

Marlboro Township School District

Marlboro, New Jersey

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2017

Prepared by Marlboro Township School District
Business Office
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	19
Roster of Officials	21
Consultants, Independent Auditors, and Advisors	23
Certificate of Excellence	25
FINANCIAL SECTION	
Independent Auditor's Report	29
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion & Analysis	33
BASIC FINANCIAL STATEMENTS	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	49
A-2 Statement of Activities	50
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	55
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	56
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	58
Proprietary Funds:	
B-4 Statement of Net Position	61
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	62
B-6 Statement of Cash Flows	63
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	67
B-8 Statement of Changes in Fiduciary Net Position	68
Notes to Financial Statements	71
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	108
C-2 Budgetary Comparison Schedule - Special Revenue Fund	122
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	127

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS (continued)

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION - PART III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	131
L-2 Schedule of the District Contributions - PERS	132
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	133
L-4 Schedule of School District Contributions - TPAF	134
Notes to the Required Supplementary Information - Part III	137
OTHER SUPPLEMENTARY INFORMATION	
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	143
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	149
H-2 Combining Statement of Changes in Fiduciary Net Position	150
H-3 Combining Statement of Changes in Agency Fund Liabilities	151
H-4 Student Activity Agency Fund Schedule of Cash Receipts & Disbursements	152
H-5 Payroll Agency Fund Schedule of Cash Receipts & Disbursements	153
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	156
I-2 Schedule of Obligations Under Capital Leases	158
I-3 Debt Service Fund Budgetary Comparison Schedule	159
STATISTICAL SECTION (unaudited)	
Financial Trends:	
J-1 Net Position by Component	165
J-2 Changes in Net Position	166
J-3 Fund Balances - Governmental Funds	168
J-4 Changes in Fund Balance - Governmental Funds	169
J-5 Other Local Revenue by Source - General Fund	170
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	173
J-7 Direct & Overlapping Property Tax Rates	174
J-8 Principal Property Taxpayers	175
J-9 Property Tax Levies & Collections	176
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	179
J-11 Ratios of General Bonded Debt Outstanding	180
J-12 Direct & Overlapping Governmental Activities Debt	181
J-13 Legal Debt Margin Information	182

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS (continued)

	PAGE
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	185
J-15 Principal Employers	186
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	189
J-17 Operating Statistics	190
J-18 School Building Information	191
J-19 Schedule of Required Maintenance	192
J-20 Insurance Schedule	193

SINGLE AUDIT SECTION

K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	197
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	199
K-3 Schedule of Expenditures of Federal Awards, Schedule A	202
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	204
K-5 Notes to Schedules of Awards and Financial Assistance	207
K-6 Schedule of Findings & Questioned Costs - Section I - Summary of Auditor's Results	209
K-7 Schedule of Findings & Questioned Costs:	
Section II - Financial Statement Findings	211
Section III - Federal Awards & State Financial Assistance Findings & Questioned Costs	211
K-8 Summary Schedule of Prior-Year Audit Findings and Questioned Costs as Prepared by Management	212

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October 18, 2017

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, 2017. 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 School Messenger, a system that provides both phone and e-mail contact options. The ability to contact the entire parent population within 20 minutes about changes in the school day, i.e., early closure, or to be able to update them in an emergency situation, is a vital component in insuring that our communication efforts are timely, accurate, and effective.

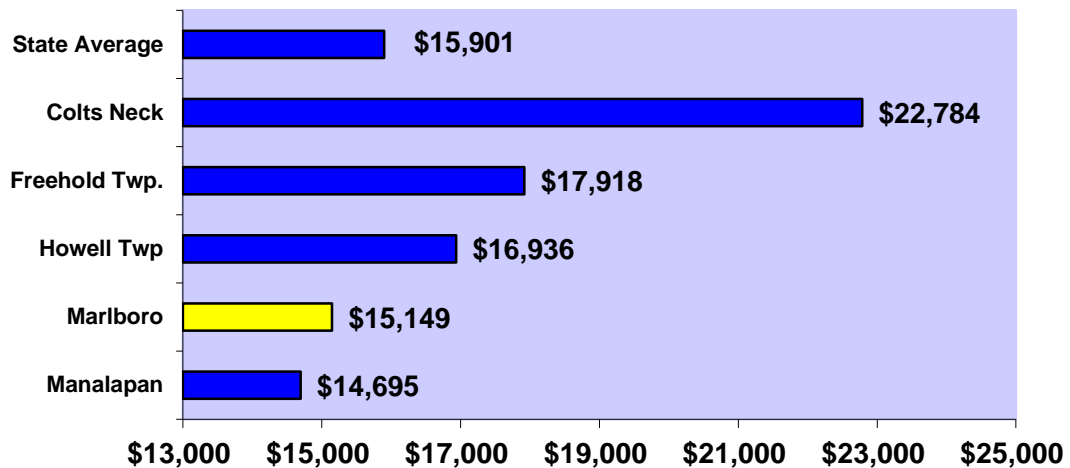
EDUCATIONAL PROGRAM

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

In May 2017, 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 \$15,149 per pupil while the average cost for similar districts is \$15,901. According to the

report, per pupil costs range from a low of \$10,621 to a high of \$24,848 for districts of this type. Of the 77 other K-8 schools districts in the state with enrollments exceeding 751 children, Marlboro ranks 29th lowest in total cost per pupil.

PER PUPIL TAXPAYERS' GUIDE TO EDUCATION SPENDING, MAY 2017



Pre-K and Kindergarten

David C Abbott Early Learning Center - an early learning center for pre-school handicapped and kindergarten of 398 students. There is one administrator and a staff of 66 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 592 students. There are two administrators and staff of 77 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 457 students. There are two administrators and a staff of 90 teachers, instructional assistants and school aides. The school is located on Rt. 79 in Marlboro.

Frank Dugan Elementary - a grade 1-5 school of 546 students. There are two administrators and a staff of 88 teachers, instructional assistants and school aides. The school is located on Topanemus Road in Marlboro.

Marlboro Elementary - a grade 1-5 school of 471 students. There are two administrators and a staff of 65 teachers, instructional assistants and school aides. The school is located on School Road West in Marlboro.

Robertsville Elementary - a grade 1-5 school of 577 students. There are two administrators and a staff of 91 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 1,031 students. There are three administrators and a staff of 150 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 925 students. There are three administrators and a staff of 122 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 2016-2017 fiscal year with an enrollment of 5,034 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 2012-13 through 2017-18.

<u>School Year</u>	<u>Enrollment as of October 15</u>	<u>% Change</u>
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	4,914	-3.25%
2017-18	4,862	-1.06%

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 believe that the decline is beginning to lessen as the years' progress. It is important to note that there are several new housing developments underway throughout the township.

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 \$10,965,000 as compared to our school borrowing margin of \$220,385,562.

The eight (8) schools in the district vary in age, with original construction dates ranging from 1956 through 2003. The district had proposed a bond referendum on September 26, 2017 for voter approval for facility upgrades in six (6) of the eight (8) schools, which was unfortunately defeated. This included 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. We are now beginning to look at all options and prioritize the items that need to be addressed immediately and forecast for long-term.

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 2016-17 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 2016-17 school year, class sections at each grade level were kept consistent with the previous year. 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.

Purchases reflected a continued commitment to supporting ELA instruction with additional resources for the guided reading library and accompanying materials including book shelves and bins. Additional educational resources enhanced small group and differentiated instruction within the mathematics and literacy sections at each grade level. Purchases of classroom furniture such as bookcases, file cabinets, and easels were made, as well as new rugs and small group instruction tables within classrooms which were lacking.

Resources were directed to the Elementary Engineering and Design Lab (STEAM Maker Space) and in the special areas of art, music, PE, and health. 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 be mindful of expenses.

The 2016-17 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 students for academic challenge and rigor, the Defino faculty worked collaboratively providing a positive school culture based on reflective practices, inquiry, and learning. During the 2016-17 school year, the district renewed our commitment and practices in utilizing data to drive instruction and expanded our small group instruction in both Language Arts and Math.

The school budget effectively afforded the faculty with resources to accomplish these challenging goals. Instructional materials were purchased to support the existing Language Arts program, Making Meaning and Being a Writer. Making Meaning Student Response Books and Practice workbooks were integrated into daily classroom instruction in grades 1-5, as well as Being a Writer Student Skill Practice Books. Additional, guided reading books for small group instruction were purchased and professional development workshops were provided to the staff.

The budget supported enVision math, the district 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 Practice workbooks and additional re-teaching resources.

Daily building operational cost such as allocation for copier paper, laminating film, printer ink, maintenance contracts, health office supplies, and classroom/related art supplies were required for the efficient and safe operation of the building.

Dugan

Goals and objectives for the 2016-17 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. The collective personalized learning initiative of the district witnessed a successful beginning this year within its four distinctive components: data analysis, small group instruction, digital tools, and student centered learning goals.

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 2016-17 school year, the David C. Abbott Early Learning Center's budget continued to evolve to meet the demands of a rigorous curriculum and to personalize learning for each of our students.

Tools such as Raz Kids and ESGI allowed the district to monitor student's reading progress. Empowered with this data, teachers were able to utilize strategies such as small-group instruction and goal setting to meet the needs of each student. Raz Kids, ST Math, Reading Eggs, and a host of other online resources were used to personalize learning for students and provide parents with accessible tools to support learning at home.

This budget supported the math curriculum, enVisions, through the purchase of student work mats. The work mats were valuable tools for providing students with concrete examples of abstract mathematical concepts.

Additionally, literacy resources were purchased to broaden the genres and types of texts used with students. Teachers were able to select appropriate texts for students or allow students to select high-interest literature. The purchase of Scholastic Magazine provided teachers with a non-fiction resource for teaching students about current events in an age-appropriate fashion.

Finally, operational costs were a significant portion of the budget. An allocation for copier paper, laminating film, printer ink, maintenance contracts, health office supplies, office and classroom/related arts supplies were required for the efficient and safe operation of the building.

Marlboro Elementary

The goals for the 2016-17 school year focused on the personalized learning, data analysis, SGI (small group instruction), and furniture maintenance. These goals helped guide our budgetary decision making processes this school year.

The district successfully embedded the core concepts of personalized learning into many aspects of teacher planning, delivery of instruction and student learning by providing professional development opportunities and ongoing support for all staff. Pro-days and grade-level meetings were used to fully support this goal allowing the staff to successfully incorporate core concepts of personalized learning to create paths that allowed students to meet with success.

Data analysis continued to be an important factor of how teachers designed lessons to meet the needs of their students. Teachers successfully used the results from district common assessments, teacher generated tests, RAZ Kids and Achieve 3000 to analyze data and identify trends and to provide students with the necessary academic supports and academic enrichment as appropriate.

Small group instruction was used in conjunction with data analysis results to appropriately identify and place students into small groups to receive necessary support and to allow the teacher to provide instruction in a way that catered to the students' ability levels and learning styles more precisely. The teachers consistently incorporated this teaching tool into their lesson design and instructional practice to best meet the students' needs.

In summary, monies provided to support the goals were carefully considered prior to purchase requisitions being made. We made every effort to maintain the integrity of our instructional program while also being fiscally responsible.

Marlboro Middle School

Throughout the 2016-17 school year, teachers, parents, students, staff, and administration 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 curriculum and areas of priority focus. End of the year reports show 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 utilizing this technology. 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 infusion of technology as a tool to enhance instruction. Teachers, in all departments, continue to embrace instructional models including small group instruction and the regular use of digital tools. The curriculum continues to focus on standards-based instruction in mathematics and literacy. Teachers are working together to address the NJ Student Learning Standards by attending regular workshops and working together as a professional community.

The school budget supported many fine athletic teams and extra-curricular clubs. Our athletic teams continue to be widely supported by parents and the community. The volleyball and basketball intramural programs continued to be popular among the students, along with the new addition of frisbee football. Students participated in numerous clubs including the school newspaper, ping pong, ultimate frisbee, service clubs 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 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 and state levels.

The middle school program continued to address the academic and emotional growth of adolescent students and their role as community members in the middle school. The instructional program, coupled with the numerous team and club opportunities, continues to provide a strong and inclusive academic and extracurricular program for all students.

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 2016-17 school year. MMMS students excelled in National History Day competition, Exploravision science competition, essay writing competitions, 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 2016-17 building goals centered on improving data driven instruction, small group instruction, 21st Century Skills, and Personalized Learning. 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 a variety of different digital tools aimed at 21st Century Learning.

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 2016-2017 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.

Cutting edge technology and instructional resources are available to support our student's growth. We have Activboards in all classrooms, Chromebooks for students in second through 5th grade, tablets for 1st graders, and common core aligned instructional resources to help our students reach their full potential.

There is a need, however, to continue to update outdated and obsolete furniture, materials and supplies. There are a still a number of desks in the building that are more than 20 years old and need to be replaced. We have budgeted the last two years to replace desks in 3rd, 4th and 5th grade, and we will continue that again this year to replace desks in second grade, and hopefully start in first as well.

Robertsville has a newly established guided reading library, through a generous donation from our PTO. The guided reading library provides leveled book sets to teachers (many of which include instructional guides) to support working with students in small group instruction. Guided reading is a core component of a strong balanced literacy program and is a researched based best practice. We need to continue to add to our library and update it with additional resources. Along with this effort, we are continuing to move towards a workshop model of reading and writing instruction. There are needed teacher resources and classroom libraries that will help support this effort, including: small group instruction tables and teacher easels.

We have yearly costs for consumable materials to support our math and reading programs, student weekly news subscriptions, Activboard projector bulbs, and other basic core instructional materials and supplies.

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 2016-17 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 eleventh 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 15th 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, 2016. 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.
- Continued to find ways to save taxpayer monies by exploring shared services with Marlboro Township. During the 2016-2017 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 the 2016-17 school year, the district was pleased to introduce an on-line lunch application to the Food Service Program. This was done in an effort to simplify the application process for parents/guardians. It also enhanced the district's managerial responsibilities in terms of up-to-the minute, current applications; direct certification and a variety of reporting formats for various inquiries.
- During the 2016-17 school year, the district underwent an administrative review by New Jersey Department of Agriculture. The process began in the fall of 2016 consisting of downloading a vast amount of required information/documentation into the *Schools Online Administrative Review System (SOARS)*. It culminated in May 2017 with an on-site review conducted by a child nutrition specialist from the State's Division of School Nutrition Programs. Any corrective action plan findings were immediately addressed. The district's administration is proud to report that there were no fiscal implications imposed upon the district.
- In addition to the administrative review of the district, Chartwells' underwent a new state commodity audit as well as an annual safety audit.
- The district received a \$15,000 grant from the Department of Defense to purchase a variety of fresh produce and vegetables weekly.
- 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.

Personnel:

The district employed 879 individuals during the 2016-2017 school year. The certificated staff numbered 536; 28 administrators and supervisors and 508 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). In addition, 343 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.

ACCOUNTING SYSTEM AND REPORTS

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is an encumbrance accounting system that 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. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

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, 2016. This was the 15th 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

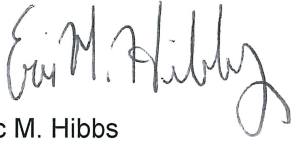
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., was selected by the board to perform the audit. In addition to meeting the requirements set forth in State Statutes, the audit also was designed to meet requirements of Title 2 U.S. Code of Federal Requirements Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey OMB's Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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.

