

School District of Marlboro Township

SOME KIDS ARE SMARTER THAN YOU,

SOME KIDS HAVE cooler clothes THAN YOU,

SOME KIDS ARE BETTER AT SPORTS THAN YOU,

IT DOESN'T MATTER.

YOU HAVE your THING TOO.

BE THE KID WHO CAN GET ALONG.

BE THE KID WHO IS generous.

BE THE KID WHO IS happy FOR OTHER PEOPLE.

BE THE KID WHO DOES THE RIGHT THING.

be the nice kid.

- Bryan Skavnak -

*Marlboro Township Board of Education
Marlboro, New Jersey
Comprehensive Annual Fiscal Report
For the Fiscal Year Ended June 30 ,2020*

Marlboro Township School District

Marlboro, New Jersey

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2020

Prepared by Marlboro Township School District
Business Office
Mr. Vincent Caravello
School Business Administrator/Board Secretary

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MARLBORO TOWNSHIP SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2020**

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Marlboro Township Public Schools

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January 19, 2021

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, 2020. 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.

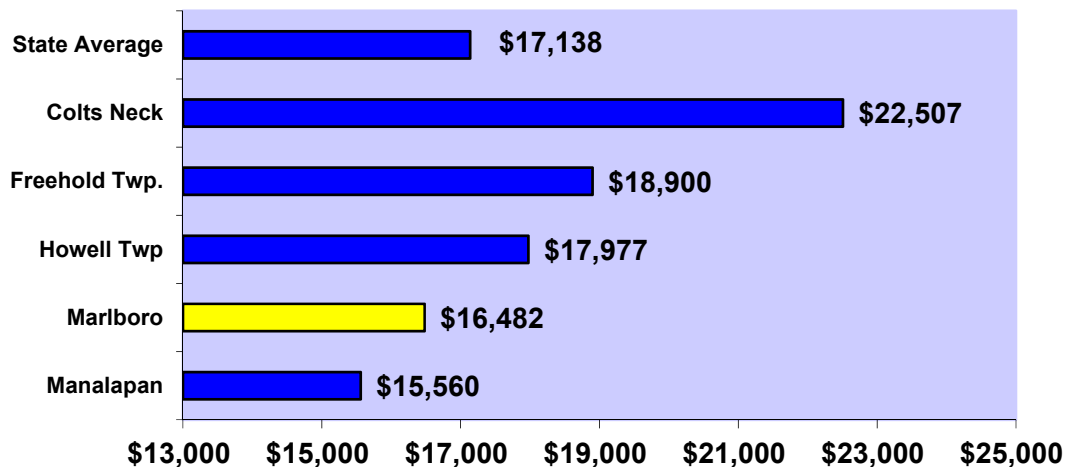
EDUCATIONAL PROGRAM

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 2019, 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 \$16,482 per pupil while the average cost for similar districts is \$17,138. According to the report, per pupil costs range from a low of \$10,075 to a high of \$27,008 for districts of this type. Of the 74 other K-8 schools

districts in the state with enrollments exceeding 751 children, Marlboro ranks 33rd lowest in total cost per pupil.

2019 PER PUPIL TAXPAYERS' GUIDE TO EDUCATION SPENDING



Pre-K and Kindergarten

David C. Abbott Early Learning Center - an early learning center for pre-school handicapped and kindergarten of 258 students. There is one administrator and a staff of 72 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 K through 5

Currently, there are five elementary schools (Asher Holmes, Defino Central, Dugan, Marlboro Elementary, and Robertsville) in the district. Three of these schools house students in grades K-5 and two house students in grades 1-5; all providing a comprehensive educational program.

Asher Holmes Elementary - a grade 1-5 school of 496 students. There are two administrators and staff of 66 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 K-5 school of 529 students. There are two administrators and a staff of 88 teachers, instructional assistants and school aides. The school is located on Rt. 79 in Marlboro.

Frank Dugan Elementary - a grade K-5 school of 656 students. There are two administrators and a staff of 90 teachers, instructional assistants and school aides. The school is located on Topanemus Road in Marlboro.

Marlboro Elementary - a grade K-5 school of 505 students. There are two administrators and a staff of 68 teachers, instructional assistants and school aides. The school is located on School Road West in Marlboro.

Robertsville Elementary - a grade 1-5 school of 481 students. There are two administrators and a staff of 82 teachers, instructional assistants and school aides. The school is located on Menzel Lane in the Morganville section of Marlboro.

Marlboro Middle Schools: Grades 6, 7 & 8

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

Marlboro Middle School - a grade 6-8 school of 1,066 students. There are three administrators and a staff of 145 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 847 students. There are three administrators and a staff of 107 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 PK-8 Public School System is to encourage lifelong learning for all students. The district provides curricular offerings aligned to 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. Units of study, along with a comprehensive curriculum guide provide teachers with all necessary tools to instruct students in a high-quality manner.

Mathematics

The overarching goal of mathematics education in the Marlboro Township Public Schools is to provide students with the higher order thinking skills, mathematical understanding 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. Units of study, along with a comprehensive curriculum guide provide teachers with all necessary tools to instruct students in a high-quality manner.

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; tenets of the Next Generation Science Standards. 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 by grade level.

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 and acquire the ability to communicate in the target language. Students in kindergarten through grade five are introduced to Latin/Greek and then students can choose Spanish beginning in grade six and continue the study of this language 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.

Response to Intervention (RTI)

The K-8 RTI program is designed to meet the needs of those students who need additional academic and/or behavioral assistance. It is a multi-tiered system that addresses the specific needs of each child. Utilizing small group instruction, students receive intervention services 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 with accompanying text complexity.
- **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, English language arts, 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.

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. In the spring of 2020, staff members were given professional development on new technologies to facilitate remote instruction as a result of the COVID-19 pandemic.

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. All teachers use *Genesis* as the student information system for inputting term grades and generating report cards. Parents can access their child's schedules, class attendance, and teachers' grade books in real-time via the *Genesis* 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 2019-2020 fiscal year with an enrollment of 4,841 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 2015-16 through 2019-20.

<u>School Year</u>	<u>Enrollment as of October 15</u>	<u>% Change</u>
2015-16	5,079	-0.92%
2016-17	4,914	-3.25%
2017-18	4,862	-1.06%
2018-19	4,779	-1.71%
2019-20	4,739	- .08%

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 \$17,000,000 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 in prior years, which was unfortunately defeated. This past school year we embarked on an ESIP (Energy Savings Incentive Program) to address the major building issues that we were trying to take care of in the referendum. This included 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 recognize that the state is in a financial crisis due to the COVID-19 Pandemic 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 Elementary School

The priorities of maintaining student safety and security, as well as rigor in the instructional program were the cornerstones of the 2019 - 2020 budget at Asher Holmes Elementary School. 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 2019-2020 school year, class sections changed slightly within the building per grade level, with a net loss of one section from the 18-19 school year (a loss of 2 sections in grade 2, gain of 2 in grade 3, and loss of 1 in grade 4) All initiated purchase requests were for materials that were deemed essential. These included core instructional materials/supplies, classroom furniture, a cafeteria table, and materials for the nurse's office. Two large annual monetary allocations were for copier paper and basic classroom supplies.

As was reflected in the budget and purchases made during the 2019-2020 school year, allocations reflected a continued commitment to supporting ELA and Math instruction and the new programs purchased through the curriculum department. Additionally, purchases of educational resources were also made to enhance small group and differentiated instruction within the mathematics and literacy sections at each grade level, including professional development books for teachers. Purchases of district-approved, 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. Monies were also allocated and spent within the media center for continued development of the Elementary Engineering and Design Lab (STEAM MakerSpace) and in the special areas of art, music, PE, and health. Doing so provided monetary support for these programs within the school budget so that these programs could operate properly during the school year. Input from stakeholders across the staff proved useful in determining amounts needed in various supply accounts. Supplies that were ordered were confirmed to be valid needs prior to initiating the purchase process. Whenever possible, members of the staff continued to utilize existing resources to keep costs down.

The 2019-2020 Asher Holmes 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.

Frank Defino Central Elementary School

The 19-20 school year brought some very unique challenges to Defino Central and Marlboro Township Public Schools. The school doors were closed for more than three months due to the COVID-19 pandemic as we transitioned to remote learning. While this created some very difficult and trying circumstances, our staff was well equipped to navigate the remote learning world due to their experience and training in a multitude of online tools (Google Suite, Zoom, IXL, ST Math, Achieve 3000). Due to the technology tools and support provided by the district our teachers were able to continue supporting students and moving them forward during this unprecedented time.

Defino Central School is lucky to have cutting edge technology and instructional resources to support student growth. We have Activeboards in all classrooms, Chromebooks for students in 1st through 5th grade and common core aligned instructional resources to help our students reach their full potential. Our one to one initiative proved extremely valuable during remote learning as many Defino families requested devices for home use and we were able to provide a device for every family in need.

While some of our end of year celebrations had to be cancelled due to COVID-19, we found new ways to recognize and celebrate our students while remote. We had our first kindergarten end of year celebration video where we honored our youngest learners. We also had a virtual 5th grade moving up ceremony to recognize and celebrate our 5th grade students. The ceremony included guest speeches, songs from our 5th grade students and of course the ceremonial announcing of each of our student's names. The nice part of our virtual celebrations was that they could be shared with family near and far and even downloaded as a keepsake for years to come.

Finally, our morning news program, DDN, continued while we were remote. I hosted the morning news each day and provided families with updates and information to get their day started. The news also included guest meteorologists as many different students at Defino recorded the weather report that was shared on the broadcast.

This year was one that we will not soon forget – but the staff of Defino Central responded to this crisis in the absolute best way possible. We worked together to ensure that our students and families had the support they needed to continue to learn and grow.

While the accomplishments from this year are quite different from years past, I could not be more proud of the commitment and dedication from the Defino Central teachers and staff.

Frank Dugan Elementary School

During the 2019-2020 academic school year, Frank J. Dugan Elementary School, with the support of the Marlboro Township Board of Education and central office administrators, was able to achieve several budgetary goals in accordance with the district's collective mission and vision statements serving as its guide.

Despite the 2019-2020 school year being changed to virtual in mid-March, by working collaboratively with the Business Office, I was able to make some adjustments in continuing to advocate for high-quality educational opportunities for all of our students.

The 2019-2020 budget celebrates the following accomplishments:

- Continued replacement of classroom furniture that is over 20 years old. A majority of 2nd grade classrooms received new student desks and chairs. This marks the second year of a three-year plan for complete replacement of all student furniture;
- Continued replacement and upgrades of two-way radios that are paramount to our school's safety and security;
- Purchase of a projector for the building's cafetorium that supports staff professional learning, student assemblies, and more structure during lunch periods;
- Additional purchase of a Leveled Literacy Intervention Kits to support struggling readers in accordance with our Response to Intervention (RTI) program. The building now sports a robust library of resources to meet the needs of children in all grade-levels;
- Purchase of materials to support our Engineering and Design Lab so that students can partake in design challenges, coding activities, and other creative and innovative lessons;
- Introduction of Flexible Seating options for students as a result of a small committee of teachers who were interested in exploring this for their classrooms;
- Began replacement of classroom carpets specifically in the primary grades.

David C. Abbott Early Learning Center

During the 2019-2020 budget cycle 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.

As our kindergarten program continued to grow, funds were used to ensure that all classrooms were properly furnished and equipped. Everything from age-appropriate furniture to classroom supplies were purchased. Sensory and fine-motor tool kits were replenished. These toolkits allow teachers to address sensory and/or fine-motor needs of students without the need for a consult with a physical or occupational therapist.

Online tools purchased, such as Raz Kids and ESGI, allowed us to monitor students' 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.

Additional online tools were purchased for student use. These included Smarty Ants, ST Math, and Reading Eggs. Each of these programs were used to personalize learning for students and provide parents with accessible tools to support learning at home.

A portion of the budget was dedicated to operational costs. An allocation for copier paper, laminating film, printer ink, health office supplies, office supplies, and classroom/related arts supplies were required for the efficient and safe operation of the building.

Marlboro Elementary School

The budgetary goals for the 2019-2020 school year focused on two main objectives: 1) Effective use of district digital tools allowing teachers to meet the district core principles including: data to drive instruction, use of online programs, small group instruction and student set learning goals. 2) Social-emotional character development (SECD) which involved weaving the six district pillars of character into the fabric of the school.

The use of digital tools is a necessary part of the differentiation process. As MTPS believes each child is unique, this means that we must address learning styles, modalities, and learning opportunities with a 21st Century mindset. This involves the use of digital tools to personalize learning for our students. It is essential to use online programs to drive instruction; it is also essential that our administrative leaders understand each program, monitor usage, and ensure effective implementation. A goal this year was to ensure that proper professional development is deployed in schools for our flagship programs. The monitoring of usage of our flagship programs Achieve 3000 ST Math IXL Study Island as well as monitoring performance of our flagship programs. A system of student recognition was developed that allowed students to make informed data driven decisions about their own learning, thus empowering learners to be independent and take ownership of their educational goals and objectives. This proved to be invaluable as these were parlayed into the remote instruction that was required due to the COVID19 pandemic. Marlboro elementary was able to provide a meaningful experience using these tools both in person and remotely.

School culture and climate provides an atmosphere that encourages and facilitates student learning through students feeling comfortable to take academic risks. A systematic process is required to expose students to the character education initiatives both at the school level and the district level. The Marlboro Township Public Schools have engaged in conversations facilitated by Rutgers SECD regarding character education throughout the district. Marlboro Elementary School has had a character initiative in place centered around the theme of KIND (Kids Involved in Nice Deeds). A goal for this year was to ensure that the two initiatives were aligned and a clear message/process developed to further develop this initiative that started during the prior school year. By the end of the 19-20 school year, robust monthly assemblies (MarEI Monthly Mustang Meetups) were held to celebrate the pillars character of the month that are also aligned to the KIND kids' initiative. The assemblies were student led and celebrated artifacts of student work towards each pillar. Student agency was developed through the student council in taking a leadership role in this realm. This honing of a robust system was invaluable as we transitioned to remote learning during the COVID19 pandemic. Students were able to use district technology to continue assemblies by recording and then disseminating our Mustang Meetups to the school community. This would not have been possible had the ground work not been laid through the development of this comprehensive social-emotional character development program.

In summation, monies provided to support the above goals were carefully considered prior to appropriations and purchases. A balance was struck maintaining and improving our strong instructional programming while maintaining a high degree of fiscal responsibility and accountability.

Marlboro Middle School

Throughout the 2019-20 school year, teachers, parents, students, and support personnel worked together to support a school environment centered on academic achievement and personal growth for students in grades six through eight. Adhering to district initiatives, and adjusting to virtual learning and teaching, the staff infused data-driven instruction, online tools and technology into the delivery of the grade level curriculum. Teachers have embraced 1:1 digital tools, and other curriculum appropriate resources as vehicles to provide virtual and differentiated instruction and promote students' organizational skills and practices.

Promoting a positive school culture and climate continued to be a school-wide focus. Grade level programs addressed the expectations of tolerance for others. School-wide events focused on school as a learning community; particularly during the Week of Respect and NJ School Violence Awareness Week. In the spring, mental health professional staff focused on the wellbeing of students and developed relationships to monitor disaffected students.

Our athletic teams and extracurricular clubs continued to be widely supported by students and parents. Students participated in numerous clubs including the school newspaper, ping pong, ultimate frisbee, and health & fitness. Several students entered the Middle School Technology Association Competition last spring.

In closing, we greatly value the support of staff, parents, and the PTO as we strive to provide an exceptional program for our middle school 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 2019-2020 school year. MMMS students excelled in National History Day competition, ExploraVision science competition, essay writing competitions, athletic events, performing arts, and community service.

The 2019-2020 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 Elementary School

In preparing students for academic challenges of 21st-century learning, the Robertsville faculty worked collaboratively to provide a positive school culture based on reflective practices, inquiry, and professional learning. During the 2019-2020 school year, aligned to the district vision, we were resolute to our goals of utilizing data to drive instruction, expanding our small group instruction in the general education classroom, and our Coaches in providing RTI instruction. Also, we were focused on the use of digital tools to differentiate instruction for all learners.

The school budget effectively provided the faculty with resources to accomplish these challenging goals. Instructional materials were purchased to support the existing Language Arts program, including the purchasing and updating of independent and guided reading libraries across multiple reading and grade levels. Consumable materials associated with the program were also purchased. The staff participated in workshops related to our digital programs and data reporting to drive our instructional practices.

The budget supported both Glencoe and enVision math, the district math curriculums. All students received consumable materials to support instruction as well as the online components of both programs. Also, professional development was provided to grade levels implementing the new curriculum.

Daily building operational costs required the most significant expenditure in the 2019-2020 school budget. An allocation for copier paper, laminating film, printer ink, supplies for poster making, video news, maintenance contracts, health office supplies, and classroom/related art supplies were required for the efficient and safe operation of the building. Also, this year we incurred a high cost for the continued replacement of classroom furniture.

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's website was recently updated for a better end-user experience.

Finally, the district completed applications for all schools to have the Future Ready NJ endorsement by the New Jersey Department of Education.

Special Services:

- The special services department continues to focus on educating students in the least restrictive environment. The district strives to educate the maximum number of special education students, as appropriate, in general education settings. This past year, the district continued to have co-teaching classrooms in each of their elementary schools, at the Abbott Early Learning Center, and both middle schools. In addition, in order to meet specific student needs, both pull out resource programs and self-contained programs (LLD, MD, and AUT) were offered in order to address all levels of students with special needs.
- Our self-contained programs have continued to evolve. Our Multiply Disabled (MD) programs and our Autism (AUT) programs focus on both academic and functional aspects of education to promote independence. This year our behaviorists and related service providers have worked to provide a social skills component within the self-contained classrooms. In addition, this year we have worked to service our self-contained students and our hearing-impaired students who may need a teacher of the deaf, and/or augmentative devices in order to communicate. We have offered professional development for our teachers and child study team in the areas of assistive technology and hearing impaired. As a result, we have been able to create both programs and offer various supports so that these students may communicate with their peers and become a part of general education programming when appropriate.

- Our district behaviorists continue work with teachers, instructional assistants, administrators, and parents to create positive behavior support programs for our students. In addition, our district continues to focus on social and emotional learning, and mental health by providing counseling, lunch bunch groups, and circle of friends' groups. The programs continue to grow based on student need and involve various stakeholders within the schools. The programs are highly beneficial to students who have difficulty building healthy relationships with peers.
- The special services department continued its use of the research based prescriptive programs for all content areas. For students that have been identified needing intensive instruction in the area of basic reading skills, they receive specialized reading instruction using the Wilson Reading instructional program with a certified Wilson Instructor. This year we have expanded the program to include foundations and just words to target specific students for reading remediation.
- Our child study team has continued to work on ways to evaluate students by using a variety of different diagnostic measures and evaluation tools. The child study teams continue to use multiple measures and various evaluation tools in order to evaluate students, and reevaluate students in order to collect data to place students in the appropriate environment.

