

SCHOOL DISTRICT

OF

MATAWAN-ABERDEEN REGIONAL



MATAWAN-ABERDEEN REGIONAL BOARD OF EDUCATION
MATAWAN, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**MATAWAN-ABERDEEN REGIONAL
BOARD OF EDUCATION**

MATAWAN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

PREPARED BY

**MATAWAN-ABERDEEN REGIONAL BOARD OF EDUCATION
FINANCE DEPARTMENT**

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	1 to 6.
Organizational Chart	7.
Roster of Officials	8.
Consultants and Advisors	9.

FINANCIAL SECTION

Independent Auditor's Report	10 & 11.
------------------------------	----------

Required Supplementary Information – Part I

Management's Discussion and Analysis	12 to 17.
--------------------------------------	-----------

Basic Financial Statements

A. District-wide Financial Statements:

A-1 Statement of Net Assets	18.
A-2 Statement of Activities	19 & 20.

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	21.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22 & 23.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24.

Proprietary Funds:

B-4 Statement of Net Assets	25.
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	26.
B-6 Statement of Cash Flows	27.

Fiduciary Funds:

B-7 Statement of Fiduciary Net Assets	28.
B-8 Statement of Changes in Fiduciary Net Assets	29.

Notes to Financial Statements	30 to 48.
-------------------------------	-----------

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	49 to 60.
C-1a Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	61.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	62.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	63 to 65.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	66.
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	67.
E-6 Schedule of Targeted-at-Risk (TARA) Aid – Budgetary Basis	68.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance	69.
F-1a Summary Schedule of Revenues, Expenditures, Project Balance, And Project Status – Strathmore Elementary School	70.
F-1b Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Ravine Drive School	71.
F-1c Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Lloyd Road School	72.
F-1d Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Cliffwood Elementary School	73.
F-1e Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Unallocated	74.
F-1f Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Matawan Avenue Middle School	75.
F-1g Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – High School	76.
Proprietary Fund:	
G. Enterprise Fund:	
G-1 Combining Statement of Net Assets	77.
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	78 & 79.
G-3 Combining Statement of Cash Flows	80.
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	81.
H-2 Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	82.
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	83.
H-4a Summer Payroll – Schedule of Receipts and Disbursements	N/A
H-5 Miscellaneous Trust Funds – Schedule of Receipts and Disbursements	84.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	85.
I-1a Schedule of Loans Payable	N/A
I-2 Schedule of Obligations under Capital Leases	86.
I-3 Debt Service Fund Budgetary Comparison Schedule	87.
 STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Assets by Component	88.
J-2 Changes in Net Assets	89 & 90.
J-3 Fund Balances – Governmental Funds	91.
J-4 Changes in Fund Balances – Governmental Funds	92.
J-5 General Fund Other Local Revenue by Source	93.
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	94 & 95.
J-7 Direct and Overlapping Property Tax Rates	96.
J-8 Principal Property Taxpayers*	97.
J-9 Property Tax Levies and Collections	98.
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	99.
J-11 Ratios of General Bonded Debt Outstanding	100.
J-12 Direct and Overlapping Governmental Activities Debt	101.
J-13 Legal Debt Margin Information	102.
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	103.
J-15 Principal Employers	104.
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	105.
J-17 Operating Statistics	106.
J-18 School Building Information	107.
J-19 Schedule of Required Maintenance Expenditures by School Facility	108.
J-20 Insurance Schedule	109.

*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

Page

SINGLE AUDIT SECTION

K-1	Report on Compliance and 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	110 & 111.
K-2	Report on Compliance with Requirements Applicable to Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	112 & 113.
K-3	Schedule of Expenditures of Federal Awards, Schedule A	114.
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	115.
K-5	Notes to Schedules of Awards and Financial Assistance	116 & 117.
K-6	Schedule of Findings and Questioned Costs	118 to 121.
K-7	Summary Schedule of Prior Audit Findings	122 & 123.

INTRODUCTORY SECTION

Matawan-Aberdeen Regional School District

OFFICE OF THE BUSINESS ADMINISTRATOR/BOARD SECRETARY

Dr. O'Malley
Superintendent of Schools

One Crest Way, Aberdeen, New Jersey 07747
(732) 705-4017 FAX (732) 290-0553
siron@marsd.k12.nj.us

Susan Irons
School Business Administrator
Board Secretary

August 1, 2008

Honorable President and
Members of the Board of Education
Matawan-Aberdeen Regional School District
Aberdeen, New Jersey 07747

Dear Board Members/Citizens:

The comprehensive annual financial report of the Matawan-Aberdeen Regional School District for the fiscal year ended June 30, 2008 is hereby submitted. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Matawan-Aberdeen Regional School District Board of Education. To the best of our knowledge and belief, the data presented in the auditor's 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 various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act and the U. S. Office of Management and Budget Circular A- 133, Audits of State and Local Governments, and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

Matawan-Aberdeen Regional School District is an independent reporting entity within the criteria adopted by G.A.S.B. (Governmental Accounting Standards Board) established by Statement No. 14. All funds and account groups of the District are included in this report. The Matawan-Aberdeen Regional School Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 12. These include regular, vocational and special needs students in and out of District. The District provides a variety of after school activities which include band, chorus, computer club, interscholastic and extra-curricular activities. The District provides transportation for children required by law and also provides subscription bussing, which allows the District to charge parents.

The District completed the 2007-2008 fiscal year with an enrollment of 3,733 students. The following details the changes in the student enrollment of the District over a five year period.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2007-2008	3,733	(1.43%)
2006-2007	3,787	(1.02%)
2005-2006	3,826	(1.77%)
2004-2005	3,849	0.16%
2003-2004	3,843	1.32%

2. ECONOMIC CONDITION & OUTLOOK:

The Township of Aberdeen and the Borough of Matawan are located in the center of New Jersey, in the northern part of Monmouth County and are halfway between New York and Philadelphia. Within a forty-five minute drive to the north and east is the Manhattan Borough in New York City. Taking a westerly route, the semi-rural areas of New Jersey are a similar drive away. These municipalities are located near one of New Jersey's largest commercial/industrial areas as well as close proximity to plane, highway, and public transportation access.

These municipalities are almost completely developed and are primarily residential communities. The Garden State Parkway, which passes through the District, provides access to all parts of the State because of its connections with the New Jersey Turnpike, which is in close proximity. A station operated by the New Jersey Transit located in the Borough of Matawan provides commercial and mass transit rail service.

There is an active degree of participation by parents and community members with the school system including making the facilities available for the recreation programs, Boys Scouts and Girls Scouts.

3. MAJOR INITIATIVES:

Many professional development activities were accomplished in the 2007-2008 school year. Many workshops were presented during the year. These workshops support the focus of federal and state mandated use of technology as well as the implementation of core curriculum standards for both regular and special education. Matawan-Aberdeen Regional School District is also a member of a number of networks and consortiums, which provide professional development on a shared-cost basis.