Accounting principles generally accepted in the United States require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

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,



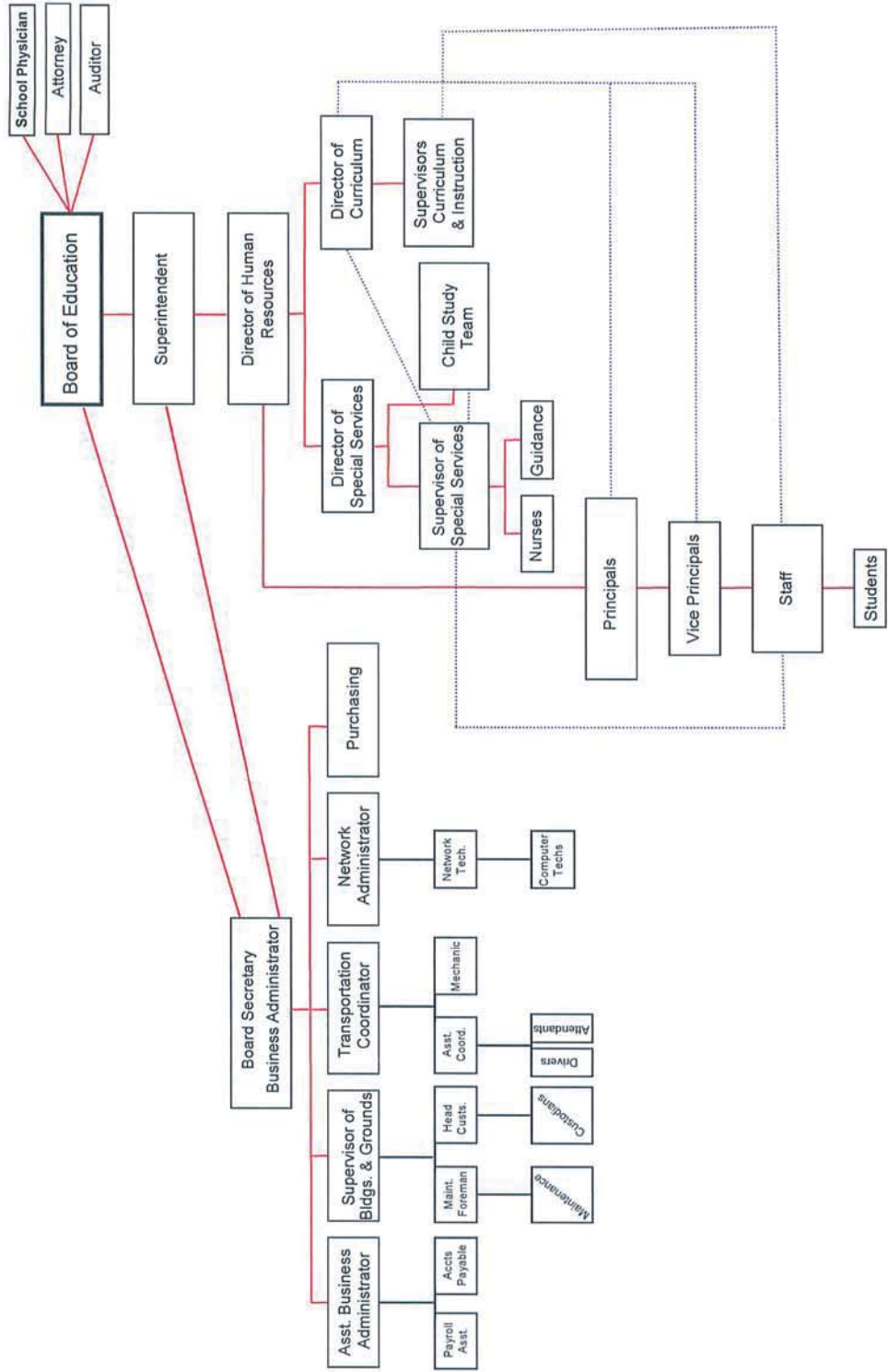
Dr. Eric M. Hibbs
Superintendent of Schools



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

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Marlboro Township Board of Education Organizational Chart



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

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

**ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Board of Education Members</u>	<u>Term Expires</u>
Debbie (Despina) Mattos, President	2017
Stephen Shiffrinson, Vice-President	2018
Robert Daniel	2019
Dara Enny	2019
Randy Heller	2019
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

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

**CONSULTANTS, INDEPENDENT AUDITORS, AND ADVISORS
JUNE 30, 2017**

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

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Marlboro Township Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'. The signature is written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

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

John D. Musso, CAE
Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Marlboro Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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, 2017, 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's School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and 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 as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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

October 18, 2017
Medford, New Jersey

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**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

The Discussion and Analysis (MD&A) of Marlboro Township School District's (the District) financial performance provide an overall review of the District's financial activities for the fiscal year ended June 30, 2017. 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 (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ❖ In total, net position of governmental activities increased \$3,831,474, which represents a 12.57% increase from 2016. Net position of business-type activities increased \$25,313, which represents a 3.74% increase from 2016.
- ❖ General revenues accounted for \$98,584,193 in revenue or 82.00% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$21,645,834 or 18.00% of total revenues of \$120,230,027.
- ❖ Total assets of governmental activities increased by \$4,574,741 as cash and cash equivalents increased by \$3,429,271, restricted assets – reserve accounts increased \$1,700,000, receivables decreased slightly by \$27,191, and net capital assets decreased by \$527,339.
- ❖ The District had \$114,994,867 in governmental activity expenses; only \$20,241,784 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$98,584,193 were adequate to provide for these programs.
- ❖ In the governmental funds, the general fund had \$94,638,651 in revenues, \$92,522,791 in expenditures and \$591,664 in other financing sources. The general fund's fund balance increased \$2,707,524 over 2016.

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, 2017
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 2017?" 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, 2017
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 71 to 104 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 2017 and 2016.

	Table 1 Net Position			
	Governmental Activities		Business-type Activities	
Assets	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 15,099,766	\$ 9,997,686	\$ 650,656	\$ 464,655
Capital Assets, Net	61,569,194	62,096,533	283,050	310,817
Total Assets	<u>76,668,960</u>	<u>72,094,219</u>	<u>933,706</u>	<u>775,482</u>
Deferred Outflow of Resources				
Deferred Loss on Refunding	525,674	777,446	-	-
Deferred Outflows Related to Pension	<u>10,560,198</u>	<u>3,225,177</u>	<u>-</u>	<u>-</u>
Total Deferred Outflow of Resources	<u>11,085,872</u>	<u>4,002,623</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-term Liabilities	44,023,859	38,386,545	-	-
Other Liabilities	<u>8,891,479</u>	<u>6,158,338</u>	<u>231,473</u>	<u>98,562</u>
Total Liabilities	<u>52,915,338</u>	<u>44,544,883</u>	<u>231,473</u>	<u>98,562</u>
Deferred Inflow of Resources				
Deferred Inflows Related to Pensions	<u>533,641</u>	<u>1,077,580</u>	<u>-</u>	<u>-</u>
Net Position				
Invested in Capital Assets,				
Net of Related Debt	50,326,279	46,102,941	283,050	310,817
Restricted	8,452,497	7,011,165	-	-
Unrestricted	<u>(24,472,923)</u>	<u>(22,639,727)</u>	<u>419,183</u>	<u>366,103</u>
Total Net Position	<u>\$ 34,305,853</u>	<u>\$ 30,474,379</u>	<u>\$ 702,233</u>	<u>\$ 676,920</u>

The district's combined net position were \$35,008,086 on June 30, 2017. This was an increase of \$3,856,787 or 12.38% from the prior year.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

Table 2 shows the changes in net position from fiscal year 2017 and fiscal year 2016.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues				
Program Revenues:				
Charges for Services	\$ 730,708	\$ 813,455	\$ 1,151,499	\$ 1,175,748
Operating grants and contributions	19,511,076	13,224,474	252,551	296,018
General Revenues:				
Property taxes	75,124,406	71,949,171	-	-
Federal and State Aid Not Restricted	22,994,948	22,025,896	-	-
Other	464,839	450,809	-	-
Total Revenues	<u>118,825,977</u>	<u>108,463,805</u>	<u>1,404,050</u>	<u>1,471,766</u>
Program Expenses				
Instruction	70,538,409	62,832,497	-	-
Support services				
Student and related services	14,567,546	12,977,350	-	-
Tuition	2,187,105	2,167,769	-	-
General administration, School				
administration, and Central services	11,554,166	10,597,309	-	-
Operations and Maintenance				
of facilities	9,133,883	9,152,971	-	-
Pupil transportation	6,561,180	6,026,469	-	-
Interest on debt	452,578	468,930	-	-
Food service	-	-	1,378,373	1,466,306
Total Expenses	<u>114,994,867</u>	<u>104,223,295</u>	<u>1,378,373</u>	<u>1,466,306</u>
Change in Net Position Before Special and Extraordinary Items	<u>\$ 3,831,110</u>	<u>\$ 4,240,510</u>	<u>\$ 25,677</u>	<u>\$ 5,460</u>
Transfers:				
Transfers from/(to) Other Funds	364	-	(364)	-
Total Transfers	<u>364</u>	<u>-</u>	<u>(364)</u>	<u>-</u>
Change in Net Position	<u>3,831,474</u>	<u>-</u>	<u>25,313</u>	<u>-</u>
Net Position, beginning,	<u>30,474,379</u>	<u>26,233,869</u>	<u>676,920</u>	<u>671,460</u>
Net Position, ending	<u>\$ 34,305,853</u>	<u>\$ 30,474,379</u>	<u>\$ 702,233</u>	<u>\$ 676,920</u>

Governmental Activities

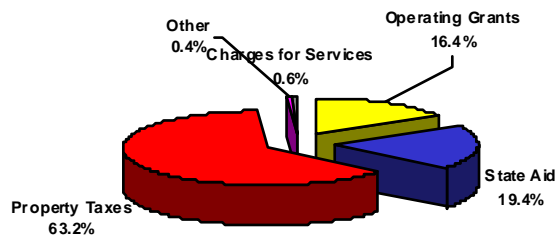
The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations if exceeding the maximum limit of a 2% tax increase. For this District the property taxes are limited to a maximum increase of 2% each year. Property taxes made up 63.22% of

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

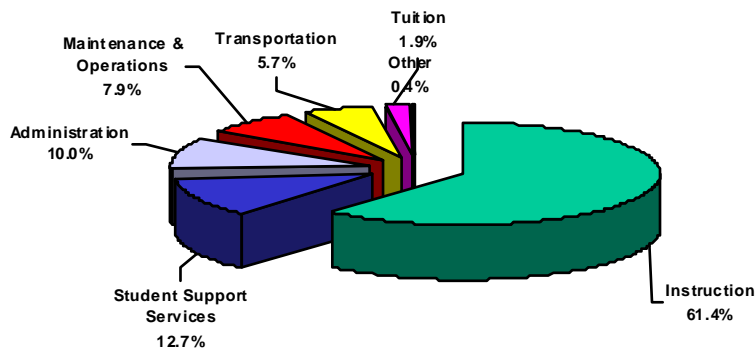
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

revenues for governmental activities for the Marlboro Township Public School District for fiscal year 2017 and 66.33% of revenues for fiscal year 2016. Property tax revenues increased \$3,175,235, which is a 4.41% 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 which enabled the district to renovate four (4) computer labs in four (4) elementary schools into classrooms for the 17-18 school year when the district would open full-day kindergarten. The District's total revenues for governmental activities were \$118,825,977 for the year ended June 30, 2017. Federal, state and local grants accounted for another 35.77% of revenue.

Sources of Revenues for Fiscal Year 2017



Expenses for Fiscal Year 2017



The total cost of all programs and services was \$114,994,867. Instruction comprised 61.40% 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 \$25,677.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

- ◆ Charges for services, which are the amounts paid by patrons for daily food services, represent \$1,151,499 of total revenue.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$252,551.

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 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Instruction	\$ 70,538,409	\$ 56,393,906	\$ 62,832,497	\$ 52,692,684
Support services				
Tuition	2,187,105	2,187,105	2,167,769	2,167,769
Pupils and instructional staff	14,567,546	12,046,451	12,977,350	11,379,192
General administration, school administration, business	11,554,166	9,600,093	10,597,309	9,351,209
Operation and maintenance of Facilities	9,133,883	8,321,032	9,152,971	8,638,781
Pupil transportation	6,561,180	5,751,918	6,026,469	5,486,801
Interest and fiscal charges	452,578	452,578	468,930	468,930
Total expenses	\$114,994,867	\$ 94,753,083	\$ 104,223,295	\$ 97,403,384

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$100,882,243 and expenditures were \$98,766,383. The net change in fund balances for the year was in the general fund, which showed an increase of \$2,707,524. 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,**

	2017 Amount	2016 Amount	Percentage Change
Property taxes	\$ 75,124,406	\$ 71,949,171	4.41%
Tuition	606,909	689,506	(11.98)%
Interest earnings	4,409	6,466	(31.81)%
Miscellaneous	612,823	601,292	1.92%
State sources	23,196,629	22,224,133	4.38%
Federal sources	1,337,067	1,412,385	(5.33)%
Total	\$ 100,882,243	\$ 96,882,953	4.13%

Revenues were up \$3,999,290 or 4.13% over the prior year, due to a increases in property taxes, and aid from state sources.

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

	2017 Amount	2016 Amount	Percentage Change
Salaries and wages	\$ 50,880,628	\$ 49,609,300	2.56%
Benefits	25,601,425	24,465,011	4.65%
Purchased services	10,595,981	11,972,633	(11.50)%
Supplies and other	4,564,211	3,282,980	39.03%
Capital Outlay	2,447,888	1,705,224	43.55%
Debt service	4,676,250	4,655,731	0.44%
Total	\$ 98,766,383	\$ 95,690,879	3.21%

Expenditures have increased \$3,075,504 or an increase of 3.21% over the prior year. This increase is attributed to the contractual salary increases for staff, the annual increases in providing health benefits to employees, updating new curriculum in math, science, social studies and ELA that required new classrooms supplies and the renovation of the computer labs in the four (4) elementary schools in preparation for the implementation of full-day kindergarten in 2017-18 school year.

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, 2017
UNAUDITED (CONTINUED)**

**Table 6
Unassigned Fund Balance**

School Year	Amount	GAAP	Budgetary Basis
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
16-17	903,675	903,675	2,065,980

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 2017, 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 \$1,162,305.

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 2017, 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 \$394,811 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 on "on-behalf" revenue and expenditure item to the District and is required to be reflected in the financial statements
- ✓ Curriculum and Instruction – salaries increased due to a reallocation of salaries to reflect the reclassification of curriculum facilitators' district wide.
- ✓ General administration – architect and engineering fees increased due to additional projects requiring professional services such as the partial roof replacement at Marlboro Elementary School.
- ✓ School administration – salaries for principals/asst. principals decreased due to various vacancies throughout the district.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

- ✓ Unallocated benefits – Health benefits, unemployment and FICA costs were lower than budgeted. Excess monies were transferred to K, 1-5 and 6-8 instruction to purchase curriculum materials.
- ✓ Basic Skills – teachers' salaries were reallocated due to the reclassification of staff to curriculum facilitators' district wide.
- ✓ Capital Outlay – savings associated with budgeted projects was transferred from capital outlay to K, 1-5 and 6-8 instruction to purchase curriculum materials.

Significant Budget to Actual Differences

- ✓ Regular program instruction – Kindergarten salaries were lower than budgeted due to a lower number of kindergarten students, salaries in 1-5 and 6-8 were lower than budgeted due to savings realized for staff retirements and staff out on an leaves of absence.
- ✓ Regular program – other salaries for instruction are lower due to decreased need for per diem substitute teachers.
- ✓ Regular program – general supplies and textbook expenses were lower due to changing student needs.
- ✓ Special education instruction – salaries lower than budgeted due to changing student needs for instructional aides.
- ✓ Basic skill instruction – salaries were lower than budgeted due to a reclassification of positions to curriculum facilitators.
- ✓ ESL instruction – salaries due to savings realized for teacher out of extended leave.
- ✓ Out of district tuition – private schools and charter schools - expenditures less than budgeted due to lower number of students than anticipated.
- ✓ General administration – salaries lower than budgeted due to vacancies in the department; legal services lower due to a change in the procedure for legal professional attendance at board meetings.
- ✓ School administration – other purchased services were lower for administrators professional development cost than anticipated.
- ✓ Required maintenance school facilities – cleaning/repair/maintenance costs were lower due to projects not being completed at end of the school year; and, general supplies were lower than anticipated.
- ✓ Other operation & maintenance of plant – salaries lower due to vacancies in the department; cleaning/maintenance/repair costs were lower than anticipated for small projects district wide; insurance costs were lower than anticipated; 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 – other purchased services were lower due to a favorable bid for lawn cutting/maintenance; supplies were lower due to contracting for services.
- ✓ Transportation – cleaning/maintenance and repair services were lower due to more services being performed with in-house staff; contracted services athletic trip were lower due to in-house drivers being utilized as opposed to contractors; contracted services joint agreements were lower than anticipated; and, transportation supplies were lower due the decreased pricing for gasoline and diesel fuel.
- ✓ Unallocated benefits – unemployment compensation was lower than anticipated; health benefits were lower than anticipated costs due to favorable rate renewals and more employees participating in the health benefits waiver program.
- ✓ Capital Outlay – costs for projects were lower than anticipated.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2017, the school district had \$62,407,350 invested in land, buildings and improvements and machinery and equipment. Table 7 shows fiscal 2017 balances compared to 2016.

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

	2017	2016
Land	\$ 6,849,273	\$ 6,849,273
Building and improvements	52,615,102	53,339,330
Machinery and equipment	2,104,819	2,218,747
Totals	\$ 61,569,194	\$ 62,407,350

Overall, the capital assets decreased \$916,420 from fiscal year 2016 to fiscal year 2017. 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, 2017, the District had \$14,444,536 of outstanding debt including unamortized bond premium. Of this amount, \$2,675,946 is for compensated absences, \$803,590 for bus & equipment leases, and the balance of \$10,965,000 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, 2017, the District's overall legal debt limit was \$220,385,562 and the non-electoral debt margin was \$209,420,562. For more detailed information, please refer to Note 8 in the Notes to the Basic Financial Statements. Following is a listing of all bond issues for which the District is currently paying debt service.