Business:

Due to constant changes in the state fiscal environment, the business office continued to evolve during the 2019-20 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:

- During the 2019-20 school year, the district took on an Energy Savings Improvement Program(ESIP) to address key facility upgrades that needed to be done.
- The district completed its thirteenth 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 18th 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, 2019. 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 2019-20 school year, the district continued to participate in an electricity cooperative, the collective purchasing of gasoline and diesel, and continued to provide the township's summer recreation program with transportation services.
- In conjunction with Marlboro Township, provided school resource officers and armed police officers in all of the Marlboro schools to help keep the students and staff safe.
- In the 19-20 school year, the business office worked with a vendor to create an on-line application process for building use. This will streamline the process for both the users and the district
- In the 19-20 school year, the district continued the on-line lunch application process for parents/guardians, which simplifies the process for them. It also enhances 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.
- In the 19-20 school year, the COVID-19 pandemic hit. The USDA applied for a waiver which allowed Marlboro to provide and be reimbursed for meals to all students in the district during the time period from March 2020 through the end of the school year.
- Chartwells' continues to provide catering for district-wide functions throughout the district.
- In 2019-20 we were faced with a school shutdown due to the COVID-19 Pandemic. Chartwells was still able to meet its financial guarantee to the district by constantly providing meals to students during the closure via pick up and delivery.

Personnel:

The district employed 849 individuals during the 19-20 school year. The certificated staff numbered 511; 28 administrators and supervisors and 483 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). In addition, 338 others, including instructional assistants, school aides, bus drivers and attendants, secretaries and clerk-typists, and

custodial and maintenance employees, were employed.

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

INTERNAL CONTROLS

Management of the district is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the district also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the district management.

As part of the district's Single Audit, described earlier, tests are made to determine adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws, regulations, contracts and grants.

BUDGETARY CONTROLS

In addition to internal controls, the district maintains a legal level of 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, 2019. This was the 18th 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,

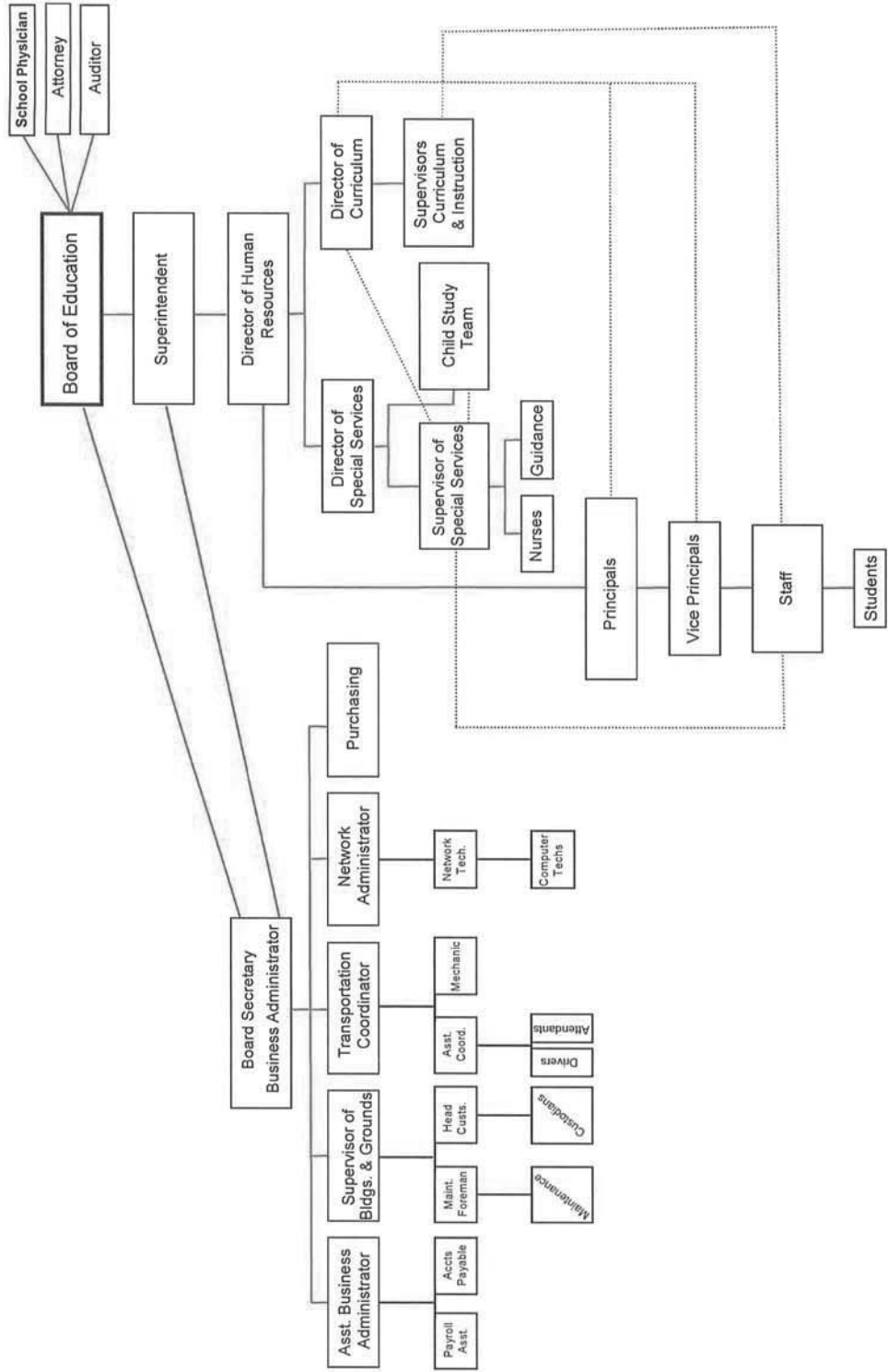


Dr. Eric M. Hibbs
Superintendent of Schools



Vincent Caravello
School Business Administrator/
Board Secretary

Marlboro Township Board of Education Organizational Chart



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

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

ROSTER OF OFFICIALS
JUNE 30, 2020

<u>Board of Education Members</u>	<u>Term Expires</u>
Robyn Wolfe, President	2021
Randy Heller, Vice-President	2022
Robert Daniel	2020
Jennifer Silacci	2022
Kathleen Amster	2021
Vlad Goldfarb	2020
Stephen Shifrinson	2021
Susie Shrem	2020
Tricia Branch	2022

Other Officials

Dr. Eric Hibbs, Superintendent

Vincent Caravello, School Business Administrator/Board Secretary

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

**CONSULTANTS, INDEPENDENT AUDITORS, AND ADVISORS
JUNE 30, 2020**

Audit Firm

Holman Frenia Allison, P.C.
680 Hooper Avenue, Building B.
Toms River, New Jersey 08753

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, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS 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, 2020, 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, 2020, 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 and other post employment benefits, 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 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2021 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 the effectiveness of the School District's 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

Respectfully Submitted,
HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
January 19, 2021

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**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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, 2020. 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 (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ❖ In total, net position of governmental activities increased \$5,897,330 which represents a 14.60% increase from 2019. Net position of business-type activities decreased \$23,729, which represents a 3.69% decrease from 2019.
- ❖ General revenues accounted for \$90,510,244 in revenue or 79.84% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$22,855,350 or 20.16% of total revenues of \$113,365,594.
- ❖ Total assets of governmental activities increased by \$1,795,556 as cash and cash equivalents increased by \$57,955, restricted assets – reserve accounts increased \$1,950,000, receivables increased by \$136,555, and net capital assets decreased by \$348,954.
- ❖ The District had \$106,306,869 in governmental activity expenses; only \$21,684,063 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$90,335,804 were adequate to provide for these programs.
- ❖ In the governmental funds, the general fund had \$100,939,217 in revenues, \$99,045,584 in expenditures and \$742,155 in other financing sources. The general fund's fund balance increased \$2,635,788 over 2019.

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, 2020
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 2020?" 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, 2020
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 69 to 106 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 2020 and 2019.

	2020			2019		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Assets:						
Current and other assets	\$ 15,378,170	\$ 425,779	\$ 15,803,949	\$ 13,233,660	\$ 434,823	\$ 13,668,483
Capital assets, net	61,266,796	398,368	61,665,164	61,615,750	434,932	62,050,682
Total assets	76,644,966	824,147	77,469,113	74,849,410	869,755	75,719,165
Deferred outflows of resources:						
Deferred loss of refunding of debt	-	-	-	22,131	-	22,131
Pension deferrals	5,140,947	-	5,140,947	5,347,205	-	5,347,205
Total deferred outflows of resources	5,140,947	-	5,140,947	5,369,336	-	5,369,336
Liabilities:						
Long-term liabilities	24,811,780	-	24,811,780	24,669,362	-	24,669,362
Other Liabilities	2,392,980	204,455	2,597,435	7,018,446	226,334	7,244,780
Total liabilities	27,204,760	204,455	27,409,215	31,687,808	226,334	31,914,142
Deferred inflow of resources:						
Pension deferrals	8,292,937	-	8,292,937	8,140,053	-	8,140,053
Net position:						
Invested in Capital Assets, Net of Related Debt	59,941,496	398,368	60,339,864	56,705,311	434,932	57,140,243
Restricted	12,135,960	-	12,135,960	8,864,994	-	8,864,994
Unrestricted	(25,789,241)	221,324	(25,567,917)	(25,179,420)	208,489	(24,970,931)
Total net position	\$ 46,288,215	\$ 619,692	\$ 46,907,907	\$ 40,390,885	\$ 643,421	\$ 41,034,306

The district's combined net position was \$46,907,907 on June 30, 2020. This was an increase of \$5,873,601 or 14.31% from the prior year.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Table 2 shows the changes in net position from fiscal year 2020 and fiscal year 2019.

	Table 2 Change in Net Positions					
	2020			2019		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ -	\$ 798,963	\$ 798,963	\$ 196,257	\$ 1,167,379	\$ 1,363,636
Operating grants and contributions	21,684,063	372,324	22,056,387	25,501,358	319,491	25,820,849
General Revenues:						
Property Taxes	77,899,993	-	77,899,993	76,407,655	-	88,720,384
Federal and state Aid Not Restricted	11,864,800	-	11,864,800	12,312,729	-	12,736,323
Other	745,451	-	745,451	423,594	-	423,594
Total Revenues	112,194,307	1,171,287	113,365,594	114,841,593	1,486,870	129,064,786
Program Expenses:						
Instruction	\$ 59,523,974	\$ -	\$ 59,523,974	\$ 64,544,073	\$ -	\$ 64,544,073
Support Services						
Student and related services	14,255,555	-	14,255,555	15,683,290	-	15,683,290
Tuition	2,424,369	-	2,424,369	1,818,934	-	1,818,934
General administration, School administration, and Central services	11,086,043	-	11,086,043	11,556,779	-	-
Operations and Maintenance of facilities	12,625,527	-	12,625,527	11,304,569	-	11,304,569
Pupil Transportation	6,287,231	-	6,287,231	6,245,266	-	6,245,266
Interest on debt	104,170	-	104,170	315,204	-	315,204
Food service	-	1,195,016	1,195,016	-	1,516,656	1,516,656
Total expenses	106,306,869	1,195,016	107,501,885	111,468,115	1,516,656	101,427,992
Change in net position before transfers and extraordinary item	5,887,438	(23,729)	5,863,709	-	-	-
Special and Extraordinary Items	9,892	-	9,892	-	-	-
Change in Net Position	5,897,330	(23,729)	5,873,601	3,373,478	(29,786)	27,636,794
Net Position- beginning	40,390,885	643,421	41,034,306	37,017,407	673,207	37,690,614
Net Position-ending	46,288,215	619,692	46,907,907	40,390,885	643,421	65,327,408

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 69.43% of revenues for governmental activities for the Marlboro Township Public School District for fiscal year 2020 and 66.53% of revenues for fiscal year 2019. Property tax revenues increased \$1,492,338, which is a 1.95% increase over the prior year. The District's total revenues for governmental activities were \$112,194,307 for the year ended June 30, 2020. Federal, state and local grants accounted for another 24.66% of revenue.

The total cost of all programs and services was \$106,306,869. Instruction comprised 55.99% of district expenses.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

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 expenses exceeded revenues by \$23,729.
- ◆ Charges for services, which are the amounts paid by patrons for daily food services, represent \$798,963 of total revenue.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$372,324.

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 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Instruction	\$ 59,523,974	\$ 46,830,112	\$ 64,544,073	\$ 49,212,561
Support Services				
Tuition	2,424,369	1,956,631	1,818,934	1,417,678
Pupils and instructional staff	14,255,555	11,606,857	15,683,290	12,245,863
General administration, school administration, business	11,086,043	8,994,310	11,556,779	9,021,335
Operation and maintenance of Facilities	12,625,527	10,189,659	11,304,569	8,810,784
Pupil Transportation	6,287,231	4,941,067	6,245,266	4,747,074
Interest and fiscal charges	104,170	104,170	315,204	315,204
Total Expenses	\$ 106,306,869	\$ 84,622,806	\$ 111,468,115	\$ 85,770,499

- ❖ 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

- ❖ Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.
- ❖ Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to District debt.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$106,343,219 and expenditures were \$104,449,585. The net change in fund balances for the year was accounted for mostly in the general fund, which showed an increase of \$2,635,788. 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,**

	2020 Amount	2019 Amount	Percentage Change
Property Taxes	\$ 77,899,993	\$ 76,407,655	1.95%
Tuition	91,375	93,066	(1.82%)
Interest Earnings	96,993	70,168	38.23%
Miscellaneous	593,341	500,126	18.64%
State sources	26,240,330	25,823,795	1.61%
Federal sources	1,421,187	1,217,006	16.78%
Total	\$ 106,343,219	\$ 104,111,816	2.14%

Revenues were up \$2,231,403 or 2.14% over the prior year, primarily due to the District utilizing the banked cap from the local fair share. This was used to offset the decrease in State Aid in accordance with the S2 funding formula.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

**Table 5
Expenditures for the Fiscal Year Ended,**

	<u>2020 Amount</u>	<u>2019 Amount</u>	<u>Percentage Change</u>
Instruction	\$ 37,441,244	\$ 55,929,080	(33.06%)
Support Services:			
Tuition	1,579,524	1,641,104	(3.75%)
Pupils and instructional staff	8,944,488	14,058,779	(36.38%)
General administration, school administration, business	7,063,658	11,224,048	(37.07%)
Operation and maintenance of facilities	8,225,776	10,199,365	(19.35%)
Pupil Transportation	4,490,047	6,070,587	(26.04%)
Unallocated Benefits	16,235,458	-	N/A
On Behalf TPAF Pension and Social Security Contributions	14,209,907	-	N/A
Capital Outlay	2,478,550	2,758,209	(10.14%)
Debt Service	3,780,933	3,749,716	0.83%
Total	<u>\$ 104,449,585</u>	<u>\$ 105,630,888</u>	<u>(1.12%)</u>

Expenditures have decreased \$1,181,303 or a decrease of 1.12% over the prior year. This expenditure decrease is related to the district closure that occurred in March 2020 due to the COVID-19 Pandemic. The district noted significant decreases in the operation of maintenance of facilities due to the closure.

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

**Table 6
Unassigned Fund Balance**

<u>School Year</u>	<u>Amount</u>	<u>GAAP</u>	<u>Budgetary Basis</u>
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
17-18	992,719	992,719	2,129,820
18-19	1,038,202	1,038,202	2,143,927
19-20	936,669	936,669	1,985,448

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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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 2020, 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 \$1,048,779.

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 2020, 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 \$479,207 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.
- ✓ Special Education MD/RR - Transfers were made to accommodate education due to changing student needs in these Special Education areas.
- ✓ Kindergarten Salaries - transfers were made out to accommodate increases in grades 1 thru 5.
- ✓ Instructional Supplies - Transfers were made to purchase chromebooks for grades 6-8.
- ✓ Special Education - teachers salaries and instructional assistants were reallocated between special education disciplines to accommodate the changing student needs.
- ✓ Corona Virus Relief funds were received by the district in the amount of \$150,360 to purchase barriers and other PPE needed for students.
- ✓ Bus Driver Salaries- transfers were made into this account due hiring of in-house drivers instead of using contractors.
- ✓ Out of District Tuition - Special Education - transfers were made from this line due to lower than projected student needs.
- ✓ Health Services - Purchase Services - transfers were made into this account to accommodate for contracted nursing services for several needy students.
- ✓ Extraordinary Services - transfers were needed for instructional assistant salaries due to changing student needs.
- ✓ Legal Services - transfers were made out of this account due to the school closure from COVID 19.
- ✓ Architect/Engineering Fees - transfers were made for professional services for district projects.
- ✓ Facilities - monies for wiring projects throughout the district were transferred from savings from unallocated benefits. Additionally, transfers were made into facilities due to higher than budgeted energy costs and higher than budgeted maintenance supplies.
- ✓ Math Text Books Grades 6 thru 8 - transfers were made to this account to purchase new middle school math textbooks.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

- ✓ Unallocated Benefits - Health benefits and PERS costs were higher than budgeted. Excess monies were transferred from facilities

Significant Budget to Actual Differences

- ✓ Regular program instruction - salaries in grades 1-5 and 6-8 were lower than budgeted due to the decreased need for staffing in certain areas.
- ✓ Special education instruction - teachers salaries were lower than budgeted due to savings realized from staff retirements and staff out on approved leaves of absences. Additionally, instructional assistant salaries were lower than budgeted due to changing student needs.
- ✓ School Sponsored Co-Curricular Activities- amounts were lower than budgeted due to the districtwide closure due to the COVID-19 pandemic.
- ✓ Health services - nursing salaries were lower than budgeted primarily due to staff members out on approved leaves of absences.
- ✓ Health services - purchase services were lower than budgeted due to changing student needs for private nursing services.
- ✓ Related services - salaries for Basic Skills, OT/PT and BCBA were lower than budgeted due to most services being limited during the COVID 19 school closure.
- ✓ Extraordinary services - salaries for instructional assistants were lower than budgeted due to changing student needs.
- ✓ Support services - special education - salaries for LDT/C and psychologists were lower than budgeted due to staff out on approved leaves of absences.
- ✓ Student Transportation Services- Expenditures were lower than budgeted due to transportation not being utilized from March thru June 2020.
- ✓ Operations and Plant Maintenance – expenditures were lower than budgeted due to savings realized from not utilizing facilities during the school closure.
- ✓ Students Due and Fees- Received less revenue during 19-20 due to not having any student events in the district after March 2020.
- ✓ Legal Services - legal services were lower than budgeted due less special education legal cases and due to the district being closed.
- ✓ School Administration - salaries were lower than anticipated due to staff member out on an approved leave of absence.

Capital Assets

At the end of the fiscal year 2020, the school district had \$61,665,164 invested in land, buildings and improvements and machinery and equipment, net of accumulated depreciation. Table 7 shows fiscal 2020 balances compared to 2019.