The District implemented the (RtI) initiative. This is an instructional framework designed to provide interventions for students experiencing academic difficulty. This program provides interventions that are designed to meet the needs of the individual student with greater intensity and in smaller groups as the student moves up in intervention level.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure 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 (G.A.A.P.). An internal control structure 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.

The Matawan- Aberdeen Regional School District Board of Education hired a new Business Administrator and later in the 2007-2008 year hired a new Superintendent of Schools. As evidenced by the significant number and type of findings in the auditor's management report for the 2006-2007 annual audit, the new Business Administrator determined that the internal control structure required significant review. A plan of corrective action was prepared and implemented. The 2007-2008 auditors' management report reflects the successful implementation of the corrective actions, as the number of auditor recommendations decreased from eighteen to six. We are pleased to report that the requisite corrective actions were fully implemented during the 2007-2008 school year, as evidenced by the elimination of the majority of the auditor recommendations from this report.

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

As part of the District single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance program, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary 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 fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as a reappropriation of fund balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2008.

Budgetary controls are part of a school district's complete internal control structure. As noted in item 4, problems noted at the time the Business Administrator was hired have been fully addressed to the satisfaction of the district's independent auditor.

6. ACCOUNTING SYSTEM AND REPORTS:

A District's accounting records must reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

An effective and efficient system of internal controls is essential to accurate, timely reporting of all relevant transactions on an accounting system and the resultant administrative and external reports generated from that system. The deficiencies noted in the 2006-2007 audit relating to the production of the external reports were substantially addressed in the 2007-2008 school year and noted in the 2007-2008 annual audit.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibilities for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2008 and the amount and percentage of increase (decrease) in relation to the prior year.

Revenue	2007-08 Amount	Percent of Total	Increase (Decrease) From 2006-07	Percent of Increase (Decrease)
General Fund	\$61,955,221	93.64%	\$1,387,905	2.29%
Special Revenue				
Fund	1,696,747	2.58%	116,907	7.40%
Debt Service	<u>2,497,031</u>	<u>3.78%</u>	<u>673</u>	0.02%
Total	\$66,148,999	100.00%	\$1,505,485	

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2008 and the amount and percentage of increase (decrease) in relation to the prior year.

Expenditures	2007-08 Amount	Percent of Total	Increase (Decrease) From 2006-07	Percent of Increase (Decrease)
Current Expense	\$61,110,348	91.40%	\$2,011,440	3.40%
Capital Outlays	1,336,591	1.99%	(2,030,705)	(60.31%)
Special Schools	112,594	0.17%	40,820	56.87%
Special Revenues	1,722,443	2.58%	142,603	9.03%
Capital Projects	84,235	0.13%	(35,212)	(29.48%)
Debt Service	<u>2,491,716</u>	<u>3.73%</u>	<u>(4,641)</u>	<u>(0.19%)</u>
Totals	\$66,857,927	100.00%	\$124,305	

8. DEBT ADMINISTRATION:

At June 30, 2008, the District's outstanding debt issues included:

\$ 3,855,000	Series 2002 - Taxable
25,010,000	Series 2003
<u>1,138,420</u>	NJ EDA Loan
30,003,420	

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

The District utilizes Bank of America as its main depository for district funds. The District also deposits in the State of New Jersey Cash Management Account.

10. RISK MANAGEMENT:

The District maintains a comprehensive insurance program, including but not limited to blanket building and contents property insurance, general liability, automobile liability and comprehensive/collision, umbrella liability and worker's compensation. Annual reviews of the entire program are done in order to evaluate potential insurance changes. A schedule of insurance coverage is found in Schedule J-20.


11. OTHER INFORMATION:

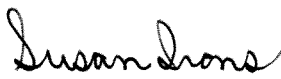
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Education selected the accounting firm of Robert A. Hulsart & Company, CPAs. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A- 133 and New Jersey OMB's Circular 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

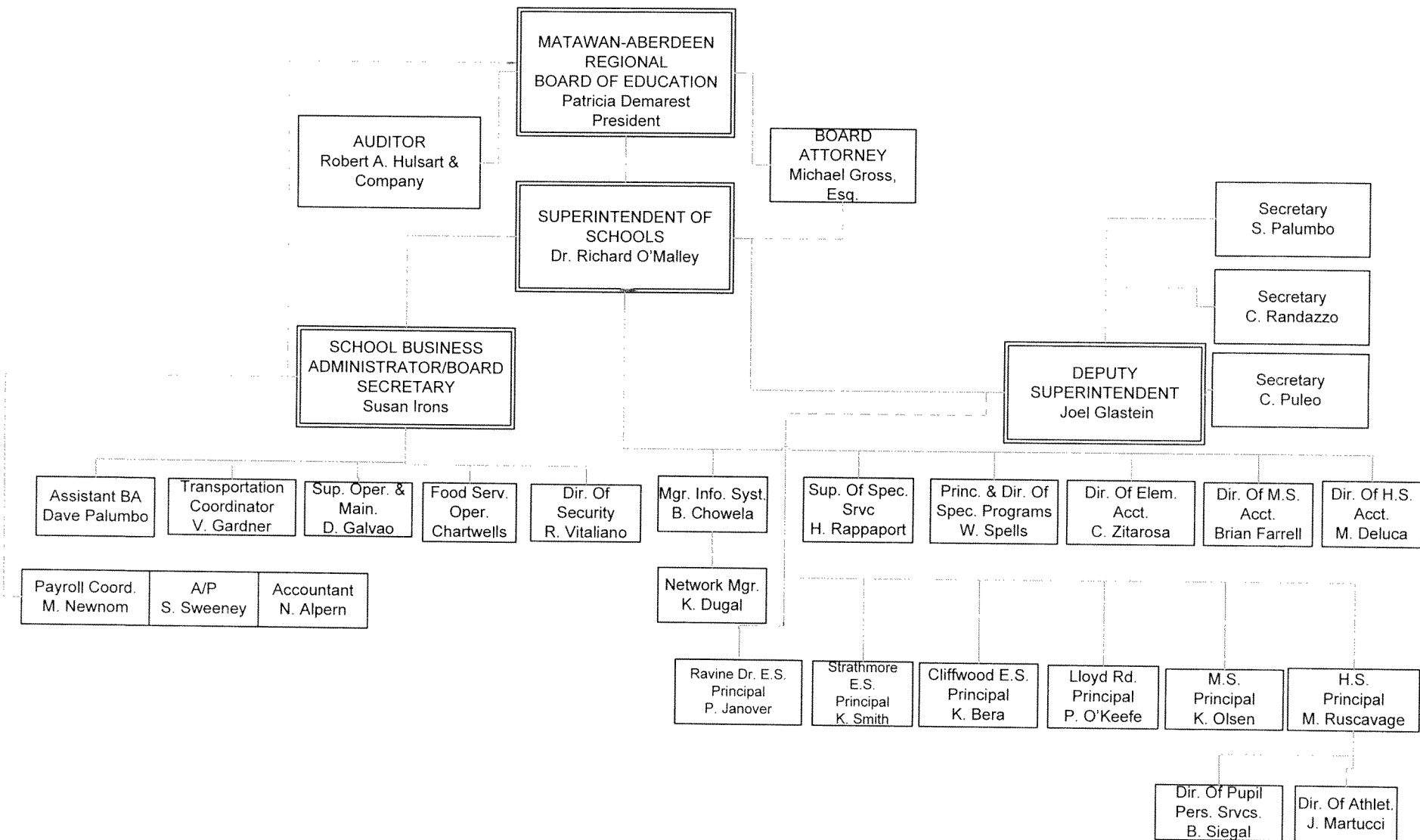
We would like to express our appreciation to the members of the Matawan-Aberdeen Regional School District Board of Education for its concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Richard O'Malley, Ed. D
Superintendent of Schools