	Date of Issue	Original Amount of Issue	Balance Remaining
Partial refunding of 08-05-04 issue	03-26-13	18,700,000	10,965,000

For the Future

- It is the opinion of the Superintendent and Business Administrator that the Marlboro Township School District has historically maintained and continues to maintain a strong financial position. This was confirmed by the rating by Standard & Poor's of the District's bonds in May 2016, is discussed earlier. The District is proud of the community's support of its public schools.
- The Marlboro Township School District, along with many other public school districts in the state faces a difficult economic future since the primary sources of funding are property tax revenue and state aid. As a result, the financial well being of the District is tied in large measure to the actions of the state legislature. Significant cuts in state funding and/or restrictions on the growth

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)**

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 June 2017, the district continued its cooperative pricing agreement with the Marlboro Township, for the provision and performance of electric generation service for the benefit of the Marlboro Township taxpayers. The District continues with its participation in 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 15th consecutive year, the district was awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2016 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, 2017

A-1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,492,750	\$ 583,571	\$ 8,076,321
Receivables, net (Note 5)	909,370	17,120	926,490
Inventory	-	49,965	49,965
Restricted assets (Note 4):			
Reserve accounts - cash	6,697,646	-	6,697,646
Capital assets (Note 7):			
Land	6,849,273	-	6,849,273
Building and building improvements, net	52,615,102	184,833	52,799,935
Machinery and equipment, net	2,104,819	98,217	2,203,036
Total assets	<u>76,668,960</u>	<u>933,706</u>	<u>77,602,666</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred loss on refunding	525,674	-	525,674
Deferred outflows related to pensions (Note 10)	10,560,198	-	10,560,198
Total deferred outflow of resources	<u>11,085,872</u>	<u>-</u>	<u>11,085,872</u>
Total assets and deferred outflow of resources	<u>87,754,832</u>	<u>933,706</u>	<u>88,688,538</u>
LIABILITIES			
Accounts payable	3,638,592	204,622	3,843,214
Due to Other Governments	1,113,558	-	1,113,558
Contracts payable - retainage	44,000	-	44,000
Payable to federal government	2,579	-	2,579
Payable to state government	20,675	-	20,675
Unearned revenue	30,190	26,851	57,041
Accrued interest	105,171	-	105,171
Noncurrent liabilities (Note 9):			
Due within one year	3,936,714	-	3,936,714
Due beyond one year	44,023,859	-	44,023,859
Total liabilities	<u>52,915,338</u>	<u>231,473</u>	<u>53,146,811</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pensions (Note 10)	533,641	-	533,641
Total deferred inflow of resources	<u>533,641</u>	<u>-</u>	<u>533,641</u>
Total liabilities and deferred inflow of resources	<u>53,448,979</u>	<u>231,473</u>	<u>53,680,452</u>
NET POSITION			
Net investment in capital assets	50,326,279	283,050	50,609,329
Restricted for:			
Excess surplus - current year	315,622	-	315,622
Excess surplus - prior years- designated for subsequent year's expenditures	1,439,227	-	1,439,227
Capital reserve account	2,337,412	-	2,337,412
Maintenance reserve account	4,360,234	-	4,360,234
Debt service	2	-	2
Unrestricted	(24,472,923)	419,183	(24,053,740)
Total net position	<u>\$ 34,305,853</u>	<u>\$ 702,233</u>	<u>\$ 35,008,086</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, 2017

A-2

Functions/Programs	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:			
Instruction:			
Regular	\$ 47,360,063	\$ 606,909	\$ 8,160,495
Special education	18,829,601	-	4,383,745
Other instruction	4,137,725	123,799	658,535
Nonpublic school programs	211,020	-	211,020
Support services:			
Tuition	2,187,105	-	-
Student & instruction related services	14,567,546	-	2,521,095
General administrative services	2,100,175	-	202,764
School administrative service	7,369,904	-	1,396,023
Plant operations and maintenance	9,133,883	-	812,851
Pupil transportation	6,561,180	-	809,262
Business and other support services	2,084,087	-	355,286
Interest on long-term debt	452,578	-	-
Total governmental activities	114,994,867	730,708	19,511,076
Business-type activities:			
Food Service	1,312,844	1,076,067	252,551
Swim Club Concessions	65,529	75,432	-
Total business-type activities:	1,378,373	1,151,499	252,551
Total primary government	\$ 116,373,240	\$ 1,882,207	\$ 19,763,627

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 Before Special and Extraordinary Items

Transfers:

 Transfer from/(to) Other Funds

Total transfers

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
\$ (38,592,659)	\$ -	\$ (38,592,659)
(14,445,856)	-	(14,445,856)
(3,355,391)	-	(3,355,391)
-	-	-
(2,187,105)	-	(2,187,105)
(12,046,451)	-	(12,046,451)
(1,897,411)	-	(1,897,411)
(5,973,881)	-	(5,973,881)
(8,321,032)	-	(8,321,032)
(5,751,918)	-	(5,751,918)
(1,728,801)	-	(1,728,801)
(452,578)	-	(452,578)
<u>(94,753,083)</u>	<u>-</u>	<u>(94,753,083)</u>
-	15,774	15,774
-	9,903	9,903
<u>-</u>	<u>25,677</u>	<u>25,677</u>
<u>(94,753,083)</u>	<u>25,677</u>	<u>(94,727,406)</u>
71,178,461	-	71,178,461
3,945,945	-	3,945,945
22,994,948	-	22,994,948
4,409	-	4,409
460,430	-	460,430
<u>98,584,193</u>	<u>-</u>	<u>98,584,193</u>
<u>3,831,110</u>	<u>25,677</u>	<u>3,856,787</u>
364	(364)	-
<u>364</u>	<u>(364)</u>	<u>-</u>
3,831,474	25,313	3,856,787
30,474,379	676,920	31,151,299
<u>\$ 34,305,853</u>	<u>\$ 702,233</u>	<u>\$ 35,008,086</u>

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

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FUND FINANCIAL STATEMENTS

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

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MARLBORO TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,656,651	\$ -	\$ -	\$ 2	\$ 7,656,653
Receivables, net	651,556	257,814	-	-	909,370
Restricted cash and cash equivalents	6,697,646	-	-	-	6,697,646
Total assets	\$ 15,005,853	\$ 257,814	\$ -	\$ 2	\$ 15,263,669
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft	\$ -	\$ 163,903	\$ -	\$ -	\$ 163,903
Accounts payable	3,582,425	56,167	-	-	3,638,592
Contracts payable - retainage	44,000	-	-	-	44,000
Payable to federal government	-	2,579	-	-	2,579
Payable to state government	-	20,675	-	-	20,675
Unearned revenue	15,700	14,490	-	-	30,190
Total liabilities	3,642,125	257,814	-	-	3,899,939
Fund Balances:					
Restricted for:					
Excess surplus - current year	315,622	-	-	-	315,622
Excess surplus - prior years- designated for subsequent year's expenditures	1,439,227	-	-	-	1,439,227
Capital reserve account	2,337,412	-	-	-	2,337,412
Maintenance reserve account	4,360,234	-	-	-	4,360,234
Debt service	-	-	-	2	2
Committed for:					
Other purposes	1,118,967	-	-	-	1,118,967
Assigned for:					
Designated for subsequent year's expenditures	888,591	-	-	-	888,591
Unassigned, reported in:					
General Fund	903,675	-	-	-	903,675
Total fund balances	11,363,728	-	-	2	11,363,730
Total liabilities and fund balances	\$ 15,005,853	\$ 257,814	\$ -	\$ 2	\$ 15,263,669

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.	(105,171)
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	10,560,198
Deferred Inflows related to pensions	(533,641)
Deferred Outflows related to the loss on bond refunding of debt	525,674
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$111,087,869 and the accumulated depreciation is \$49,518,675.	61,569,194
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,113,558)
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.	(47,960,573)
Net position of governmental activities	\$ 34,305,853

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, 2017

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund
REVENUES			
Local sources:			
Local tax levy	\$ 71,178,461	\$ -	\$ -
Tuition charges	606,909	-	-
Interest Earnings	4,056	-	-
Interest Earned on Capital Reserve Funds	353	-	-
Miscellaneous	584,229	28,594	-
Total - Local Sources	72,374,008	28,594	-
State sources	22,264,036	202,288	-
Federal sources	607	1,336,460	-
Total revenues	94,638,651	1,567,342	-
EXPENDITURES			
Current:			
Regular instruction	35,363,413	267,310	-
Special education instruction	13,957,840	1,082,098	-
Other instruction	3,399,493	-	-
Nonpublic school programs	-	211,020	-
Support services and undistributed costs:			
Tuition	2,187,105	-	-
Student & instruction related services	11,643,131	-	-
General administrative services	1,872,872	-	-
School administrative services	6,094,720	-	-
Plant operations and maintenance	8,223,459	-	-
Pupil transportation	5,647,066	6,914	-
Business and other support services	1,685,804	-	-
Capital outlay	2,447,888	-	-
Debt service:			
Interest	-	-	-
Principal	-	-	-
Total expenditures	92,522,791	1,567,342	-
Excess (deficiency) of revenues over (under) expenditures	2,115,860	-	-
OTHER FINANCING SOURCES (USES)			
Transfer from Swim Concessions	364	-	-
Capital leases (non-budgeted)	591,300	-	-
Total other financing sources and (uses)	591,664	-	-
Net change in fund balances	2,707,524	-	-
Fund balance—July 1	8,656,204	-	-
Fund balance—June 30	\$ 11,363,728	\$ -	\$ -

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

Debt Service Fund	Total Governmental Funds
\$ 3,945,945	\$ 75,124,406
-	606,909
-	4,056
-	353
-	612,823
<u>3,945,945</u>	<u>76,348,547</u>
730,305	23,196,629
-	1,337,067
<u>4,676,250</u>	<u>100,882,243</u>
-	35,630,723
-	15,039,938
-	3,399,493
-	211,020
-	2,187,105
-	11,643,131
-	1,872,872
-	6,094,720
-	8,223,459
-	5,653,980
-	1,685,804
-	2,447,888
211,250	211,250
<u>4,465,000</u>	<u>4,465,000</u>
<u>4,676,250</u>	<u>98,766,383</u>
-	<u>2,115,860</u>
-	364
-	<u>591,300</u>
-	<u>591,664</u>
-	2,707,524
2	8,656,206
<u>\$ 2</u>	<u>\$ 11,363,730</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, 2017

Total net change in fund balances - governmental funds (from B-2) \$ 2,707,524

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	\$ (2,640,144)	
Retirement of capital assets	(335,883)	
Capital outlay (net)	<u>2,448,688</u>	(527,339)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.

Unfunded TPAF Pension Expense	(17,943,734)	
State Share of Unfunded TPAF Pension Expense	17,943,734	
Pension Expense - PERS Contribution	1,023,863	
Pension Expense	<u>(3,195,444)</u>	(2,171,581)

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. 351,303

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. 4,465,000

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations & sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (160,805)

In the statement of activities, interest on long term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest adjustment is an addition to the reconciliation. 16,443

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. (591,300)

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. (257,771)

Change in net position of governmental activities \$ 3,831,474

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

Swim Club Concessions - This fund provides for the operation of the financial transactions related to the concessions stand operations of the Township of Marlboro's

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MARLBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2017

B-4

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 583,571	\$ -	\$ 583,571
Intergovernmental receivables	13,510	-	13,510
Other accounts receivable	3,610	-	3,610
Inventories	49,965	-	49,965
Total current assets	650,656	-	650,656
Noncurrent assets:			
Building improvements	301,423	-	301,423
Less accumulated depreciation	(116,590)	-	(116,590)
Furniture, machinery & equipment	332,934	-	332,934
Less accumulated depreciation	(234,717)	-	(234,717)
Total noncurrent assets	283,050	-	283,050
Total assets	933,706	-	933,706
LIABILITIES			
Current liabilities:			
Accounts payable	204,622	-	204,622
Unearned revenue	26,851	-	26,851
Total Liabilities	231,473	-	231,473
NET POSITION			
Net Investment in capital assets	283,050	-	283,050
Unrestricted	419,183	-	419,183
Total net position	\$ 702,233	\$ -	\$ 702,233

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, 2017

B-5

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 750,259	\$ -	\$ 750,259
Daily sales - non-reimbursable programs	280,492	-	280,492
Daily sales - taxable	-	65,286	65,286
Special functions	45,316	10,146	55,462
Total operating revenues	<u>1,076,067</u>	<u>75,432</u>	<u>1,151,499</u>
 Operating expenses:			
Cost of sales - reimbursable	293,612	-	293,612
Cost of sales - non-reimbursable	127,518	37,538	165,056
Salaries	642,410	24,568	666,978
Other purchased professional services	137,290	-	137,290
Other purchased services	-	928	928
General supplies	77,578	2,495	80,073
Depreciation	34,436	-	34,436
Total operating expenses	<u>1,312,844</u>	<u>65,529</u>	<u>1,378,373</u>
 Operating loss	<u>(236,777)</u>	<u>9,903</u>	<u>(226,874)</u>
 Nonoperating revenues:			
State sources:			
State school lunch program	10,398	-	10,398
Federal sources:			
National school lunch program	152,735	-	152,735
Special milk program	2,109	-	2,109
Food donation program	87,309	-	87,309
Total nonoperating revenues	<u>252,551</u>	<u>-</u>	<u>252,551</u>
 Income before transfers	15,774	9,903	25,677
 Other Financing Sources/(Uses):	-		
Transfers in/(out)	<u>-</u>	<u>(364)</u>	<u>(364)</u>
 Change in net position	15,774	9,539	25,313
 Total net position—beginning	<u>686,459</u>	<u>(9,539)</u>	<u>676,920</u>
 Total net position—ending	<u>\$ 702,233</u>	<u>\$ -</u>	<u>\$ 702,233</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, 2017

B-6

	Business-type Activity - Enterprise Fund		TOTALS
	Food Service	Swim Club Concessions	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,049,216	\$ 75,432	\$ 1,124,648
Payments to employees	(642,410)	(24,568)	(666,978)
Payments to suppliers	(455,403)	(72,319)	(527,722)
Net cash used in operating activities	(48,597)	(21,455)	(70,052)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State Sources	10,398	-	10,398
Federal Sources	242,153	-	242,153
Transfers to other funds	-	(364)	(364)
Net cash provided by non-capital financing activities	252,551	(364)	252,187
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cost of equipment	(6,669)	-	(6,669)
Net cash used in capital activities	(6,669)	-	(6,669)
Net increase in cash and cash equivalents	197,285	(21,819)	175,466
Balances—beginning of year	386,286	21,819	408,105
Balances—end of year	\$ 583,571	\$ -	\$ 583,571
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (236,777)	\$ 9,903	\$ (226,874)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	34,436	-	34,436
(Increase)/Decrease in receivables	(3,248)	-	(3,248)
(Increase)/Decrease in inventories	(13,251)	5,974	(7,277)
Increase/(Decrease) in Unearned Revenue	26,851	-	26,851
Increase/(Decrease) in accounts payable	143,392	(37,332)	106,060
Total adjustments	188,180	(31,358)	156,822
Net cash used in operating activities	\$ (48,597)	\$ (21,455)	\$ (70,052)

Noncash Noncapital Financing Activities:

During the year, the district received \$107,430 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.

Technology Trust Fund - This fiduciary fund is used to account for repairs to students assigned Chromebooks.

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, 2017

B-7

	Private Purpose			
	Unemployment Compensation Insurance Trust	Technology Trust Fund	Private Purpose Scholarship Fund	Agency Funds
ASSETS				
Cash and cash equivalents	\$ 400,953	\$ 33,210	\$ 2,727	\$ 600,850
Total assets	400,953	33,210	2,727	600,850
LIABILITIES				
Payable to student groups	-	-	-	83,186
Payroll deductions and withholdings	-	-	-	517,664
Accounts Payable	-	8,159	-	-
Total liabilities	-	8,159	-	\$ 600,850
NET POSITION				
Held in trust for unemployment claims and other purposes	\$ 400,953			
Reserved for Chromebook repairs		\$ 25,051		
Reserved for scholarships			\$ 2,727	

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, 2017

B-8

	Unemployment Compensation Insurance Trust	Technology Trust Fund	Private Purpose Scholarship Fund
ADDITIONS			
Contributions:			
Local contributions	\$ 100,000	-	\$ 2,500
Chromebook Usage Fee	-	32,145	-
Total Contributions	<u>100,000</u>	<u>32,145</u>	<u>2,500</u>
 Total additions	 <u>100,000</u>	 <u>32,145</u>	 <u>2,500</u>
DEDUCTIONS			
Scholarships awarded	-	-	350
Chromebook repairs	-	39,508	-
Total deductions	<u>-</u>	<u>39,508</u>	<u>350</u>
 Change in net position	 100,000	 (7,363)	 2,150
 Net position—beginning of the year	 <u>300,953</u>	 <u>32,414</u>	 <u>577</u>
 Net position—end of the year	 <u>\$ 400,953</u>	 <u>\$ 25,051</u>	 <u>\$ 2,727</u>

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

**FIDUCIARY FUNDS
DETAIL STATEMENTS**

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

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

Technology Trust Fund - This fiduciary fund is used to account for repairs to students assigned Chromebooks.

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 SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017 of 6,140 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, 2017.

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, 2017

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, 2017

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, 2017

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.

Technology Trust Fund - Revenues consist of usage fees in relation to the District's Chromebooks. Expenditures consist of necessary repairs to those Chromebooks.

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017.

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, 2017

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Loss on Refunding of Debt

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

Unearned Revenue

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Bond Discounts / Premiums

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

Pensions

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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Fund Balance (Cont'd)

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

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

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Impact of Recently Issued Accounting Principles (Cont'd)

Adopted Accounting Pronouncements (Cont'd)

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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

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 School 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 have a material impact on the School 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 have a material impact on the School District's financial statements.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Impact of Recently Issued Accounting Principles (Cont'd)

Recently Issued 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 School District's financial statements.