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

	2020	2019
Land	\$ 6,849,273	\$ 6,849,273
Building and improvements	51,637,515	52,277,521
Machinery and equipment	3,178,376	2,923,888
Total	\$ 61,665,164	\$ 62,050,682

Overall, the capital assets decreased \$385,518 from fiscal year 2019 to fiscal year 2020. This decrease in net capital assets is because the cost of placing new assets into service was less than the depreciation of assets. For more detailed information, please refer to Note 7 in the Notes to the Basic Financial Statements.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED (CONTINUED)**

Debt Administration

As of June 30, 2020, the District had \$4,040,338 of outstanding debt. Of this amount, \$2,685,038 is for compensated absences and \$1,325,300 for bus & equipment leases. In the May 2018, 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, 2020, the District's overall legal debt limit was \$236,619,058 and the non-electoral debt margin was \$236,619,058. For more detailed information, please refer to Note 9 in the Notes to the Basic Financial Statements

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 2018, is discussed earlier. The District is proud of the community's support of its public schools.
- The Marlboro Township School District, along with many other public school districts in the state faces a difficult economic future since the primary sources of funding are property tax revenue and state aid. As a result, the financial well being of the District is tied in large measure to the actions of the state legislature. Significant cuts in state funding and/or restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services. The growth rate on local property taxes was restricted to 2% beginning with the 2011-2012 school year budget and continues to the present.
- In June 2018, the state legislature enacted legislation that impacted state aid to school districts across the State of New Jersey in a seven-year phase out of Adjustment Aid. Many districts saw increases and some saw decreases in state aid. Marlboro Township School District will be losing approximately \$5 million over the seven-year phase in. Beginning with the 2019-2020 school year budget, the District began to make reductions to recurring costs in its budget while attempting to continue to maintain its aging facilities.
- The district continues to turn its attention towards the replacement of roofs and key mechanical systems. The ESIP Project is helping alleviate some of those issues for the future but the district will still 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 2018, 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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
MARLBORO, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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- 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 18th consecutive year, the district was awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2019 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 Vincent Caravello, School Business Administrator/Board Secretary, Marlboro Township Board of Education, 1980 Township Drive, Marlboro, NJ 07746 or e-mail vcaravello@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, 2020

A-1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,101,479	\$ 330,090	\$ 4,431,569
Receivables, net (Note 5)	1,252,105	48,990	1,301,095
Inventory	-	46,699	46,699
Restricted assets (Note 4):			
Reserve accounts - cash	10,024,586	-	10,024,586
Capital assets (Note 7):			
Land	6,849,273	-	6,849,273
Building and building improvements, net	51,417,452	205,480	51,622,932
Machinery and equipment, net	3,000,071	192,888	3,192,959
Total assets	<u>76,644,966</u>	<u>824,147</u>	<u>77,469,113</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions (Note 10)	5,140,947	-	5,140,947
Total deferred outflow of resources	<u>5,140,947</u>	<u>-</u>	<u>5,140,947</u>
Total assets and deferred outflow of resources	<u>81,785,913</u>	<u>824,147</u>	<u>82,610,060</u>
LIABILITIES			
Accounts payable	2,288,421	55,982	2,344,403
Contracts payable - retainage	20,001	-	20,001
Payable to state government	43,482	-	43,482
Unearned revenue	21,681	148,473	170,154
Accrued interest	19,395	-	19,395
Noncurrent liabilities (Note 9):			
Due within one year	638,393	-	638,393
Due beyond one year	24,173,387	-	24,173,387
Total liabilities	<u>27,204,760</u>	<u>204,455</u>	<u>27,409,215</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pensions (Note 10)	8,292,937	-	8,292,937
Total deferred inflow of resources	<u>8,292,937</u>	<u>-</u>	<u>8,292,937</u>
Total liabilities and deferred inflow of resources	<u>35,497,697</u>	<u>204,455</u>	<u>35,702,152</u>
NET POSITION			
Net investment in capital assets	59,941,496	398,368	60,339,864
Restricted for:			
Excess surplus - current year	1,354,400	-	1,354,400
Excess surplus - prior years- designated for subsequent year's expenditures	747,081	-	747,081
Maintenance reserve account	5,783,135	-	5,783,135
Capital Projects	4,251,343	-	4,251,343
Debt service	2	-	2
Unrestricted	<u>(25,789,241)</u>	<u>221,324</u>	<u>(25,567,917)</u>
Total net position	<u>46,288,215</u>	<u>619,692</u>	<u>46,907,907</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, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	43,349,934	-	8,315,985	(35,033,950)	-	(35,033,950)
Special education	12,287,361	-	3,441,591	(8,845,770)	-	(8,845,770)
Other instruction	3,600,544	-	694,660	(2,905,884)	-	(2,905,884)
Nonpublic school programs	286,134	-	241,627	(44,508)	-	(44,508)
Support services:						
Tuition	2,424,369	-	467,738	(1,956,631)	-	(1,956,631)
Student & instruction related services	14,255,555	-	2,648,698	(11,606,857)	-	(11,606,857)
General administrative services	2,428,303	-	468,497	(1,959,806)	-	(1,959,806)
School administrative service	6,607,534	-	1,227,687	(5,379,847)	-	(5,379,847)
Plant operations and maintenance	12,625,527	-	2,435,868	(10,189,659)	-	(10,189,659)
Pupil transportation	6,287,231	-	1,346,163	(4,941,067)	-	(4,941,067)
Business and other support services	2,050,207	-	395,551	(1,654,656)	-	(1,654,656)
Interest & Other Charges	104,170	-	-	(104,170)	-	(104,170)
Total governmental activities	106,306,869	-	21,684,063	(84,622,806)	-	(84,622,806)
Business-type activities:						
Food Service	1,195,016	798,963	372,324	-	(23,729)	(23,729)
Total business-type activities:	1,195,016	798,963	372,324	-	(23,729)	(23,729)
Total primary government	107,501,885	798,963	22,056,387	(84,622,806)	(23,729)	(84,646,535)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				74,806,764	-	74,806,764
Taxes levied for debt service				3,093,229	-	3,093,229
Federal and State aid restricted				687,705	-	687,705
Federal and State aid not restricted				11,177,095	-	11,177,095
Investment earnings				96,993	-	96,993
Miscellaneous income				648,458	-	648,458
Total general revenues				90,510,244	-	90,510,244
Change in Net Position Before Special and Extraordinary Items				5,887,438	(23,729)	5,863,709
Special and Extraordinary Items:						
ESIP Reimbursements				9,892	-	9,892
Total Special and Extraordinary Items				9,892	-	9,892
Change in Net Position				5,897,330	(23,729)	5,873,601
Net Position—beginning				40,390,885	643,421	41,034,306
Net Position—ending				46,288,215	619,692	46,907,907

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

B. Fund Financial Statements

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Governmental Funds

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MARLBORO TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,473,875	\$ -	\$ 9,892	\$ 2	\$ 4,483,769
Receivables, net	729,235	522,870	-	-	1,252,105
Due from other funds	-	7,637	-	-	7,637
Restricted cash and cash equivalents	10,024,586	-	-	-	10,024,586
Total assets	\$ 15,227,696	\$ 530,507	\$ 9,892	\$ 2	\$ 15,768,097
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft	\$ -	\$ 382,290	\$ -	\$ -	\$ 382,290
Accounts payable	896,724	103,054	-	-	999,778
Contracts payable - retainage	20,001	-	-	-	20,001
Due to other funds	7,637	-	-	-	7,637
Payable to state government	-	43,482	-	-	43,482
Unearned revenue	20,000	1,681	-	-	21,681
Total liabilities	944,362	530,507	-	-	1,474,869
Fund Balances:					
Restricted for:					
Excess surplus - current year	1,354,400	-	-	-	1,354,400
Excess surplus - prior years- designated for subsequent year's expenditures	747,081	-	-	-	747,081
Capital reserve account	4,241,451	-	-	-	4,241,451
Maintenance reserve account	5,783,135	-	-	-	5,783,135
Committed for:					
Other purposes	818,077	-	-	-	818,077
Assigned for:					
Designated for subsequent year's expenditures	402,521	-	9,892	2	412,415
Unassigned, reported in:					
General Fund	936,669	-	-	-	936,669
Total fund balances	14,283,334	-	9,892	2	14,293,228
Total liabilities and fund balances	\$ 15,227,696	\$ 530,507	\$ 9,892	\$ 2	\$ 15,768,097

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.	(19,395)
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	5,140,947
Deferred Inflows related to pensions	(8,292,937)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$117,833,926 and the accumulated depreciation is \$56,567,130.	61,266,796
Accrued pension contributions for the June 30, 2020 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.	(1,288,643)
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.	(24,811,780)
Net position of governmental activities	<u>\$ 46,288,216</u>

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

MARLBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 74,806,764	\$ -	\$ -	\$ 3,093,229	\$ 77,899,993
Tuition charges	91,375	-	-	-	91,375
Interest Earnings	84,042	-	-	-	84,042
Interest Earned on Capital Reserve Funds	12,951	-	-	-	12,951
Miscellaneous	557,083	36,258	-	-	593,341
Total - Local Sources	75,552,215	36,258	-	3,093,229	78,681,702
State sources	25,366,203	186,422	-	687,705	26,240,330
Federal sources	20,799	1,400,388	-	-	1,421,187
Total revenues	100,939,217	1,623,068	-	3,780,934	106,343,219
EXPENDITURES					
Current:					
Regular instruction	26,937,913	261,517	-	-	27,199,430
Special education instruction	6,550,981	1,158,586	-	-	7,709,567
Other instruction	2,345,824	-	-	-	2,345,824
Nonpublic school programs	-	186,422	-	-	186,422
Support services and undistributed costs:					
Tuition	1,579,524	-	-	-	1,579,524
Student & instruction related services	8,944,488	-	-	-	8,944,488
General administrative services	1,582,087	-	-	-	1,582,087
School administrative services	4,145,823	-	-	-	4,145,823
Plant operations and maintenance	8,225,776	-	-	-	8,225,776
Pupil transportation	4,473,504	16,543	-	-	4,490,047
Business and other support services	1,335,749	-	-	-	1,335,749
Unallocated Benefits	16,235,458	-	-	-	16,235,458
On Behalf TPAF Pension and Social Security					
Contributions	14,209,907	-	-	-	14,209,907
Capital outlay	2,478,550	-	-	-	2,478,550
Debt service:					
Interest	-	-	-	35,933	35,933
Principal	-	-	-	3,745,000	3,745,000
Total expenditures	99,045,584	1,623,068	-	3,780,933	104,449,585
Excess (deficiency) of revenues over (under) expenditures	1,893,633	-	-	1	1,893,634
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	742,155	-	-	-	742,155
ESIP Reimbursements	-	-	9,892	-	9,892
Total other financing sources and (uses)	742,155	-	9,892	-	752,047
Net change in fund balances	2,635,788	-	9,892	1	2,645,681
Fund balance—July 1	11,647,546	-	-	1	11,647,547
Fund balance—June 30	\$ 14,283,334	\$ -	\$ 9,892	\$ 2	\$ 14,293,228

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

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, 2020

Total net change in fund balances - governmental funds (from B-2)		\$ 2,645,681
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
Depreciation expense	\$ (2,827,504)	
Capital outlay (net)	2,478,550	(348,954)
<p>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.</p>		
		61,571
<p>Repayment of long-term debt principal and obligation of lease purchase agreements are 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.</p>		
		4,349,424
<p>Proceeds from debt issues 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 assets.</p>		
Capital Lease Proceeds		(742,155)
<p>Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:</p>		
Amortization of Loss on Bond Refunding		(22,131)
<p>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 additon to the reconciliation.</p>		
		21,018
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(67,124)
Change in net position of governmental activities		\$ 5,897,330

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

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Proprietary Funds

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MARLBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

B-4

		Business-type Activity - Enterprise Fund
		Food Service
		<hr/> <hr/>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	330,090
Intergovernmental receivables		48,588
Other accounts receivable		402
Inventories		46,699
Total current assets		<hr/> 425,779 <hr/>
Noncurrent assets:		
Building improvements		364,554
Less accumulated depreciation		(159,074)
Furniture, machinery & equipment		505,129
Less accumulated depreciation		(312,241)
Total noncurrent assets		<hr/> 398,368 <hr/>
Total assets		<hr/> 824,147 <hr/>
LIABILITIES		
Current liabilities:		
Accounts payable		55,982
Unearned revenue		148,473
Total Liabilities		<hr/> 204,455 <hr/>
NET POSITION		
Investment in capital assets		398,368
Unrestricted		221,324
Total net position	\$	<hr/> <hr/> 619,692 <hr/> <hr/>

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, 2020

B-5

		Business-type Activity - Enterprise Fund
		Food Service
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$	416,880
Daily sales - non-reimbursable programs		345,670
Special functions		36,413
Total operating revenues		<u>798,963</u>
Operating expenses:		
Cost of sales - reimbursable		232,691
Cost of sales - non-reimbursable		149,391
Salaries		565,653
Other purchased professional services		89,794
General supplies		116,389
Depreciation		41,098
Total operating expenses		<u>1,195,016</u>
Operating loss		<u>(396,053)</u>
Nonoperating revenues:		
State sources:		
State school lunch program		13,832
Federal sources:		
National school lunch program		243,006
Food donation program		115,486
Total nonoperating revenues		<u>372,324</u>
Change in net position		(23,729)
Total net position—beginning		<u>643,421</u>
Total net position—ending	\$	<u><u>619,692</u></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, 2020

B-6

	Business-type Activity - Enterprise Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 847,805
Payments to employees	(565,653)
Payments to suppliers	(589,541)
Net cash used in operating activities	(307,389)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Sources	13,832
Federal Sources	243,006
Net cash provided by non-capital financing activities	256,838
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Cost of equipment	(4,534)
Net cash used in capital activities	(4,534)
Net decrease in cash and cash equivalents	(55,085)
Balances—beginning of year	385,175
Balances—end of year	\$ 330,090
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (396,053)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	41,098
Food Distribution Program	115,486
(Increase)/Decrease in receivables	(32,453)
(Increase)/Decrease in inventories	(13,588)
Increase/(Decrease) in Unearned Revenue	81,295
Increase/(Decrease) in accounts payable	(103,174)
Total adjustments	88,664
Net cash used in operating activities	\$ (307,389)

Noncash Noncapital Financing Activities:

During the year, the district received \$115,486 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 Fund

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MARLBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

B-7

	Private Purpose			
	Unemployment Compensation Insurance Trust	Technology Trust Fund	Private Purpose Scholarship Fund	Agency Funds
ASSETS				
Cash and cash equivalents	\$ 710,805	\$ 22,924	\$ 1,862	\$ 625,664
Total assets	710,805	22,924	1,862	625,664
LIABILITIES				
Payable to student groups	-	-	-	106,528
Payroll deductions and withholdings	-	-	-	519,136
Total liabilities	-	-	-	\$ 625,664
NET POSITION				
Held in trust for unemployment claims and other purposes	\$ 710,805			
Restricted for Chromebook repairs		\$ 22,924		
Restricted for scholarships			\$ 1,862	

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, 2020

B-8

	Unemployment Compensation Insurance Trust	Technology Trust Fund	Private Purpose Scholarship Fund
ADDITIONS			
Contributions:			
Local contributions	\$ 55,000	\$ -	\$ 85
Chromebook Usage Fee	-	22,069	-
Total Contributions	<u>55,000</u>	<u>22,069</u>	<u>85</u>
Total additions	<u>55,000</u>	<u>22,069</u>	<u>85</u>
DEDUCTIONS			
Scholarships awarded	-	-	350
Refunds of contributions	1,740	-	-
Chromebook repairs	-	31,725	-
Total deductions	<u>1,740</u>	<u>31,725</u>	<u>350</u>
Change in net position	53,260	(9,656)	(265.00)
Net position—beginning of the year	<u>657,545</u>	<u>32,580</u>	<u>2,127</u>
Net position—end of the year	<u>\$ 710,805</u>	<u>\$ 22,924</u>	<u>\$ 1,862</u>

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

MARLBORO TOWNSHIP BOARD OF EDUCATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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, 2020 of 4,739 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 GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the School District holds the corporate powers of the organization;
- the School District appoints a voting majority of the organization's board
- the School District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the School District
- there is a fiscal dependency by the organization on the School District

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

GASB Statement No.14. The Financial Reporting Entity, provides 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 Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*. The School District had no component units as of for the year ended June 30, 2020.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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. 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, 2020

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.

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 funds are accounted for using the "economic resources" measurement focus and the actual basis of accounting. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection s

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Funds

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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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 (Cont'd)

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.

Basis of Accounting

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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

Basis of Accounting (Cont'd)

Modified Accrual

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

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

Accrual

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

Revenue Recognition

Property Taxes - Ad valorem (property) taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". The Township of Marlboro annually levies taxes based on assessed value and collects taxes on a quarterly basis, commencing February 1 and subsequently on May 1, August 1 and

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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. The overexpenditures in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures.

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Budgets / Budgetary Control (Cont'd)

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

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

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories 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, 2020

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, 2020.

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 acquisition value at the date received.

The School District's capitalization threshold is \$2,000. Other costs incurred for repairs and maintenance are 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, 2020

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, 2020

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, 2020

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 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, 2020:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Impact of Recently Issued Accounting Principles (Cont'd)

Adopted Accounting Pronouncements (Cont'd)

Statement No. 95, Postponement of The Effective Dates of Certain Authoritative Guidance, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Recently Issued Accounting Pronouncements

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

- Statement No. 84, *Fiduciary Activities* will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 87, *Leases* will be effective for reporting periods beginning after June 15, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* will be effective for reporting periods beginning after December 15, 2020.
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 91, *Conduit Debt Obligations* will be effective for reporting periods beginning after December 15, 2021.
- Statement No. 93, *Replacement of Interbank Offered Rates* will be effective for reporting periods beginning after June 15, 2021.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will be effective for reporting periods beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for reporting periods beginning after June 15, 2022.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will be effective for reporting periods beginning after December 15, 2019.

Management has not yet determined the potential impact on the School Districts financial statements.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2020 through January 19, 2021, which is the date the financial statements were available to be issued. See Note 23 for additional information.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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, 2020, the School District's bank balances of \$16,151,612 were exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 14,625,208
Uninsured and Uncollateralized	1,526,404
	\$ 16,151,612

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, 2020.