Susan Irons
Business Administrator/Board Secretary



MATAWAN-ABERDEEN REGIONAL BOARD OF EDUCATION

MATAWAN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2008

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Patricia Demarest, President	2009
Jan Rubino, Vice-President	2011
Charles Kenny, Esquire	2011
John Barbato	2009
Gerald Donaghue	2009
Thomas Gambino, Ed.D	2010
Catherine Zavorskas	2010
Lawrence O'Connell	2010
Martin Ruprecht	2011
<u>Other Officials</u>	
Richard O'Malley, Ed.D	
Joel M. Glastein, Deputy Superintendent	
Kimberly Honnick, Assistant Superintendent	
Susan A. Irons, Board Secretary/Business Administrator	
Kenneth Jannarone, Treasurer	
Michael Gross, Esquire	

MATAWAN-ABERDEEN REGIONAL BOARD OF EDUCATION

MATAWAN, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2008

Auditor/Audit Firm

Robert A. Hulsart and Company
2807 Hurley Pond Road
P.O. Box 1409
Wall, New Jersey 07719

Attorney

Kenney, Gross, Kovats and Pruchnik
130 Maple Avenue
P.O. Box 8610
Red Bank, New Jersey 07701

Official Depository

Bank of America
140 Main Street
Matawan, New Jersey 07747

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888

e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
 of the Board of Education
 Matawan-Aberdeen Regional School District
 County of Monmouth
 Matawan, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Matawan-Aberdeen Regional School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Matawan-Aberdeen Regional Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Matawan-Aberdeen Regional Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2008, on our consideration of the Matawan-Aberdeen Regional Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this 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 internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Matawan-Aberdeen Regional Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

August 1, 2008

REQUIRED SUPPLEMENTARY INFORMATION
PART I

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2008

This section of the Matawan-Aberdeen Regional School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2007-2008) and the prior fiscal year (2006-2007) is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The District-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

The statement of net assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or fiduciary.

Governmental funds – are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, unlike the District-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the District-wide financial statements, it is useful to compare the information presented for governmental funds with similar statements. By so doing, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual government funds: the general fund, special revenue fund, capital projects fund and debt service fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary funds – The District maintains two proprietary fund types, an enterprise fund and an internal service fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing the goods or services be financed through user charges. Included in the enterprise fund are the Food Services, Television Studio and Summer Theater operations. The internal service fund consists of a self-funded optical reimbursement plan that the District offers employees and a discontinued self-funded workers' compensation insurance fund. The basic proprietary fund statements can be found as Exhibits B-4 through B-6.

Fiduciary funds - are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the District-wide financial statement because the resources of those funds are not available to support the District's own programs. The District uses trust and agency funds to account for resources held for student activities and groups and for payroll transactions. The basic fiduciary fund statements can be found as Exhibit B-7.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found after the fund statements in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2007-2008 fiscal year include the following:

- The local tax levy increased from 2006-2007 by \$1,055,548 to \$43,449,970 due primarily to the overall increase in the District's general fund budget.
- On a budgetary basis, the unreserved, undesignated general fund balance increased \$294,938. As in prior years, the District was not permitted to record the 2007-2008 final state aid payment as a receivable or revenue in this fiscal year. The final state aid payment was received in July 2008 for \$558,228. If recording of this had been permitted the unreserved, undesignated general fund balance would have been reflected as \$1,401,011.
- Total spending for all programs excluding capital projects fund was \$66,773,692 including a charge of \$531,091 for depreciation. General revenues (primarily local tax levy and state aid) were adequate to provide for the balance of these programs, exclusive of the charge for depreciation.
- In February 2003, the District sold \$25.96 million in school bonds. For the fiscal year 2007-2008, the investment of the bonds produced \$17,721 of interest income. A District is permitted to allocate this income for general fund use or for debt service. The District made the election to record the interest income into the general fund.
- Capital leases at June 30, 2007 and 2008 respectively were \$1,939,099 and \$1,119,707. The average interest rate is 4.64%.

District –wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net assets:

	Governmental Activities	Business-type Activities	2007-2008 Totals	2006-2007 Totals
Current and other assets	\$3,320,185	\$48,596	\$ 3,278,781	\$26,916,410
Capital assets, net	47,066,592	99,449	47,166,041	47,428,390
Total assets	\$50,296,777	\$148,405	\$50,444,822	\$74,344,800
Long-term liabilities outstanding	\$ 32,750,568	-	\$32,750,568	\$34,806,505
Other liabilities	336,026	\$48,069	384,095	23,734,294
Total liabilities	\$33,086,594	\$48,069	\$33,134,663	\$58,540,799
Net assets:				
Investment in capital assets, net	\$15,943,464	\$99,449	\$16,042,913	\$14,276,135
Restricted	2,055,338	-	\$ 2,055,338	2,932,669
Unrestricted	(788,619)	487	(788,132)	(1,404,802)
Total net assets	\$17,210,183	\$99,936	\$17,310,119	\$15,804,002

The District's largest net asset is the restricted portion of the net assets shown above. Restricted assets represent resources that are subject to external restrictions on how they may be used. Within this category, the capital project fund encumbrances and reserved fund balance that relates to the \$36,847,000 referendum dated September 24, 2002 is \$11,276. These funds are legally restricted to provide for the construction and renovations at the District's high school, middle school and four elementary schools.

The District's investment in capital assets is shown net of any related debt used to acquire those assets.

The unrestricted net assets shows a negative balance largely due to the debt remaining on the 1993 Early Retirement Incentive Program that the District participated in. This is a District liability with no corresponding asset, therefore creating a negative net asset. The remaining negative balance is attributable to the liability for compensated absences.

