4,655,732</u>	<u>-</u>	<u>4,655,732</u>	<u>4,655,732</u>	<u>-</u>
EXPENDITURES					
Regular debt service:					
Interest	280,732	-	280,732	280,731	1
Redemption of principal	4,375,000	-	4,375,000	4,375,000	-
Total regular debt service	<u>4,655,732</u>	<u>-</u>	<u>4,655,732</u>	<u>4,655,731</u>	<u>1</u>
TOTAL EXPENDITURES	<u>4,655,732</u>	<u>-</u>	<u>4,655,732</u>	<u>4,655,731</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	1	1
OTHER FINANCING SOURCES (USES):					
Transfers in - from capital projects fund	-	-	-	-	-
Sources (Uses) of Refunding Issue:					
Par amount of bonds				-	-
Deposit to escrow fund				-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
FUND BALANCES, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
FUND BALANCES, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</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 Position 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	2016
Governmental activities										
Net investment in capital assets	\$ 25,511,039	\$ 25,903,909	\$ 27,432,967	\$ 29,148,937	\$ 33,110,689	\$ 33,753,591	\$ 35,261,244	\$ 33,963,210	\$ 42,859,895	\$ 46,102,941
Restricted	3,119,132	2,461,742	4,331,584	2,834,929	5,168,518	8,358,487	10,326,308	4,519,095	4,746,088	7,011,165
Unrestricted	3,295,719	5,891,672	5,111,885	5,721,472	1,811,362	3,992,694	(555,386)	7,517,414	(21,372,114)	(22,639,727)
Total governmental activities net position	\$ 31,925,890	\$ 34,257,323	\$ 36,876,436	\$ 37,705,338	\$ 40,090,569	\$ 46,104,772	\$ 45,032,166	\$ 45,999,719	\$ 26,233,869	\$ 30,474,379
Business-type activities										
Net investment in capital assets	\$ 142,758	\$ 137,096	\$ 187,073	\$ 217,395	\$ 314,975	\$ 346,104	\$ 327,170	\$ 356,607	\$ 345,397	\$ 310,817
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	333,633	383,319	370,219	367,741	293,031	275,783	332,455	316,850	326,063	366,103
Total business-type activities net position	\$ 476,391	\$ 520,415	\$ 557,292	\$ 585,136	\$ 608,006	\$ 621,887	\$ 659,625	\$ 673,457	\$ 671,460	\$ 676,920
District-wide										
Net investment in capital assets	\$ 25,653,797	\$ 26,041,005	\$ 27,620,040	\$ 29,366,332	\$ 33,425,664	\$ 34,099,695	\$ 35,588,414	\$ 34,319,817	\$ 43,205,292	\$ 46,413,758
Restricted	3,119,132	2,461,742	4,331,584	2,834,929	5,168,518	8,358,487	10,326,308	4,519,095	4,746,088	7,011,165
Unrestricted	3,629,352	6,274,991	5,482,104	6,089,213	2,104,393	4,288,477	(222,931)	7,834,264	(21,046,051)	(22,273,624)
Total district net position	\$ 32,402,281	\$ 34,777,738	\$ 37,433,728	\$ 38,290,474	\$ 40,698,575	\$ 46,726,659	\$ 45,691,791	\$ 46,673,176	\$ 26,905,329	\$ 31,151,299

Source: CAFR Schedule A-1

MARLBORO TOWNSHIP BOARD OF EDUCATION
Changes in Net Position, Last Ten Fiscal Years
Unaudited

(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 41,644,306
Special education	9,972,189	10,954,321	11,414,671	12,445,136	12,415,997	12,042,092	12,785,736	13,183,818	15,383,599	16,686,291
Other instruction	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	4,301,453
Nonpublic school programs	261,488	271,569	306,156	255,014	195,449	203,155	172,750	157,033	169,623	200,447
Support Services:										
Tuition	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	2,167,769
Student & instruction related services	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	12,977,350
General administrative services	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	2,044,009
School administrative services	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	6,607,572
Business administrative services	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	1,945,728
Plant operations and maintenance	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	9,152,971
Pupil transportation	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	6,026,469
Interest on long-term debt	2,202,154	2,071,966	1,938,285	1,802,323	2,084,198	1,955,197	900,164	489,239	319,931	468,930
Total governmental activities expenses	<u>77,569,044</u>	<u>82,668,043</u>	<u>82,609,957</u>	<u>86,783,102</u>	<u>83,895,884</u>	<u>83,053,425</u>	<u>86,600,669</u>	<u>87,808,845</u>	<u>97,403,384</u>	<u>104,223,295</u>
Business-type activities:										
Food service	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	1,466,306
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<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>	<u>1,466,306</u>
Total district expenses	<u>\$ 78,999,089</u>	<u>\$ 84,043,053</u>	<u>\$ 84,028,836</u>	<u>\$ 88,212,412</u>	<u>\$ 85,241,836</u>	<u>\$ 84,387,775</u>	<u>\$ 87,925,914</u>	<u>\$ 89,136,572</u>	<u>\$ 98,737,726</u>	<u>\$ 105,689,601</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,578	\$ 792,518	\$ 709,437	\$ 701,446	\$ 813,455
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	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	13,224,474
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<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>	<u>14,037,929</u>