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, 2020

Note 4: RESERVE ACCOUNTS (CONT'D)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

<u>Capital Reserve</u>	
Beginning Balance, July 1, 2019	\$ 3,241,451
Increased by:	
Resolution dated June 23, 2020	1,000,000
Ending Balance, June 30, 2020	\$ 4,241,451

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, 2019 to June 30, 2020 fiscal year is as follows:

<u>Maintenance Reserve</u>	
Beginning Balance, July 1, 2019	\$ 4,833,135
Increased by:	
Resolution dated June 23, 2020	1,000,000
	5,833,135
Decreased by:	
Withdrawal via resolution dated July 15, 2019	(50,000)
Ending Balance, June 30, 2020	\$ 5,783,135

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 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, 2020

Note 5: ACCOUNTS RECEIVABLE (CONT'D)

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>	<u>Proprietary Fund</u>	<u>Total Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>	
Intergovernmental	\$ 667,536	\$ 522,870	\$ 1,190,406	\$ 48,588	\$ 48,588
Other	61,699	-	61,699	402	402
Total	\$ 729,235	\$ 522,870	\$ 1,252,105	\$ 48,990	\$ 48,990

Note 6: INVENTORY

Inventory recorded at June 30, 2020 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	\$ 35,854
Supplies	10,845
Total	\$ 46,699

Note 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>
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:				
Buildings and Improvements	99,260,544	1,592,064	-	100,852,608
Equipment	9,629,405	886,486	(383,846)	10,132,045
Total Capital Assets being depreciated	108,889,949	2,478,550	(383,846)	110,984,653
Less: Accumulated Depreciation:				
Buildings and Improvements	(47,203,086)	(2,232,070)	-	(49,435,156)
Equipment	(6,920,386)	(595,434)	383,846	(7,131,974)
Total Accumulated Depreciation	(54,123,472)	(2,827,504)	383,846	(56,567,130)
Total Capital Assets being depreciated, net	54,766,477	(348,954)	-	54,417,523
Total Governmental Activities Capital Assets, net	\$ 61,615,750	\$ (348,954)	\$ -	\$ 61,266,796

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 7: CAPITAL ASSETS (CONT'D)

	Balance July 1, 2019	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2020
Business-Type Activities:				
Buildings and Improvements	\$ 364,555	\$ -	\$ -	\$ 364,555
Equipment	500,594	4,534	-	505,128
	865,149	4,534	-	869,683
 Less: Accumulated Depreciation:				
Buildings and Improvements	(144,492)	(14,583)	-	(159,075)
Equipment	(285,725)	(26,515)	-	(312,240)
	(430,217)	(41,098)	-	(471,315)
 Total Business-Type Activities Capital Assets, net				
	\$ 434,932	\$ (36,564)	\$ -	\$ 398,368

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

Governmental Activities:

Regular Instruction	\$ 1,602,242.00
Special Education Instruction	454,149
Student and Instruction Related Services	526,894
School Administration Services	244,219
Total Depreciation Expense	\$ 2,827,504

Business-Type Activities

Food Service - Total Depreciation Expense	\$ 41,098
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Note 8: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivables/payables balances at June 30, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 7,637	\$ -
Special Revenue Fund	-	7,637
	\$ 7,637	\$ 7,637

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 9: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 3,745,000	\$ -	\$ (3,745,000)	\$ -	\$ -
Total Bonds Payable	3,745,000	-	(3,745,000)	-	-
Other Liabilities:					
Capital Lease Obligations	1,187,570	742,155	(604,425)	1,325,300	504,141
Net Pension Liability	21,445,269	13,053,731	(13,697,558)	20,801,442	-
Compensated Absences	2,617,914	223,272	(156,148)	2,685,038	134,252
Total Other Liabilities	25,250,753	14,019,158	(14,458,131)	24,811,780	638,393
Governmental Activities Long-Term Liabilities	\$ 28,995,753	\$ 14,019,158	\$ (18,203,131)	\$ 24,811,780	\$ 638,393

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 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.

Bonds Authorized but not Issued - As of June 30, 2020, the School District had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The School District is leasing 54-passenger school busses, 16-passenger vans, and a backhoe totaling \$1,325,300 under capital leases. All capital leases are for terms of four to five years. The expense resulting from the amortization of the assets recorded under capital leases is included with depreciation expense. 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, 2020.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Fiscal Year Ending <u>June 30.</u>		
2021	\$	535,081
2021		412,811
2022		286,857
2023		<u>155,403</u>
Total Minimum Lease Payments		1,390,152
Less: Amount Representing Interest		<u>(64,852)</u>
Present Value of Minimum Lease Payments		<u>\$ 1,325,300</u>

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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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

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 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the School District reported a liability of \$20,801,442 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019. The School District's proportion measured as of June 30, 2019, was .1154450215%, which was an increase of .0065277415% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized full accrual pension expense of \$1,063,647 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date. At June 30, 2019 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 373,359	\$ 91,892
Changes of Assumptions	2,077,100	7,220,114
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	328,359
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	1,401,845	652,572
School District Contributions Subsequent to Measurement Date	1,288,643	-
	\$ 3,852,304	\$ 8,292,937

\$3,852,304 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2019-2020 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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:

Year Ending <u>Dec 31.</u>	<u>Amount</u>
2020	\$ (703,705)
2021	(1,181,465)
2022	(1,933,761)
2023	(597,621)
2024	(24,081)
	\$ (4,440,633)

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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

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	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
 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	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
 Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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 (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 26,458,392</u>	<u>\$ 20,801,442</u>	<u>\$ 16,301,307</u>

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

Balances at June 30, 2020 and June 30, 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 3,852,304	\$ 4,281,676
Deferred Inflows of Resources	8,292,937	8,140,053
Net Pension Liability	20,801,442	21,445,269
District's portion of the Plan's total Net Pension Liability	0.11545%	0.10892%

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 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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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

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 7.5% in State fiscal year 2019. 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 2019, 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, 2019 was \$219,073,748. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was .3569665611%, which was a decrease of .0102946806% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the School District recognized \$12,921,555 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, 2019 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2026	1.55% - 4.55%
Thereafter	1.55% - 4.55%
Investment Rate of Return	7.00%

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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

Discount Rate - The discount rate used to measure the total pension liability was 5.6% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 40% 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the of the Net Pension Liability to Changes in the Discount Rate – The following represents the net pension liability of the State as of June 30, 2019 calculated using the discount rate disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate.

	1% Decrease <u>(4.60%)</u>	Current Discount Rate <u>(5.60%)</u>	1% Increase <u>(6.60%)</u>
TPAF Employer Number - 545's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the TPAF Employer Number - 545	<u>258,336,437</u>	<u>219,073,748</u>	<u>186,498,114</u>
	<u>\$ 258,336,437</u>	<u>\$ 219,073,748</u>	<u>\$ 186,498,114</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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10: PENSION OBLIGATIONS (CONT'D)

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 2018 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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10. PENSION OBLIGATIONS (CONT'D)

Defined Contribution Plan (DCRP) (cont'd)

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 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, 2020, 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. OTHER POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post-retirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with United States generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 11. OTHER POST-RETIREMENT BENEFITS (CONT'D)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%			
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:				
Through 2026		1.55 - 3.05% based on years of service	2.00 - 6.00% based on age	3.25 - 15.25% based on age
Thereafter		1.55 - 3.05% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$147,270,335. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.35292015%, which was a decrease of 0.0005881% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$4,231,422 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 11. OTHER POST-RETIREMENT BENEFITS (CONT'D)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.5%)	At Discount Rate (3.5%)	At 1% Increase (4.5%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 173,984,463	\$ 147,270,335	\$ 126,050,096
State of New Jersey's Total Nonemployer OPEB Liability	\$ 49,298,534,898	\$ 41,729,081,045	\$ 35,716,321,820

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 11. OTHER POST-RETIREMENT BENEFITS (CONT'D)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 121,344,192	\$ 147,270,335	\$ 181,591,225
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820	\$ 41,729,081,045	\$ 51,453,912,586

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2018 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ 1,377,313,892	\$ (1,377,313,892)
Change in Assumptions	-	\$ (4,476,086,167)
Contributions Made in Fiscal Year Year Ending 2019 After June 30, 2018 Measurement Date **	TBD	-
	<u>\$ 1,377,313,892</u>	<u>\$ (16,189,378,926)</u>

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 11. OTHER POST-RETIREMENT BENEFITS (CONT'D)

Additional Information (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,		
2020	\$	(2,546,527,182)
2021		(2,546,527,182)
2022		(2,546,527,182)
2023		(2,546,527,182)
2024		(2,546,527,182)
Thereafter		(6,233,858,733)
	\$	(18,966,494,643)

** Employer Contributions made after June 30, 2019 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
	364,943

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Total OPEB Liability

Service Cost	\$	1,734,404,850
Interest Cost		1,827,787,206
Differences Between Expected and Actual Experiences		(7,323,140,818)
Changes of Assumptions		622,184,027
Contributions: Member		37,971,171
Gross Benefit Payments		(1,280,958,373)
Net Change in Total OPEB Liability		(4,381,751,937)
Total OPEB Liability (Beginning)		46,110,832,982
Total OPEB Liability (Ending)	\$	41,729,081,045
Total Covered Employee Payroll		13,929,083,479
Net OPEB Liability as a Percentage of Payroll		300%

Note 12. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$8,243,648, \$2,900,542, \$3,058,242, and \$7,475, respectively.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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. There were no significant changes/reductions in insurance coverage over the past three (3) years and over the past three (3) years no settlements exceeded insurance coverage.

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>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 55,000	\$ -	\$ -	\$ 1,740	\$ 710,805
2018-2019	131,592	-	-	-	657,545
2017-2018	125,000	-	-	-	525,953

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

Workers' Compensation

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

Note 14: DEFERRED COMPENSATION

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

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

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 15: 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, 2020 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 16: 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, 2020, the liability for compensated absences reported on the government-wide statement of net position was \$2,685,038.

Note 17: 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 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.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 18: 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 reduced its total debt service payments over the subsequent 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 19: DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$(25,789,241) existed as of June 30, 2020 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 20: 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, 2020.

RESTRICTED

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

General Fund –

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District had excess fund balance of \$1,354,400 at June 30, 2020. Additionally, \$747,081 of excess fund balance generated during 2018-2019 has been restricted and designated for utilization in the 2020-2021 budget.

MARLBORO TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 20: FUND BALANCES (CONT'D)

For Capital Reserve Account - As of June 30, 2020, the balance in the capital reserve account is \$4,241,451. 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, 2020, the balance in the maintenance reserve account is \$5,783,135. 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, 2020, \$2 of debt service fund balance at June 30, 2020.

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, 2020, \$818,077 has been committed for encumbrances which are orders placed for goods and/or services that have not been received at June 30, 2020.

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, 2020, \$402,521 of general fund balance at June 30, 2020.

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, 2020, \$936,669 of general fund balance was unassigned.

Note 21: SUBSEQUENT EVENT

The Marlboro Township School District was able to award an Energy Savings Improvement Project at the September 17, 2019 board meeting. The total cost of the ESIP Project is \$19,543,000 with \$4,293,000 being the district's responsibility and the remaining \$15,250,000 being financed at a 1.910% interest rate with a maturity date of 11/15/2039. Please note the District was able to provide various upgrades District Wide such as: Unit Ventilators, Boilers, Furnaces, Hot Water Heaters, provide Solar Panels, LED Lighting upgrades, HVAC and Lighting Controls, New Burglar and Fire Alarm System, New HVAC Motors, etc. From the ongoing energy savings, the district will receive an estimated \$467,390 in Energy Rebates/incentives. This project will also allow the District to save \$781,131 annually on operating costs going forward. All of these upgrades were able to be done under ESIP at no additional costs or increases to the Taxpayers of Marlboro.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2020

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 74,806,764	\$ -	\$ 74,806,764	\$ 74,806,764	\$ -
Tuition from Individuals	93,000	-	93,000	91,375	(1,625)
Interest Earnings	35,000	-	35,000	84,042	49,042
Interest Earned on Capital Reserve Funds	-	-	-	12,951	12,951
Contributions and Donations	-	62,179	62,179	62,207	28
Play Proceeds	15,010	-	15,010	8,428	(6,582)
Bus Advertising	-	-	-	1,170	1,170
Student Dues and Fees	120,000	-	120,000	81,185	(38,815)
Miscellaneous	255,000	-	255,000	404,093	149,093
Total - Local Sources	75,324,774	62,179	75,386,953	75,552,215	165,262
State Sources:					
Categorical Special Education Aid	3,375,643	-	3,375,643	3,375,643	-
Equalization Aid	5,689,623	-	5,689,623	5,689,623	-
Extraordinary Aid - Special Education	250,000	-	250,000	479,207	229,207
Categorical Security Aid	349,448	-	349,448	349,448	-
Categorical Transportation Aid	1,189,069	-	1,189,069	1,189,069	-
Other state aid - Nonpublic Transportation	-	-	-	16,360	16,360
On-Behalf TPAF (Non-budgeted):					
Normal Pension Contributions	-	-	-	8,243,648	8,243,648
Post-Retirement Medical	-	-	-	3,058,242	3,058,242
Long-Term Disability Insurance	-	-	-	7,475	7,475
TPAF Social Security (Reimbursed)	-	-	-	2,900,542	2,900,542
Total State Sources	10,853,783	-	10,853,783	25,309,257	14,455,474
Federal Sources:					
Medicaid Reimbursement	10,000	-	10,000	20,799	10,799
Total Federal Sources	10,000	-	10,000	20,799	10,799
Total Revenues	86,188,557	62,179	86,250,736	100,882,271	14,631,535
EXPENDITURES:					
Current Expenditure:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of Teachers	2,062,401	(73,380)	1,989,021	1,970,602	18,419
Grades 1-5 - Salaries of Teachers	12,238,147	(105,591)	12,132,556	11,905,706	226,850
Grades 6-8 - Salaries of Teachers	11,451,309	(170,417)	11,280,892	11,138,342	142,550
Regular Programs - Home Instruction:					
Salaries of Teachers	12,000	2,000	14,000	13,060	940
Purchased Professional-Educational Services	6,000	3,000	9,000	8,629	371
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	520,000	44,500	564,500	504,659	59,841
Purchased Professional Services	16,490	(4,525)	11,965	8,174	3,791
Other Purchased Services	304,161	(4,605)	299,556	287,561	11,995
General Supplies	766,486	132,747	899,233	823,656	75,577
Textbooks	130,180	148,110	278,290	275,190	3,100
Other Objects	3,555	-	3,555	2,334	1,221
TOTAL REGULAR PROGRAMS - INSTRUCTION	27,510,729	(28,161)	27,482,568	26,937,913	544,655

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

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2020

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 967,992	\$ 36,863	\$ 1,004,855	\$ 990,015	\$ 14,840
Other Salaries for Instruction	448,528	(76,213)	372,315	323,358	48,957
Other Purchase Services	4,240	-	4,240	2,000	2,240
General Supplies	17,800	(3,600)	14,200	11,723	2,477
Textbooks	3,000	-	3,000	-	3,000
Total Learning and/or Language Disabilities	<u>1,441,560</u>	<u>(42,950)</u>	<u>1,398,610</u>	<u>1,327,096</u>	<u>71,514</u>
Multiply Handicapped:					
Salaries of Teachers	407,495	132,574	540,069	535,702	4,367
Other Salaries for Instruction	279,853	46,640	326,493	307,309	19,184
Other Purchased Services	3,735	-	3,735	2,389	1,346
General Supplies	5,250	2,200	7,450	6,396	1,054
Total Multiply Handicapped	<u>696,333</u>	<u>181,414</u>	<u>877,747</u>	<u>851,796</u>	<u>25,951</u>
Resource Room/Resource Center:					
Salaries of Teachers	2,461,503	233,546	2,695,049	2,695,048	1
Other Purchased Services	34,610	-	34,610	20,444	14,166
General Supplies	76,480	(1,665)	74,815	61,020	13,795
Textbooks	28,149	-	28,149	5,199	22,950
Total Resource Room/Resource Center	<u>2,600,742</u>	<u>231,881</u>	<u>2,832,623</u>	<u>2,781,711</u>	<u>50,912</u>
Autism:					
Salaries of Teachers	347,201	(6,517)	340,684	326,416	14,268
Other Salaries for Instruction	186,511	77,388	263,899	232,312	31,587
Other Purchased Services	21,200	-	21,200	4,045	17,155
General Supplies	4,400	6,400	10,800	7,413	3,387
Total Autism	<u>559,312</u>	<u>77,271</u>	<u>636,583</u>	<u>570,186</u>	<u>66,397</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	222,821	68,201	291,022	286,581	4,441
Other Salaries for Instruction	79,370	56,188	135,558	130,716	4,842
Other Purchased Services	8,200	(6,000)	2,200	-	2,200
General Supplies	2,000	-	2,000	1,879	121
Total Preschool Disabilities - Part-Time	<u>312,391</u>	<u>118,389</u>	<u>430,780</u>	<u>419,176</u>	<u>11,604</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	336,881	24,777	361,658	360,381	1,277
Other Salaries for Instruction	362,815	(120,000)	242,815	228,928	13,887
Other Purchased Services	250	-	250	-	250
General Supplies	4,850	-	4,850	3,247	1,603
Total Preschool Disabilities - Part-Time	<u>704,796</u>	<u>(95,223)</u>	<u>609,573</u>	<u>592,556</u>	<u>17,017</u>
Special Education Home Instruction					
Salaries of Teachers	20,000	(7,500)	12,500	1,258	11,242
Purchased Prof.-Ed Services	2,000	8,500	10,500	7,202	3,298
Total Special Education Home Instruction	<u>22,000</u>	<u>1,000</u>	<u>23,000</u>	<u>8,460</u>	<u>14,540</u>
TOTAL SPECIAL EDUCATION - INSTR	<u>6,337,134</u>	<u>471,782</u>	<u>6,808,916</u>	<u>6,550,981</u>	<u>257,935</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	750,399	-	750,399	717,370	33,029
Other Salaries for Instruction	309,649	-	309,649	245,100	64,549
Other Purchased Services	6,000	-	6,000	5,930	70
General Supplies	25,550	-	25,550	24,543	1,007
Total Basic Skills/Remedial - Instruction	<u>1,091,598</u>	<u>-</u>	<u>1,091,598</u>	<u>992,943</u>	<u>98,655</u>
Bilingual Education - Instruction					
Salaries of Teachers	306,181	2,175	308,356	306,014	2,342
Other Purchased Services	12,246	-	12,246	12,046	200
General Supplies	2,401	-	2,401	674	1,727
Total Bilingual Education - Instruction	<u>320,828</u>	<u>2,175</u>	<u>323,003</u>	<u>318,734</u>	<u>4,269</u>

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

(continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2020

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	\$ 211,624	\$ -	\$ 211,624	\$ 181,479	\$ 30,145
Purchased Professional Services	5,950	(950)	5,000	3,954	1,046
Other Purchased Services	5,900	1,375	7,275	6,745	530
Supplies and Materials	10,503	4,306	14,809	12,833	1,976
Other Objects	1,325	(425)	900	-	900
Total School-Spon. Cocurricular Actvts. - Inst.	<u>235,302</u>	<u>4,306</u>	<u>239,608</u>	<u>205,011</u>	<u>34,597</u>
School-Spon. Athletics - Inst.					
Salaries	200,398	-	200,398	196,788	3,610
Supplies and Materials	13,408	4,800	18,208	16,372	1,836
Other Objects	23,293	-	23,293	14,956	8,337
Total School-Spon. Athletics - Inst.	<u>237,099</u>	<u>4,800</u>	<u>241,899</u>	<u>228,116</u>	<u>13,783</u>
Other Instructional Programs - Instruction					
Salaries	588,410	182	588,592	587,328	1,264
Other Purchased Services	600	-	600	419	181
Supplies and Materials	14,878	-	14,878	13,273	1,605
Total Other Instructional Programs - Instruction	<u>603,888</u>	<u>182</u>	<u>604,070</u>	<u>601,020</u>	<u>3,050</u>
Total Instruction	<u>36,336,578</u>	<u>455,084</u>	<u>36,791,662</u>	<u>35,834,718</u>	<u>956,944</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's - Regular	-	28,842	28,842	28,012	830
Tuition to Private Schools for the Handicapped - w/in state	1,402,334	73,706	1,476,040	1,452,683	23,357
Tuition - Other	-	3,250	3,250	3,230	20
Tuition to Charter School	104,514	-	104,514	95,599	8,915
Total Undistributed Expenditures - Instruction:	<u>1,506,848</u>	<u>105,798</u>	<u>1,612,646</u>	<u>1,579,524</u>	<u>33,122</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	646,334	4,132	650,466	650,465	1
Purchased Professional and Technical Services	7,097	-	7,097	1,657	5,440
Other Purchased Services (400-500 series)	4,000	-	4,000	1,275	2,725
Total Undistributed Expend. - Attend. & Social Work	<u>657,431</u>	<u>4,132</u>	<u>661,563</u>	<u>653,397</u>	<u>8,166</u>
Undist. Expend. - Health Services					
Salaries	872,812	(5,316)	867,496	780,641	86,855
Purchased Professional and Technical Services	195,300	192,248	387,548	209,199	178,349
Other Purchased Services	80	-	80	-	80
Supplies and Materials	18,215	225	18,440	14,558	3,882
Total Undistributed Expenditures - Health Services	<u>1,086,407</u>	<u>187,157</u>	<u>1,273,564</u>	<u>1,004,398</u>	<u>269,166</u>
Undist. Expend.-Other Sup. Ser. Students-Related Serv.					
Salaries of Other Professional Staff	1,366,742	(123,904)	1,242,838	1,242,834	4
Purchased Professional - Educational Services	70,900	45,413	116,313	89,148	27,165
Other Purchased Services	1,900	2,700	4,600	4,132	468
Supplies and Materials	16,755	(700)	16,055	9,209	6,846
Total Undist. Expend.-Other Sup. Ser. Students-Related Serv.	<u>1,456,297</u>	<u>(76,491)</u>	<u>1,379,806</u>	<u>1,345,323</u>	<u>34,483</u>