The following table provides a summary of revenues and expenses for the District's governmental and business-type activities and the change in net assets from the prior year:

	Government Activities	Business- type Activities	2007-2008 Totals	2006-2007 Totals
Revenues:				
Program revenues				
Charges for services		1,036,037	1,036,037	1,194,998
Operating grants and contributions	1,696,747	411,702	2,108,449	1,306,746
Capital grants and contributions	-	-	-	-
General revenues				
Property taxes	43,449,970	-	43,449,970	42,394,422
Taxes levied for debt service	2,427,268	-	2,427,268	2,426,945
Federal and State aid not restricted	18,015,034	-	18,015,034	18,346,404
Tuition Received	83,724	-	83,724	-
Miscellaneous income	277,801	-	277,801	239,679
Investment Earnings	209,731	-	209,731	258,344
Total revenues	66,160,275	1,447,739	67,608,014	66,167,538
Expenses:				
Instructional Services	24,018,507	-	24,018,507	33,187,018
Support services/undistributed costs	38,787,474	1,471,896	40,259,370	29,782,410
Special Schools	112,594	-	112,594	71,774
Interest on long term debt	1,248,209	-	1,248,209	1,386,508
Unallocated Depreciation	531,091	-	531,091	5,538
Total expenses	64,697,875	1,471,896	66,169,771	64,433,248
Change in net assets	1,462,400	(24,157)	1,438,243	1,734,291
Net assets – beginning	15,671,016	132,985	15,804,001	14,069,711
Adjustment of beginning net assets	76,767	10,942	87,709	
Reclassification to fiduciary funds		(19,834)		
Net assets – ending	17,210,183	99,936	17,310,119	15,804,002

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised solely of the June 30, 2007 encumbrances, which 'roll-over' into the subsequent year's budget (2007-2008) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2007-2008 budget.

Capital Assets

At June 30, 2008 the District had capital assets of over \$30 million. This is comprised of: Buildings - \$26,632,377, Machinery and equipment - \$5,278,221 and Site Improvements of - \$362,614.

Economic Factors and Next Year's Budget

Due to the economic condition in the State of New Jersey funding from the State for the current year remained at or slightly above the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst districts, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the taxpayers of Aberdeen Township and Matawan Borough.

Contacting the District's Financial Management

The District's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report can be addressed to Ms. Susan Irons, Business Administrator/Board Secretary, Matawan-Aberdeen Regional School District, 1 Crest Way, Aberdeen, NJ 07747 or at (732) 705-4016.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT**STATEMENT OF NET ASSETS****Exhibit A-1****JUNE 30, 2008**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 472,989	(3,845)	469,144
Receivables, Net	401,483	39,441	440,924
Inventory		13,000	13,000
Restricted Assets:			
Cash and Cash Equivalents	2,332,941		2,332,941
Capital Reserve Account - Cash	22,772		22,772
Capital Assets, Net (Note 1)	47,066,592	99,449	47,166,041
Total Assets	<u>50,296,777</u>	<u>148,045</u>	<u>50,444,822</u>
<u>Liabilities</u>			
Accounts Payable	4,560	40,229	44,789
Deferred Revenue	331,466	7,840	339,306
Noncurrent Liabilities (Note 3):			
Due Within One Year	1,637,600		1,637,600
Due Beyond One Year	31,112,968		31,112,968
Total Liabilities	<u>33,086,594</u>	<u>48,069</u>	<u>33,134,663</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	15,943,464	99,449	16,042,913
Restricted For:			
Debt Service	5,315		5,315
Capital Projects	337,047		337,047
Special Revenue	(25,696)		(25,696)
Other Purposes	1,738,672		1,738,672
Unrestricted	<u>(788,619)</u>	<u>487</u>	<u>(788,132)</u>
Total Net Assets	<u>\$ 17,210,183</u>	<u>99,936</u>	<u>17,310,119</u>

The accompanying notes to financial statements are an integral part of this statement.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit A-2

Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
					<u>Total</u>
Governmental Activities:					
Instruction:					
Regular	\$ 18,538,833		1,246,170	(17,292,663)	(17,292,663)
Special Education	2,608,139			(2,608,139)	(2,608,139)
Other Special Instruction	1,896,463			(1,896,463)	(1,896,463)
Other Instruction	975,072			(975,072)	(975,072)
Support Services:					
Tuition	4,843,586			(4,843,586)	(4,843,586)
Student & Instruction Related Services	5,215,226		448,989	(4,766,237)	(4,766,237)
School Administrative Services	1,014,565			(1,014,565)	(1,014,565)
General and Business Administrative Services	3,397,182			(3,397,182)	(3,397,182)
Plant Operations and Maintenance	5,473,257			(5,473,257)	(5,473,257)
Pupil Transportation	2,654,973			(2,654,973)	(2,654,973)
Unallocated Benefits	16,188,685		1,588	(16,187,097)	(16,187,097)
Interest on Long-Term Debt	1,248,209			(1,248,209)	(1,248,209)
Summer School	112,594			(112,594)	(112,594)
Unallocated Depreciation	531,091			(531,091)	(531,091)
Total Government Activities	<u>64,697,875</u>	<u>-</u>	<u>1,696,747</u>	<u>(63,001,128)</u>	<u>(63,001,128)</u>
Business-Type Activities:					
Food Service	<u>1,471,896</u>	<u>1,036,037</u>	<u>411,702</u>		<u>(24,157)</u>
Total Primary Government	<u>\$ 66,169,771</u>	<u>1,036,037</u>	<u>2,108,449</u>	<u>(63,001,128)</u>	<u>(63,025,285)</u>

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTExhibit A-2
Sheet 2 of 2**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2008**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Expenses</u>					
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net			\$ 43,449,970		43,449,970
Taxes Levied for Debt Service			2,427,268		2,427,268
Federal and State Aid Not Restricted			18,015,034		18,015,034
Tuition Received			83,724		83,724
Investment Earnings			209,731		209,731
Miscellaneous Income			185,769		185,769
Other			92,032		92,032
Total General Revenues, Special Items, Extraordinary Items and Transfers			64,463,528	-	64,463,528
Change in Net Assets			1,462,400	(24,157)	1,438,243
Adjustment Of Beginning Net Assets			76,767	10,942	87,709
Reclassification To Fiduciary Funds				(19,834)	(19,834)
Net Assets - Beginning			15,671,016	132,985	15,804,001
Net Assets - Ending			\$ 17,210,183	99,936	17,310,119