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION
Changes in Net Position, Last Ten Fiscal Years
 Unaudited

(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services										
Food service	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	1,175,748
Operating grants and contributions	204,499	226,799	236,305	243,878	217,616	247,918	285,295	268,620	224,701	296,018
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	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	1,471,766
Total district program revenues	\$ 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	\$ 15,509,695
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (90,185,366)
Business-type activities	45,267	44,024	36,877	27,845	22,870	13,881	37,738	13,832	(1,997)	5,460
Total district-wide net expense	\$ (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)	\$ (90,179,906)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 68,007,538
Taxes levied for debt service	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	3,941,633
Unrestricted grants and contributions	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	22,025,896
Investment earnings	582,983	517,571	271,429	58,672	8,873	7,990	4,722	2,299	1,238	6,466
Miscellaneous income	339,687	359,533	429,241	500,437	584,421	458,708	287,533	376,994	265,860	444,343
Total governmental activities	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	94,425,876
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 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	\$ 94,425,876
Change in Net Position										
Governmental activities	\$ 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	\$ 4,240,510
Business-type activities	45,267	44,024	36,877	27,845	22,870	13,881	37,738	13,832	(1,997)	5,460
Total district	\$ 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	\$ 4,245,970

Source: CAFR Schedule A-2

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 3,733,851	\$ 3,584,202	\$ 4,617,877	\$ 3,023,931	\$ 4,740,655	\$ 10,300,412	\$ 10,183,855	\$ 4,795,192	\$ 4,746,086	\$ -
Restricted	-	-	-	-	-	403,012	789,215	4,503,346	517,490	7,011,163
Committed	-	-	-	-	235,044	630,660	500,000	992,624	750,000	242,378
Assigned	-	-	-	-	943,127	784,573	660,052	795,403	876,841	540,646
Unassigned	-	-	-	-	1,032,120	-	-	-	-	862,017
Unreserved	2,416,277	2,729,921	2,792,425	2,612,112	-	-	-	-	-	-
Total general fund	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	8,656,204
All Other Governmental Funds										
Reserved	\$ 29,736	\$ -	\$ -	\$ 64,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	192,819	72,663	118,713	115,467	1	2
Assigned	-	-	-	-	111,066	159,861	23,740	-	-	-
Unreserved, reported in:										
Capital projects fund	2,027,799	2,039,290	2,033,165	2,856,232	-	-	-	-	-	-
Debt service fund	1	1	2	1	-	-	-	-	-	-
Total all other governmental fund:	\$ 2,057,536	\$ 2,039,291	\$ 2,033,167	\$ 2,920,358	\$ 303,885	\$ 232,524	\$ 142,453	\$ 115,467	\$ 1	\$ 2