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

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2020

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Extraordinary Services					
Other Salaries for Instruction	\$ 888,981	\$ (10,386)	\$ 878,595	\$ 830,147	\$ 48,448
Total Undist. Expend. - Extraordinary Services	<u>888,981</u>	<u>(10,386)</u>	<u>878,595</u>	<u>830,147</u>	<u>48,448</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.					
Salaries of Other Professional Staff	956,104	-	956,104	951,869	4,235
Salaries of Secretarial and Clerical Assistants	111,360	-	111,360	111,360	-
Purchased Professional/Technical Services	307,318	(8,426)	298,892	298,576	316
Supplies and Materials	28,949	(12,095)	16,854	16,212	642
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>1,403,731</u>	<u>(20,521)</u>	<u>1,383,210</u>	<u>1,378,017</u>	<u>5,193</u>
Undist. Expend.-Other Sup. Ser. Students-Spc. Services					
Salaries of Other Professional Staff	1,305,376	22,201	1,327,577	1,327,576	1
Salaries of Secretarial and Clerical Assistants	148,756	-	148,756	148,055	701
Unused Vacation Payout	-	8,560	8,560	8,559	1
Purchased Professional - Educational Services	272,120	(112,580)	159,540	124,424	35,116
Other Purchased Services	57,500	47,001	104,501	81,656	22,845
Supplies and Materials	51,236	(1,583)	49,653	29,691	19,962
Total Undist. Expend.-Other Sup. Ser. Students-Spc. Services	<u>1,834,988</u>	<u>(36,401)</u>	<u>1,798,587</u>	<u>1,719,961</u>	<u>78,626</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Secr and Clerical Assist.	87,500	-	87,500	86,728	772
Other Salaries	193,845	-	193,845	174,201	19,644
Salaries of Facilitators, Literacy Coaches	1,033,537	-	1,033,537	1,009,018	24,519
Other Purch Prof. and Tech. Services	5,000	(5,000)	-	-	-
Other Purchased Services	63,037	(2,900)	60,137	57,890	2,247
Supplies and Materials	8,150	1,100	9,250	4,797	4,453
Total Undist. Expend. - Improvement of Inst. Serv.	<u>1,391,069</u>	<u>(6,800)</u>	<u>1,384,269</u>	<u>1,332,634</u>	<u>51,635</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	533,100	2,800	535,900	519,743	16,157
Other Purchased Services	22,958	-	22,958	21,901	1,057
Supplies and Materials	35,644	1,434	37,078	36,285	793
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>591,702</u>	<u>4,234</u>	<u>595,936</u>	<u>577,929</u>	<u>18,007</u>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Secretarial and Clerical Assist	21,682	-	21,682	21,682	-
Other Salaries	41,805	4,137	45,942	23,872	22,070
Other Purchased Prof. and Tech. Services	43,800	(25,000)	18,800	18,398	402
Other Purchased Services (400-500 series)	80,607	2,040	82,647	37,035	45,612
Supplies and Materials	2,450	-	2,450	1,695	755
Total Undist. Expend. - Instructional Staff Training Serv.	<u>190,344</u>	<u>(18,823)</u>	<u>171,521</u>	<u>102,682</u>	<u>68,839</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	697,153	(104,161)	592,992	589,420	3,572
Legal Services	295,000	(13,875)	281,125	188,503	92,622
Audit Fees	35,000	-	35,000	31,000	4,000
Architect/Engineering Fees	20,000	132,740	152,740	104,569	48,171
Other Purchased Professional Services	136,100	8,066	144,166	139,110	5,056
Purchased Technical Services	24,327	-	24,327	24,326	1
Communications/Telephone	275,273	63,085	338,358	323,934	14,424
Other Purchased Services	92,396	(2,150)	90,246	75,728	14,518
Supplies and Materials	19,900	-	19,900	15,862	4,038
Board of Education Supplies	500	-	500	33	467
Judgements against School	50,000	-	50,000	50,000	-
Miscellaneous Expenditures	8,500	(776)	7,724	3,018	4,706
Board of Education Membership Dues & Fees	40,000	(3,000)	37,000	36,584	416
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,694,149</u>	<u>79,929</u>	<u>1,774,078</u>	<u>1,582,087</u>	<u>191,991</u>

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

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2020

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	\$ 3,078,375	\$ (5,163)	\$ 3,073,212	\$ 2,964,480	\$ 108,732
Salaries of Secretarial and Clerical Assistants	970,072	-	970,072	959,457	10,615
Unused Vacation Payout	-	5,163	5,163	5,163	-
Other Purchased Services	130,504	(19,844)	110,660	101,292	9,368
Supplies and Materials	80,445	31,866	112,311	100,265	12,046
Other Objects	20,913	-	20,913	15,166	5,747
Total Undist. Expend. - Support Serv. - School Admin.	<u>4,280,309</u>	<u>12,022</u>	<u>4,292,331</u>	<u>4,145,823</u>	<u>146,508</u>
Undist. Expend. - Support Services - Central Services					
Salaries	649,402	(43,005)	606,397	605,656	741
Unused Vacation Payout	-	33,307	33,307	33,306	1
Purchased Professional Services	4,000	-	4,000	3,165	835
Other Purchased Services	8,415	-	8,415	4,274	4,141
Supplies & Materials	7,000	59	7,059	6,282	777
Miscellaneous Expenditures	3,200	-	3,200	3,080	120
Total Undist. Expend. - Support Serv. - Central Services	<u>672,017</u>	<u>(9,639)</u>	<u>662,378</u>	<u>655,763</u>	<u>6,615</u>
Undist. Expend. - Support Services - Admin. Info. Tech. Svcs.					
Salaries	464,474	2,014	466,488	466,488	-
Purchased Technical Services	35,000	(14,000)	21,000	10,414	10,586
Other Purchased Services	92,700	32,250	124,950	111,194	13,756
Supplies & Materials	88,000	9,524	97,524	91,890	5,634
Total Undist. Expend. - Support Svcs. - Admin. Info. Tech. Svcs.	<u>680,174</u>	<u>29,788</u>	<u>709,962</u>	<u>679,986</u>	<u>29,976</u>
Undist. Expend. - Required Maint. School Facilities					
Cleaning, Repair and Maintenance Services	961,055	304,246	1,265,301	858,020	407,281
General Supplies	223,600	(21,500)	202,100	147,019	55,081
Total Undist. Expend. - Required Maint. School Facilities	<u>1,184,655</u>	<u>282,746</u>	<u>1,467,401</u>	<u>1,005,039</u>	<u>462,362</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	1,824,766	(81,961)	1,742,805	1,696,783	46,022
Other Salaries	505,684	-	505,684	493,186	12,498
Unused Vacation Payout	-	7,395	7,395	7,394	1
Purchased Professional/Technical Services	28,500	5,718	34,218	26,775	7,443
Cleaning, Repair and Maintenance Services	2,375,492	201,819	2,577,311	2,448,084	129,227
Other Purchased Property Services	239,585	-	239,585	217,024	22,561
Insurance	216,910	4,380	221,290	214,686	6,604
Miscellaneous Purchased Services	10,048	-	10,048	7,817	2,231
General Supplies	202,150	93,367	295,517	172,845	122,672
Energy (Energy and Electricity)	1,292,294	-	1,292,294	1,105,366	186,928
Other Objects	22,535	-	22,535	22,342	193
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>6,717,964</u>	<u>230,718</u>	<u>6,948,682</u>	<u>6,412,302</u>	<u>536,380</u>
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	63,815	-	63,815	56,529	7,286
Other Purchased Property Services	143,099	2,825	145,924	121,662	24,262
General Supplies	35,000	-	35,000	20,842	14,158
Total Undist. Expend. - Care and Upkeep of Grounds	<u>241,914</u>	<u>2,825</u>	<u>244,739</u>	<u>199,033</u>	<u>45,706</u>
Undist. Expend. - Security					
Salaries	295,518	-	295,518	274,103	21,415
Purchased Professional/Technical Services	364,560	1,000	365,560	303,759	61,801
Other Purchased Services	35,500	(20,000)	15,500	7,815	7,685
General Supplies	13,165	19,000	32,165	23,725	8,440
Total Undist. Expend. - Security	<u>708,743</u>	<u>-</u>	<u>708,743</u>	<u>609,402</u>	<u>99,341</u>
Total Undist. Expend. - Oper. & Maint. Plant Services	<u>8,853,276</u>	<u>516,289</u>	<u>9,369,565</u>	<u>8,225,776</u>	<u>1,143,789</u>
Undist. Expend. - Student Transportation Serv.					
Salaries - Non-Instructional Aides	296,086	-	296,086	293,284	2,802
Salaries - (between home and school) - Regular	1,833,721	73,000	1,906,721	1,823,822	82,899
Salaries - (between home and school) - Special Education	420,981	27,000	447,981	419,780	28,201
Salaries - (other than between home & school)	8,152	7,500	15,652	4,952	10,700
Purchased Professional Services	16,683	14,141	30,824	28,863	1,961
Cleaning, Maintenance and Repair Services	71,970	(2,136)	69,834	26,137	43,697
Lease Purchase Payments - Busses	610,797	-	610,797	609,979	818
Contracted Services - Aid in Lieu Pymts (Non Public)	159,650	-	159,650	67,256	92,394
Contracted Services - Athletic Trips	28,092	(4,800)	23,292	-	23,292
Contracted Services - Joint Agreements (Non-Public)	108,150	(7,500)	100,650	53,439	47,211
Contracted Services - Joint Agreements (Special Education)	800,000	49,471	849,471	708,532	140,939
Contracted Services - Home to School	317,647	(254,471)	63,176	46,461	16,715
Miscellaneous purchased services	54,012	(408)	53,604	51,048	2,556
Supplies and materials	7,500	3,708	11,208	6,602	4,606
Transportation supplies	604,596	(112,400)	492,196	322,031	170,165
Other Objects	13,671	375	14,046	11,318	2,728
Total Undist. Expend. - Student Transportation Serv.	<u>5,351,708</u>	<u>(206,520)</u>	<u>5,145,188</u>	<u>4,473,504</u>	<u>671,684</u>

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

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2020

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 997,019	\$ (4,277)	\$ 992,742	\$ 947,077	\$ 45,665
PERS Contribution	1,297,346	(166,818)	1,130,528	1,130,528	-
Unemployment Compensation	150,000	-	150,000	149,994	6
Workmen's Compensation	496,144	57,223	553,367	553,367	-
Health Benefits	13,601,208	(381,115)	13,220,093	13,085,575	134,518
Tuition Reimbursement	75,647	-	75,647	54,007	21,640
Other Employee Benefits	257,300	-	257,300	225,455	31,845
Unused Sick Payment to Retired/Terminated Staff	175,000	(29,963)	145,037	89,455	55,582
TOTAL UNALLOCATED BENEFITS	<u>17,049,664</u>	<u>(524,950)</u>	<u>16,524,714</u>	<u>16,235,458</u>	<u>289,256</u>
On-Behalf TPAF (Nonbudgeted):					
Normal Pension Contributions	-	-	-	8,243,648	(8,243,648)
Post-Retirement Medical	-	-	-	3,058,242	(3,058,242)
Long-Term Disability Insurance	-	-	-	7,475	(7,475)
TPAF Social Security(non-budgeted)	-	-	-	2,900,542	(2,900,542)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,209,907</u>	<u>(14,209,907)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>17,049,664</u>	<u>(524,950)</u>	<u>16,524,714</u>	<u>30,445,365</u>	<u>(13,920,651)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>49,589,095</u>	<u>28,818</u>	<u>49,617,913</u>	<u>60,732,316</u>	<u>(11,114,403)</u>
TOTAL GENERAL CURRENT EXPENDITURE	<u>85,925,673</u>	<u>483,902</u>	<u>86,409,575</u>	<u>96,567,034</u>	<u>(10,157,459)</u>
CAPITAL OUTLAY					
Equipment					
Grades 6-8	2,240	-	2,240	2,240	-
Undistributed Expenditures - Support Services - Edu. Media Svc.	-	42,042	42,042	5,729	36,313
Undistributed Expenditures - School Administration	15,864	6,133	21,997	21,997	-
Undistributed Expenditures - Business/Other Support Services	25,000	(17,000)	8,000	8,000	-
Undistributed Expenditures - Required Maintenance	-	7,452	7,452	7,452	-
Undistributed Expenditures - Custodial and Maintenance	88,500	1,138	89,638	89,613	25
Undistributed Expenditures - Security	10,000	-	10,000	9,300	700
Total Equipment	<u>141,604</u>	<u>39,765</u>	<u>181,369</u>	<u>144,331</u>	<u>37,038</u>
Facilities Acquisition and Construction Services					
Construction Services	1,000,000	593,064	1,593,064	1,592,064	1,000
Total Facilities Acquisition and Construction Services	<u>1,000,000</u>	<u>593,064</u>	<u>1,593,064</u>	<u>1,592,064</u>	<u>1,000</u>

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

(Continued)

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2020

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Student Transportation	\$ -	\$ -	\$ -	\$ 742,155	\$ (742,155)
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	742,155	(742,155)
TOTAL CAPITAL OUTLAY	1,141,604	632,829	1,774,433	2,478,550	(704,117)
TOTAL EXPENDITURES	87,067,277	1,116,731	88,184,008	99,045,584	(10,861,576)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(878,720)	(1,054,552)	(1,933,272)	1,836,687	3,769,959
Other Financing Sources:					
Capital Leases (non-budgeted)	-	-	-	742,155	742,155
Total Other Financing Sources:	-	-	-	742,155	742,155
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(878,720)	(1,054,552)	(1,933,272)	2,578,842	(4,512,114)
Fund Balance, July 1	12,753,271	-	12,753,271	12,753,271	-
Fund Balance, June 30	\$ 11,874,551	\$ (1,054,552)	\$ 10,819,999	\$ 15,332,113	\$ (4,512,114)
Recapitulation of Budget Transfers:					
Prior Year Encumbrances		\$ 889,042			
Increase Approved via Resolution Dated July 15, 2019		50,000			
Increase Approved via Resolution Dated February 18, 2020		115,510			
Total		\$ 1,054,552			
Recapitulation of Fund Balance:					
Restricted for Excess Surplus - Current Year				\$ 1,354,400	
Restricted for Excess Surplus - Prior Years - Designated for Subsequent Year's Expenditures				747,081	
Restricted for Capital Reserve account				4,241,451	
Restricted for Maintenance Reserve account				5,783,135	
Committed for Encumbrances				818,077	
Assigned for Subsequent Year's Expenditures				402,521	
Unassigned Fund Balance				1,985,448	
				15,332,113	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments not recognized on GAAP basis				(1,048,779)	
Fund Balance per Governmental Funds (GAAP)				\$ 14,283,334	

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

MARLBORO TOWNSHIP BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 1,482,640	-	\$ 1,482,640	\$ 1,407,325	\$ (75,315)
State Sources	230,578	-	230,578	184,171	(46,407)
Local Sources	37,266	-	37,266	36,258	(1,007)
Total Revenues	1,750,483	-	1,750,483	1,627,754	(122,729)
EXPENDITURES:					
Instruction					
Salaries of Teachers	83,956	-	83,956	83,956	-
Other Salaries for Instruction	165,000	-	165,000	164,817	183
Purchased Professional and Technical Services	15,636	-	15,636	15,636	-
Tuition	750,000	-	750,000	745,182	4,818
General Supplies	141,029	-	141,029	138,007	3,022
Textbooks	15,760	-	15,760	10,273	5,487
Total Instruction	1,171,380	-	1,171,380	1,157,870.40	13,510
Support Services					
Salaries of Other Professional Staff	23,816	-	23,816	22,111	1,705
Other Salaries	55,947	-	55,947	51,259	4,688
Personal Services - Employee Benefits	25,188	-	25,188	24,644	544
Purchased Professional - Educational Services	318,157	-	318,157	268,437	49,720
Other Purchased Professional Services	62,684	-	62,684	37,909	24,775
Other Purchased Services	6,200	-	6,200	6,200	-
Supplies & Materials	87,111	-	87,111	59,324	27,787
Total Support Services	579,103	-	579,103	469,884	109,219
Total Expenditures	1,750,483	-	1,750,483	1,627,754	122,729
Total Outflows	1,750,483	-	1,750,483	1,627,754	122,729
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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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:

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 100,707,831	\$ 1,627,754
 Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(16,446)
Prior Year		11,760
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		
	1,105,725	-
 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).		
	(1,048,779)	-
 Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.		
	\$ 100,764,777	\$ 1,623,068
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 99,045,584	\$ 1,627,754
 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.		
	-	-
 Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.		
	\$ 99,045,584	\$ 1,627,754

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

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MARLBORO TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SEVEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014	2013
School District's proportion of the net pension liability	0.10892%	0.10892%	0.11205%	0.11316%	0.10947%	0.11176%	0.11418%
School District's proportionate share of the net pension liability	\$ 20,801,442	\$ 21,445,269	\$ 26,083,284	\$ 33,516,037	\$ 24,753,054	\$ 20,927,067	\$ 21,821,179
School District's covered payroll	\$ 8,420,559	\$ 8,066,661	\$ 7,451,664	\$ 7,563,569	\$ 7,556,838	\$ 7,514,106	\$ 7,660,561
School District's proportionate share of the net pension liability as a percentage of its covered payroll	247.03%	265.85%	350.03%	443.12%	327.56%	278.50%	284.85%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MARLBORO TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 1,122,940	\$ 1,083,375	\$ 1,038,017	\$ 1,005,336	\$ 941,119	\$ 921,313	\$ 921,313
Contributions in relation to the contractually required contribution	(1,122,940)	(1,083,375)	(1,038,017)	(1,005,336)	(941,119)	(921,313)	(921,313)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 8,003,492	\$ 8,420,559	\$ 8,066,661	\$ 7,451,664	\$ 7,563,569	\$ 7,556,838	\$ 7,556,838
Contributions as a percentage of covered payroll	14.03%	12.87%	12.87%	13.49%	12.44%	12.19%	12.19%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MARLBORO TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' PENSION AND ANNUITY FUND (TPAF)
 LAST SEVEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	\$ 219,073,748	\$ 233,643,713	\$ 245,811,661	\$ 245,811,661	\$ 293,394,568	\$ 238,571,199	\$ 198,195,083
School District's covered payroll	\$ 40,156,457	\$ 39,259,445	\$ 37,474,004	\$ 37,474,004	\$ 37,842,545	\$ 37,025,512	\$ 36,267,687
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	26.49%	25.41%	25.41%	22.33%	28.71%	33.64%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS (GASB 75)