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, Omnibus 2017. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, Accounting for Certain Debt Extinguishment. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2017 through October 18, 2017, which is the date the financial statements were available to be issued. See Note 21 for additional information.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017, the School District's bank balances of \$16,032,345 were exposed to custodial credit risk as follows:

Insured Under FDIC	\$	250,000
Collateralized by securities held by		
Pledging financial institution		14,820,240
Uninsured and uncollateralized		962,105
 Total	 \$	 16,032,345

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, 2017.

Note 4: RESERVE ACCOUNTS

Capital Reserve- A capital reserve account was established by the School District in inclusion of \$925,000 on June 30, 1997 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 4: RESERVE ACCOUNTS (CONT'D)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016		\$ 1,337,412
Increased by:		
Resolution dated June 20, 2017	\$ 1,000,000	
Total Increases		1,000,000
Ending Balance, June 30, 2017		\$ 2,337,412

The June 30, 2017 LRFP balance of local support costs of uncompleted projects at June 30, 2017 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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016		\$ 3,660,234
Increased by:		
Resolution dated June 20, 2017	700,000	
Ending Balance, June 30, 2017		\$ 4,360,234

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 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:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 5: ACCOUNTS RECEIVABLE (CONT'D)

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>	<u>Proprietary Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>	<u>Business-Type Activities</u>
Intergovernmental	\$ 603,019	\$ 257,814	\$ 860,833	\$ 13,510	\$ 13,510
Other	48,537	-	48,537	3,610	3,610
Total	\$ 651,556	\$ 257,814	\$ 909,370	\$ 17,120	\$ 17,120

Note 6: INVENTORY

Inventory recorded at June 30, 2017 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
Food	\$ 28,040
Supplies	21,925
Total	\$ 49,965

Note 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

	Balance 06/30/16	Transfers/ Additions	Transfers/ Retirements	Balance 06/30/17
Governmental activities:				
Capital assets not being Depreciated:				
Land	\$ 6,849,273	\$ -	\$ -	\$ 6,849,273
Total Capital Assets not being Depreciated	6,849,273	-	-	6,849,273
Capital Assets being depreciated:				
Furniture, Fixtures and Equipment	8,473,712	728,501	416,086	8,786,127
Buildings and Improvements	93,732,282	1,720,187	-	95,452,469
Total Capital Assets being Depreciated	100,859,350	2,448,688	416,086	104,238,596
Total Capital Assets, Cost	107,708,623	2,448,688	416,086	111,087,869
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(6,179,358)	(508,851)	(80,203)	(6,608,006)
Buildings and Improvements	(40,779,376)	(2,131,293)	-	(42,910,669)
Total Accumulated Depreciation	(46,958,734)	(2,640,144)	(80,203)	(49,518,675)
Total Capital Assets being Depreciated, Net	53,900,616	(191,456)	335,883	54,719,921
Governmental Activities Capital Assets, Net	\$ 60,749,889	\$ (191,456)	\$ 335,883	\$ 61,569,194

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7: CAPITAL ASSETS (CONT'D)

	<u>Balance 6/30/2016</u>	<u>Transfers/ Additions</u>	<u>Adjustment</u>	<u>Balance 6/30/2017</u>
Business-type activities:				
Capital Assets being Depreciated:				
Building improvements	\$ 301,423	\$ -	\$ -	\$ 301,423
Equipment	521,570	6,669	(195,305)	332,934
Total Capital Assets being Depreciated	<u>822,993</u>	<u>6,669</u>	<u>(195,305)</u>	<u>634,357</u>
Total Capital Assets, Cost	<u>822,993</u>	<u>6,669</u>	<u>(195,305)</u>	<u>634,357</u>
Less Accumulated Depreciation for:				
Building and improvements	(104,533)	(12,057)	-	(116,590)
Equipment	<u>(407,643)</u>	<u>(22,379)</u>	<u>195,305</u>	<u>(234,717)</u>
Total Accumulated Depreciation	<u>(512,176)</u>	<u>(34,436)</u>	<u>195,305</u>	<u>(351,307)</u>
Total Capital Assets being Depreciated, Net	<u>310,817</u>	<u>(27,767)</u>	<u>-</u>	<u>283,050</u>
Business-Type Activities Capital Assets, Net	<u>\$ 310,817</u>	<u>\$ (27,767)</u>	<u>\$ -</u>	<u>\$ 283,050</u>

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

Governmental Activities:

Regular Instruction	\$2,391,971
Special Instruction	88,445
Student & Instruction Related Services	98,213
School Administrative Services	<u>61,515</u>
Total Depreciation Expense – Governmental Activities	<u>\$2,640,144</u>

Business Type Activities:

Food Service – Total Depreciation Expense	<u>\$ 34,436</u>
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Note 8: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no individual receivables/payables balances at June 30, 2017. Interfund receivables and payables predominantly result from payments made by certain funds on behalf of other funds. A summary of interfund transfers follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 364	\$ -
Swim Club Concessions Fund	<u>-</u>	<u>364</u>
	<u>\$ 364</u>	<u>\$ 364</u>

The purpose of the interfund transfer was to liquidate operations of the Swim Club Concessions Fund.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 9: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 15,430,000	\$ -	\$ (4,465,000)	\$ 10,965,000	\$ 3,570,000
Total Bonds Payable	15,430,000	-	(4,465,000)	10,965,000	3,570,000
Other Liabilities:					
Capital Lease Obligations	563,592	591,300	(351,303)	803,589	232,917
Net Pension Liability	24,573,054	8,942,983	-	33,516,037	-
Compensated Absences	2,515,143	309,527	(148,723)	2,675,947	133,797
Total Other Liabilities	27,651,789	9,843,810	(500,026)	36,995,573	366,714
Governmental Activities Long-Term Liabilities	\$ 43,081,789	\$ 9,843,810	\$ (4,965,026)	\$ 47,960,573	\$ 3,936,714

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>
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>\$ 10,965,000</u>	<u>\$ 286,884</u>	<u>\$ 11,251,884</u>

Bonds Authorized but not Issued - As of June 30, 2017, 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 \$1,684,304 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, 2017.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 232,917	\$ 13,854	\$ 246,771
2018	237,047	9,724	246,771
2019	213,269	5,520	218,789
2020	120,356	1,914	122,270
	<u>\$ 803,589</u>	<u>\$ 31,012</u>	<u>\$ 834,601</u>

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 9: LONG-TERM LIABILITIES (CONT'D)

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

Note 10: 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.

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:

Tier	Definition
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 1/55th 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.

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 2016, 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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

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

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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$33,516,037 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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 July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .1131643588%, which was an increase of .0036977792% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$3,182,858 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 623,297	\$ -
Changes of Assumptions	6,942,733	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,277,997	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	602,613	533,641
School District contributions subsequent to measurement date	1,113,558	
	\$ 10,560,198	\$ 533,641

\$1,113,558 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

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

Year Ending June 30,	
2018	\$ 1,954,185
2019	1,954,184
2020	2,265,927
2021	1,969,607
2022	<u>769,096</u>
	<u>\$ 8,912,999</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School 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 or 1-percentage point higher than the current rate:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 41,069,992	\$ 33,516,037	\$ 27,279,593

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
School District's portion	0.11316%	0.10947%

Teachers' Pension and Annuity Fund (TPAF)

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

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:

Tier	Definition
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 1/55th 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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) (cont'd)

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.

Contributions - The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$293,394,568. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .3729606167%, which was a decrease of .0044999541% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$22,044,519 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) (cont'd)

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) (cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) (cont'd)

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>\$ 350,378,681</u>	<u>\$ 293,394,568</u>	<u>\$ 246,859,686</u>
	<u>\$ 350,378,681</u>	<u>\$ 293,394,568</u>	<u>\$ 246,859,686</u>

Pension Plan Fiduciary Net Position - 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.

Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10: PENSION OBLIGATIONS (CONT'D)

Defined Contribution Plan (DCRP) (cont'd)

administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$51,715, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$47,044.

Note 11: 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.

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/.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 11: STATE POST-RETIREMENT MEDICAL BENEFITS (CONT'D)

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, 2017, 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, post-retirement medical costs, and long-term disability were \$4,100,785, \$3,416,886 and \$8,348, 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>
2017	\$ 100,000	\$ -	\$ -	\$ 400,953
2016	-	-	-	300,953
2015	85,000	-	18,263	300,953

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017, the liability for compensated absences reported on the government-wide statement of net position was \$2,675,947.

Note 16: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 16: TAX ABATEMENTS (CONT'D)

abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

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 four 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 \$(24,472,923) existed as of June 30, 2017 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.

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, 2017.

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:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 19: FUND BALANCES (CONT'D)

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 \$315,622 at June 30, 2017. Additionally, \$1,439,227 of excess fund balance generated during 2015-2016 has been restricted and designated for utilization in the 2016-2017 budget.

For Capital Reserve Account - As of June 30, 2017, the balance in the capital reserve account is \$2,337,412. 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, 2017, the balance in the maintenance reserve account is \$4,360,234. 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, 2018, \$2 of debt service fund balance at June 30, 2017.

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, 2017, \$1,118,967 has been committed for encumbrances which are orders placed for goods and/or services that have not been received at June 30, 2017.

ASSIGNED

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

General Fund -

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018, \$888,591 of general fund balance at June 30, 2017.

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, 2017, \$903,675 of general fund balance was unassigned.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

Note 21: SUBSEQUENT EVENT

On July 14, 2017 the School District received a revised state aid notice from that State of New Jersey for its budget for the year ended June 30, 2018. This revised notice included a decrease in the School District's state aid of \$233,031. The New Jersey Department of Education authorized school districts that received a decrease in state aid to transfer additional unassigned general fund surplus into the budget for the year ended June 30, 2018. The School District approved a resolution dated July 17, 2017 to transfer additional unassigned general fund surplus in the amount of \$233,031 into the budget to compensate for the decrease in state aid.

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, 2017

C-1

	Original Budget	Budget Transfers	Final Budget
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 71,178,461	\$ -	\$ 71,178,461
Tuition from Individuals	563,000	-	563,000
Interest Earnings	4,000	-	4,000
Interest Earned on Capital Reserve Funds	-	-	-
Contributions and Donations	-	94,625	94,625
Play Proceeds	15,160	3,907	19,067
Bus Advertising	-	-	-
Student Dues and Fees	110,000	-	110,000
Miscellaneous	237,500	28,000	265,500
Total - Local Sources	72,108,121	126,532	72,234,653
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
Per Pupil Growth Aid	50,140	-	50,140
PARCC Readiness Aid	50,140	-	50,140
Professional Learning Community Aid	47,655	-	47,655
Other state aid - Nonpublic Transportation	-	-	-
Other State Aid - Lead Water Testing	-	-	-
On-Behalf TPAF (Non-budgeted):	-	-	-
Normal Pension Contributions	-	-	-
Post-Retirement Medical	-	-	-
Long-Term Disability Insurance	-	-	-
TPAF Social Security (Reimbursed)	-	-	-
Total State Sources	11,651,542	-	11,651,542
Federal Sources:			
Medicaid Reimbursement	10,000	-	10,000
Total Federal Sources	10,000	-	10,000
Total Revenues	83,769,663	126,532	83,896,195
EXPENDITURES:			
Current Expense:			
Regular Programs - Instruction			
Preschool/Kindergarten - Salaries of Teachers	942,045	(33,000)	909,045
Grades 1-5 - Salaries of Teachers	11,135,760	(277,412)	10,858,348
Grades 6-8 - Salaries of Teachers	9,759,552	120,000	9,879,552
Regular Programs - Home Instruction:			
Salaries of Teachers	12,000	25,600	37,600
Purchased Professional-Educational Services	6,000	(530)	5,470
Regular Programs - Undistributed Instruction			
Other Salaries for Instruction	528,000	97,000	625,000
Purchased Professional Services	16,525	-	16,525
Other Purchased Services	216,361	72,743	289,104
General Supplies	603,927	888,176	1,492,103
Textbooks	5,750	472,960	478,710
Other Objects	3,570	-	3,570
TOTAL REGULAR PROGRAMS - INSTRUCTION	23,229,490	1,365,537	24,595,027

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
\$ 71,178,461	\$ -
606,909	43,909
4,056	56
353	353
94,626	1
17,306	(1,761)
2,270	2,270
123,799	13,799
346,228	80,728
<u>72,374,008</u>	<u>139,355</u>
3,375,643	-
6,247,588	-
394,811	394,811
349,448	-
437,531	-
532,737	-
560,660	-
50,140	-
50,140	-
47,655	-
36,020	36,020
12,549	12,549
4,100,785	4,100,785
3,416,886	3,416,886
8,348	8,348
2,648,068	2,648,068
<u>22,269,009</u>	<u>10,617,467</u>
607	(9,393)
<u>607</u>	<u>(9,393)</u>
<u>94,643,624</u>	<u>10,747,429</u>
850,697	58,348
10,739,796	118,552
9,764,835	114,717
37,572	28
2,741	2,729
585,505	39,495
11,900	4,625
269,496	19,608
1,407,058	85,045
451,427	27,283
2,025	1,545
<u>24,123,052</u>	<u>471,975</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2017

C-1

	Original Budget	Budget Transfers	Final Budget
SPECIAL EDUCATION - INSTRUCTION			
Learning and/or Language Disabilities:			
Salaries of Teachers	\$ 328,987	\$ 368,490	\$ 697,477
Other Salaries for Instruction	169,360	88,942	258,302
Other Purchase Services	-	200	200
General Supplies	9,500	3,500	13,000
Textbooks	1,200	-	1,200
Total Learning and/or Language Disabilities	509,047	461,132	970,179
Multiply Handicapped:			
Salaries of Teachers	921,348	(268,921)	652,427
Other Salaries for Instruction	660,390	(131,578)	528,812
Other Purchased Services	1,000	(200)	800
General Supplies	16,350	(3,500)	12,850
Total Multiply Handicapped	1,599,088	(404,199)	1,194,889
Resource Room/Resource Center:			
Salaries of Teachers	6,222,981	6,216	6,229,197
Other Purchased Services	4,500	-	4,500
General Supplies	28,500	-	28,500
Textbooks	2,800	-	2,800
Total Resource Room/Resource Center	6,258,781	6,216	6,264,997
Preschool Disabilities - Part-Time:			
Salaries of Teachers	647,277	3,552	650,829
Other Salaries for Instruction	423,000	(146,484)	276,516
Other Purchased Services	-	-	-
General Supplies	8,350	-	8,350
Total Preschool Disabilities - Part-Time	1,078,627	(142,932)	935,695
Special Education Home Instruction			
Salaries of Teachers	22,000	(8,670)	13,330
Purchased Professional-Educational Services	6,000	(6,000)	-
	28,000	(14,670)	13,330
TOTAL SPECIAL EDUCATION - INSTRUCTION	9,473,543	(94,453)	9,379,090
Basic Skills/Remedial - Instruction			
Salaries of Teachers	1,318,627	(56,173)	1,262,454
Other Purchased Services	500	-	500
General Supplies	14,900	-	14,900
Total Basic Skills/Remedial - Instruction	1,334,027	(56,173)	1,277,854
Bilingual Education - Instruction			
Salaries of Teachers	312,674	-	312,674
Other Purchased Services	545	898	1,443
General Supplies	750	-	750
Total Bilingual Education - Instruction	313,969	898	314,867

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
\$ 697,476	\$ 1
256,531	1,771
-	200
8,474	4,526
319	881
<u>962,800</u>	<u>7,379</u>
647,208	5,219
471,696	57,116
-	800
4,762	8,088
<u>1,123,666</u>	<u>71,223</u>
6,229,196	1
3,060	1,440
24,688	3,812
2,694	106
<u>6,259,638</u>	<u>5,359</u>
650,828	1
236,898	39,618
-	-
3,932	4,418
<u>891,658</u>	<u>44,037</u>
13,328	2
-	-
<u>13,328</u>	<u>2</u>
9,251,090	128,000
1,195,861	66,593
495	5
9,667	5,233
<u>1,206,023</u>	<u>71,831</u>
302,604	10,070
1,443	-
530	220
<u>304,577</u>	<u>10,290</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2017