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 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	\$ 71,949,171
Tuition charges	33,585	30,150	59,593	158,157	161,226	457,329	681,099	596,323	585,678	689,506
Interest earnings	582,983	517,571	271,429	58,672	8,873	7,990	4,722	2,299	1,238	6,466
Miscellaneous	306,102	329,393	369,648	342,280	413,139	568,957	439,017	490,108	416,609	601,292
State sources	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	22,224,133
Federal sources	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	1,412,385
Total revenue	81,941,413	84,301,694	85,224,380	87,600,459	86,270,858	89,067,072	89,031,206	88,776,398	90,835,259	96,882,953
Expenditures										
Instruction										
Regular instruction	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	33,944,530
Special education instruction	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	14,445,520
Other instruction	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	3,708,410
Nonpublic school programs	261,488	271,569	306,156	255,014	195,449	203,155	172,750	157,033	169,623	200,447
Support Services:										
Tuition	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	2,167,769
Student & instruction related services	7,122,922	7,582,094	7,407,067	10,622,967	9,900,953	10,003,638	9,596,830	10,357,292	10,877,061	11,211,083
General administrative services	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	1,907,246
School Administrative services	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	5,942,388
Business administrative services	1,020,132	1,057,046	1,086,758	1,194,106	1,157,915	1,162,287	1,500,784	1,366,947	1,487,463	1,715,773
Plant operations and maintenance	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	8,615,602
Pupil transportation	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	5,471,156
Charter Schools						45,809	75,237	-	-	-
Capital outlay	725,399	1,498,616	682,674	914,666	3,287,789	556,890	558,174	862,739	3,895,259	1,705,224
Debt service:										
Principal	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	4,375,000
Interest and other charges	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	280,731
Total expenditures	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	95,690,879
Excess (Deficiency) of revenues over (under) expenditures	3,306,981	(260,375)	693,758	(1,296,679)	(1,785,632)	4,746,664	(712,278)	(1,239,853)	(4,311,614)	1,192,074
Other Financing sources (uses)										
Capital leases (non-budgeted)	428,832	406,125	391,608	398,067	349,062	349,686	459,396	166,310	-	573,714
Par amount of bonds	-	-	-	-	4,990,000	-	18,700,000	-	-	-
Original issue premium	-	-	-	-	289,424	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	(5,186,234)	-	(18,522,724)	-	-	-
Costs of issuance	-	-	-	-	(91,190)	-	-	-	-	-
Transfers in	111,272	81,980	32,352	4,725,242	2,169,620	6,405	136,121	23,740	-	-
Transfers out	(111,272)	(81,980)	(32,352)	(2,692,077)	(2,034,620)	(6,405)	(136,121)	(23,740)	-	-
Total other financing sources (uses)	428,832	406,125	391,608	2,431,232	484,062	349,686	636,672	166,310	-	573,714
Net change in fund balances	\$ 3,735,813	\$ 145,750	\$ 1,085,366	\$ 1,134,553	\$ (1,301,570)	\$ 5,096,350	\$ (75,606)	\$ (1,073,543)	\$ (4,311,614)	\$ 1,765,788
Debt service as a percentage of noncapital expenditures	6.1%	5.7%	5.7%	5.5%	5.7%	5.7%	5.4%	5.2%	5.1%	5.0%

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
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
2016	6,320	146	689,506	86,496	91,995	123,949	265,852	1,264,264

Source: District Records

REVENUE CAPACITY 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.	Qlfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	-	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	-	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	-	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	-	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	-	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	-	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	-	-	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	-	-	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	-	-	7,096,747,024	1.014	7,224,893,419
2016	64,533,000	6,503,789,000	38,438,000	1,084,200	454,550,000	79,788,500	22,287,000	7,164,469,700	-	-	7,164,469,700	1.048	7,354,851,699

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

Note:

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

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

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

b Tax rates are per \$100

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

Exhibit J-7

(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 ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Marlboro Township	Library/Other	Monmouth County		
2007	1.916	0.127	2.043	0.851	0.564	0.032	0.609	4.099	
2008	1.946	0.127	2.073	0.843	0.587	0.033	0.593	4.129	
2009	1.943	0.127	2.070	0.827	0.608	0.033	0.606	4.144	
2010	0.922	0.058	0.980	0.388	0.307	0.015	0.289	1.979	
2011	0.922	0.059	0.981	0.395	0.320	0.016	0.292	2.004	
2012	0.898	0.058	0.956	0.403	0.348	0.016	0.295	2.018	
2013	0.928	0.057	0.985	0.433	0.360	0.028	0.299	2.105	
2014	0.945	0.057	1.002	0.447	0.387	0.024	0.303	2.163	
2015	0.958	0.056	1.014	0.445	0.366	0.021	0.296	2.142	
2016	0.991	0.057	1.048	0.440	0.377	0.019	0.290	2.174	

Source: District Records and Municipal Tax Collector

Note:

- NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.
- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** The decrease in 2009-10 is attributed to a reassessment the township was ordered to have done by the County Board of Taxation.

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

Exhibit J-8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Marlboro Plaza Associates	\$ 45,843,100	1	0.64%	\$ 20,897,800	1	6.67%
Union Hill Nine	30,549,100	2	0.43%	13,049,200	2	4.16%
T M C Marlboro	22,500,000	3	0.31%	11,762,200	3	3.75%
American Plaza (Costco)	20,927,500	4	0.29%	-		
CRP Royal Pines, LLC	15,041,100	5	0.21%	-		
Marlboro Commons LLC	12,713,100	6	0.18%			
Marlboro Lowe's Retail Center	12,501,900	7	0.17%	6,858,800	5	2.19%
Brooks Edge Plaza, LLC	11,697,300	8	0.16%	6,384,400	6	2.04%
Triangle Business Park LLC	11,043,800	9	0.15%			
Samuel Associates % the Mart	8,801,000	10	0.12%			
Rosemount	-			7,486,500	4	2.39%
Kara Homes	-			6,010,700	7	1.92%
Lucas Development L.L.C.	-			5,429,600	8	1.73%
Sunrise Assisted Living	-			4,400,000	9	1.40%
Exclusive Plaza	-			4,355,800	10	1.33%
Total	\$ 191,617,900		2.67%	\$ 86,635,000		27.58%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2016	71,949,171	71,949,171	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 ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
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
2016	15,430,000	-	563,592	-	-	15,993,592	65,475