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MARLBORO TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
 STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
 LAST THREE FISCAL YEARS*

	2020	2019	2018
District's Total OPEB Liability			
Service Cost	\$ 5,933,498	\$ 6,714,057	\$ 8,097,639
Interest Cost	6,301,650	6,693,991	5,777,624
Differences Between Expected & Actual Experiences	(21,846,270)	(14,278,906)	-
Changes of Assumptions	2,195,812	(18,254,354)	(24,149,315)
Contributions: Member	134,008	147,009	155,485
Gross Benefit Payments	(4,520,760)	(4,253,539)	(4,222,551)
Net Change in District's Total OPEB Liability	(11,802,062)	(23,231,742)	(14,341,118)
District's Total OPEB Liability (Beginning)	159,072,397	182,304,139	196,645,257
District's Total OPEB Liability (Ending)	<u>\$ 147,270,335</u>	<u>\$ 159,072,397</u>	<u>\$ 182,304,139</u>
District's Covered Employee Payroll	\$ 48,159,949	\$ 49,811,257	\$ 48,836,607
District's Net OPEB Liability as a Percentage of Payroll	306%	319%	373%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**MARLBORO TOWNSHIP BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2020**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.5% as of June 30, 2019.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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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, 2020

E-1

	Title I	Title II A	Title III	Title IV
REVENUES:				
Federal sources	\$ 140,740	\$ 71,881	\$ 19,452	\$ 9,994
State sources	-	-	-	-
Local sources	-	-	-	-
Total Revenues	140,740	71,881	19,452	9,994
EXPENDITURES:				
Instruction:				
Salaries of teachers	83,956	-	-	-
Other salaries for instruction	-	-	-	-
Purchased professional and technical services	4,180	-	3,540	-
Tuition	-	-	-	-
General supplies	4,245	-	3,188	9,994
Textbooks	-	-	-	-
Total instruction	92,381	-	6,728	9,994
Support Services:				
Salaries of other professional staff	11,647	-	10,464	-
Salaries of other staff	22,814	28,445	-	-
Personnel services - employee benefits	9,058	2,176	801	-
Supplies and materials	3,340	-	1,459	-
Purchased prof. - educ. services	1,500	41,260	-	-
Purchased technical services	-	-	-	-
Other purchased services	-	-	-	-
Total support services	48,359	71,881	12,724	-
Total Expenditures	140,740	71,881	19,452	9,994
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, 2020

	I.D.E.A.			Non-Public	
	Basic	Carryover	Preschool	Nursing	Textbook
REVENUES:					
Federal sources	\$ 964,995	\$ 164,396	\$ 35,867	\$ -	\$ -
State sources	-	-	-	24,562	10,273
Local sources	-	-	-	-	-
Total Revenues	964,995	164,396	35,867	24,562	10,273
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	-	-	-	-
Other salaries for instruction	164,817	-	-	-	-
Purchased professional and technical services	-	-	-	-	-
Tuition	745,182	-	-	-	-
General supplies	-	108,780	-	-	-
Textbooks	-	-	-	-	10,273
Total instruction	909,999	108,780	-	-	10,273
Support Services:					
Salaries of other professional staff	-	-	-	-	-
Salaries of other staff	-	-	-	-	-
Personnel services - employee benefits	12,609	-	-	-	-
Supplies and materials	-	24,156	-	-	-
Purchased prof. - educ. services	42,387	31,460	35,867	24,562	-
Purchased technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
Total support services	54,996	55,616	35,867	24,562	-
Total Expenditures	964,995	164,396	35,867	24,562	10,273
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, 2020

E-1

	Chapter 192 Nonpublic		Chapter 193 Nonpublic			
	Comp. Ed.	ESL	Transportation	Classification	Speech	Instruction
REVENUES:						
Federal sources	\$ -		\$ -	\$ -	\$ -	\$ -
State sources	31,636	827	7,325	24,526	10,937	23,475
Local sources	-		-	-	-	-
Total Revenues	31,636	827	7,325	24,526	10,937	23,475
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	-	-	-	-	-	-
Purchased prof. - educ. services	31,636	827	-	24,526	10,937	23,475
Purchased technical services	-	-	7,325	-	-	-
Other purchased services	-	-	-	-	-	-
Total support services	31,636	827	7,325	24,526	10,937	23,475
Total Expenditures	31,636	827	7,325	24,526	10,937	23,475
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, 2020

	Non-Public		Other Local Grants		Total 2020
	Tech Aid	Security Aid	Transportation	Foundation	
REVENUES:					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 1,407,325
State sources	8,633	41,977	-	-	184,171
Local sources	-	-	16,543	19,715	36,258
Total Revenues	8,633	41,977	16,543	19,715	1,627,754
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	-	-	-	83,956
Other salaries for instruction	-	-	-	-	164,817
Purchased professional and technical services	-	-	-	7,916	15,636
Tuition	-	-	-	-	745,182
General supplies	-	-	-	11,800	138,007
Textbooks	-	-	-	-	10,273
Total instruction	-	-	-	19,715	1,157,870
Support Services:					
Salaries of other professional staff	-	-	-	-	22,111
Salaries other staff	-	-	-	-	51,259
Personnel services - employee benefits	-	-	-	-	24,644
Supplies and materials	5,787	24,582	-	-	59,324
Purchased prof. - educ. services	-	-	-	-	268,437
Purchased technical services	2,846	11,195	16,543	-	37,909
Other purchased services	-	6,200	-	-	6,200
Total support services	8,633	41,977	16,543	-	469,884
Total Expenditures	8,633	41,977	16,543	19,715	1,627,754
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other					
	\$ -	\$ -	\$ -	\$ -	\$ -

F. Capital Projects Fund

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CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES AND OTHER FINANCING SOURCES:

ESIP Reimbursements	<u>\$ 9,892</u>
Total Revenues	<u>9,892</u>
Excess (Deficiency) of revenues over (under) expenditures	<u><u>\$ 9,892</u></u>

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H. Fiduciary Fund

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MARLBORO TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

	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	\$ 1,862	\$ 106,528	\$ 479,961	\$ 39,175	\$ 22,924	\$ 710,805	\$ 1,361,255
LIABILITIES:							
Payroll deductions and withholdings	\$ -	\$ -	\$ 479,961	\$ 39,175	\$ -	\$ -	\$ 519,136
Due to student groups	-	106,528	-	-	-	-	106,528
Total liabilities	-	106,528	479,961	39,175	-	-	625,664
NET POSITION:							
Restricted for unemployment claims	-	-	-	-	-	710,805	710,805
Restricted for scholarships	1,862	-	-	-	-	-	1,862
Restricted for Chromebook repairs	-	-	-	-	22,924	-	22,924
Total net position	1,862	-	-	-	22,924	710,805	735,591
TOTAL LIABILITIES AND NET POSITION	\$ 1,862	\$ 106,528	\$ 479,961	\$ 39,175	\$ 22,924	\$ 710,805	\$ 1,361,255

MARLBORO TOWNSHIP BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Scholarship Funds	Technology Trust Fund	Unemployment Compensation Insurance Trust
ADDITIONS:			
Local sources:			
Local contributions	\$ 85	\$ -	\$ 55,000
Chromebook usage fee	-	22,069	-
Total additions	<u>85</u>	<u>22,069</u>	<u>55,000</u>
DEDUCTIONS:			
Scholarships	350	-	-
Chromebook repairs	-	31,725	-
Unemployment compensation assessments	-	-	1,740
Total deductions	<u>350</u>	<u>31,725</u>	<u>1,740</u>
CHANGE IN NET POSITION	<u>(265)</u>	<u>(9,656)</u>	<u>53,260</u>
NET POSITION, July 1	<u>2,127</u>	<u>32,580</u>	<u>657,545</u>
NET POSITION, June 30	<u>\$ 1,862</u>	<u>\$ 22,924</u>	<u>\$ 710,805</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN AGENCY FUND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	<u>Student Activity</u>	<u>Flexible Spending</u>	<u>Payroll and Payroll Agency</u>	<u>Totals</u>
ADDITIONS:				
Local sources:				
Student fees and collections	\$ 322,473	\$ -	\$ -	\$ 322,473
Net Payroll	-	-	31,178,420	31,178,420
Employee withholdings	-	63,567	26,207,620	26,271,186
Total additions	<u>322,473</u>	<u>63,567</u>	<u>57,386,040</u>	<u>57,772,079</u>
DEDUCTIONS:				
Student activity payments	319,286	-	-	319,286
Net Payroll	-	-	31,178,420	31,178,420
Payroll related payments	-	65,275	26,164,635	26,229,909
Total deductions	<u>319,286</u>	<u>65,275</u>	<u>57,343,055</u>	<u>57,727,616</u>
CHANGE IN LIABILITIES	<u>3,187</u>	<u>(1,708)</u>	<u>42,985</u>	<u>44,464</u>
LIABILITIES, July 1	<u>103,341</u>	<u>40,883</u>	<u>436,976</u>	<u>581,200</u>
LIABILITIES, June 30	<u>\$ 106,528</u>	<u>\$ 39,175</u>	<u>\$ 479,961</u>	<u>\$ 625,664</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	Balance June 30, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Asher Holmes	\$ 8,496	\$ 12,765	\$ 16,328	\$ 4,933
Frank J. Dugan Elementary	15,927	13,020	11,782	17,165
Frank Defino Central Elementary	4,037	11,308	11,204	4,141
Marlboro Early Learning Center	8,805	1,289	2,133	7,961
Marlboro Elementary	8,039	14,523	13,031	9,531
Marlboro Memorial Middle School	14,932	115,053	112,190	17,795
Marlboro Middle School	39,632	145,253	145,720	39,165
Robertsville Elementary	3,473	9,262	6,898	5,837
Total all schools	\$ 103,341	\$ 322,473	\$ 319,286	\$ 106,528

MARLBORO TOWNSHIP BOARD OF EDUCATION
 PAYROLL AGENCY FUND
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash - Payroll	\$ -	\$ 31,178,420	\$ 31,178,420	\$ -
Cash - Payroll Agency	436,976	26,207,620	26,164,635	479,961
Cash - Flexible Spending	40,883	63,567	65,275	39,175
TOTAL ASSETS	\$ 477,859	\$ 57,449,606	\$ 57,408,330	\$ 519,136
LIABILITIES:				
Net Payroll	\$ -	\$ 31,178,420	\$ 31,178,420	\$ -
Payroll deductions and withholdings	477,859	26,271,186	26,229,909	519,136
TOTAL LIABILITIES	\$ 477,859	\$ 57,449,606	\$ 57,408,330	\$ 519,136

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I. Long-Term Debt

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MARLBORO TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF SERIAL BONDS PAYABLE
 AS OF JUNE 30, 2020

Issue	Date of Issue	Amount of Issue	Date	Amount	Rate	July 1, 2019	Decreased	June 30, 2020
Refunding Bonds - 2013 Issue	3/26/2013	18,700,000	7/15/2020	3,745,000	1.919%	\$ 3,745,000	\$ 3,745,000	\$ -
						\$ 3,745,000	\$ 3,745,000	\$ -

MARLBORO TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2020

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2019	Additions Current Year	Retired Current Year	Balance June 30, 2020
2016 Buses - 5	1.82%	465,676	\$ 94,796	\$ -	\$ 94,796	\$ -
2017 Buses - 5 2017 Vans - 2	2.04%	591,300	238,830	-	118,473	120,357
2019 Buses - 5 2018 Vans - 2	1.90%	605,500	363,826	-	118,981	244,845
2020 Buses - 5 2019 Vans - 2	2.99%	619,460	490,118	-	118,246	371,872
2020 Buses - 5 2020 Mid-Bus - 2	4.21%	641,869	-	641,869	132,565	509,304
2020-Backhoe-1	3.70%	100,286	-	100,286	21,363	78,922
			<u>\$ 1,187,570</u>	<u>\$ 742,155</u>	<u>\$ 604,424</u>	<u>\$ 1,325,300</u>

MARLBORO TOWNSHIP BOARD OF EDUCATION
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 AS OF JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 3,093,229	-	\$ 3,093,229	\$ 3,093,229	\$ -
Total revenues - local sources	3,093,229	-	3,093,229	3,093,229	-
State sources:					
Debt service aid type II	687,705	-	687,705	687,705	-
Total state sources	687,705	-	687,705	687,705	-
TOTAL REVENUES	3,780,934	-	3,780,934	3,780,934	-
EXPENDITURES					
Regular debt service:					
Interest	35,934	-	35,934	35,933	1
Redemption of principal	3,745,000	-	3,745,000	3,745,000	-
Total regular debt service	3,780,934	-	3,780,934	3,780,933	1
TOTAL EXPENDITURES	3,780,934	-	3,780,934	3,780,933	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	1	1
FUND BALANCES, July 1	1	-	1	1	-
FUND BALANCES, June 30	1	-	1	2	1

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STATISTICAL SECTION (Unaudited)

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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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets										
Restricted	\$ 33,110,689	\$ 33,753,591	\$ 35,261,244	\$ 33,963,210	\$ 42,859,895	\$ 46,102,941	\$ 50,326,279	\$ 53,404,182	\$ 56,705,311	\$ 59,941,496
Unrestricted	5,168,518	8,358,487	10,326,308	4,519,095	4,746,088	7,011,165	8,452,497	7,557,935	8,864,994	12,135,960
Total governmental activities net position	1,811,362	3,992,694	(555,386)	7,517,414	(21,372,114)	(22,639,727)	(24,472,923)	(23,944,710)	(25,179,420)	(25,789,241)
	\$ 40,090,569	\$ 46,104,772	\$ 45,032,166	\$ 45,999,719	\$ 26,233,869	\$ 30,474,379	\$ 34,305,853	\$ 37,017,407	\$ 40,390,885	\$ 46,289,215
Business-type activities										
Net investment in capital assets	\$ 314,975	\$ 346,104	\$ 327,170	\$ 356,607	\$ 345,397	\$ 310,817	\$ 283,050	\$ 359,653	\$ 434,932	\$ 398,368
Unrestricted	293,031	275,783	332,455	316,850	326,063	366,103	419,183	313,554	208,489	221,324
Total business-type activities net position	\$ 608,006	\$ 621,887	\$ 659,625	\$ 673,457	\$ 671,460	\$ 676,920	\$ 702,233	\$ 673,207	\$ 643,421	\$ 619,692
District-wide										
Net investment in capital assets	\$ 33,425,664	\$ 34,099,695	\$ 35,588,414	\$ 34,319,817	\$ 43,205,292	\$ 46,413,758	\$ 50,609,329	\$ 53,763,835	\$ 57,140,243	\$ 60,339,864
Restricted	5,168,518	8,358,487	10,326,308	4,519,095	4,746,088	7,011,165	8,452,497	7,557,935	8,864,994	12,135,960
Unrestricted	2,104,393	4,268,477	(222,931)	7,834,264	(21,046,051)	(22,273,624)	(24,053,740)	(23,631,156)	(24,970,931)	(25,567,917)
Total district net position	\$ 40,698,575	\$ 46,726,659	\$ 45,691,791	\$ 46,673,176	\$ 26,905,329	\$ 31,151,299	\$ 35,008,086	\$ 37,690,614	\$ 41,034,306	\$ 46,907,907

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 32,511,657	\$ 33,531,658	\$ 35,852,547	\$ 35,881,684	\$ 38,812,737	\$ 41,644,306	\$ 47,360,063	\$ 51,708,987	\$ 48,815,408	\$ 43,349,934
Special education	12,415,997	12,042,092	12,785,736	13,183,818	15,383,599	16,686,291	18,829,601	12,742,003	11,981,547	12,287,361
Other instruction	3,262,333	3,301,696	3,582,539	2,933,164	3,899,995	4,301,453	4,137,725	4,188,185	3,503,123	3,600,544
Nonpublic school programs	195,449	203,155	172,750	157,033	169,623	200,447	211,020	235,282	243,995	286,134
Support Services:										
Tuition	2,357,797	2,368,247	1,912,991	2,002,297	2,146,011	2,167,769	2,187,105	2,721,703	1,818,934	2,424,369
Student & instruction related services	9,982,798	10,087,917	9,653,363	10,450,249	12,185,012	12,977,350	14,567,546	15,861,888	15,683,290	14,255,555
General administrative services	1,759,871	1,790,584	2,332,646	1,915,430	2,067,140	2,044,009	2,100,175	2,425,769	2,315,074	2,428,303
School administrative services	4,630,066	4,797,935	5,327,474	5,423,443	6,087,140	6,607,572	7,369,904	7,588,044	7,131,493	6,607,534
Business administrative services	1,157,915	1,162,287	1,500,784	1,366,947	1,651,141	1,945,728	2,084,087	2,284,908	2,110,212	2,050,207
Plant operations and maintenance	8,127,879	7,232,758	7,482,966	8,762,802	8,867,078	9,152,971	9,133,883	10,341,640	11,304,569	12,625,527
Pupil transportation	5,409,724	4,579,899	5,096,709	5,242,739	5,813,977	6,026,469	6,561,180	6,840,307	6,245,266	6,287,231
Interest on long-term debt	2,084,198	1,955,197	900,164	489,239	319,931	468,930	452,578	316,498	315,204	104,170
Total governmental activities expenses	83,895,684	83,053,425	86,600,669	87,808,845	97,403,384	104,223,295	114,994,867	117,255,214	111,468,115	106,306,869
Business-type activities:										
Food service	1,345,952	1,334,350	1,325,245	1,327,727	1,334,342	1,466,306	1,378,373	1,428,476	1,516,656	1,195,016
Total business-type activities expense	1,345,952	1,334,350	1,325,245	1,327,727	1,334,342	1,466,306	1,378,373	1,428,476	1,516,656	1,195,016
Total district expenses	\$ 85,241,636	\$ 84,387,775	\$ 87,925,914	\$ 89,136,572	\$ 98,737,726	\$ 105,689,601	\$ 116,373,240	\$ 118,683,690	\$ 112,984,771	\$ 107,501,885
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ 567,578	\$ 792,518	\$ 709,437	\$ 701,446	\$ 813,455	\$ 730,708	\$ 207,364	\$ 196,257	\$ -
Operating grants and contributions	7,450,835	8,611,870	10,214,131	8,968,290	15,722,047	13,224,474	19,511,076	31,677,611	25,501,358	21,684,063
Total governmental activities program revenues	7,450,835	9,179,448	11,006,649	9,677,727	16,423,493	14,037,929	20,241,784	31,884,975	25,697,615	21,684,063

(Continued)