C-1

	Original Budget	Budget Transfers	Final Budget
School-Spon. Cocurricular Actvts. - Inst.			
Salaries	\$ 176,331	\$ -	\$ 176,331
Purchased Professional Services	7,950	-	7,950
Other Purchased Services	4,450	-	4,450
Supplies and Materials	8,067	412	8,479
Other Objects	2,450	-	2,450
Total School-Spon. Cocurricular Actvts. - Inst.	<u>199,248</u>	<u>412</u>	<u>199,660</u>
School-Spon. Athletics - Inst.			
Salaries	176,803	-	176,803
Supplies and Materials	18,298	4,500	22,798
Other Objects	20,241	-	20,241
Total School-Spon. Athletics - Inst.	<u>215,342</u>	<u>4,500</u>	<u>219,842</u>
Other Instructional Programs - Instruction			
Salaries	569,697	-	569,697
Other Purchased Services	1,500	-	1,500
Supplies and Materials	8,697	(1,580)	7,117
Total Other Instructional Programs - Instruction	<u>579,894</u>	<u>(1,580)</u>	<u>578,314</u>
Total Instruction	<u>35,345,513</u>	<u>1,219,141</u>	<u>36,564,654</u>
Undistributed Expenditures - Instruction:			
Tuition to Private Schools for the Handicapped - w/in state	2,258,597	-	2,258,597
Tution to Charter School	78,316	-	78,316
Total Undistributed Expenditures - Instruction:	<u>2,336,913</u>	<u>-</u>	<u>2,336,913</u>
Undistributed Expend. - Attend. & Social Work			
Salaries	536,435	30,426	566,861
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>551,632</u>	<u>30,426</u>	<u>582,058</u>
Undist. Expend. - Health Services			
Salaries	795,352	28,272	823,624
Purchased Professional and Technical Services	153,000	(47,272)	105,728
Other Purchased Services	-	228	228
Supplies and Materials	17,880	(228)	17,652
Total Undistributed Expenditures - Health Services	<u>966,232</u>	<u>(19,000)</u>	<u>947,232</u>
Undist. Expend.-Other Sup. Ser. Students-Related Serv.			
Salaries of Other Professional Staff	1,115,560	(70,045)	1,045,515
Purchased Professional - Educational Services	47,200	76,000	123,200
Other Purchased Services	100	1,346	1,446
Supplies and Materials	10,412	-	10,412
Total Undist. Expend.-Other Sup. Ser. Students-Related Serv.	<u>1,173,272</u>	<u>7,301</u>	<u>1,180,573</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
\$ 170,525	\$ 5,806
4,198	3,752
4,225	225
7,700	779
-	2,450
<u>186,648</u>	<u>13,012</u>
164,045	12,758
21,507	1,291
17,334	2,907
<u>202,886</u>	<u>16,956</u>
555,144	14,553
215	1,285
6,535	582
<u>561,894</u>	<u>16,420</u>
35,836,170	728,484
2,131,165	127,432
55,940	22,376
<u>2,187,105</u>	<u>149,808</u>
559,126	7,735
5,437	4,660
-	5,100
<u>564,563</u>	<u>17,495</u>
808,105	15,519
92,521	13,207
228	-
10,780	6,872
<u>911,634</u>	<u>35,598</u>
1,007,455	38,060
88,819	34,381
1,335	111
7,354	3,058
<u>1,104,963</u>	<u>75,610</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2017

C-1

	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Extraordinary Services			
Other Salaries for Instruction	\$ 1,194,432	\$ 193,720	\$ 1,388,152
Total Undist. Expend. - Extraordinary Services	<u>1,194,432</u>	<u>193,720</u>	<u>1,388,152</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.			
Salaries of Other Professional Staff	908,904	-	908,904
Salaries of Secretarial and Clerical Assistants	101,270	745	102,015
Purchased Professional/Technical Services	266,685	(16,677)	250,008
Supplies and Materials	29,670	8,275	37,945
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>1,306,529</u>	<u>(7,657)</u>	<u>1,298,872</u>
Undist. Expend.-Other Sup. Ser. Students-Spc. Services			
Salaries of Other Professional Staff	1,322,416	(130,345)	1,192,071
Salaries of Secretarial and Clerical Assistants	166,978	-	166,978
Unused Vacation Payout	-	3,039	3,039
Purchased Professional - Educational Services	240,000	68,279	308,279
Other Purchased Services	22,100	3,075	25,175
Supplies and Materials	31,500	(8,144)	23,356
Total Undist. Expend.-Other Sup. Ser. Students-Spc. Services	<u>1,782,994</u>	<u>(64,096)</u>	<u>1,718,898</u>
Undist. Expend. - Improvement of Inst. Serv.			
Salaries of Secr and Clerical Assist.	79,680	167	79,847
Other Salaries	131,800	108,303	240,103
Other Purch Prof. and Tech. Services	5,000	-	5,000
Other Purchased Services	68,669	(1,401)	67,268
Supplies and Materials	15,849	16,121	31,970
Total Undist. Expend. - Improvement of Inst. Serv.	<u>300,998</u>	<u>123,190</u>	<u>424,188</u>
Undist. Expend. - Edu. Media Serv./Sch. Library			
Salaries	590,825	4,344	595,169
Other Purchased Services	37,360	(1,000)	36,360
Supplies and Materials	71,952	(4,384)	67,568
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>700,137</u>	<u>(1,040)</u>	<u>699,097</u>
Undist. Expend. - Instructional Staff Training Serv.			
Salaries of Secretarial and Clerical Assist	19,795	145	19,940
Other Salaries	22,129	(4,200)	17,929
Other Purchased Prof. and Tech. Services	5,000	-	5,000
Other Purchased Services (400-500 series)	78,587	-	78,587
Supplies and Materials	1,700	-	1,700
Total Undist. Expend. - Instructional Staff Training Serv.	<u>127,211</u>	<u>(4,055)</u>	<u>123,156</u>
Undist. Expend. - Supp. Serv. - General Admin.			
Salaries	613,089	(8,651)	604,438
Unused Vacation Payout	-	1,299	1,299
Legal Services	225,000	50,000	275,000
Audit Fees	32,000	-	32,000
Architect/Engineering Fees	60,000	119,760	179,760
Other Purchased Professional Services	175,500	(50,799)	124,701
Communications/Telephone	256,989	(1,776)	255,213
Board of Education Other Purchased Services	1,000	-	1,000
Other Purchased Services	140,782	2,250	143,032
Supplies and Materials	13,300	-	13,300
Board of Education Supplies	3,000	-	3,000
Judgements against School	50,000	-	50,000
Miscellaneous Expenditures	8,000	-	8,000
Board of Education Membership Dues & Fees	40,000	-	40,000
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,618,660</u>	<u>112,083</u>	<u>1,730,743</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
\$ 1,388,110	\$ 42
<u>1,388,110</u>	<u>42</u>
907,480	1,424
102,014	1
247,189	2,819
31,665	6,280
<u>1,288,348</u>	<u>10,524</u>
1,177,544	14,527
138,805	28,173
3,039	-
260,930	47,349
14,291	10,884
19,915	3,441
<u>1,614,524</u>	<u>104,374</u>
79,847	-
233,480	6,623
4,900	100
66,482	786
30,269	1,701
<u>414,978</u>	<u>9,210</u>
595,169	-
23,164	13,196
63,345	4,223
<u>681,678</u>	<u>17,419</u>
19,940	-
5,122	12,807
550	4,450
54,602	23,985
1,220	480
<u>81,434</u>	<u>41,722</u>
564,406	40,032
1,299	-
249,836	25,164
29,800	2,200
155,461	24,299
122,917	1,784
236,067	19,146
-	1,000
125,737	17,295
6,594	6,706
1,497	1,503
48,944	1,056
4,531	3,469
36,466	3,534
<u>1,583,555</u>	<u>147,188</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2017

C-1

	Original Budget	Budget Transfers	Final Budget
Undist. Expend. - Support Serv. - School Admin.			
Salaries of Principals/Assistant Principals	\$ 3,062,748	\$ (65,778)	\$ 2,996,970
Salaries of Secretarial and Clerical Assistants	906,312	(4,596)	901,716
Unused Vacation Payout	-	4,596	4,596
Other Purchased Services	127,785	23	127,808
Supplies and Materials	73,402	12,866	86,268
Other Objects	21,701	-	21,701
Total Undist. Expend. - Support Serv. - School Admin.	<u>4,191,948</u>	<u>(52,889)</u>	<u>4,139,059</u>
Undist. Expend. - Support Services - Central Services			
Salaries	595,552	(1,090)	594,462
Unused Vacation Payout	-	1,090	1,090
Purchased Professional Services	7,250	-	7,250
Other Purchased Services	12,530	-	12,530
Supplies & Materials	6,500	-	6,500
Miscellaneous Expenditures	3,000	-	3,000
Total Undist. Expend. - Support Serv. - Central Services	<u>624,832</u>	<u>-</u>	<u>624,832</u>
Undist. Expend. - Support Services - Admin. Info. Tech. Svcs.			
Salaries	404,653	2,894	407,547
Purchased Technical Services	10,000	12,000	22,000
Other Purchased Services	95,100	-	95,100
Supplies & Materials	74,000	(8,944)	65,056
Total Undist. Expend. - Support Svcs. - Admin. Info. Tech. Svcs.	<u>583,753</u>	<u>5,950</u>	<u>589,703</u>
Undist. Expend. - Required Maint. School Facilities			
Cleaning, Repair and Maintenance Services	632,000	710	632,710
General Supplies	201,000	12,202	213,202
Other Objects	-	990	990
Total Undist. Expend. - Required Maint. School Facilities	<u>833,000</u>	<u>13,902</u>	<u>846,902</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant			
Salaries	1,656,990	(9,482)	1,647,508
Other Salaries	496,763	-	496,763
Unused Vacation Payout	-	9,482	9,482
Purchased Professional/Technical Services	43,500	-	43,500
Cleaning, Repair and Maintenance Services	2,042,856	34,848	2,077,704
Other Purchased Property Services	200,390	2,000	202,390
Insurance	265,300	-	265,300
Miscellaneous Purchased Services	6,580	-	6,580
General Supplies	157,330	23,705	181,035
Energy (Energy and Electricity)	1,426,495	(2,000)	1,424,495
Other Objects	15,000	1,736	16,736
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>6,311,204</u>	<u>60,289</u>	<u>6,371,493</u>
Undist. Expend. - Care and Upkeep of Grounds			
Salaries	64,533	-	64,533
Other Purchased Property Services	99,500	5,076	104,576
General Supplies	30,000	2,528	32,528
Total Undist. Expend. - Care and Upkeep of Grounds	<u>194,033</u>	<u>7,604</u>	<u>201,637</u>
Undist. Expend. - Security			
Salaries	271,435	-	271,435
Purchased Professional/Technical Services	117,480	-	117,480
Other Purchased Services	11,300	-	11,300
General Supplies	43,765	-	43,765
Total Undist. Expend. - Security	<u>443,980</u>	<u>-</u>	<u>443,980</u>
Total Undist. Expend. - Oper. & Maint. Plant Services	<u>7,782,217</u>	<u>81,795</u>	<u>7,864,012</u>
Undist. Expend. - Student Transportation Serv.			
Salaries - Administration	225,899	2,508	228,407
Salaries - (between home and school) - Regular	1,340,149	(111,719)	1,228,430
Salaries - (between home and school) - Special Education	659,133	(8,500)	650,633
Salaries - (other than between home & school)	191,941	6,478	198,419
Unused Vacation Payout	-	2,521	2,521
Purchased Professional Services	13,865	-	13,865
Cleaning, Maintenance and Repair Services	65,050	28,562	93,612
Lease Purchase Payments - Busses	379,650	(15,554)	364,096
Contracted Services - Athletic Trips	44,034	(5,000)	39,034
Contracted Services - Joint Agreements (Non-Public)	288,000	(11,525)	276,475
Contracted Services - Joint Agreements (Special Education)	924,467	21,900	946,367
Contracted Services - Home to School	-	153,342	153,342
Miscellaneous purchased services	47,805	-	47,805
Supplies and materials	9,960	-	9,960
Transportation supplies	526,111	(36,000)	490,111
Other Objects	13,550	-	13,550
Total Undist. Expend. - Student Transportation Serv.	<u>4,729,614</u>	<u>27,013</u>	<u>4,756,627</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
\$ 2,993,617	\$ 3,353
895,082	6,634
4,475	121
114,465	13,343
76,250	10,018
19,755	1,946
<u>4,103,644</u>	<u>35,415</u>
585,321	9,141
1,090	-
1,705	5,545
8,725	3,805
6,500	-
2,940	60
<u>606,281</u>	<u>18,551</u>
407,547	-
21,926	74
78,700	16,400
63,012	2,044
<u>571,185</u>	<u>18,518</u>
555,702	77,008
140,832	72,370
990	-
<u>697,524</u>	<u>149,378</u>
1,443,134	204,374
491,027	5,736
9,482	-
22,021	21,479
1,978,501	99,203
201,911	479
193,650	71,650
4,610	1,970
153,234	27,801
1,327,868	96,627
15,438	1,298
<u>5,840,876</u>	<u>530,617</u>
51,498	13,035
79,352	25,224
17,992	14,536
<u>148,842</u>	<u>52,795</u>
266,747	4,688
100,699	16,781
140	11,160
10,872	32,893
<u>378,458</u>	<u>65,522</u>
<u>7,065,700</u>	<u>798,312</u>
228,407	-
1,228,430	-
607,960	42,673
186,066	12,353
2,521	-
11,202	2,663
63,441	30,171
364,019	77
-	39,034
232,426	44,049
946,366	1
152,596	746
43,447	4,358
5,408	4,552
411,609	78,502
10,725	2,825
<u>4,494,623</u>	<u>262,004</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2017

C-1

	Original Budget	Budget Transfers	Final Budget
UNALLOCATED BENEFITS			
Social Security Contributions	\$ 943,500	\$ (29,321)	\$ 914,179
PERS Contribution	1,081,122	(55,000)	1,026,122
Unemployment Compensation	200,000	(25,000)	175,000
Workmen's Compensation	490,348	-	490,348
Health Benefits	13,392,020	(500,000)	12,892,020
Tuition Reimbursement	75,647	-	75,647
Other Employee Benefits	319,100	-	319,100
TOTAL UNALLOCATED BENEFITS	<u>16,501,737</u>	<u>(609,321)</u>	<u>15,892,416</u>
On-Behalf TPAF (Nonbudgeted):			
Normal Pension Contributions	-	-	-
Post-Retirement Medical	-	-	-
Long-Term Disability Insurance	-	-	-
TPAF Social Security(non-budgeted)	-	-	-
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>16,501,737</u>	<u>(609,321)</u>	<u>15,892,416</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>46,473,111</u>	<u>(176,580)</u>	<u>46,296,531</u>
TOTAL GENERAL CURRENT EXPENSE	<u>81,818,624</u>	<u>1,042,561</u>	<u>82,861,185</u>
CAPITAL OUTLAY			
Equipment			
Grades 6-8	3,275	-	3,275
Undistributed Expenditures - Health Services	-	7,795	7,795
Undistributed Expenditures - Business/Other Support Services	85,000	(29,750)	55,250
Undistributed Expenditures - Required Maintenance	-	29,187	29,187
Undistributed Expenditures - Custodial and Maintenance	18,100	4,824	22,924
Undistributed Expenditures - Transportation	19,600	28,000	47,600
Total Equipment	<u>125,975</u>	<u>40,056</u>	<u>166,031</u>
Facilities Acquisition and Construction Services			
Salaries	-	60,000	60,000
Architect Services	121,600	(121,600)	-
Other Purchased Professional/Technical Services	111,900	(97,100)	14,800
Construction Services	2,706,500	(304,985)	2,401,515
Equipment	-	108,226	108,226
Total Facilities Acquisition and Construction Services	<u>2,940,000</u>	<u>(355,459)</u>	<u>2,584,541</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
\$ 855,236	\$ 58,943
1,023,863	2,259
98,045	76,955
455,048	35,300
12,637,951	254,069
51,848	23,799
280,330	38,770
<u>15,402,321</u>	<u>490,095</u>
4,100,785	(4,100,785)
3,416,886	(3,416,886)
8,348	(8,348)
2,648,068	(2,648,068)
<u>10,174,087</u>	<u>(10,174,087)</u>
<u>25,576,408</u>	<u>(9,683,992)</u>
<u>54,238,733</u>	<u>(7,942,202)</u>
<u>90,074,903</u>	<u>(7,213,718)</u>
2,806	469
7,795	-
55,090	160
29,187	-
19,681	3,243
47,529	71
<u>162,088</u>	<u>3,943</u>
56,323	3,677
-	-
14,800	-
1,623,377	778,138
-	108,226
<u>1,694,500</u>	<u>890,041</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2017

C-1

	Original Budget	Budget Transfers	Final Budget
Undistributed Expenditures: Student Transportation	\$ -	\$ -	\$ -
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-
TOTAL CAPITAL OUTLAY	3,065,975	(315,403)	2,750,572
TOTAL EXPENDITURES	84,884,599	727,158	85,611,757
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,114,936)	(600,626)	(1,715,562)
Other Financing Sources: Transfer from Swim Concessions Capital Leases (non-budgeted)	-	-	-
Total Other Financing Sources:	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,114,936)	(600,626)	(1,715,562)
Fund Balance, July 1	9,813,536	-	9,813,536
Fund Balance, June 30	<u>\$ 8,698,600</u>	<u>\$ (600,626)</u>	<u>\$ 8,097,974</u>

Recapitulation of Budget Transfers:

Prior Year Encumbrances	\$ 242,378
Increase Approved via Resolution Dated August 2, 2016	211,568
Increase Approved via Resolution Dated September 20, 2016	4,400
Increase Approved via Resolution Dated December 2, 2016	94,177
Increase Approved via Resolution Dated June 20, 2017	48,103
Total	\$ 600,626

Recapitulation of Fund Balance:

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
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures (July 1, 2017 - August 1, 2017)
Unassigned Fund Balance

Reconciliation to Governmental Funds Statements (GAAP):

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

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

<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 591,300	\$ (591,300)
<u>591,300</u>	<u>(591,300)</u>
2,447,888	302,684
<u>92,522,791</u>	<u>(6,911,034)</u>
<u>2,120,833</u>	<u>3,836,395</u>
364	364
591,300	591,300
<u>591,664</u>	<u>591,664</u>
2,712,497	(4,428,059)
9,813,536	-
<u>\$ 12,526,033</u>	<u>\$ (4,428,059)</u>