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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2016	15,430,000	-	15,430,000	0.22%	65,475

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, 2016
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Marlboro Township	\$ 37,225,117	100.0000%	\$ 37,225,117
Other debt			
Marlboro Township Water Utility	33,151,723	100.0000%	33,151,723
Marlboro Township Swim Utility	1,264,000	100.0000%	1,264,000
Western Monmouth Utility Authority	9,662,407	49.7024%	4,802,448
Freehold Regional High School	19,300,000	23.8312%	4,599,425
Monmouth County	479,236,724	6.3758%	<u>30,555,357</u>
Subtotal, overlapping debt			111,598,070
Marlboro Township School District Direct Debt			<u>15,430,000</u>
Total direct and overlapping debt			<u><u>\$ 127,028,070</u></u>

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

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

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

Equalized valuation basis 2016 \$ 7,354,851,699 2015 7,224,893,419 2014 7,014,335,162 <u>[A] \$ 21,594,080,280</u> [A/3] \$ 7,198,026,760 Debt limit (3 % of average equalization value) Net bonded school debt Legal debt margin [B] 215,940,803 a [C] 15,430,000 <u>[B-C] \$ 200,510,803</u>	Average equalized valuation of taxable property 2012 2013 2014 2015 2016 \$ 218,239,335 \$ 217,289,143 \$ 212,938,098 \$ 212,525,058 \$ 215,940,803 30,325,000 28,145,000 24,040,000 19,805,000 15,430,000 <u>\$ 187,914,335 \$ 189,144,143 \$ 188,898,098 \$ 192,720,058 \$ 200,510,803</u>
--	--

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 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	\$ 215,940,803
Total net debt applicable to limit	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	15,430,000
Legal debt margin	\$ 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	\$ 200,510,803
Total net debt applicable to the limit as a percentage of debt limit	23.43%	20.02%	17.64%	15.99%	14.73%	13.90%	12.95%	11.29%	9.32%	7.15%

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 ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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	40,452	2,290,401,565	59,875	6.1%
2012	40,506	2,294,982,368	61,997	6.2%
2013	40,673	2,299,572,333	62,901	6.8%
2014	40,709	2,304,171,477	63,748	4.7%
2015	40,671	2,308,779,820	64,606	4.9%
2016	40,684	2,313,397,380	65,475	4.0%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^c Per Capita data provided by the NJ Dept of Labor and Workforce Development

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

MARLBORO TOWNSHIP BOARD OF EDUCATION
Principal Employers,

Exhibit J-15

Current Year and Nine Years Ago

Unaudited

Employer	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Marlboro Township Board of Education	842	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
	2,550		n/a	2,245		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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction	367	366	373	349	342	341	340	350	319	325
Regular	188	188	197	192	141	142	141	129	101	109
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	70	70	70	71	120	120	120	128	167	169
Student & instruction related services	8	8	9	9	8	8	8	8	8	9
General administrative services	37	37	37	37	37	37	37	37	37	37
School administrative services	11	10	12	12	12	12	12	12	14	14
Business administrative services	80	80	80	79	79	79	83	81	88	88
Plant operations and maintenance	101	102	102	98	91	90	90	90	91	91
Pupil transportation	0	0	0	0	0	0	0	0	0	0
Special Schools	0	0	0	0	0	0	0	0	0	0
Food Service	0	0	0	0	0	0	0	0	0	0
Total	861	861	880	847	830	829	831	835	825	842

Source: District Personnel Records

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
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%
2016	5,095	87,686,302	17,210	6.73%	507	1:23	1:24	5,031	4,844	-2.29%	96.27%