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 2,211,661	263,403	348,323	5,315	2,828,702
Receivables from Other Governments	401,483				401,483
Interfund Receivable	13,394				13,394
Total Assets	<u>\$ 2,626,538</u>	<u>263,403</u>	<u>348,323</u>	<u>5,315</u>	<u>3,243,579</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ 3,962	598			4,560
Interfund Payable	-	2,118	11,276		13,394
Deferred Revenue	45,083	286,383			331,466
Total Liabilities	<u>49,045</u>	<u>289,099</u>	<u>11,276</u>	<u>-</u>	<u>349,420</u>
Fund Balance:					
Reserved for:					
Encumbrances	13,569				13,569
Designated for Subsequent Years Expenditures			337,047		337,047
Designated for Subsequent Years Expenditures -					
Excess Surplus	1,292,837				1,292,837
Excess Surplus	405,532				405,532
Capital Reserve Account	22,772				22,772
Unreserved, Reported In:					
General Fund	842,783				842,783
Debt Service Fund				5,315	5,315
Special Revenue Fund		(25,696)			(25,696)
Total Fund Balances	<u>2,577,493</u>	<u>(25,696)</u>	<u>337,047</u>	<u>5,315</u>	<u>2,894,159</u>
Total Liabilities and Fund Balance	<u>\$ 2,626,538</u>	<u>263,403</u>	<u>348,323</u>	<u>5,315</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$70,956,133 and the accumulated depreciation is \$23,889,541

47,066,592

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(32,750,568)

Net assets of governmental activities

\$ 17,210,183

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit B-2

Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 43,449,970			2,427,268	45,877,238
Tuition Charges	83,724				83,724
Transportation Fees	92,032				92,032
Interest on Capital Reserve	250		11,276		11,526
Miscellaneous	383,974	12,532			396,506
Total Local Sources	44,009,950	12,532	11,276	2,427,268	46,461,026
State Sources	17,945,271	528,044		69,763	18,543,078
Federal Sources		1,156,171			1,156,171
Total Revenues	61,955,221	1,696,747	11,276	2,497,031	66,160,275
<u>Expenditures</u>					
Current:					
Regular Instruction	17,319,473	1,246,170			18,565,643
Special Education Instruction	2,608,139				2,608,139
Other Special Instruction	1,896,463				1,896,463
Other Instruction	975,072				975,072
Support Services and Undistributed Costs:					
Tuition	4,843,586				4,843,586
Student and Instruction Related Services	4,740,541	474,685			5,215,226
School Administrative Services	1,014,565				1,014,565
Other Administrative Services	3,397,182				3,397,182
Plant Operations and Maintenance	5,473,257				5,473,257
Pupil Transportation	2,654,973				2,654,973
Unallocated Benefits	16,187,097	1,588			16,188,685
Debt Service:					
Principal				1,209,737	1,209,737
Interest and Other Charges				1,281,979	1,281,979
Capital Outlay	1,336,591		84,235		1,420,826
Summer School	112,594				112,594
Total Expenditures	62,559,533	1,722,443	84,235	2,491,716	66,857,927

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Exhibit B-2
Sheet 2 of 2

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(604,312)</u>	<u>(25,696)</u>	<u>(72,959)</u>	<u>5,315</u>	<u>(697,652)</u>
Other Financing Sources (Uses):					
Transfer	11,276		(11,276)		-
Total Other Financing Sources (Uses)	<u>11,276</u>	<u>-</u>	<u>(11,276)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(593,036)	(25,696)	(84,235)	5,315	(697,652)
Fund Balance - July 1	<u>3,170,529</u>		<u>421,282</u>	<u>-</u>	<u>3,591,811</u>
Fund Balance - June 30	<u><u>\$ 2,577,493</u></u>	<u><u>(25,696)</u></u>	<u><u>337,047</u></u>	<u><u>5,315</u></u>	<u><u>2,894,159</u></u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (697,652)
---	--------------

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital Outlays are reported in governmental funds as expenditures. However, in 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 capital outlays exceeded depreciation in the period.

Depreciation Expense	(531,091)	
Capital Outlays	<u>1,420,826</u>	889,735

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	1,209,737
---	-----------

In the statement of activities certain operating expenses, compensated absences are measured by the amount earned during the year. In the government funds however, expenditures for these items are reported in the amount of financial resources paid.	26,810
--	--------

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	<u>33,770</u>
--	---------------

Change in Net Assets of Governmental Activities (A-2)	<u><u>\$ 1,462,400</u></u>
---	----------------------------

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

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUND

JUNE 30, 2008

	<u>Enterprise Funds</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ (3,845)
Accounts Receivable:	
State	1,332
Federal	20,558
Intergroup	17,511
Inventory	13,000
Total Current Assets	<u>48,556</u>
Noncurrent Assets	
Equipment	219,967
Accumulated Depreciation	(120,518)
Total Fixed Assets	<u>99,449</u>
Total Assets	<u>\$ 148,005</u>
<u>Liabilities</u>	
Current Liabilities:	
Deferred Revenue	\$ 7,840
Accounts Payable	670
Interfund Payable	22,048
Intergroup Payable	17,511
Total Liabilities	<u>\$ 48,069</u>
<u>Net Assets</u>	
Investment in Capital Assets	\$ 99,449
Unrestricted	487
Total Net Assets	<u>\$ 99,936</u>

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit B-5

PROPRIETARY FUNDJUNE 30, 2008

	Enterprise Funds
Operating Revenues:	
Daily Sales	\$ 1,016,353
Fees	19,684
Total Operating Revenues	<u>1,036,037</u>
Operating Expenses:	
Salaries & Benefits	619,399
Cost of Sales	662,803
Supplies and Materials	2,266
Purchased Prof/Technical Services	1,800
Maintenance	23,486
Depreciation	3,002
Management Fee	60,633
Miscellaneous	98,507
Operating Expenses	<u>1,471,896</u>
Operating Gain/(Loss)	(435,859)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	20,264
State Breakfast Program	2,187
Federal Sources:	
National School Lunch Program	311,117
Federal Breakfast Program	21,748
Special Milk Program	1,075
Food Distribution Program	55,311
Total Non-Operating Revenues	<u>411,702</u>
Change in Net Assets	(24,157)
Adjustment for Fixed Assets	10,942
Net Assets - July 1	<u>113,151</u>
Net Assets - June 30	<u><u>\$ 99,936</u></u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDJUNE 30, 2008

	Enterprise Funds
Cash Flows from Operating Activities:	
Receipts from Customers & Fees	\$ 1,043,877
Payments to Employees & Benefits	(604,679)
Payments to Supplies	(813,213)
Net Cash Provided (Used) by Operating Activities	<u>(374,015)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	22,451
Federal Sources	333,940
Net Cash Provided by Noncapital Financing Activities	<u>356,391</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,624)
Balance - July 1	<u>13,779</u>
Balance - June 30	<u><u>\$ (3,845)</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (435,859)
Depreciation	3,002
Federal Commodities	55,311
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Decrease/(Increase) in Inventory	(2,640)
(Decrease)/Increase in Deferred Revenue	7,840
(Decrease)/Increase in Accounts Payable	1,176
Decrease/(Increase) in Accounts Receivable	<u>(2,845)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (374,015)</u></u>