\$ 315,622
1,439,227
2,337,412
4,360,234
1,118,967
655,560
233,031
<u>2,065,980</u>
12,526,033
(1,162,305)
<u>\$ 11,363,728</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	\$ 1,355,359	\$ -
State Sources	231,696	-
Local Sources	28,595	-
	<hr/>	<hr/>
Total Revenues	1,615,650	-
	<hr/>	<hr/>
EXPENDITURES:		
Instruction		
Salaries of Teachers	77,872	-
Other Salaries for Instruction	165,184	-
Purchased Professional and Technical Services	32,651	-
Tuition	750,000	-
General Supplies	30,541	-
Textbooks	22,077	-
Total Instruction	<hr/> 1,078,325 <hr/>	<hr/> - <hr/>
Support Services		
Salaries of Other Professional Staff	14,362	-
Other Salaries	69,717	-
Personal Services - Employee Benefits	25,071	-
Purchased Professional - Educational Services	319,469	-
Other Purchased Professional Services	72,549	-
Other Purchased Services	12,982	-
Supplies & Materials	23,175	-
Total Support Services	<hr/> 537,325 <hr/>	<hr/> - <hr/>
Total Expenditures	<hr/> 1,615,650 <hr/>	<hr/> - <hr/>
Total Outflows	<hr/> 1,615,650 <hr/>	<hr/> - <hr/>
Excess (Deficiency) of Revenues Over (Under)	<hr/>	<hr/>
Expenditures and Other Financing Sources (Uses)	<hr/> \$ - <hr/>	<hr/> \$ - <hr/>

Final Budget	Actual	Variance Final to Actual
\$ 1,355,359	\$ 1,336,460	\$ (18,899)
231,696	211,020	(20,676)
28,595	28,594	(1)
<u>1,615,650</u>	<u>1,576,074</u>	<u>(39,576)</u>
77,872	77,872	-
165,184	165,069	115
32,651	32,201	450
750,000	737,200	12,800
30,541	30,298	243
22,077	20,007	2,070
<u>1,078,325</u>	<u>1,062,647</u>	<u>15,678</u>
14,362	14,362	-
69,717	69,717	-
25,071	25,017	54
319,469	306,103	13,366
72,549	65,997	6,552
12,982	12,982	-
23,175	19,249	3,926
<u>537,325</u>	<u>513,427</u>	<u>23,898</u>
<u>1,615,650</u>	<u>1,576,074</u>	<u>39,576</u>
<u>1,615,650</u>	<u>1,576,074</u>	<u>39,576</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	\$ 94,643,624	\$ 1,576,074
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(8,732)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,157,332	
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>(1,162,305)</u>	<u>-</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 94,638,651</u>	<u>\$ 1,567,342</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 92,522,791	\$ 1,576,074
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>(8,732)</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 92,522,791</u>	<u>\$ 1,567,342</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 FOUR FISCAL YEARS

	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.1131644%	0.1094666%	0.1117575%	0.1141754%
District's proportionate share of the net pension liability (asset)	\$ 33,516,037	\$ 24,573,054	\$ 20,924,067	\$ 21,821,179
District's covered-employee payroll	\$ 7,653,569	\$ 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	437.91%	325.18%	278.46%	284.85%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	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 FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,113,558	\$ 1,005,336	\$ 941,119	\$ 921,313
Contributions in relation to the contractually required contribution	<u>(1,113,558)</u>	<u>(1,005,336)</u>	<u>(941,119)</u>	<u>(921,313)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,653,569	\$ 7,556,838	7,514,106	7,660,561
Contributions as a percentage of covered-employee payroll	14.55%	13.30%	12.52%	12.03%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State's proportionate share of the net pension liability (asset) associated with the District	\$293,394,568	\$ 238,571,199	\$ 198,195,083	\$ 187,008,674
District's covered-employee payroll	\$ 37,474,004	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	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.

MARLBORO TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

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, 2017

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, 2017

	Title I	Title II A	Title II A Carryover	Title III	Title III Immigrant
REVENUES:					
Federal sources	\$ 152,549	\$ 74,757	\$ 851	\$ 19,874	\$ 6,331
State sources	-	-	-	-	-
Local sources	-	-	-	-	-
Total Revenues	152,549	74,757	851	19,874	6,331
EXPENDITURES:					
Instruction:					
Salaries of teachers	77,872	-	-	-	-
Other salaries for instruction	-	-	-	-	-
Purchased professional and technical services	10,300	-	-	8,250	-
Tuition	-	-	-	-	-
General supplies	968	-	-	3,766	6,331
Textbooks	-	-	-	-	-
Total instruction	89,140	-	-	12,016	6,331
Support Services:					
Salaries of other professional staff	7,062	-	-	7,300	-
Salaries of other staff	40,242	29,475	-	-	-
Personnel services - employee benefits	9,576	2,255	-	558	-
Supplies and materials	3,029	-	-	-	-
Purchased prof. - educ. services	3,500	43,027	851	-	-
Purchased technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
Total support services	63,409	74,757	851	7,858	-
Total Expenditures	152,549	74,757	851	19,874	6,331
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, 2017

E-1

	I.D.E.A.			Non-Public	
	Basic	Carryover	Preschool	Nursing	Textbook
REVENUES:					
Federal sources	\$ 988,739	\$ 27,300	\$ 66,059	\$ -	\$ -
State sources	-	-	-	40,512	20,007
Local sources	-	-	-	-	-
Total Revenues	988,739	27,300	66,059	40,512	20,007
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	-	-	-	-
Other salaries for instruction	165,069	-	-	-	-
Purchased professional and technical services	-	13,651	-	-	-
Tuition	737,200	-	-	-	-
General supplies	17,734	-	-	-	-
Textbooks	-	-	-	-	20,007
Total instruction	920,003	13,651	-	-	20,007
Support Services:					
Salaries of other professional staff	-	-	-	-	-
Salaries of other staff	-	-	-	-	-
Personnel services - employee benefits	12,628	-	-	-	-
Supplies and materials	-	-	-	-	-
Purchased prof. - educ. services	56,108	13,649	66,059	-	-
Purchased technical services	-	-	-	40,512	-
Other purchased services	-	-	-	-	-
Total support services	68,736	13,649	66,059	40,512	-
Total Expenditures	988,739	27,300	66,059	40,512	20,007
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, 2017

E-1

	Non-Public		Chapter 192 Nonpublic		Chapter 193 Nonpublic			
	Tech Aid	Security Aid	Comp. Ed.	ESL	Transportation	Classification	Speech	Instruction
REVENUES:								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	9,276	18,316	41,745	3,837	7,690	32,056	16,787	20,794
Local sources	-	-	-	-	-	-	-	-
Total Revenues	9,276	18,316	41,745	3,837	7,690	32,056	16,787	20,794
EXPENDITURES:								
Instruction:								
Salaries of teachers	-	-	-	-	-	-	-	-
Other salaries for instruction	-	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-	-
General supplies	-	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	-	-
Total instruction	-	-	-	-	-	-	-	-
Support Services:								
Salaries of other professional staff	-	-	-	-	-	-	-	-
Salaries other staff	-	-	-	-	-	-	-	-
Personnel services - employee benefits	-	-	-	-	-	-	-	-
Supplies and materials	5,444	-	-	-	-	-	-	-
Purchased prof. - educ. services	-	-	41,745	3,837	7,690	32,056	16,787	20,794
Purchased technical services	2,300	10,316	-	-	-	-	-	-
Other purchased services	1,532	8,000	-	-	-	-	-	-
Total support services	9,276	18,316	41,745	3,837	7,690	32,056	16,787	20,794
Total Expenditures	9,276	18,316	41,745	3,837	7,690	32,056	16,787	20,794
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, 2017

E-1

	Other Local Grants				Total 2017
	Middle Schools	Elementary Schools	Transportation	Foundation	
REVENUES:					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 1,336,460
State sources	-	-	-	-	211,020
Local sources	999	500	6,914	20,181	28,594
Total Revenues	999	500	6,914	20,181	1,576,074
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	-	-	-	77,872
Other salaries for instruction	-	-	-	-	165,069
Purchased professional and technical services	-	-	-	-	32,201
Tuition	-	-	-	-	737,200
General supplies	999	500	-	-	30,298
Textbooks	-	-	-	-	20,007
Total instruction	999	500	-	-	1,062,647
Support Services:					
Salaries of other professional staff	-	-	-	-	14,362
Salaries other staff	-	-	-	-	69,717
Personnel services - employee benefits	-	-	-	-	25,017
Supplies and materials	-	-	6,914	3,862	19,249
Purchased prof. - educ. services	-	-	-	-	306,103
Purchased technical services	-	-	-	12,869	65,997
Other purchased services	-	-	-	3,450	12,982
Total support services	-	-	6,914	20,181	513,427
Total Expenditures	999	500	6,914	20,181	1,576,074
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.

Technology Trust Fund - This fiduciary fund is used to account for repairs to students assigned Chromebooks.

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, 2017

	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	\$ 2,727	\$ 83,186	\$ 492,835	\$ 24,829	\$ 33,210	\$ 400,953	\$ 1,037,740
LIABILITIES:							
Payroll deductions and withholdings	\$ -	\$ -	\$ 492,835	\$ 24,829	\$ -	\$ -	\$ 517,664
Due to student groups	-	83,186	-	-	-	-	83,186
Accounts payable	-	-	-	-	8,159	-	8,159
Total liabilities	-	83,186	492,835	24,829	8,159	-	609,009
NET POSITION:							
Reserved for unemployment claims	-	-	-	-	-	400,953	400,953
Reserved for scholarships	2,727	-	-	-	-	-	2,727
Reserved for Chromebook repairs	-	-	-	-	25,051	-	25,051
Total net position	2,727	-	-	-	25,051	400,953	428,731
TOTAL LIABILITIES AND NET POSITION	\$ 2,727	\$ 83,186	\$ 492,835	\$ 24,829	\$ 33,210	\$ 400,953	\$ 1,037,740

MARLBORO TOWNSHIP BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

H-2

	<u>Scholarship Funds</u>				<u>Totals</u>	<u>Technology Trust Fund</u>	<u>Unemployment Compensation Insurance Trust</u>
	<u>Ross Barshay</u>	<u>Alan Feinberg</u>	<u>Bill Botwinick</u>	<u>Cheryl Castell</u>			
ADDITIONS:							
Local sources:							
Local contributions	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,500	\$ -	\$ 100,000
Chromebook usage fee						32,145	-
Total additions	-	-	-	2,500	2,500	32,145	100,000
DEDUCTIONS:							
Scholarships	-	-	100	250	350	-	-
Chromebook repairs	-	-	-	-	-	39,508	-
Total deductions	-	-	100	250	350	39,508	-
CHANGE IN NET POSITION	-	-	(100)	2,250	2,150	(7,363)	100,000
NET POSITION, July 1	359	3	215	-	577	32,414	300,953
NET POSITION, June 30	<u>\$ 359</u>	<u>\$ 3</u>	<u>\$ 115</u>	<u>\$ 2,250</u>	<u>\$ 2,727</u>	<u>\$ 25,051</u>	<u>\$ 400,953</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN AGENCY FUND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	\$ 314,615	\$ -	\$ -	\$ 314,615
Net Payroll	-	-	28,303,737	28,303,737
Employee withholdings	-	32,744	25,544,534	25,577,278
Total additions	<u>314,615</u>	<u>32,744</u>	<u>53,848,271</u>	<u>54,195,630</u>
DEDUCTIONS:				
Student activity payments	322,245	-	-	322,245
Net Payroll	-	-	28,303,737	28,303,737
Payroll related payments	-	32,282	25,546,250	25,578,532
Total deductions	<u>322,245</u>	<u>32,282</u>	<u>53,849,987</u>	<u>54,204,514</u>
CHANGE IN LIABILITIES	<u>(7,630)</u>	<u>462</u>	<u>(1,716)</u>	<u>(8,884)</u>
LIABILITIES, July 1	<u>90,816</u>	<u>24,367</u>	<u>494,551</u>	<u>609,734</u>
LIABILITIES, June 30	<u>\$ 83,186</u>	<u>\$ 24,829</u>	<u>\$ 492,835</u>	<u>\$ 600,850</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

H-4

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Asher Holmes	\$ 2,890	\$ 17,180	\$ 14,006	\$ 6,064
Frank J. Dugan Elementary	10,019	15,133	17,030	8,122
Frank Defino Central Elementary	7,146	13,618	16,975	3,789
Marlboro Early Learning Center	6,612	2,477	2,355	6,734
Marlboro Elementary	8,078	19,876	23,734	4,220
Marlboro Memorial Middle School	22,202	91,248	98,119	15,331
Marlboro Middle School	25,547	129,777	125,781	29,543
Robertsville Elementary	8,322	25,306	24,245	9,383
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total all schools	<u>\$ 90,816</u>	<u>\$ 314,615</u>	<u>\$ 322,245</u>	<u>\$ 83,186</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 PAYROLL AGENCY FUND
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

H-5

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash - Payroll	\$ -	\$ 28,303,737	\$ 28,303,737	\$ -
Cash - Payroll Agency	494,551	25,544,534	25,546,250	492,835
Cash - Flexible Spending	24,367	32,744	32,282	24,829
TOTAL ASSETS	<u>\$ 518,918</u>	<u>\$ 53,881,015</u>	<u>\$ 53,882,269</u>	<u>\$ 517,664</u>
 LIABILITIES:				
Net Payroll	\$ -	\$ 28,303,737	\$ 28,303,737	\$ -
Payroll deductions and withholdings	518,918	25,577,278	25,578,532	517,664
TOTAL LIABILITIES	<u>\$ 518,918</u>	<u>\$ 53,881,015</u>	<u>\$ 53,882,269</u>	<u>\$ 517,664</u>

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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, 2017

<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	4/19/2011	\$ 4,990,000			
Refunding Bonds - 2013 Issue	3/26/2013	18,700,000	7/15/2017	3,570,000	1.326%
			7/15/2018	3,650,000	1.526%
			7/15/2019	3,745,000	1.919%

MARLBORO TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF SERIAL BONDS PAYABLE (CONTINUED)
 AS OF JUNE 30, 2017

July 1, 2016	Issued	Decreased	June 30, 2017
\$ 930,000	\$ -	\$ 930,000	\$ -
14,500,000	-	3,535,000	10,965,000
\$ 15,430,000	\$ -	\$ 4,465,000	\$ 10,965,000

MARLBORO TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 AS OF JUNE 30, 2017

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2016	Additions Current Year	Retired Current Year	Balance June 30, 2017
2013 Buses - 4	2.30%	\$ 352,980	\$ 72,213	\$ -	\$ 72,213	\$ -
2014 16 Passenger Bus - 2	2.00%	103,842	26,235	-	26,235	-
2014 - 20 Passenger Bus - 1	4.20%	62,468	15,931	-	15,931	-
2016 Buses - 5	1.82%	465,676	369,157	-	89,813	279,344
2016 Vans - 2	2.41%	108,038	80,056	-	26,052	54,004
2017 Buses - 5						
2017 Vans - 2	2.04%	591,300	-	591,300	121,059	470,241
			<u>\$ 563,592</u>	<u>\$ 591,300</u>	<u>\$ 351,303</u>	<u>\$ 803,589</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 3,945,945	\$ -	\$ 3,945,945	\$ 3,945,945	\$ -
Total revenues - local sources	<u>3,945,945</u>	<u>-</u>	<u>3,945,945</u>	<u>3,945,945</u>	<u>-</u>
State sources:					
Debt service aid type II	730,305	-	730,305	730,305	-
Total state sources	<u>730,305</u>	<u>-</u>	<u>730,305</u>	<u>730,305</u>	<u>-</u>
TOTAL REVENUES	<u>4,676,250</u>	<u>-</u>	<u>4,676,250</u>	<u>4,676,250</u>	<u>-</u>
EXPENDITURES					
Regular debt service:					
Interest	211,250	-	211,250	211,250	-
Redemption of principal	4,465,000	-	4,465,000	4,465,000	-
Total regular debt service	<u>4,676,250</u>	<u>-</u>	<u>4,676,250</u>	<u>4,676,250</u>	<u>-</u>
TOTAL EXPENDITURES	<u>4,676,250</u>	<u>-</u>	<u>4,676,250</u>	<u>4,676,250</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 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	\$ 50,326,279
Restricted	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	8,452,497
Unrestricted	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)	(24,472,923)
Total governmental activities net position	\$ 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	\$ 34,305,853
Business-type activities										
Net investment in capital assets	\$ 137,096	\$ 187,073	\$ 217,395	\$ 314,975	\$ 346,104	\$ 327,170	\$ 356,607	\$ 345,397	\$ 310,817	\$ 283,050
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	383,319	370,219	367,741	293,031	275,783	332,455	316,850	326,063	366,103	419,183
Total business-type activities net position	\$ 520,415	\$ 557,292	\$ 585,136	\$ 608,006	\$ 621,887	\$ 659,625	\$ 673,457	\$ 671,460	\$ 676,920	\$ 702,233
District-wide										
Net investment in capital assets	\$ 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	\$ 50,609,329
Restricted	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	8,452,497
Unrestricted	6,274,991	5,482,104	6,089,213	2,104,393	4,268,477	(222,931)	7,834,264	(21,046,051)	(22,273,624)	(24,053,740)
Total district net position	\$ 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	\$ 35,008,086