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
Early Learning Center										
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	498	519	475	445	438	424	400	366	379	394
Elementary										
Defino Central (1956)										
Square Feet	75,236	75,236	75,236	75,236	75,236	75,236	79,452	79,452	79,452	79,452
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	827	805	775	733	677	653	578	566	546	507
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	671	653	654	595	556	539	499	490	535	556
Marlboro Elementary (1970)										
Square Feet	72,050	72,050	72,050	72,050	72,050	72,050	74,129	74,129	74,129	74,129
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	685	673	650	633	585	536	551	520	517	473
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	626	599	625	631	625	616	633	634	620	587
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	709	719	715	736	717	690	669	642	620	572
Middle School										
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	1,182	1,146	1,136	1,115	1,124	1,132	1,142	1,105	1,077	1,067
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	951	1,026	1,052	1,093	1,069	1,048	1,018	963	939	939
Other										
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, 2016										
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)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Defino Central Elementary	N/A	\$ 158,167	\$ 36,931	\$ 78,466	\$ 132,945	\$ 27,381	\$ 51,987	\$ 366,280	\$ 80,383	\$ 88,537	\$ 84,343
Frank Dugan Elementary	N/A	527,859	397,007	79,559	32,424	29,230	314,288	68,935	120,192	34,439	64,841
David C. Abbott Early Learning Center	N/A	33,120	38,664	79,978	31,595	20,385	33,736	182,383	40,736	25,048	60,553
Marlboro Elementary	N/A	32,632	29,061	83,644	116,040	32,506	78,836	84,070	266,191	277,841	68,846
Marlboro Memorial Middle School	N/A	91,475	24,334	107,463	22,484	185,685	189,520	54,355	27,836	25,048	60,553
Marlboro Middle School	N/A	94,582	159,413	284,385	174,036	270,866	731,692	150,490	371,363	60,831	93,267
Robertville Elementary	N/A	65,240	188,114	275,712	109,340	83,240	80,779	73,377	59,988	106,006	53,430
Asher Holmes Elementary	N/A	31,800	181,916	86,182	233,122	52,770	318,888	98,568	63,709	98,414	68,237
Total School Facilities		1,034,875	1,055,440	1,075,389	851,986	702,063	1,799,726	1,078,458	1,030,398	716,164	554,070
Other Facilities		328,703	53,948	84,605	27,852	25,579	51,386	67,422	78,778	542,942	79,085
Grand Total		\$ 1,363,578	\$ 1,109,388	\$ 1,159,994	\$ 879,838	\$ 727,642	\$ 1,851,112	\$ 1,145,880	\$ 1,109,176	\$ 1,259,106	\$ 633,155

**MARLBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

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	1,000,000	-
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	5,000,000	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, 2016
UNAUDITED**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
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	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	45,491,868 4,666,410 2,000,000 2,000,000	N/A N/A

SINGLE AUDIT SECTION

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EXHIBIT 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 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, 2016, 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 October 18, 2016.

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
October 18, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 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 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, 2016. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; 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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 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, 2016.

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 the Uniform Guidance and New Jersey OMB's Circular 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 the Uniform Guidance and New Jersey OMB's Circular 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
October 18, 2016

MARLBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHEDULE K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	To
U.S. Department of Education						
General Fund:						
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	Not Available	\$ 2,210	07/01/14	06/30/15
Total General Fund						
U.S. Department of Education						
Passed-Through State Department of Education:						
Special Revenue Fund:						
Special Education Cluster:						
I.D.E.A. Part B Basic Regular	84.027	H027A150100	FT FY 16	1,059,516	07/01/15	06/30/16
I.D.E.A. Part B Basic Regular, carryover	84.027	H027A150100	FT FY 15	1,038,971	07/01/14	06/30/15
I.D.E.A. Part B Basic Regular, carryover	84.027	H027A150100	FT FY 14	1,015,363	07/01/13	06/30/14
I.D.E.A. Part B Basic Regular, carryover	84.027	H027A150100	FT FY 13	1,083,884	09/01/12	08/31/13
Subbtot for CFDA #84.027						
I.D.E.A. Part B Preschool	84.173	H173A150114	FT FY 16	65,727	07/01/15	06/30/16
I.D.E.A. Part B Preschool, carryover	84.173	H173A150114	FT FY 15	64,695	07/01/14	06/30/15
I.D.E.A. Part B Preschool, carryover	84.173	H173A150114	FT FY 14	65,043	07/01/13	06/30/14
I.D.E.A. Part B Preschool, carryover	84.173	H173A150114	FT FY 13	68,015	09/01/12	08/31/13
Subbtot for CFDA #84.173						
Total Special Education Cluster						
Title I,	84.010A	S010A150030	NCLB FY 16	161,878	07/01/15	06/30/16
Title I, carryover	84.010A	S010A150030	NCLB FY 15	146,347	07/01/14	06/30/15
Title I, carryover	84.010A	S010A150030	NCLB FY 14	134,408	07/01/13	06/30/14
Title I, carryover	84.010A	S010A150030	NCLB FY 13	153,151	09/01/12	08/31/13
Subbtot for CFDA #84.010A						
Title II A, Teacher Training & Recruiting	84.367A	S367A150029	NCLB FY 16	82,550	07/01/15	06/30/16
Title II A, Teacher Training & Recruiting c/o	84.367A	S367A150029	NCLB FY 15	83,716	07/01/14	06/30/15
Title II A, Teacher Training & Recruiting c/o	84.367A	S367A150029	NCLB FY 14	82,401	07/01/13	06/30/14
Title II A, Teacher Training & Recruiting c/o	84.367A	S367A150029	NCLB FY 13	82,395	09/01/12	08/31/13
Subbtot for CFDA #84.367A						
Title III, English Language Enhancement	84.365A	S365A150030	NCLB FY 16	31,626	07/01/15	06/30/16
Title III, English Language Enhancement c/o	84.365A	S365A150030	NCLB FY 15	19,445	07/01/14	06/30/15
Title III, English Language Enhancement c/o	84.365A	S365A150030	NCLB FY 14	15,963	07/01/13	06/30/14
Title III, Immigrant, carryover	84.365A	S365A150030	NCLB FY 15	8,028	07/01/14	06/30/15
Title III, Immigrant, carryover	84.365A	S365A150030	NCLB FY 14	12,877	07/01/13	06/30/14
Subbtot for CFDA #84.365A						
Total Special Revenue Fund						
U.S. Department of Agriculture						
Passed-Through State Department of Education:						
Enterprise Fund:						
Noncash Assistance:						
Food Donation Program (1)	10.550	16161NJ304N1099	Not Available	112,647	07/01/15	06/30/16
Cash Assistance:						
National School Lunch Program	10.555	16161NJ304N1099	Not Available	170,187	07/01/15	06/30/16
National School Lunch Program	10.555	16161NJ304N1099	Not Available	183,771	07/01/14	06/30/15
Subbtot for CFDA #10.555						
Special Milk Program	10.556	16161NJ304N1099	Not Available	1,874	07/01/15	06/30/16
Special Milk Program	10.556	16161NJ304N1099	Not Available	2,476	07/01/14	06/30/15
Subbtot for CFDA #10.556						
Total Enterprise Fund						
Total Federal Awards						