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

(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services:										
Food service	1,151,206	1,100,313	1,077,688	1,072,939	1,107,644	1,175,748	1,151,499	1,104,299	1,167,379	798,963
Operating grants and contributions	217,616	247,918	285,295	268,620	224,701	296,018	252,551	295,151	319,491	372,324
Total business type activities program revenues	1,368,822	1,348,231	1,362,983	1,341,559	1,332,345	1,471,766	1,404,050	1,399,450	1,486,870	1,171,287
Total district program revenues	\$ 8,819,657	\$ 10,527,679	\$ 12,369,632	\$ 11,019,286	\$ 17,755,838	\$ 15,509,695	\$ 21,645,834	\$ 33,284,425	\$ 27,184,485	\$ 22,855,350
Net (Expense)/Revenue										
Governmental activities	\$ (76,444,849)	\$ (73,873,977)	\$ (75,594,020)	\$ (78,131,118)	\$ (80,979,891)	\$ (90,185,366)	\$ (94,753,083)	\$ (85,370,239)	\$ (85,770,500)	\$ (84,622,806)
Business-type activities	22,870	13,881	37,738	13,832	(1,997)	5,460	25,677	(29,026)	(29,786)	(23,729)
Total district-wide net expense	\$ (76,421,979)	\$ (73,860,096)	\$ (75,556,282)	\$ (78,117,286)	\$ (80,981,888)	\$ (90,179,906)	\$ (94,727,406)	\$ (85,399,265)	\$ (85,800,286)	\$ (84,646,535)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 63,824,547	\$ 63,521,724	\$ 62,003,011	\$ 62,607,136	\$ 63,742,279	\$ 68,007,538	\$ 71,178,461	\$ 71,901,926	\$ 73,339,965	\$ 74,806,764
Taxes levied for debt service	4,106,153	4,108,601	3,988,230	3,881,857	3,849,426	3,941,633	3,945,945	3,044,386	3,067,690	3,093,229
Unrestricted grants and contributions	10,306,086	11,791,157	11,741,062	12,230,385	15,176,417	22,025,896	22,994,948	12,804,932	12,312,729	11,864,800
Investment earnings	8,873	7,990	4,722	2,299	1,238	6,466	4,409	12,021	70,168	96,993
Miscellaneous income	584,421	458,708	287,533	376,994	265,860	444,343	460,430	318,528	353,426	648,458
Transfers	-	-	-	-	-	-	364	-	-	-
Special and Extraordinary Items	-	-	-	-	-	-	-	-	-	9,892
Total governmental activities	78,830,080	79,888,180	78,024,558	79,098,671	83,035,220	94,425,876	98,584,557	88,081,793	89,143,978	90,520,136
Business-type activities:										
Transfers	-	-	-	-	-	-	(364)	-	-	-
Total business-type activities	-	-	-	-	-	-	(364)	-	-	-
Total district-wide	\$ 78,830,080	\$ 79,888,180	\$ 78,024,558	\$ 79,098,671	\$ 83,035,220	\$ 94,425,876	\$ 98,584,193	\$ 88,081,793	\$ 89,143,978	\$ 90,520,136
Change in Net Position										
Governmental activities	\$ 2,385,231	\$ 6,014,203	\$ 2,430,538	\$ 967,553	\$ 2,055,329	\$ 4,240,510	\$ 3,831,474	\$ 2,711,554	\$ 3,373,478	\$ 5,897,330
Business-type activities	22,870	13,881	37,738	13,832	(1,997)	5,460	25,313	(29,026)	(29,786)	(23,729)
Total district	\$ 2,408,101	\$ 6,028,084	\$ 2,468,276	\$ 981,385	\$ 2,053,332	\$ 4,245,970	\$ 3,856,787	\$ 2,682,528	\$ 3,343,692	\$ 5,873,601

Source: CAFR Schedule A-2

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

Unaudited
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 4,740,655	\$ 10,300,412	\$ 10,183,855	\$ 4,795,192	\$ 4,746,086	\$ 6,953,497	\$ 8,452,495	\$ 7,557,935	\$ 8,864,994	\$ 12,126,067
Committed	235,044	403,012	789,215	4,503,346	517,490	242,378	1,118,967	1,896,829	908,957	818,077
Assigned	943,127	630,660	500,000	992,624	750,000	540,646	888,591	1,245,372	835,393	402,521
Unassigned	1,032,120	784,573	660,052	795,403	876,841	919,683	903,675	992,719	1,038,202	936,669
Total general fund	<u>6,950,946</u>	<u>12,118,657</u>	<u>12,133,122</u>	<u>11,086,565</u>	<u>6,890,417</u>	<u>8,656,204</u>	<u>11,363,728</u>	<u>11,692,855</u>	<u>11,647,546</u>	<u>14,283,334</u>
All Other Governmental Funds										
Restricted	\$ 192,819	\$ 72,663	\$ 118,713	\$ 115,467	\$ 1	\$ 2	\$ 2	\$ -	\$ -	\$ -
Assigned	111,066	159,861	23,740	-	-	-	-	-	1	9,894
Total all other governmental funds:	<u>\$ 303,885</u>	<u>\$ 232,524</u>	<u>\$ 142,453</u>	<u>\$ 115,467</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 9,894</u>

Source: CAFR Schedule B-1

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 67,930,700	\$ 67,630,325	\$ 65,991,241	\$ 66,488,993	\$ 67,591,705	\$ 71,949,171	\$ 75,124,406	\$ 74,946,312	\$ 76,407,655	\$ 77,889,993
Tuition charges	161,226	457,329	681,099	596,323	585,678	689,506	606,909	88,000	93,066	91,375
Interest earnings	8,873	7,990	4,722	2,299	4,466	12,021	12,021	70,168	70,168	96,993
Miscellaneous	413,139	568,957	439,017	490,108	416,609	601,292	612,823	472,232	500,126	557,083
State sources	15,977,505	18,587,145	20,540,165	19,816,041	20,849,007	22,224,133	23,196,629	25,037,696	25,823,795	26,240,330
Federal sources	1,779,415	1,819,326	1,374,962	1,382,634	1,391,022	1,412,385	1,337,067	1,228,913	1,217,006	1,421,187
Total revenue	86,270,858	89,067,072	89,031,206	88,776,398	90,835,259	96,892,953	100,892,243	101,785,174	104,111,816	106,306,961
Expenditures										
Instruction										
Regular Instruction	30,484,135	31,277,541	34,507,618	33,143,569	33,169,906	33,944,530	35,630,723	41,130,875	41,820,235	27,199,430
Special education instruction	12,342,341	11,966,246	12,734,860	13,100,162	13,762,862	14,445,520	15,039,938	10,559,175	10,728,069	7,709,567
Other instruction	3,262,333	3,301,696	3,582,539	2,933,164	3,482,093	3,708,410	3,399,493	3,495,268	3,160,636	2,345,824
Nonpublic school programs	195,449	203,155	172,750	157,033	169,623	200,447	211,020	196,355	220,140	186,422
Support Services:										
Tuition	2,357,797	2,322,438	1,837,754	2,002,297	2,146,011	2,167,769	2,187,105	2,271,409	1,641,104	1,579,523
Student & instruction related services	9,900,953	10,003,638	9,596,830	10,357,292	10,877,061	11,211,083	11,643,131	13,154,581	14,058,779	8,944,485
General administrative services	1,759,871	1,790,584	2,127,575	1,915,430	1,961,794	1,907,246	1,872,872	2,024,436	2,088,738	1,582,088
School Administrative services	4,578,766	4,745,110	5,671,913	5,534,629	5,635,859	5,942,388	6,094,720	6,280,594	6,377,101	4,145,824
Business administrative services	1,157,915	1,162,287	1,500,784	1,366,947	1,487,469	1,715,773	1,685,804	1,906,880	1,903,905	1,335,750
Plant operations and maintenance	8,127,879	7,232,758	7,482,966	8,762,802	8,490,966	8,615,602	8,223,459	8,630,659	10,199,365	8,225,778
Pupil transportation	5,789,421	4,947,471	5,119,521	5,264,514	5,432,651	5,471,156	5,653,980	6,007,250	6,070,587	4,490,046
Unallocated employee benefits	-	-	-	-	-	-	-	-	-	16,235,458
On Behalf TPAF Pension and Social Security Contributions	-	-	-	-	-	-	-	-	-	14,209,907
Charter Schools	-	45,809	75,237	-	-	-	-	-	-	-
Capital outlay	3,287,789	556,890	558,174	862,739	3,895,259	1,705,224	2,447,888	2,682,832	2,758,209	2,478,550
Debt service:										
Principal	3,155,000	3,385,000	3,510,000	4,105,000	4,235,000	4,375,000	4,465,000	3,570,000	3,650,000	3,745,000
Interest and other charges	1,656,841	1,379,785	1,264,963	510,673	400,325	280,731	211,250	151,235	99,716	35,933
Total expenditures	88,056,490	84,320,408	89,743,484	90,016,251	95,146,873	95,630,879	98,766,383	102,061,549	104,776,584	104,449,585
Excess (Deficiency) of revenues over (Under) expenditures	(1,785,632)	4,746,664	(712,278)	(1,239,853)	(4,311,614)	1,192,074	2,115,860	(276,375)	(664,768)	1,857,376
Other Financing sources (uses)										
Capital leases (non-budgeted)	349,062	349,686	459,396	166,310	-	573,714	591,300	605,500	619,460	742,155
Par amount of bonds	4,990,000	-	18,700,000	-	-	-	-	-	-	-
Original issue premium	289,424	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	(5,188,234)	-	(18,522,724)	-	-	-	-	-	-	-
Costs of issuance	(91,190)	-	-	-	-	-	-	-	-	-
ESIP Reimbursements	-	-	-	-	-	-	-	-	-	9,892
Transfers in	2,169,620	6,405	136,121	23,740	-	-	364	-	-	-
Transfers out	(2,034,620)	(6,405)	(136,121)	(23,740)	-	-	-	-	-	-
Total other financing sources (uses)	484,062	349,686	636,672	166,310	-	573,714	591,664	605,500	619,460	752,047
Net change in fund balances	\$ (1,301,570)	\$ 5,096,350	\$ (75,606)	\$ (1,073,543)	\$ (4,311,614)	\$ 1,765,798	\$ 2,707,524	\$ 329,125	\$ (45,308)	\$ 2,609,423
Debt service as a percentage of noncapital expenditures	5.7%	5.7%	5.4%	5.2%	5.1%	5.0%	4.9%	3.7%	3.7%	3.7%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Capital Reserve</u>	<u>Tuition</u> <u>Revenue</u>	<u>Rentals</u>	<u>Contributions</u>	<u>Student Fees</u>	<u>Misc.</u>	<u>Total</u>
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	606,909	89,619	94,626	123,799	281,679	1,201,041
2018	11,378	643	88,000	101,733	88,115	119,364	128,681	537,914
2019	66,007	4,161	93,066	120,252	18,414	103,191	214,760	619,851
2020	84,042	12,951	91,375	82,144	62,207	81,185	331,547	745,451

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 Year
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land		Residential		Farm Reg.		Ofarm		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)	
		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$						
2011	94,958,900	\$ 6,231,140,500	37,886,600	\$ 1,045,500	415,286,900	\$ 88,491,100	19,584,200	\$ 6,888,394,700	-	9,144,385	6,897,539,085	0.981	7,449,439,687													
2012	92,253,900	6,234,133,500	38,633,800	1,043,400	420,120,900	88,021,900	18,619,900	6,892,329,300	-	9,347,304	6,902,176,604	0.956	7,266,197,377													
2013	85,204,500	6,098,106,500	36,036,300	1,036,500	424,031,300	86,543,000	18,619,900	6,749,578,000	-	-	6,749,578,000	0.965	7,013,277,224													
2014	77,822,900	6,099,931,774	35,205,200	1,036,800	428,732,400	84,673,900	18,619,900	6,746,022,874	-	-	6,746,022,874	1.002	7,014,335,162													
2015	69,839,100	6,439,597,624	37,757,200	1,094,700	444,223,200	82,478,300	21,756,900	7,096,747,024	-	-	7,096,747,024	1.014	7,224,893,419													
2016	64,533,000	6,503,789,000	38,438,000	1,084,200	454,550,000	79,788,500	22,287,000	7,164,469,700	-	-	7,164,469,700	1.048	7,354,851,699													
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	-	-	7,172,392,700	1.045	7,458,811,044													
2018	75,738,300	6,514,545,800	37,119,700	993,300	457,853,700	80,779,900	22,287,000	7,189,317,700	-	-	7,189,317,700	1.063	7,647,396,766													
2019	72,740,400	6,536,377,400	37,138,400	986,900	465,915,800	80,779,900	16,162,900	7,210,101,700	-	-	7,210,101,700	1.082	7,989,685,860													
2020	73,126,400	6,527,605,100	37,138,400	976,900	465,659,300	80,779,900	13,253,900	7,198,738,900	-	-	7,198,738,900	1.083	8,014,823,105													

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

Note:

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

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

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100

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

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Marlboro Township Board of Education				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Service ^b	Total Direct	Freehold Regional School District	Marlboro Township	Library/Other	Monmouth County	
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
2018	1.021	0.042	1.063	0.458	0.379	0.010	0.317	2.227
2019	1.040	0.042	1.082	0.474	0.378	0.010	0.321	2.265
2020	1.040	0.043	1.083	0.473	0.393	0.022	0.297	2.268

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	2020			2011		
	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%	\$ 36,642,400	1	0.53%
Union Hill Nine	30,549,100	2	0.42%	30,549,100	2	0.44%
T M C Marlboro	22,500,000	3	0.31%	26,618,200	3	0.38%
American Plaza (Costco)	20,927,500	4	0.29%	-		
Marlboro Commons LLC	12,713,100	5	0.18%	-		
Marlboro Lowe's Retail Center	12,501,900	6	0.17%	15,147,900	4	0.22%
CRP Royal Pines, LLC	12,132,100	7	0.17%	15,041,100	5	0.22%
Brooks Edge Plaza, LLC	11,697,300	8	0.16%	14,952,400	6	0.22%
Marlboro Business Park LLC	11,043,800	9	0.15%	-		
Manzo Business Ventures LLC	9,046,000	10	0.13%	-		
Dave Marion Corporation	-			9,568,300	7	0.14%
Marlboro Plaza (Kohls)	-			9,522,200	8	0.14%
Sunrise Assisted Living	-			9,300,000	9	0.13%
Samuel Associates	-			8,802,000	10	0.13%
Total	\$ 188,953,900		2.62%	\$ 176,143,600		2.54%

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	
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%	-
2018	74,946,312	74,946,312	100.00%	-
2019	76,407,655	76,407,655	100.00%	-
2020	77,899,993	77,899,993	100.00%	-

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

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in 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		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases				
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	
2018	7,395,000	1,051,241	-	8,446,241	0.80%	67,250	
2019	3,745,000	1,187,570	-	4,932,570	1.38%	68,155	
2020	-	1,325,300	-	1,325,300	5.21%	69,073	

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-14 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

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
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
2018	7,395,000	-	7,395,000	0.10%	67,250
2019	3,745,000	-	3,745,000	0.05%	68,155
2020	-	-	-	N/A	69,073

- 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 Direct and Overlapping Governmental Activities Debt
As of June 30, 20120
Unaudited

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Marlboro Township	\$ 42,255,103	100.0000%	\$ 42,255,103
Other debt			
Marlboro Township Water Utility	28,346,192	100.0000%	28,346,192
Marlboro Township Recreation and Swim Utility	1,029,000	100.0000%	1,029,000
Western Monmouth Utility Authority	6,828,683	49.8160%	3,401,776
Freehold Regional High School	5,205,000	24.0708%	1,252,883
Monmouth County	557,986,966	6.2490%	34,868,349
Subtotal, overlapping debt			111,153,303
Marlboro Township School District Direct Debt			-
Total direct and overlapping debt			<u>\$ 111,153,303</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 districts boundaries and dividing it by each unit's total taxable value.

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2019

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 228,818,338	\$ 218,239,335	\$ 217,289,143	\$ 212,938,098	\$ 212,525,058	\$ 215,940,803	\$ 209,420,562	\$ 217,215,595	\$ 227,313,937	\$ 236,619,058
Total net debt applicable to limit	33,710,000	30,325,000	28,145,000	24,040,000	19,805,000	15,430,000	10,965,000	7,395,000	7,550,484	4,010,338
Legal debt margin	\$ 195,108,338	\$ 187,914,335	\$ 189,144,143	\$ 188,898,098	\$ 192,720,058	\$ 200,510,803	\$ 198,455,562	\$ 209,820,595	\$ 219,763,453	\$ 232,608,720
Total net debt applicable to the limit as a percentage of debt limit	14.73%	13.90%	12.95%	11.29%	9.32%	7.15%	5.24%	3.40%	3.32%	1.69%

Equalized valuation basis	
2020	\$ 8,014,823,105
2019	7,999,685,880
2018	7,647,396,766
[A]	\$ 23,661,905,751

Average equalized valuation of taxable property	[A/3]	\$ 7,887,301,917
Debt limit (3% of average equalization value)	[B]	236,619,058 ^a
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	\$ 236,619,058

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
2011	40,452	-	59,875	6.1%
2012	40,506	-	61,997	6.2%
2013	40,673	-	62,901	6.8%
2014	40,709	-	63,748	4.7%
2015	40,671	-	64,606	4.9%
2016	40,684	-	65,475	4.0%
2017	40,330	2,318,024,175	66,357	3.8%
2018	40,306	2,322,660,223	67,250	3.4%
2019	39,874	2,327,305,544	68,155	3.0%
2020	39,640	2,331,960,155	69,073	6.9%

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,

Current Year and Nine Years Ago

Unaudited

Exhibit J-15

Employer	2020			2011		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Marlboro Township Board of Education	823	1	n/a	847	1	n/a
Marlboro Township	275	2	n/a	225	4	n/a
Shop Rite	259	3	n/a	268	2	n/a
Kohls	224	4	n/a			
Costco	210	5	n/a			
Freehold Regional Board of Education	181	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			
Whole Foods Market	77	10	n/a			
Lowe's				161	5	n/a
Pathmark				137	6	n/a
Home Depot				117	7	n/a
Acme				102	8	n/a
Arrow Woven-Label, Inc				62	9	n/a
Century 21- Mack Morris Iris				55	10	n/a
	<u>2,479</u>		n/a	<u>2,206</u>		n/a

Source: Township Administration Office

Note: Percentage of total employment not available

OPERATING INFORMATION

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

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	342	341	340	350	319	325	330	369	348	347
Special education	141	142	141	129	101	109	108	66	60	60
Support Services:										
Student & instruction related services	120	120	120	128	167	169	182	178	175	176
General administrative services	8	8	8	8	8	9	8	8	8	8
School administrative services	37	37	37	37	37	37	37	42	42	42
Business administrative services	12	12	12	12	14	14	14	14	14	15
Plant operations and maintenance	79	79	83	81	88	88	90	88	88	88
Pupil transportation	91	90	90	90	91	91	99	91	87	87
Total	830	829	831	835	825	842	868	856	822	823

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
2011	5,836	\$ 79,956,860	13,701	-15.99%	502	1:23	1:24	5,753	5,530	-1.64%	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	10.97%	508	1:23	1:24	4,917	4,732	-4.51%	96.25%
2018	4,961	94,200,419	18,988	10.33%	504	1:23	1:24	4,861	4,644	-3.38%	95.54%
2019	4,863	98,268,659	20,207	12.93%	506	1:23	1:24	4,778	4,573	-2.83%	95.70%
2020	4,796	98,190,103	20,473	7.82%	507	1:23	1:24	4,763	4,624	-2.02%	97.08%