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

STATEMENT OF FIDUCIARY NET ASSETS**Exhibit B-7****FIDUCIARY FUNDS****JUNE 30, 2008**

	<u>Payroll Agency Fund</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 269,840</u>
Total Assets	<u><u>\$ 269,840</u></u>
Liabilities:	
Payroll Deductions and Withholdings	<u>\$ 269,840</u>
Total Liabilities	<u><u>\$ 269,840</u></u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**Exhibit B-8****JUNE 30, 2008**

	Fire Insurance Fund
<u>Deductions</u>	
Payments	\$ 87,428
Total Deductions	<u>87,428</u>
Change in Net Assets	(87,428)
Net Assets - July 1	<u>87,428</u>
Net Assets - June 30	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Matawan-Aberdeen Regional School District (District) have been prepared in conformity with generally accepted accounting principles (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 more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Matawan-Aberdeen Regional School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades PreK-12. The Matawan-Aberdeen Regional School District had an approximate enrollment at June 30, 2008 of 3,733 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

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

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the local tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Proprietary Fund Type

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. 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 Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Nonexpendable Trust Fund: A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

Expendable Trust Fund: An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and scholarship funds.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. 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:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2008 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

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 special revenue fund as noted below. 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 grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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.

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 61,976,886	1,777,659
Difference – budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as Expenditures, and the related revenue is recognized.		(55,216)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	541,400	

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	____(563,065)	____(25,696)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds.	<u>\$ 61,955,221</u>	<u>1,696,747</u>
 <u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	\$ 62,559,533	1,777,659
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.	_____	____(55,216)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$ 62,559,533</u>	<u>1,722,443</u>

F. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances 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 special revenue fund for which the District has received advances are reflected in the balance sheet as deferred 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)**G. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

Capital asset activity for the year ended June 30, 2008 was as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 36,362,109	84,235	—	36,446,344
Total	<u>36,362,109</u>	<u>84,235</u>	—	<u>36,446,344</u>
Capital Assets Being Depreciated:				
Site Improvements	1,425,000	362,614		1,787,614
Bldgs. & Bldg. Improv.	27,034,242	449,836	362,614	27,121,464
Machinery & Equipment	<u>5,639,141</u>	<u>—</u>	<u>38,430</u>	<u>5,600,711</u>
Total	<u>34,098,383</u>	<u>812,450</u>	<u>401,044</u>	<u>34,509,789</u>
Less: Accumulated Depreciation:				
Site Improvements		(117,419)		(117,419)
Bldgs. & Bldg. Improv.	(18,977,855)	(274,985)	117,419	(19,370,259)
Machinery & Equipment	<u>(4,145,757)</u>	<u>(256,106)</u>	<u>—</u>	<u>(4,401,863)</u>
Total	<u>(23,123,612)</u>	<u>(648,510)</u>	<u>117,419</u>	<u>(23,889,541)</u>
Net Depreciable Assets	<u>10,974,771</u>	<u>163,940</u>	<u>518,463</u>	<u>10,620,248</u>
Governmental Activities Capital Assets (Net)	\$ 47,336,880	248,175	518,463	47,066,592

Accumulated depreciation was allocated to governmental activities as follows:

Unallocated	<u>Current Year</u> <u>Depreciation</u> <u>Expense</u> <u>\$ 648,510</u>
-------------	---

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2008</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 209,025	10,942		219,967
Less Accumulated Depreciation	<u>(117,516)</u>	<u>(3,002)</u>	<u>—</u>	<u>(120,518)</u>
Enterprise Fund Capital Assets, (Net)	\$ 91,509	7,940		99,449

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits (Continued)**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2008, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking, Money Market Accounts And Certificate of Deposit	\$ 2,938,619
NJ Asset and Rebate Management Program	<u>348,323</u>
	<u>\$ 3,286,942</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2008 was \$3,286,942 and the bank balance was \$5,615,426. Of the bank balance, \$200,000 was covered by federal depository insurance and \$5,415,426 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

FDIC	\$ 200,000
GUPDA	<u>5,415,426</u>
	<u>\$ 5,615,426</u>

NOTE 2: Cash and Cash Equivalents and Investments (Continued)

The investment recorded in the basic financial statements has been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the basic financial statements.

New Jersey Asset and Rebate Management Program – The Program has been established as a joint investment trust (“the Trust”) by local governmental units in the State of New Jersey consistent with the Interlocal Services Act, constituting Chapter 208 of the Pamphlet Laws of 1973 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:8A-1 et seq.) (the “Interlocal Services Act”) to make available to counties, municipalities, school districts, authorities, or other political subdivisions of the State, and where applicable, any bond trustee acting on behalf of such Local Government, a convenient method for investing and accounting for surplus cash and tax exempt debt proceeds. The Program seeks to invest tax-exempt bond and note proceeds in compliance with arbitrage management and rebate requirements of the Internal Revenue Code of 1986, as amended. The Program also provides for record keeping, depository and arbitrage rebate calculation.

As of June 30, 2008, the District had \$344,323 on deposit with the New Jersey Asset and Rebate Management Program.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2008, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Long-Term</u> <u>Portion</u>	<u>2008-09</u> <u>Payment</u>
Compensated Absences Payable	\$ 1,654,250	26,810	1,627,440	1,627,440	
Bonds Payable	31,213,156	1,209,735	30,003,421	28,743,684	1,259,737
Capital Leases Payable	<u>1,939,099</u>	<u>819,392</u>	<u>1,119,707</u>	<u>741,844</u>	<u>377,863</u>
Total	<u>\$ 34,806,505</u>	<u>2,055,937</u>	<u>32,750,568</u>	<u>31,112,968</u>	<u>1,637,600</u>

NOTE 3: General Long-Term Debt (Continued)

Debt service requirements on serial bonds payable at June 30, 2008 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2009	\$ 1,259,737	1,241,308	2,501,045
2010	1,304,737	1,194,327	2,499,064
2011	1,354,737	1,143,909	2,498,646
2012	1,404,737	1,090,268	2,495,005
2013	1,464,737	1,033,312	2,498,049
2014	1,534,736	973,041	2,507,777
2015	1,600,000	906,903	2,506,903
2016	1,685,000	834,543	2,519,543
2017	1,165,000	774,123	1,939,123
2018	1,220,000	726,422	1,946,422
2019	1,280,000	676,422	1,956,422
2020	1,340,000	622,682	1,962,682
2021	1,405,000	564,686	1,969,686
2022	1,475,000	262,418	1,737,418
2023	1,545,000	437,415	1,982,415
2024	1,625,000	366,862	1,991,862
2025	1,705,000	291,938	1,996,938
2026	1,790,000	213,300	2,003,300
2027	1,875,000	130,837	2,005,837
2028	<u>1,970,000</u>	<u>44,325</u>	<u>2,014,325</u>
	<u>\$ 30,003,421</u>	<u>13,529,041</u>	<u>43,532,462</u>

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bondholders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The Federal Tax Code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally-allowable returns.