(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, 2016

SCHEDULE K-3

Balance at June 30,2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed to Sub- Recipients	Repayment of Prior Year's Balances	Balance at June 30, 2016		
						Accounts Receivable	Unearned Revenue	Due to Grantor
\$ (2,686)	\$ -	\$ 4,896	\$ (2,210)	\$ -	\$ -	\$ -	\$ -	\$ -
(2,686)	-	4,896	(2,210)	-	-	-	-	-
-	-	932,215	(1,032,216)	-	-	(127,301)	27,300	-
(95,912)	-	127,591	(31,679)	-	-	-	-	-
(7,586)	-	7,586	-	-	-	-	-	-
58	-	-	-	-	(58)	-	-	-
(103,440)	-	1,067,392	(1,063,895)	-	(58)	(127,301)	27,300	-
-	-	52,852	(65,727)	-	-	(12,875)	-	-
(20,307)	-	24,882	(5,575)	-	-	(1,000)	-	-
834	-	-	(834)	-	-	-	-	-
1,142	-	-	-	-	(1,142)	-	-	-
(18,331)	-	77,734	(72,136)	-	(1,142)	(13,875)	-	-
(121,771)	-	1,145,126	(1,136,031)	-	(1,200)	(141,176)	27,300	-
-	-	65,462	(161,830)	-	-	(96,416)	-	48
(50,323)	-	50,323	(382)	-	-	(382)	-	-
1,780	-	-	-	-	(1,780)	-	-	-
10	-	-	-	-	(10)	-	-	-
(48,533)	-	115,785	(162,212)	-	(1,790)	(96,798)	-	48
-	-	40,549	(79,209)	-	-	(42,001)	905	2,436
(20,183)	-	21,495	-	-	-	-	-	1,312
2,117	-	-	-	-	-	-	-	2,117
965	-	-	-	-	(965)	-	-	-
(17,101)	-	62,044	(79,209)	-	(965)	(42,001)	905	5,865
-	-	30,683	(30,917)	-	-	(943)	-	709
(8,562)	-	8,562	(1,407)	-	-	(1,407)	-	-
980	-	-	-	-	(980)	-	-	-
(5,701)	-	6,802	(1,101)	-	-	-	-	-
1,873	-	-	-	-	(1,873)	-	-	-
(11,410)	-	46,047	(33,425)	-	(2,853)	(2,350)	-	709
(198,815)	-	1,369,002	(1,410,877)	-	(6,808)	(282,325)	28,205	6,622
-	-	112,647	(112,647)	-	-	-	-	-
-	-	157,626	(170,187)	-	-	(12,561)	-	-
(13,886)	-	13,886	-	-	-	-	-	-
(13,886)	-	171,512	(170,187)	-	-	(12,561)	-	-
-	-	1,785	(1,874)	-	-	(89)	-	-
(35)	-	35	-	-	-	-	-	-
(35)	-	1,820	(1,874)	-	-	(89)	-	-
(13,921)	-	285,979	(284,708)	-	-	(12,650)	-	-
\$ (215,422)	\$ -	\$ 1,659,877	\$ (1,697,795)	\$ -	\$ (6,808)	\$ (294,975)	\$ 28,205	\$ 6,622