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 47,360,063
Special education	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	18,829,601
Other instruction	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	4,137,725
Nonpublic school programs	271,569	306,156	255,014	195,449	203,155	172,750	157,033	169,623	200,447	211,020
Support Services:										
Tuition	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	2,187,105
Student & instruction related services	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	14,567,546
General administrative services	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	2,100,175
School administrative services	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	7,369,904
Business administrative services	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	2,084,087
Plant operations and maintenance	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	9,133,883
Pupil transportation	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	6,561,180
Interest on long-term debt	2,071,966	1,938,285	1,802,323	2,084,198	1,955,197	900,164	489,239	319,931	468,930	452,578
Total governmental activities expenses	82,668,043	82,609,957	86,783,102	83,895,684	83,053,425	86,600,669	87,808,845	97,403,384	104,223,295	114,994,867
Business-type activities:										
Food service	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	1,378,373
Total business-type activities expense	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	1,378,373
Total district expenses	\$ 84,043,053	\$ 84,028,836	\$ 88,212,412	\$ 85,241,636	\$ 84,387,775	\$ 87,925,914	\$ 89,136,572	\$ 98,737,726	\$ 105,689,601	\$ 116,373,240
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ 567,578	\$ 792,518	\$ 709,437	\$ 701,446	\$ 813,455	\$ 730,708
Operating grants and contributions	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	19,511,076
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	8,865,939	6,729,314	7,921,913	7,450,835	9,179,448	11,006,649	9,677,727	16,423,493	14,037,929	20,241,784

(Continued)

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Food service	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	1,151,499
Operating grants and contributions	226,799	236,305	243,878	217,616	247,918	285,295	268,620	224,701	296,018	252,551
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	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	1,404,050
Total district program revenues	\$ 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	\$ 21,645,834
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (94,753,083)
Business-type activities	44,024	36,877	27,845	22,870	13,881	37,738	13,832	(1,997)	5,460	25,677
Total district-wide net expense	\$ (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)	\$ (94,727,406)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 71,178,461
Taxes levied for debt service	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	3,945,945
Unrestricted grants and contributions	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	22,994,948
Investment earnings	517,571	271,429	58,672	8,873	7,990	4,722	2,299	1,238	6,466	4,409
Miscellaneous income	359,533	429,241	500,437	584,421	458,708	287,533	376,994	265,860	444,343	460,430
Loss on disposal of equipment	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	364
Total governmental activities	76,133,526	78,495,066	79,678,546	78,830,080	79,888,180	78,024,568	79,098,671	83,035,220	94,425,876	98,584,557
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(364)
Total business-type activities	-	-	-	-	-	-	-	-	-	(364)
Total district-wide	\$ 76,133,526	\$ 78,495,066	\$ 79,678,546	\$ 78,830,080	\$ 79,888,180	\$ 78,024,568	\$ 79,098,671	\$ 83,035,220	\$ 94,425,876	\$ 98,584,193
Change in Net Position										
Governmental activities	\$ 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	\$ 3,831,474
Business-type activities	44,024	36,877	27,845	22,870	13,881	37,738	13,832	(1,997)	5,460	25,313
Total district	\$ 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	\$ 3,856,787

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 3,584,202	\$ 4,617,877	\$ 3,023,931	\$ 4,740,655	\$ 10,300,412	\$ 10,183,855	\$ 4,795,192	\$ 4,746,086	\$ 6,953,497	\$ -
Restricted				235,044	403,012	789,215	4,503,346	517,490	242,378	8,452,495
Committed				943,127	630,660	500,000	992,624	750,000	540,646	1,118,967
Assigned				1,032,120	784,573	660,052	795,403	876,841	919,683	888,591
Unassigned	2,729,921	2,792,425	2,612,112	-	-	-	-	-	-	903,675
Unreserved	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	11,363,728
Total general fund										
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ 64,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted				192,819	72,663	118,713	115,467	1	2	2
Assigned				111,066	159,861	23,740	-	-	-	-
Unreserved, reported in:										
Capital projects fund	2,039,290	2,033,165	2,856,232	-	-	-	-	-	-	-
Debt service fund	1	2	1	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,039,291	\$ 2,033,167	\$ 2,920,358	\$ 303,885	\$ 232,524	\$ 142,453	\$ 115,467	\$ 1	\$ 2	\$ 2

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 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	\$ 75,124,406
Tuition charges	30,150	59,593	158,157	161,226	457,329	681,099	596,323	585,678	689,506	606,909
Interest earnings	517,571	271,429	8,873	8,873	7,990	4,722	4,722	1,238	6,466	4,409
Miscellaneous	329,393	369,648	342,280	413,139	568,957	439,017	490,108	416,609	601,292	612,823
State sources	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	23,196,629
Federal sources	1,424,026	1,474,143	3,489,596	1,779,415	1,815,326	1,374,962	1,382,634	1,391,022	1,412,385	1,337,067
Total revenue	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	100,882,243
Expenditures										
Instruction										
Regular Instruction	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	35,630,723
Special education instruction	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	15,039,938
Other instruction	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	3,399,493
Nonpublic school programs	271,569	306,156	255,014	195,449	203,155	172,750	157,033	169,623	200,447	211,020
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	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	2,187,105
Student & instruction related services	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	11,643,131
General administrative services	1,578,702	1,885,771	1,831,079	1,759,971	1,790,584	2,127,575	1,915,430	1,961,794	1,907,246	1,872,872
School Administrative services	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	6,094,720
Business administrative services	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	1,685,804
Plant operations and maintenance	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	8,223,459
Pupil transportation	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	5,653,980
Unallocated employee benefits	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	75,237	-	-	-	-
Charter Schools	-	-	-	-	45,809	-	-	-	-	-
Capital outlay	1,498,616	682,674	914,666	3,287,789	556,890	568,174	862,739	3,895,259	1,705,224	2,447,888
Debt service:										
Principal	2,700,000	2,855,000	2,895,000	3,155,000	3,385,000	3,510,000	4,105,000	4,235,000	4,375,000	4,465,000
Interest and other charges	2,071,966	1,938,285	1,802,323	1,656,841	1,379,785	1,284,963	510,673	400,325	280,731	211,250
Total expenditures	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	98,766,383
Excess (Deficiency) of revenues over (under) expenditures	(260,375)	693,758	(1,296,679)	(1,785,632)	4,746,664	(712,278)	(1,239,853)	(4,311,614)	1,192,074	2,115,860
Other Financing sources (uses)										
Capital leases (non-budgeted)	406,125	391,608	398,067	349,062	349,686	459,396	166,310	-	573,714	591,300
Par amount of bonds	-	-	-	4,990,000	-	18,700,000	-	-	-	-
Original issue premium	-	-	-	289,424	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	(5,188,234)	-	(18,522,724)	-	-	-	-
Costs of issuance	-	-	-	(91,190)	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Transfers in	81,980	32,352	4,725,242	2,169,620	6,405	136,121	23,740	-	-	364
Transfers out	(81,980)	(32,352)	(2,692,077)	(2,034,620)	(6,405)	(136,121)	(23,740)	-	-	-
Total other financing sources (uses)	406,125	391,608	2,431,232	484,062	349,686	636,672	166,310	-	573,714	591,664
Net change in fund balances	\$ 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	\$ 2,707,524
Debt service as a percentage of noncapital expenditures	5.7%	5.7%	5.5%	5.7%	5.7%	5.4%	5.2%	5.1%	5.0%	4.9%

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
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
2017	4,056	353	609,909	89,619	94,626	123,799	281,679	1,204,041

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.	Qfarm	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
2008	49,225,500	2,869,073,200	16,223,300	770,350	176,080,600	39,136,700	3,343,100	3,153,852,750	0	3,868,514	3,157,721,264	2.073	7,662,560,380
2009	43,870,600	2,899,810,000	16,268,600	765,050	179,521,700	40,955,700	3,343,100	3,184,534,750	0	4,173,654	3,188,708,404	2.070	7,769,052,818
2010	103,816,500	6,236,324,400	38,815,400	1,051,500	425,388,900	94,454,200	23,225,300	6,923,076,200	0	10,332,044	6,933,408,244	0.980	7,663,341,277
2011	94,988,900	6,231,140,500	37,886,600	1,046,500	415,286,900	88,491,100	19,584,200	6,888,394,700	0	9,144,385	6,897,539,085	0.981	7,449,439,687
2012	92,253,900	6,234,133,500	38,633,800	1,045,400	420,120,900	88,021,900	18,619,900	6,892,829,300	0	9,347,304	6,902,176,604	0.956	7,266,197,377
2013	85,204,500	6,098,106,500	36,036,300	1,036,500	424,031,300	86,543,000	18,619,900	6,749,578,000	0	-	6,749,578,000	0.985	7,013,277,224
2014	77,822,900	6,099,931,774	35,205,200	1,036,800	428,732,400	84,673,900	18,619,900	6,746,022,874	0	-	6,746,022,874	1.002	7,014,335,162
2015	69,839,100	6,439,597,624	37,757,200	1,094,700	444,233,200	82,478,300	21,756,900	7,096,747,024	0	-	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	0	-	7,164,469,700	1.048	7,354,851,689
2017	62,232,800	6,511,414,300	38,867,800	1,079,700	457,480,800	79,030,300	22,287,000	7,172,392,700	0	-	7,172,392,700	1.045	7,458,811,044

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

Note:

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

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

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

b Tax rates are per \$100

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

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Marlboro Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Marlboro Township	Library/Other		Monmouth County
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
2017	1.003	0.042	1.045	0.456	0.376	0.019	0.287	2.183

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

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

Taxpayer	2017			2008		
	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	0.662%
Union Hill Nine	30,549,100	2	0.43%	13,049,200	2	0.413%
T M C Marlboro	22,500,000	3	0.31%	11,762,200	3	0.372%
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%	6,381,000	5	0.202%
Brooks Edge Plaza, LLC	11,697,300	8	0.16%	6,384,400	4	0.202%
Triangle Business Park LLC	11,043,800	9	0.15%			
Phyllis Manzo	9,047,600	10	0.13%			
Rosemount	-			6,292,700	6	0.199%
Lucas Development L.L.C.	-			6,122,400	7	0.194%
Crine West	-			5,211,700	8	0.165%
Sunrise Assisted Living	-			4,400,000	9	0.139%
Exclusive Plaza	-			3,951,800	10	0.125%
Total	\$ 191,864,500		2.67%	\$ 84,453,200		2.67%

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	
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%	-
2017	75,124,406	75,124,406	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	Total District		
2008	42,790,000	-	756,040	-	-	43,546,040	0.14%	59,215
2009	39,935,000	-	733,804	-	-	40,668,804	0.14%	56,965
2010	36,940,000	-	732,220	-	-	37,672,220	0.15%	57,387
2011	33,710,000	-	701,585	-	-	34,411,585	0.17%	59,875
2012	30,325,000	-	683,699	-	-	31,008,699	0.20%	61,997
2013	28,145,000	-	763,222	-	-	28,908,222	0.22%	62,901
2014	24,040,000	-	593,771	-	-	24,633,771	0.26%	63,748
2015	19,805,000	-	320,463	-	-	20,125,463	0.32%	64,606
2016	15,430,000	-	563,592	-	-	15,993,592	0.41%	65,475
2017	10,965,000	-	803,589	-	-	11,768,589	0.56%	66,357

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			
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	
2017	10,965,000	-	10,965,000	0.15%	66,357	

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, 2017
Unaudited

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Marlboro Township	\$ 46,094,628	100.0000%	\$ 46,094,628
Other debt			
Marlboro Township Water Utility	30,786,793	100.0000%	30,786,793
Marlboro Township Swim Utility	1,189,000	100.0000%	1,189,000
Western Monmouth Utility Authority	8,646,648	49.7072%	4,298,003
Freehold Regional High School	14,840,000	24.1081%	3,577,641
Monmouth County	435,341,390	6.3002%	27,427,186
Subtotal, overlapping debt			113,373,250
Marlboro Township School District Direct Debt			10,965,000
Total direct and overlapping debt			<u>\$ 124,338,250</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

Legal Debt Margin Calculation for Fiscal Year 2015

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 209,420,562
Total net debt applicable to limit	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	10,965,000
Legal debt margin	\$ 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	\$ 198,455,562
Total net debt applicable to the limit as a percentage of debt limit	20.02%	17.64%	15.99%	14.73%	13.90%	12.95%	11.29%	9.32%	7.15%	5.24%

	2016	2015	2014
Equalized valuation basis	\$ 7,458,811,044	\$ 7,354,851,699	\$ 7,224,893,419
[A]	\$ 22,038,556,162		
[A/3]	\$ 7,346,185,387		
Debt limit (3% of average equalization value)	[B]	220,385,562	a
Net bonded school debt	[C]	10,965,000	
Legal debt margin	[B-C]	\$ 209,420,562	

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

a Limit set by NUSA 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
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%
2017	40,330	2,318,024,175	66,357	3.8%

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	2017			2008		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Marlboro Township Board of Education	868	1	n/a	886	1	n/a
Marlboro Township	273	2	n/a	225	4	n/a
Shop Rite	257	3	n/a	268	2	n/a
Kohls	218	4	n/a			
Costco	210	5	n/a			
Freehold Regional Board of Education	180	6	n/a	232	3	n/a
First Student	180	7	n/a			
Whole Foods	150	8	n/a			
Hobby Lobby	100	9	n/a	117	7	n/a
TGI Fridays	87	10	n/a			
Lowe's				161	5	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
	2,523		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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	366	373	349	342	341	340	350	319	325	330
Special education	188	197	192	141	142	141	129	101	109	108
Other special education	0	0	0	0	0	0	0	0	0	0
Vocational	0	0	0	0	0	0	0	0	0	0
Other instruction	0	0	0	0	0	0	0	0	0	0
Nonpublic school programs	0	0	0	0	0	0	0	0	0	0
Adult/continuing education programs	0	0	0	0	0	0	0	0	0	0
Support Services:										
Tuition	0	0	0	0	0	0	0	0	0	0
Student & instruction related services	70	70	71	120	120	120	128	167	169	182
General administrative services	8	9	9	8	8	8	8	8	9	8
School administrative services	37	37	37	37	37	37	37	37	37	37
Business administrative services	10	12	12	12	12	12	12	14	14	14
Plant operations and maintenance	80	80	79	79	79	83	81	88	88	90
Pupil transportation	102	102	98	91	90	90	90	91	91	99
Special Schools	0	0	0	0	0	0	0	0	0	0
Food Service										
Child Care										
Total	861	880	847	830	829	831	835	825	842	868

Source: District Personnel Records

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

Fiscal Year Ended June 30,	Pupil/Teacher Ratio										
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2017	5,034	90,074,903	17,893	3.97%	508	1:23	1:24	4,917	4,732	-2.27%	96.25%

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,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	519	475	445	438	424	400	366	379	394	398
Elementary										
Defino Central (1956)										
Square Feet	75,236	75,236	75,236	75,236	75,236	79,452	79,452	79,452	79,452	79,452
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	805	775	733	677	653	578	566	546	507	457
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	653	654	595	556	539	499	490	535	556	577
Marlboro Elementary (1970)										
Square Feet	72,050	72,050	72,050	72,050	72,050	74,129	74,129	74,129	74,129	74,129
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	673	650	633	585	536	551	520	517	473	471
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	599	625	631	625	616	633	634	620	587	592
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	719	715	736	717	690	669	642	620	572	546
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	1,031
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	925
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, 2017
 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)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Defino Central Elementary	N/A	\$ 28,070	\$ 158,167	\$ 36,931	\$ 78,466	\$ 132,945	\$ 27,381	\$ 51,987	\$ 366,280	\$ 80,383	\$ 88,537
Frank Dugan Elementary	N/A	64,625	527,859	397,007	79,559	32,424	29,230	314,288	68,935	120,192	34,439
David C. Abbott Early Learning Center	N/A	24,967	33,120	38,664	79,978	31,595	20,385	33,736	182,383	40,736	25,048
Marlboro Elementary	N/A	120,542	32,632	29,061	83,644	116,040	32,506	78,836	84,070	266,191	277,841
Marlboro Memorial Middle School	N/A	153,591	91,475	24,334	107,463	22,484	185,685	189,520	54,355	27,836	25,048
Marlboro Middle School	N/A	139,900	94,582	159,413	284,385	174,036	270,866	731,692	150,490	371,363	60,831
Robertville Elementary	N/A	90,448	65,240	188,114	275,712	109,340	83,240	80,779	73,377	59,988	106,006
Asher Holmes Elementary	N/A	33,001	31,800	181,916	86,182	233,122	52,770	318,888	98,568	63,709	98,414
Total School Facilities		655,144	1,034,875	1,055,440	1,075,389	851,986	702,063	1,799,726	1,078,458	1,030,398	716,164
Other Facilities		42,380	328,703	53,948	84,605	27,852	25,579	51,386	67,422	78,778	542,942
Grand Total		\$ 697,524	\$ 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

**MARLBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

Company	Type of Coverage	Coverage	Deductible
Utica	Property Blanket Building & Contents- Replacement Cost Values	\$ 184,235,882	\$ 5,000
Utica	Flood/Earthquake	5,000,000 occ/ 5,000,000 agg.	50,000 5% each occur.
Utica	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	-
Utica	Automotive Coverage		
	-Combined Single Limit	1,000,000	-
	-Hired/Non-Owned	1,000,000	-
	-Uninsured & Underinsured	1,000,000	-
Utica	Inland Marine		
	-Electronic Data Processing Equipment	5,750,000	1,000
Utica	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	100,000	500
	-Theft, Disappearance & Destruction Inside and Out	25,000	500
	Computer Fraud	100,000	-
Zurich	Boiler & Machinery Coverage	50,000,000	5,000
Utica	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, 2017
UNAUDITED**

Company	Type of Coverage	Coverage	Deductible
Utica	Board of Education		
	-School Leaders Errors and Omissions		
	Each Loss (Coverage A & B)	\$ 1,000,000	\$ 10,000
	Aggregate (Shared)	3,000,000	10,000
National Union Fire	Accident-Volunteer Workers	250,000	N/A
Markel Insurance	Student Accident - Voluntary Program		
	-Benefit Period 2 years	500,000	
Travelers	Fidelity Bond		
	-School Business Administrator/ Board Secretary	10,000	
New Jersey School Boards Association Insurance Group	Worker's Compensation		
	-Covered Payrolls-Professional	46,791,199	N/A
	-Covered Payrolls-Non-Professional	4,906,542	N/A
	Each Employee	2,000,000	
	Aggregate	2,000,000	

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 activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the Marlboro Township School District's basic financial statements, and have issued our report thereon dated October 18, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

October 18, 2017
Medford, New Jersey



HOLMAN | FRENIA
ALLISON, P.C.