Rebatable arbitrage liabilities related to the District debt are not recorded in governmental funds. There is no recognition in the Balance Sheet or Income Statement until rebatable amounts are due and payable to the Federal Government.

	<u>Government Activities</u>			
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>June 30, 2008</u>
Bonds Payable	12/30/02	3.700-5.200%	08/15/08-15	\$ 3,855,000
	12/30/02	4.000-4.500%	09/15/08-27	25,010,000
NJ EDA Loan	08/12/03	1.500%	07/15/08-13	<u>1,138,421</u>
Total Bonds				<u>\$ 30,003,421</u>

NOTE 3: General Long-Term Debt (Continued)**B. Bonds Authorized But Not Issued**

As of June 30, 2008, the Board had no authorized but not issued bonds.

C. Capital Leases:

The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligation are accounted for in the General Fixed Assets and General Long-Term respectively. Assets under capital leases total \$1,119,707. The following is a schedule of the future minimum lease payments under these capital leases as of June 30, 2008.

Year Ended

<u>June 30</u>	
2009	\$ 421,525
2010	393,805
2011	<u>392,074</u>
Total Future Minimum Lease Payments	<u>1,207,404</u>
Less Amount Representing Interest	<u>87,697</u>
Present Value of Lease Payments	<u>\$ 1,119,707</u>

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTE 4: Pension Plans (Continued)

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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 contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

NOTE 4: Pension Plans (Continued)

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ None	100%	\$ 0
6/30/07	None	100%	0
6/30/06	None	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 4,405,202	100%	0
6/30/07	4,488,879	100%	0
6/30/06	None	100%	0

During the fiscal year ended June 30, 2008, the State of New Jersey contributed \$4,405,202 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,831,535 during the year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 24.

NOTE 5: Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994 with an additional contribution beginning in Fiscal Year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

NOTE 5: Post-Retirement Benefits (Continued)

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2007.

NOTE 6: Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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:

Met Life
Equitable
American United Life Insurance Co.
Valic

NOTE 7: Risk Management

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

Property and Liability Insurance – The 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 District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the 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 District is billed quarterly for amounts due the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year and previous year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ 82,822	72,385	64,562	
2006-2007	64,292	68,309	96,877	35,723
2005-2006	60,081	63,832	90,591	33,323

NOTE 8: Capital Reserve Account

A capital reserve account was established by the Matawan-Aberdeen Regional Board of Education on October 16, 2000 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.

NOTE 8: Capital Reserve Account (Continued)

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan ("LRFP") and updated annually on the Quality Assurance Annual Report ("QAAR"). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by 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. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2007 to June 30, 2008 fiscal year is as follows:

Beginning Balance, July 1, 2007	\$ 22,361
Interest Earnings	<u>411</u>
Ending Balance, June 30, 2008	<u>\$ 22,772</u>

The June 30, 2008 LRFP balance of local support costs of uncompleted Capital Projects at June 30, 2008 is \$0. There are no uncompleted Capital Projects.

NOTE 9: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2008.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Capital Projects Fund	\$	11,276
Current Fund	13,394	
Special Revenue Fund	<u> </u>	<u>2,118</u>
	<u>\$ 13,394</u>	<u>13,394</u>

NOTE 10: Fund Balance Appropriated

General Fund – Of the \$3,140,558 General Fund fund balance at June 30, 2008, \$13,569 is reserved for encumbrances; \$1,292,837 has been appropriated and included as anticipated revenue for the year ending June 30, 2009; \$22,772 is in Capital Reserve, excess surplus is \$405,532 and \$1,405,848 is unreserved and undesignated.

NOTE 11: Calculation of Excess Surplus

In accordance with *N.J.S.A. 18A:7F-7*, the designation for Reserved Fund Balance – Excess Surplus is 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 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.

NOTE 11: Calculation of Excess Surplus (Continued)

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2008-2009 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget. The District at June 30, 2008 had an excess surplus of \$405,532, (see calculation below).

Unreserved is surplus not previously committed or reserved for any other purpose.

The calculation of reserved excess surplus is as follows:

2% Calculation of Excess Surplus

2007-08 Total General Fund Expenditures Per the CAFR	\$ 62,559,533
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(6,236,737)</u>
Adjusted 07-08 General Fund Expenditures	\$ 56,322,796
2% of Adjusted 2007-08 General Fund Expenditures	\$ 1,126,456
Increased by: Allowable Adjustment	<u>279,392</u>
Maximum Unreserved/Undesignated Fund Balance	\$ 1,405,848

Section 2

Total General Fund – Fund Balance @ 6-30-08	\$ 3,140,558
Decreased by:	
Reserved for Encumbrances	(13,569)
Designated for Subsequent Years Expenditures	(1,292,837)
Capital Reserve	<u>(22,772)</u>
Total Unreserved/Undesignated Fund Balance	\$ 1,811,380
Reserved Fund Balance - Excess Surplus	\$ 405,532

Section 3

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	\$ 1,292,837
Excess Surplus	<u>405,532</u>
	\$ 1,698,369

Detail of Allowable Adjustments

Extraordinary Aid	\$ 256,725
Non-Public Transportation Aid	<u>22,667</u>
	\$ 279,392

NOTE 11: Calculation of Excess Surplus (Continued)**Detail of Other Reserved Fund Balance**

Capital Reserve	<u>\$ 22,772</u>
Total Other Reserved Fund Balance	<u>\$ 22,772</u>

NOTE 12: Contingent Liabilities

The Board is not involved in any claims and lawsuits incidental to its operations, in the opinion of the administration and its legal counsel.

NOTE 13: Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 14: Deficit Fund Balances

The District has a deficit fund balance of (\$25,696) in the Special Revenue Fund as of June 30, 2008 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides 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 year budget. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need or corrective action. The District deficit in the GAAP fund statements of (\$25,696) is equal to the last state aid payment.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES – C