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, 2016

Balance at June 30, 2015						
State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period		Deferred Revenue (Accts Receivable)	Due to Grantor
			From	To		
State Department of Education:						
General Fund						
Extraordinary Aid - Special Education	16-495-034-5120-044	\$ 395,833	07/01/15	06/30/16	\$ -	\$ -
Extraordinary Aid - Special Ed., carryover	15-495-034-5120-044	379,950	07/01/14	06/30/15	(379,950)	-
Special Education Categorical Aid	16-495-034-5120-089	3,375,643	07/01/15	06/30/16	-	-
Equalization Aid	16-495-034-5120-078	6,247,588	07/01/15	06/30/16	-	-
Security Aid	16-495-034-5120-084	349,448	07/01/15	06/30/16	-	-
Transportation Aid	16-495-034-5120-014	437,531	07/01/15	06/30/16	-	-
Adjustment Aid	16-495-034-5120-085	532,737	07/01/15	06/30/16	-	-
Additional Adjustment Aid	16-495-034-5120-085	560,660	07/01/15	06/30/16	-	-
Per Pupil Growth Aid	16-495-034-5120-097	50,140	07/01/15	06/30/16	-	-
PARCC Readiness	16-495-034-5120-098	50,140	07/01/15	06/30/16	-	-
Other State Aid - Transportation Non-Pub	16-495-034-5120-014	32,673	07/01/15	06/30/16	-	-
Other State Aid - Transport. Non-Pub, carryover	15-495-034-5120-014	37,368	07/01/14	06/30/15	(37,368)	-
On-Behalf Teacher Pension and Annuity Fund	16-495-034-5094-002	2,986,068	07/01/15	06/30/16	-	-
On-Behalf Teacher Post Retirement - Medical	16-495-034-5094-001	3,555,581	07/01/15	06/30/16	-	-
Reimbursed TPAF Social Security	16-495-034-5094-003	2,733,998	07/01/15	06/30/16	(68,854)	-
Total General Fund		<u>21,725,358</u>			<u>(486,172)</u>	<u>-</u>
Special Revenue Fund						
N.J. Nonpublic Aid:						
Textbook	16-100-034-5120-064	23,182	07/01/15	06/30/16	-	-
Textbook	15-100-034-5120-064	25,680	07/01/14	06/30/15	-	1,286
Nursing	16-100-034-5120-070	36,540	07/01/15	06/30/16	-	-
Nursing	15-100-034-5120-070	40,976	07/01/14	06/30/15	-	7,165
Technology Aid	16-100-034-5120-373	10,556	07/01/15	06/30/16	-	-
Technology Aid	15-100-034-5120-373	13,792	07/01/14	06/30/15	-	1,099
Security Aid	16-100-034-5120-509	10,150	07/01/15	06/30/16	-	-
Compensatory Education	16-100-034-5120-067	29,611	07/01/15	06/30/16	-	-
Compensatory Education	15-100-034-5120-067	31,353	07/01/14	06/30/15	-	8,902
English as a second language	16-100-034-5120-067	2,588	07/01/15	06/30/16	-	-
English as a second language	15-100-034-5120-067	7,308	07/01/14	06/30/15	-	4,567
Transportation	16-100-034-5120-068	8,425	07/01/15	06/30/16	-	-
Exam and Classification	16-100-034-5120-066	47,032	07/01/15	06/30/16	-	-
Exam and Classification	15-100-034-5120-066	35,305	07/01/14	06/30/15	-	6,128
Supplemental Instruction	16-100-034-5120-066	24,802	07/01/15	06/30/16	-	-
Supplemental Instruction	15-100-034-5120-066	25,895	07/01/14	06/30/15	-	6,277
Corrective Speech	16-100-034-5120-066	25,918	07/01/15	06/30/16	-	-
Corrective Speech	15-100-034-5120-066	29,156	07/01/14	06/30/15	-	4,418
Total Special Revenue Fund		<u>428,269</u>			<u>-</u>	<u>39,842</u>
Debt Service Fund						
Debt Service Aid	16-495-034-5120-075	714,099	07/01/15	06/30/16	-	-
Total Debt Service Fund		<u>714,099</u>			<u>-</u>	<u>-</u>
Enterprise Fund						
National School Lunch Program (State Share)	16-100-010-3350-023	11,309	07/01/15	06/30/16	-	-
National School Lunch Program (State Share)	15-100-010-3350-023	11,992	07/01/14	06/30/15	(870)	-
Total Enterprise Fund		<u>23,301</u>			<u>(870)</u>	<u>-</u>
Total State Awards		<u>\$ 22,891,027</u>			<u>\$ (487,042)</u>	<u>\$ 39,842</u>

Less: State Financial Assistance Not Subject to Major Program Determination:

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

Total State Financial Assistance Subject to Major Program Determination

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, 2016

Carryover/ (Walkover) Amount	Balance at June 30, 2016						MEMO	
	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ -	\$ -	\$ (395,833)	\$ -	\$ (395,833)	\$ -	\$ -	\$ -	\$ 395,833
-	379,950	-	-	-	-	-	-	-
-	3,375,643	(3,375,643)	-	-	-	-	336,677	3,375,643
-	6,247,588	(6,247,588)	-	-	-	-	623,116	6,247,588
-	349,448	(349,448)	-	-	-	-	34,852	349,448
-	437,531	(437,531)	-	-	-	-	43,637	437,531
-	532,737	(532,737)	-	-	-	-	53,132	532,737
-	560,660	(560,660)	-	-	-	-	55,917	560,660
-	50,140	(50,140)	-	-	-	-	5,001	50,140
-	50,140	(50,140)	-	-	-	-	5,001	50,140
-	-	(32,673)	-	(32,673)	-	-	-	32,673
-	37,368	-	-	-	-	-	-	-
-	2,986,068	(2,986,068)	-	-	-	-	-	2,986,068
-	3,555,581	(3,555,581)	-	-	-	-	-	3,555,581
-	2,668,909	(2,733,998)	-	(133,943)	-	-	-	2,733,998
-	21,231,763	(21,308,040)	-	(562,449)	-	-	1,157,332	21,308,040
-	23,182	(17,659)	-	-	-	5,523	-	(17,659)
-	-	-	(1,286)	-	-	-	-	-
-	36,540	(31,449)	-	-	-	5,091	-	(31,449)
-	-	-	(7,165)	-	-	-	-	-
-	10,556	(10,106)	-	-	-	450	-	(10,106)
-	-	-	(1,099)	-	-	-	-	-
-	10,150	(8,785)	-	-	-	1,365	-	(8,785)
-	29,611	(29,611)	-	-	-	-	-	(29,611)
-	-	-	(8,902)	-	-	-	-	-
-	2,588	(1,726)	-	-	-	862	-	(1,726)
-	-	-	(4,567)	-	-	-	-	-
-	8,425	(8,425)	-	-	-	-	-	(8,425)
-	47,032	(44,474)	-	-	-	2,558	-	(44,474)
-	-	-	(6,128)	-	-	-	-	-
-	24,802	(24,802)	-	-	-	-	-	(24,802)
-	-	-	(6,277)	-	-	-	-	-
-	25,918	(23,410)	-	-	-	2,508	-	(23,410)
-	-	-	(4,418)	-	-	-	-	-
-	218,804	(200,447)	(39,842)	-	-	18,357	-	(200,447)
-	714,099	(714,099)	-	-	-	-	-	(714,099)
-	714,099	(714,099)	-	-	-	-	-	(714,099)
-	10,532	(11,309)	-	(777)	-	-	-	(11,309)
-	870	-	-	-	-	-	-	-
-	11,402	(11,309)	-	(777)	-	-	-	(11,309)
\$ -	\$ 22,176,068	(22,233,895)	\$ (39,842)	\$ (563,226)	\$ -	\$ 18,357	\$ 1,157,332	\$ 20,382,185

2,986,068
 3,555,581
\$ (15,692,246)

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, 2016

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.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Marlboro Township School District did not provide any federal or state awards to sub recipients.

The Marlboro Township School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

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*.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Federal Awards and State Financial Assistance (continued)
For the Fiscal Year Ended June 30, 2016

Note 3: Relationship to Basic Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(1,547) for the general fund and \$(702) 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:

	Federal	State	Total
General Fund	\$ 2,210	\$ 21,309,587	\$ 21,311,797
Special Revenue Fund	1,410,175	200,447	1,610,622
Debt Service Fund	-	714,099	714,099
Food Service Fund	284,708	11,310	296,018
	\$ 1,697,093	\$ 22,235,443	\$ 23,932,536

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, 2016. 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, 2016.

Note 6: Federal and State Loans Outstanding

The Marlboro Township School District had no loan balances outstanding at June 30, 2016.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

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 2 CFR 200 Section .516(a) of the Uniform Guidance?	None Reported

Identification of major programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	H027A150100	IDEA, Part B - Basic
84.173	H173A150114	IDEA, Part B - Preschool

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**MARLBORO TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

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

State Financial Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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 New Jersey OMB Circular 15-08?	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
16-495-034-5120-089	Categorical Special Education Aid
16-495-034-5120-078	Equalization Aid
16-495-034-5120-084	Categorical Security Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid

**MARLBORO TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

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 in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

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

This section identifies audit findings required to be reported by 2 CFR section .516 of the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* or New Jersey OMB's Circular 15-08.

No Current Year Findings

**MARLBORO TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior-Year Audit Findings and
Questioned Costs as Prepared By Management
For the Fiscal Year Ended June 30, 2016**

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*, 2 CFR section .516 of the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08.

No Prior Audit Findings