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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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 the 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 School District's major federal and state programs for the fiscal year ended June 30, 2017. The 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Marlboro Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Marlboro Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with 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 the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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

October 18, 2017
Medford, New Jersey

MARLBORO TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Award Identification Number	Pass Through Entity Identifying 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	1705NJ5MAP	100-054-7540-211	Not Available	\$ 607	7/1/2016	6/30/2017
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	H027A160100	100-034-5065-016	FT FY 17	1,003,228	7/1/2016	6/30/2017
I.D.E.A. Part B Basic Regular, carryover	84.027	H027A150100	100-034-5065-016	FT FY 16	1,059,516	7/1/2015	6/30/2016
Subtotal for CFDA #84.027							
I.D.E.A. Part B Preschool	84.173	H173A160114	100-034-5065-020	FT FY 17	66,059	7/1/2016	6/30/2017
I.D.E.A. Part B Preschool, carryover	84.173	H173A150114	100-034-5065-020	FT FY 16	65,727	7/1/2015	6/30/2016
I.D.E.A. Part B Preschool, carryover	84.173	H173A150114	100-034-5065-020	FT FY 15	64,695	7/1/2014	6/30/2015
Subtotal for CFDA #84.173							
Total Special Education Cluster							
Title I,	84.010A	S010A160030	100-034-5064-194	NCLB FY 17	152,931	7/1/2016	6/30/2017
Title I, carryover	84.010A	S010A150030	100-034-5064-194	NCLB FY 16	161,878	7/1/2015	6/30/2016
Title I, carryover	84.010A	S010A150030	100-034-5064-194	NCLB FY 15	146,347	7/1/2014	6/30/2015
Subtotal for CFDA #84.010A							
Title II A, Teacher Training & Recruiting	84.367A	S367A160029	100-034-5063-290	NCLB FY 17	76,504	7/1/2016	6/30/2017
Title II A, Teacher Training & Recruiting c/o	84.367A	S367A150029	100-034-5063-290	NCLB FY 16	82,550	7/1/2015	6/30/2016
Title II A, Teacher Training & Recruiting c/o	84.367A	S367A150029	100-034-5063-290	NCLB FY 15	83,716	7/1/2014	6/30/2015
Title II A, Teacher Training & Recruiting c/o	84.367A	S367A150029	100-034-5063-290	NCLB FY 14	82,401	7/1/2013	6/30/2014
Subtotal for CFDA #84.367A							
Title III, English Language Enhancement	84.365A	S365A160030	100-034-5064-187	NCLB FY 17	20,260	7/1/2016	6/30/2017
Title III, English Language Enhancement c/o	84.365A	S365A150030	100-034-5064-187	NCLB FY 16	31,626	7/1/2015	6/30/2016
Title III, English Language Enhancement c/o	84.365A	S365A150030	100-034-5064-187	NCLB FY 15	19,445	7/1/2014	6/30/2015
Title III, Immigrant	84.365A	S365A150030	100-034-5064-187	NCLB FY 17	6,341	7/1/2016	6/30/2017
Subtotal 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	Unavailable	Not Available	65,740	7/1/2016	6/30/2017
Cash Assistance:							
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026	Not Available	152,735	7/1/2016	6/30/2017
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026	Not Available	170,187	7/1/2015	6/30/2016
Subtotal for CFDA #10.555							
Special Milk Program	10.556	16161NJ304N1099	100-010-3350-027	Not Available	2,109	7/1/2016	6/30/2017
Special Milk Program	10.556	16161NJ304N1099	100-010-3350-027	Not Available	1,874	7/1/2015	6/30/2016
Subtotal 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, 2017

SCHEDULE K-3

Balance at June 30,2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed to Sub- Recipients	Repayment of Prior Year's Balances	Balance at June 30, 2017		
						Accounts Receivable	Unearned Revenue	Due to Grantor
\$ -	\$ -	\$ 607	\$ (607)	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	607	(607)	-	-	-	-	-
-	-	901,792	(988,739)	-	-	(101,436)	14,489	-
(100,001)	-	113,649	(27,300)	-	-	(13,652)	-	-
(100,001)	-	1,015,441	(1,016,039)	-	-	(115,088)	14,489	-
-	-	50,125	(66,059)	-	-	(15,934)	-	-
(12,875)	-	12,875	-	-	-	-	-	-
(1,000)	-	1,000	-	-	-	-	-	-
(13,875)	-	64,000	(66,059)	-	-	(15,934)	-	-
(113,876)	-	1,079,441	(1,082,098)	-	-	(131,022)	14,489	-
-	-	64,805	(152,549)	-	-	(88,126)	-	382
(96,368)	-	95,743	-	-	(48)	(757)	-	-
(382)	-	382	-	-	-	-	-	-
(96,750)	-	160,930	(152,549)	-	(48)	(88,883)	-	382
-	-	53,692	(74,757)	-	-	(22,812)	-	1,747
(38,660)	-	40,416	(851)	-	(2,436)	-	-	54
1,312	-	-	-	-	(1,312)	-	-	-
2,117	-	-	-	-	(2,117)	-	-	-
(35,231)	-	94,108	(75,608)	-	(5,865)	(22,812)	-	1,801
-	-	9,473	(19,874)	-	-	(10,787)	-	386
(234)	-	234	-	-	(709)	-	-	-
(1,407)	-	1,407	-	-	-	-	-	-
-	-	6,331	(6,331)	-	-	-	-	10
(1,641)	-	17,445	(26,205)	-	(709)	(10,787)	-	396
(247,498)	-	1,351,924	(1,336,460)	-	(6,622)	(253,504)	14,489	2,579
-	-	107,430	(87,309)	-	-	-	20,121	-
-	-	140,158	(152,735)	-	-	(12,577)	-	-
(12,561)	-	12,561	-	-	-	-	-	-
(12,561)	-	152,719	(152,735)	-	-	(12,577)	-	-
-	-	1,975	(2,109)	-	-	(134)	-	-
(89)	-	89	-	-	-	-	-	-
(89)	-	2,064	(2,109)	-	-	(134)	-	-
(12,650)	-	262,213	(242,153)	-	-	(12,711)	20,121	-
\$ (260,148)	\$ -	\$ 1,614,744	\$ (1,579,220)	\$ -	\$ (6,622)	\$ (266,215)	\$ 34,610	\$ 2,579

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, 2017

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2016	
			From	To	Unearned Revenue (Accts Receivable)	Due to Grantor
State Department of Education:						
General Fund:						
State Aid Public:						
Special Education Categorical Aid	495-034-5120-089	\$ 3,375,643	07/01/16	06/30/17	\$ -	\$ -
Equalization Aid	495-034-5120-078	6,247,588	07/01/16	06/30/17	-	-
Security Aid	495-034-5120-084	349,448	07/01/16	06/30/17	-	-
Adjustment Aid	495-034-5120-085	532,737	07/01/16	06/30/17	-	-
Additional Adjustment Aid	495-034-5120-085	560,660	07/01/16	06/30/17	-	-
Per Pupil Growth Aid	495-034-5120-097	50,140	07/01/16	06/30/17	-	-
PARCC Readiness	495-034-5120-098	50,140	07/01/16	06/30/17	-	-
Professional Learning Community Aid	495-034-5120-101	47,655	07/01/16	06/30/17	-	-
Total State Aid Public					-	-
Transportation Aid	495-034-5120-014	437,531	07/01/16	06/30/17	-	-
Extraordinary Aid - Special Education	495-034-5120-044	394,811	07/01/16	06/30/17	-	-
Extraordinary Aid - Special Ed., carryover	495-034-5120-044	395,833	07/01/15	06/30/16	(395,833)	-
Lead Water Testing	495-034-5120-104	12,549	07/01/16	06/30/17	-	-
Other State Aid - Transportation Non-Pub	495-034-5120-014	36,020	07/01/16	06/30/17	-	-
Other State Aid - Transport. Non-Pub, carryover	495-034-5120-014	32,673	07/01/15	06/30/16	(32,673)	-
On-Behalf Teacher Pension and Annuity Fund	495-034-5094-002	4,100,785	07/01/16	06/30/17	-	-
On-Behalf Teacher Post Retirement - Medical	495-034-5094-001	3,416,886	07/01/16	06/30/17	-	-
On-Behalf Long-Term Disability	495-034-5094-004	8,348	07/01/16	06/30/17	-	-
Reimbursed TPAF Social Security	495-034-5094-003	2,648,068	07/01/16	06/30/17	(133,943)	-
Total General Fund		22,697,515			(562,449)	-
Special Revenue Fund						
N.J. Nonpublic Aid:						
Textbook	100-034-5120-064	22,077	07/01/16	06/30/17	-	-
Textbook	100-034-5120-064	23,182	07/01/15	06/30/16	-	5,523
Nursing	100-034-5120-070	42,030	07/01/16	06/30/17	-	-
Nursing	100-034-5120-070	36,540	07/01/15	06/30/16	-	5,091
Technology Aid	100-034-5120-373	11,596	07/01/16	06/30/17	-	-
Technology Aid	100-034-5120-373	10,556	07/01/15	06/30/16	-	450
Security Aid	100-034-5120-509	23,350	07/01/16	06/30/17	-	-
Security Aid	100-034-5120-509	10,150	07/01/15	06/30/16	-	1,365
Auxiliary Services Aid (Ch. 192):						
Compensatory Education	100-034-5120-067	41,745	07/01/16	06/30/17	-	-
English as a second language	100-034-5120-067	3,837	07/01/16	06/30/17	-	-
English as a second language	100-034-5120-067	2,588	07/01/15	06/30/16	-	862
Transportation	100-034-5120-068	7,690	07/01/16	06/30/17	-	-
Handicap Services (Ch. 193):						
Exam and Classification	100-034-5120-066	32,955	07/01/16	06/30/17	-	-
Exam and Classification	100-034-5120-066	47,032	07/01/15	06/30/16	-	2,558
Supplemental Instruction	100-034-5120-066	20,794	07/01/16	06/30/17	-	-
Corrective Speech	100-034-5120-066	25,622	07/01/16	06/30/17	-	-
Corrective Speech	100-034-5120-066	25,918	07/01/15	06/30/16	-	2,508
Total Special Revenue Fund		387,662			-	18,357
Debt Service Fund						
Debt Service Aid	495-034-5120-075	730,305	07/01/16	06/30/17	-	-
Total Debt Service Fund		730,305			-	-
Enterprise Fund						
National School Lunch Program (State Share)	100-010-3350-023	10,398	07/01/16	06/30/17	-	-
National School Lunch Program (State Share)	100-010-3350-023	11,309	07/01/15	06/30/16	(777)	-
Total Enterprise Fund		21,707			(777)	-
Total State Awards		\$ 23,837,189			\$ (563,226)	\$ 18,357
Less: State Financial Assistance Not Subject to Major Program Determination:						
On-Behalf Teacher Pension and Annuity Fund	495-034-5094-002	4,100,785	07/01/16	06/30/17		
On-Behalf Teacher Post Retirement - Medical	495-034-5094-001	3,416,886	07/01/16	06/30/17		
On-Behalf Long-Term Disability Insurance	495-034-5094-004	8,348	07/01/16	06/30/17		
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, 2017

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed Through to Subrecipients	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2017			MEMO	
					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ -	\$ 3,375,643	\$ (3,375,643)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,754	\$ 3,375,643
-	6,247,588	(6,247,588)	-	-	-	-	-	623,197	6,247,588
-	349,448	(349,448)	-	-	-	-	-	34,861	349,448
-	532,737	(532,737)	-	-	-	-	-	53,146	532,737
-	560,660	(560,660)	-	-	-	-	-	55,937	560,660
-	50,140	(50,140)	-	-	-	-	-	5,003	50,140
-	50,140	(50,140)	-	-	-	-	-	5,003	50,140
-	47,655	(47,655)	-	-	-	-	-	4,756	47,655
-	11,214,011	(11,214,011)	-	-	-	-	-	1,118,657	11,214,011
-	437,531	(437,531)	-	-	-	-	-	43,648	437,531
-	-	(394,811)	-	-	(394,811)	-	-	-	394,811
-	395,833	-	-	-	-	-	-	-	-
-	-	(12,549)	-	-	(12,549)	-	-	-	12,549
-	-	(36,020)	-	-	(36,020)	-	-	-	36,020
-	32,673	-	-	-	-	-	-	-	-
-	4,100,785	(4,100,785)	-	-	-	-	-	-	4,100,785
-	3,416,886	(3,416,886)	-	-	-	-	-	-	3,416,886
-	8,348	(8,348)	-	-	-	-	-	-	8,348
-	2,651,254	(2,648,068)	-	-	(130,757)	-	-	-	2,648,068
-	22,257,321	(22,269,009)	-	-	(574,137)	-	-	1,162,305	22,269,009
-	22,077	(20,007)	-	-	-	-	2,070	-	(20,007)
-	-	-	-	(5,523)	-	-	-	-	-
-	42,030	(40,512)	-	-	-	-	1,518	-	(40,512)
-	-	-	-	(5,091)	-	-	-	-	-
-	11,596	(9,276)	-	-	-	-	2,320	-	(9,276)
-	-	-	-	(450)	-	-	-	-	-
-	23,350	(18,316)	-	-	-	-	5,034	-	(18,316)
-	-	-	-	(1,365)	-	-	-	-	-
-	41,745	(41,745)	-	-	-	-	-	-	(41,745)
-	3,837	(3,837)	-	-	-	-	-	-	(3,837)
-	-	-	-	(862)	-	-	-	-	-
-	7,690	(7,690)	-	-	-	-	-	-	(7,690)
-	32,955	(32,056)	-	-	-	-	899	-	(32,056)
-	-	-	-	(2,558)	-	-	-	-	-
-	20,794	(20,794)	-	-	-	-	-	-	(20,794)
-	25,622	(16,787)	-	-	-	-	8,835	-	(16,787)
-	-	-	-	(2,508)	-	-	-	-	-
-	231,696	(211,020)	-	(18,357)	-	-	20,676	-	(211,020)
-	730,305	(730,305)	-	-	-	-	-	-	(730,305)
-	730,305	(730,305)	-	-	-	-	-	-	(730,305)
-	9,599	(10,398)	-	-	(799)	-	-	-	(10,398)
-	777	-	-	-	-	-	-	-	-
-	10,376	(10,398)	-	-	(799)	-	-	-	(10,398)
\$ -	\$ 23,229,698	(23,220,732)	\$ -	\$ (18,357)	\$ (574,936)	\$ -	\$ 20,676	\$ 1,162,305	\$ 21,317,286

4,100,785
 3,416,886
 8,348
\$ (15,694,713)

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 SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Marlboro Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. 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, 2017.

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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(4,973) for the general fund and \$(8,732) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 607	\$ 22,264,036	\$ 22,264,643
Special Revenue Fund	1,336,460	202,288	1,538,748
Debt Service Fund	-	730,305	730,305
Food Service Fund	<u>242,153</u>	<u>10,398</u>	<u>252,551</u>
Total Awards & Financial Assistance	<u>\$ 1,579,220</u>	<u>\$ 23,207,027</u>	<u>\$ 24,786,247</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Marlboro Township School District had no loan balances outstanding at June 30, 2017.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

Identification of major programs:

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

Dollar threshold used to determine Type A programs \$750,000

Auditee qualified as low-risk auditee? X yes no

**MARLBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000

Auditee qualified as low-risk auditee? yes no

Internal control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiency(ies) identified? yes no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5120-089	State Aid - Public:
495-034-5120-078	Categorical Special Education Aid
495-034-5120-084	Equalization Aid
495-034-5120-085	Categorical Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-098	Additional Adjustment Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-101	Professional Learning Community Aid

**MARLBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported 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.

None

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS:

None

STATE FINANCIAL ASSISTANCE:

None

**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, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.