Sources: District records and Schedules J-4, J-16

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,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	438	424	400	366	379	394	398	248	237	212
Elementary										
Defino Central (1956)										
Square Feet	75,236	75,236	79,452	79,452	79,452	79,452	79,452	79,452	79,452	79,452
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	677	653	578	566	546	507	457	502	527	518
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	556	539	499	490	535	556	577	534	476	456
Marlboro Elementary (1970)										
Square Feet	72,050	72,050	74,129	74,129	74,129	74,129	74,129	74,129	74,129	74,129
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	585	536	551	520	517	473	471	512	497	457
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	625	616	633	634	620	587	592	572	497	456
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	717	690	669	642	620	572	546	598	642	623
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	1,115	1,124	1,132	1,142	1,105	1,077	1,031	1,059	1,058	995
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	1,093	1,069	1,048	1,018	963	939	925	901	845	800
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, 2020

- 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)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Defino Central Elementary	N/A	\$ 84,749	\$ 280,625	\$ 53,151	\$ 28,070	\$ 158,167	\$ 36,931	\$ 78,466	\$ 132,945	\$ 27,381	\$ 51,987
Frank Dugan Elementary	N/A	139,047	47,559	43,051	64,625	527,859	397,007	79,559	32,424	29,230	314,288
David C. Abbott Early Learning Center	N/A	52,896	76,101	71,417	24,967	33,120	38,664	79,978	31,595	20,385	33,736
Marlboro Elementary	N/A	56,691	96,752	35,738	120,542	32,632	29,061	83,644	116,040	32,506	78,836
Marlboro Memorial Middle School	N/A	111,029	54,374	86,669	153,591	91,475	24,334	107,463	22,484	185,685	189,520
Marlboro Middle School	N/A	130,569	616,552	142,134	139,900	94,582	159,413	284,385	174,036	270,866	731,692
Robertville Elementary	N/A	99,767	65,162	44,612	90,448	65,240	188,114	275,712	109,340	83,240	80,779
Asher Holmes Elementary	N/A	72,823	186,888	52,944	33,001	31,800	181,916	86,182	233,122	52,770	318,888
Total School Facilities		747,571	1,424,013	529,716	655,144	1,034,875	1,055,440	1,075,389	851,986	702,063	1,799,726
Other Facilities		257,468	32,622	31,201	42,380	328,703	53,948	84,605	27,852	25,579	51,386
Grand Total		\$ 1,005,039	\$ 1,456,635	\$ 560,917	\$ 697,524	\$ 1,363,578	\$ 1,109,388	\$ 1,159,994	\$ 879,838	\$ 727,642	\$ 1,851,112

**MARLBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Company	Type of Coverage	Coverage	Deductible
Utica	Property Blanket Building & Contents- Replacement Cost Values	\$ 188,111,309	\$ 5,000
Utica	Flood Earthquake	5,000,000 occ/ 5,000,000 agg.	50,000 25,000
Utica	General Liability		
	-Each Occurrence	1,000,000	-
	-General Aggregate	3,000,000	-
	-Prod/Completed Oper	3,000,000	-
	-Personal Injury	1,000,000	-
	-Fire Damage	1,000,000	-
	-Medical Expense Limit (Excluding students)	10,000	-
	-Employee Benefit Liability	1,000,000	1,000
	-Aggregate	3,000,000	-
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	500
Utica	Boiler & Machinery Coverage	188,111,309	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, 2020
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	49,201,012	N/A
	-Covered Payrolls-Non-Professional	5,216,767	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, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 19, 2021.

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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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

Toms River, New Jersey
December 13, 2019

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, 2020. 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, 2020.

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

Toms River, New Jersey
January 19, 2021

MARLBORO TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	Grant Period To
U.S. Department of Education							
General Fund:							
Medical Assistance Program (SEMI)	93.778	1805NJ5MAP	100-054-7540-211	Not Available	\$ 20,799	7/1/2018	6/30/2019
Medical Assistance Program (SEMI)	93.778	1805NJ5MAP	100-054-7540-211	Not Available	6,368	7/1/2018	6/30/2019
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	H027A190100	100-034-5065-016	FT FY 20	1,156,723	7/1/2019	6/30/2020
I.D.E.A. Part B Basic Regular, carryover	84.027	H027A180100	100-034-5065-016	FT FY 19	980,152	7/1/2018	6/30/2019
I.D.E.A. Part B Basic Regular, carryover	84.027	H027A170100	100-034-5065-016	FT FY 18	979,489	7/1/2017	6/30/2018
Subtotal for CFDA #84.027							
I.D.E.A. Part B Preschool	84.173	H173A180114	100-034-5065-020	FT FY 20	67,013	7/1/2019	6/30/2020
I.D.E.A. Part B Preschool, carryover	84.173	H173A180114	100-034-5065-020	FT FY 19	66,568	7/1/2018	6/30/2019
Subtotal for CFDA #84.173							
Total Special Education Cluster							
Title I,	84.010A	S010A190030	100-034-5064-194	ESSA FY 20	146,825	7/1/2019	6/30/2020
Title I, carryover	84.010A	S010A180030	100-034-5064-194	ESSA FY 19	156,877	7/1/2018	6/30/2019
Subtotal for CFDA #84.010A							
Title II A, Teacher Training & Recruiting	84.367A	S367A190029	100-034-5063-290	ESSA FY 20	72,288	7/1/2019	6/30/2020
Title II A, Teacher Training & Recruiting c/o	84.367A	S367A180029	100-034-5063-290	ESSA FY 19	72,893	7/1/2018	6/30/2019
Subtotal for CFDA #84.367A							
Title III, English Language Enhancement	84.365A	S365A190030	100-034-5064-187	ESSA FY 20	21,292	7/1/2019	6/30/2020
Title III, Immigrant, carryover	84.365A	S365A180030	100-034-5064-187	ESSA FY 19	20,653	7/1/2018	6/30/2019
Subtotal for CFDA #84.365A							
Title IV, Student Sup. & Academic Enrich.	84.424	S424A190031	100-034-5064	ESSA FY 20	10,000	7/1/2019	6/30/2020
Title IV, Student Sup. & Academic Enrich.	84.424	S424A180031	100-034-5064	ESSA FY 19	10,000	7/1/2018	6/30/2019
Subtotal for CFDA #84.424							
Total Special Revenue Fund							
U.S. Department of Agriculture Passed-Through State Department of Education:							
Enterprise Fund:							
Noncash Assistance:							
Food Donation Program (1)	10.555	201NJ304N1099	Unavailable	Not Available	134,497	7/1/2019	6/30/2020
Food Donation Program (1)	10.555	191NJ304N1099	Unavailable	Not Available	112,491	7/1/2018	6/30/2019
Cash Assistance:							
National School Lunch Program	10.555	201NJ304N1099	100-010-3350-028	Not Available	130,919	7/1/2019	6/30/2020
COVID-19 National School Lunch Program	10.555	201NJ304N1099	100-010-3350-028	Not Available	112,087	7/1/2019	6/30/2020
National School Lunch Program	10.555	191NJ304N1099	100-010-3350-028	Not Available	168,244	7/1/2018	6/30/2019
Subtotal for CFDA #10.555							
Total Child Nutrition Cluster							
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, 2020

SCHEDULE K-3

Balance at June 30,2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed to Sub- Recipients	Repayment of Prior Year's Balances	Balance at June 30, 2020		
						Accounts Receivable	Unearned Revenue	Due to Grantor
\$ -	\$ -	\$ 19,067	\$ (20,799)	\$ -	\$ -	\$ (1,732)	\$ -	\$ -
(65)	-	65	-	-	-	-	-	-
(65)	-	19,132	(20,799)	-	-	(1,732)	-	-
-	-	617,823	(980,501)	-	-	(362,678)	-	-
(44,773)	-	193,663	(148,890)	-	-	-	-	-
(46,064)	-	46,064	-	-	-	-	-	-
(90,837)	-	857,550	(1,129,391)	-	-	(362,678)	-	-
-	-	26,492	(35,867)	-	-	(9,375)	-	-
(3,603)	-	3,603	-	-	-	-	-	-
(3,603)	-	30,095	(35,867)	-	-	(9,375)	-	-
(94,440)	-	887,645	(1,165,258)	-	-	(372,053)	-	-
-	-	36,932	(140,740)	-	-	(103,808)	-	-
(103,639)	-	103,663	-	-	24	-	-	-
(103,639)	-	140,595	(140,740)	-	24	(103,808)	-	-
-	-	41,651	(71,881)	-	-	(30,230)	-	-
(18,814)	-	19,421	-	-	607	-	-	-
(18,814)	-	61,072	(71,881)	-	607	(30,230)	-	-
-	-	7,082	(19,452)	-	-	(12,370)	-	-
(16,429)	-	16,430	-	-	1	-	-	-
(16,429)	-	23,512	(19,452)	-	1	(12,370)	-	-
-	-	9,994	(9,994)	-	-	-	-	-
-	-	119	-	-	119	-	-	-
-	-	10,113	(9,994)	-	119	-	-	-
(233,322)	-	1,122,937	(1,407,325)	-	751	(518,461)	-	-
-	-	134,497	(109,325)	-	-	-	25,172	-
6,161	-	-	(6,161)	-	-	-	-	-
-	-	130,919	(130,919)	-	-	-	-	-
-	-	71,629	(112,087)	-	-	(40,458)	-	-
(10,318)	-	10,318	-	-	-	-	-	-
(10,318)	-	212,866	(243,006)	-	-	(40,458)	-	-
(4,157)	-	347,363	(358,492)	-	-	(40,458)	25,172	-
\$ (237,544)	\$ -	\$ 1,489,432	\$ (1,786,616)	\$ -	\$ 751	\$ (560,651)	\$ 25,172	\$ -

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, 2020

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2019		
			From	To	Unearned Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount
State Department of Education:							
General Fund:							
State Aid Public:							
Special Education Categorical Aid	495-034-5120-089	\$ 3,375,643	7/1/2019	6/30/2020	\$ -	\$ -	\$ -
Equalization Aid	495-034-5120-078	5,689,623	7/1/2019	6/30/2020	-	-	-
Security Aid	495-034-5120-084	349,448	7/1/2019	6/30/2020	-	-	-
Total State Aid Public					-	-	-
Transportation Aid	495-034-5120-014	1,189,069	7/1/2019	6/30/2020	-	-	-
Extraordinary Aid - Special Education	495-034-5120-044	479,207	7/1/2019	6/30/2020	-	-	-
Extraordinary Aid - Special Ed., carryover	495-034-5120-044	389,298	7/1/2018	6/30/2019	(389,298)	-	-
Other State Aid - Transportation Non-Pub	495-034-5120-014	16,360	7/1/2019	6/30/2020	-	-	-
Other State Aid - Transport. Non-Pub, carryover	495-034-5120-014	41,912	7/1/2018	6/30/2019	(41,912)	-	-
On-Behalf Teacher Pension and Annuity Fund	495-034-5094-002	8,243,648	7/1/2019	6/30/2020	-	-	-
On-Behalf Teacher Post Retirement - Medical	495-034-5094-001	3,058,242	7/1/2019	6/30/2020	-	-	-
On-Behalf Long-Term Disability	495-034-5094-004	7,475	7/1/2019	6/30/2020	-	-	-
Reimbursed TPAF Social Security	495-034-5094-003	2,900,542	7/1/2019	6/30/2020	-	-	-
Reimbursed TPAF Social Security, carryover	495-034-5094-003	2,870,886	7/1/2018	6/30/2019	(140,721)	-	-
Total General Fund		28,611,353			(571,931)	-	-
Special Revenue Fund							
N.J. Nonpublic Aid:							
Textbook	100-034-5120-064	15,760	7/1/2019	6/30/2020	-	-	-
Textbook	100-034-5120-064	15,432	7/1/2018	6/30/2019	-	1,780	-
Nursing	100-034-5120-070	30,361	7/1/2019	6/30/2020	-	-	-
Nursing	100-034-5120-070	29,585	7/1/2018	6/30/2019	-	683	-
Technology Aid	100-034-5120-373	10,764	7/1/2019	6/30/2020	-	-	-
Technology Aid	100-034-5120-373	10,404	7/1/2018	6/30/2019	-	691	-
Security Aid	100-034-5120-509	46,950	7/1/2019	6/30/2020	-	-	-
Security Aid	100-034-5120-509	45,750	7/1/2018	6/30/2019	-	1,680	-
Auxiliary Services Aid (Ch. 192):							
Compensatory Education	100-034-5120-067	38,937	7/1/2019	6/30/2020	-	-	-
English as a second language	100-034-5120-067	1,654	7/1/2019	6/30/2020	-	-	-
English as a second language	100-034-5120-067	4,314	7/1/2018	6/30/2019	-	2,588	-
Transportation	100-034-5120-068	7,325	7/1/2019	6/30/2020	-	-	-
Handicap Services (Ch. 193):							
Exam and Classification	100-034-5120-066	32,886	7/1/2019	6/30/2020	-	-	-
Exam and Classification	100-034-5120-066	35,490	7/1/2018	6/30/2019	-	1,273	-
Supplemental Instruction	100-034-5120-066	27,522	7/1/2019	6/30/2020	-	-	-
Corrective Speech	100-034-5120-066	15,494	7/1/2019	6/30/2020	-	-	-
Corrective Speech	100-034-5120-066	16,963	7/1/2018	6/30/2019	-	4,464	-
Total Special Revenue Fund		385,591			-	13,159	-
Debt Service Fund							
Debt Service Aid	495-034-5120-075	687,705	7/1/2019	6/30/2020	-	-	-
Total Debt Service Fund		687,705			-	-	-
Enterprise Fund							
National School Lunch Program (State Share)	100-010-3350-023	13,832	7/1/2019	6/30/2020	-	-	-
National School Lunch Program (State Share)	100-010-3350-023	12,836	7/1/2018	6/30/2019	(776)	-	-
Total Enterprise Fund		26,668			(776)	-	-
Total State Awards		\$ 29,711,317			\$ (572,707)	\$ 13,159	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination:							
On-Behalf Teacher Pension and Annuity Fund	495-034-5094-002	8,243,648	7/1/2019	6/30/2020			
On-Behalf Teacher Post Retirement - Medical	495-034-5094-001	3,058,242	7/1/2019	6/30/2020			
On-Behalf Long-Term Disability Insurance	495-034-5094-004	7,475	7/1/2019	6/30/2020			
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, 2020

Cash Received	Budgetary Expenditures	Passed Through to Subrecipients	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2020			MEMO	
				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ 3,375,643	\$ (3,375,643)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,872	\$ 3,375,643
5,689,623	(5,689,623)	-	-	-	-	-	562,738	5,689,623
349,448	(349,448)	-	-	-	-	-	34,563	349,448
<u>9,414,714</u>	<u>(9,414,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>931,173</u>	<u>9,414,714</u>
1,189,069	(1,189,069)	-	-	-	-	-	117,606	1,189,069
-	(479,207)	-	-	(479,207)	-	-	-	479,207
389,298	-	-	-	-	-	-	-	-
-	(16,360)	-	-	(16,360)	-	-	-	16,360
41,912	-	-	-	-	-	-	-	-
8,243,648	(8,243,648)	-	-	-	-	-	-	8,243,648
3,058,242	(3,058,242)	-	-	-	-	-	-	3,058,242
7,475	(7,475)	-	-	-	-	-	-	7,475
2,757,528	(2,900,542)	-	-	(143,014)	-	-	-	-
140,721	-	-	-	-	-	-	-	-
<u>25,242,607</u>	<u>(25,309,257)</u>	<u>-</u>	<u>-</u>	<u>(638,581)</u>	<u>-</u>	<u>-</u>	<u>1,048,779</u>	<u>22,408,715</u>
15,760	(10,273)	-	-	-	-	5,487	-	(10,273)
-	-	-	(1,780)	-	-	-	-	-
30,361	(24,562)	-	-	-	-	5,799	-	(24,562)
-	-	-	(683)	-	-	-	-	-
10,764	(8,633)	-	-	-	674	2,131	-	(8,633)
-	-	-	(691)	-	-	-	-	-
46,950	(41,977)	-	-	-	-	4,973	-	(41,977)
-	-	-	(1,680)	-	-	-	-	-
35,043	(31,636)	-	-	(3,894)	-	7,301	-	(31,636)
1,489	(827)	-	-	(165)	-	827	165	(827)
-	-	-	(2,588)	-	-	-	-	-
6,592	(7,325)	-	-	(733)	-	-	-	(7,325)
29,598	(24,526)	-	-	(3,288)	-	8,360	-	(24,526)
-	-	-	(1,273)	-	-	-	-	-
24,770	(23,475)	-	-	(2,752)	-	4,047	-	(23,475)
13,945	(10,937)	-	-	(1,549)	-	4,557	-	(10,937)
-	-	-	(4,464)	-	-	-	-	-
<u>215,272</u>	<u>(184,171)</u>	<u>-</u>	<u>(13,159)</u>	<u>(12,381)</u>	<u>674</u>	<u>43,482</u>	<u>165</u>	<u>(184,171)</u>
<u>687,705</u>	<u>(687,705)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(687,705)</u>
<u>687,705</u>	<u>(687,705)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(687,705)</u>
9,986	(13,832)	-	-	(3,846)	-	-	-	(13,832)
776	-	-	-	-	-	-	-	-
<u>10,762</u>	<u>(13,832)</u>	<u>-</u>	<u>-</u>	<u>(3,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,832)</u>
<u>\$ 26,156,346</u>	<u>(26,194,965)</u>	<u>\$ -</u>	<u>\$ (13,159)</u>	<u>\$ (654,808)</u>	<u>\$ 674</u>	<u>\$ 43,482</u>	<u>\$ 1,048,944</u>	<u>\$ 21,523,007</u>

8,243,648
 3,058,242
 7,475
\$ (14,885,600)

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

**MARLBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020**

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, 2020. 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, 2020.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more 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 \$56,946 for the general fund and (\$4,686) 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	\$ 20,799	\$ 25,366,203	\$ 25,387,002
Special Revenue Fund	1,400,388	186,422	1,586,810
Debt Service Fund	-	687,705	687,705
Food Service Fund	358,492	13,832	372,324
Total Awards & Financial Assistance	<u>\$ 1,779,679</u>	<u>\$ 26,254,162</u>	<u>\$ 28,033,841</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, 2020.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	<u> </u> yes	<u> X </u> 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>H027A160100</u>	Special Education Cluster:
<u>84.173</u>	<u>H173A160114</u>	<u>I.D.E.A. Part B</u>
		<u>I.D.E.A. Preschool</u>

Dollar threshold used to determine Type A programs	\$	<u>750,000.00</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no

**MARLBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	<u>750,000.00</u>
Auditee qualified as low-risk auditee?	<u>X</u> yes	_____ no
Internal control over major programs:		
1) Material weakness(es) identified?	_____ yes	<u>X</u> no
2) Significant deficiency(ies) identified?	_____ yes	<u>X</u> none reported
Type of auditor's report issued on compliance for major programs	_____	Unmodified

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Public:
495-034-5120-089	_____
495-034-5120-084	Special Education Categorical Aid
495-034-5120-078	_____
_____	Security Aid
_____	_____
_____	Equalization Aid
_____	_____
_____	_____

**MARLBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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.

**MARLBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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 Principals, 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
YEAR ENDED JUNE 30, 2020**

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 Principals, 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.