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1
Sheet 1 of 12

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 43,449,970		43,449,970	43,449,970	-
Tuition	64,200		64,200	83,724	19,524
Transportation Fees	40,000		40,000	92,032	52,032
Interest on Investments	250		250	250	-
Miscellaneous	547,400		547,400	383,974	(163,426)
Total Local Sources	<u>44,101,820</u>	<u>-</u>	<u>44,101,820</u>	<u>44,009,950</u>	<u>(91,870)</u>
State Sources:					
Transportation Aid	855,252		855,252	855,252	-
Special Education Aid	2,123,146		2,123,146	2,123,146	-
Bilingual Aid	80,592		80,592	80,592	-
Core Curriculum Standards Aid	3,281,663		3,281,663	3,281,663	-
Supplemental Core Curriculum Standards Aid	3,880,387		3,880,387	3,880,387	-
Consolidated Aid	435,698		435,698	435,698	-
Additional Formula Aid	668,875		668,875	668,875	-
Extraordinary Aid	100,000		100,000	258,725	158,725
Non-Public Transportation				22,667	22,667
Full-Day Kindergarten Supplemental Aid	123,194		123,194	123,194	-
On Behalf of TPAF Pension Contr. (Non-Budgeted)			-	4,405,202	4,405,202
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	1,831,535	1,831,535
Total State Sources	<u>11,548,807</u>	<u>-</u>	<u>11,548,807</u>	<u>17,966,936</u>	<u>6,418,129</u>
Total Revenues	<u>55,650,627</u>	<u>-</u>	<u>55,650,627</u>	<u>61,976,886</u>	<u>6,326,259</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 2 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Preschool - Salaries of Teachers	16,534	18,743	35,277	35,277	-
Kindergarten - Salaries of Teachers	831,983	15,214	847,197	847,197	-
Grades 1-5 - Salaries of Teachers	5,603,268	150,971	5,754,239	5,752,219	2,020
Grades 6-8 - Salaries of Teachers	4,314,893	103,660	4,418,553	4,413,808	4,745
Grades 9-12 - Salaries of Teachers	5,004,266	292,186	5,296,452	5,296,452	-
Home Instruction-Regular Programs:					
Salaries of Teachers	6,000	81,755	87,755	87,755	-
Purchased Professional-Educational Services	56,408	(53,676)	2,732	2,275	457
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	66,013	83,136	149,149	149,149	-
Other Purchased Services	47,170	(33,922)	13,248	8,957	4,291
General Supplies	668,154	(124,585)	543,569	542,691	878
Textbooks	294,228	(106,008)	188,220	183,264	4,956
Other Objects	1,819	(1,390)	429	429	-
Total Regular Programs	<u>16,910,736</u>	<u>426,084</u>	<u>17,336,820</u>	<u>17,319,473</u>	<u>17,347</u>
Special Education:					
Behavioral Disabilities					
Instruction:					
Salaries of Teachers	274,483	(72,341)	202,142	202,142	-
Other Purchased Services	150	(79)	71		71
General Supplies	4,445	(974)	3,471	3,046	425
Textbooks	800	(550)	250	250	-
Total Behavioral Disabilities	<u>279,878</u>	<u>(73,944)</u>	<u>205,934</u>	<u>205,438</u>	<u>496</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Learning and/or Language Disabilities: Instruction:					
Salaries of Teachers	93,607	(92,402)	1,205	1,205	-
General Supplies	2,119	(1,436)	683	683	-
Total Learning/Language Disabilities	<u>95,726</u>	<u>(93,838)</u>	<u>1,888</u>	<u>1,888</u>	<u>-</u>
Multiple Disabilities: Instruction:					
Salaries of Teachers	190,224	(9,721)	180,503	180,503	-
Total Multiple Disabilities	<u>190,224</u>	<u>(9,721)</u>	<u>180,503</u>	<u>180,503</u>	<u>-</u>
Resource Room/Resource Center: Instruction:					
Salaries of Teachers	1,990,610	101,203	2,091,813	2,091,813	-
Other Purchased Services	1,000	(600)	400	400	400
General Supplies	28,575	(5,437)	23,138	19,957	3,181
Textbooks	2,404	(1,335)	1,069	1,069	-
Total Resource Room/Resource Center	<u>2,022,589</u>	<u>93,831</u>	<u>2,116,420</u>	<u>2,112,839</u>	<u>3,581</u>
Preschool Disabilities - Part-Time - Instruction:					
Salaries of Teachers	68,576	3,769	72,345	72,345	-
Other Salaries for Instruction	6,472	29,342	35,814	35,126	688
Total Preschool Disabilities - Part-Time	<u>75,048</u>	<u>33,111</u>	<u>108,159</u>	<u>107,471</u>	<u>688</u>
Total Special Education - Instruction	<u>2,663,465</u>	<u>(50,561)</u>	<u>2,612,904</u>	<u>2,608,139</u>	<u>4,765</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 4 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial Instruction:					
Salaries of Teachers	1,632,221	(68,585)	1,563,636	1,563,636	-
Other Salaries for Instruction	37,535	(37,535)	-	-	-
General Supplies	24,844	(10,927)	13,917	12,050	1,867
Total Basic Skills/Remedial Instruction	1,694,600	(117,047)	1,577,553	1,575,686	1,867
Bilingual Education - Instruction:					
Salaries of Teachers	257,718	3,924	261,642	257,250	4,392
General Supplies	6,984	(5,465)	1,519	1,454	65
Total Bilingual Education	264,702	(1,541)	263,161	258,704	4,457
Vocational Programs-Local-Instruction:					
Other Salaries For Instruction	79,231	(6,900)	72,331	62,073	10,258
School Sponsored Co-Curricular Activities-Instruction:					
Salaries of Teachers	213,850	62,747	276,597	276,597	-
Purchased Services	5,920	1,139	7,059	1,750	5,309
Supplies and Materials	51,310	(13,872)	37,438	36,318	1,120
Other Objects	5,300	2,236	7,536	7,391	145
Total School Sponsored Co-Curricular Activities	276,380	52,250	328,630	322,056	6,574
School Sponsored Athletics - Instruction:					
Salaries	469,996	(55,718)	414,278	414,278	-
Purchased Services	67,694	(1,363)	66,331	60,893	5,438
Supplies and Materials	128,965	(16,401)	112,564	110,999	1,565
Other Objects	47,229	(13,845)	33,384	32,846	538
Transfers To Cover Deficit (Agency Funds)	42,279	(8,279)	34,000	34,000	-
Total School Sponsored Athletics-Instruction	756,163	(95,606)	660,557	653,016	7,541

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1
Sheet 5 of 12

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Instruction	<u>22,645,277</u>	<u>206,679</u>	<u>22,851,956</u>	<u>22,799,147</u>	<u>52,809</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs W/I State - Regular	146,600	(68,598)	78,002	77,420	582
Tuition to Other LEAs W/I State - Special	992,855	109,462	1,102,317	1,086,417	15,900
Tuition to County Voc. School-Regular	466,700	(67,307)	399,393	399,288	105
Tuition to County Voc. School-Special	160,000	8,000	168,000	167,500	500
Tuition to Private School for the Disabled W/I State	2,667,124	28,234	2,695,358	2,690,932	4,426
Tuition-Other		243,432	243,432	243,432	-
Tuition -State Facilities	200,927	(22,330)	178,597	178,597	-
Total Undistributed Instruction	<u>4,634,206</u>	<u>230,893</u>	<u>4,865,099</u>	<u>4,843,586</u>	<u>21,513</u>
Attendance and Social Work:					
Salaries	84,121	113	84,234	84,234	-
Total Attendance and Social Work	<u>84,121</u>	<u>113</u>	<u>84,234</u>	<u>84,234</u>	<u>-</u>
Health Services:					
Salaries	445,946	(8,478)	437,468	437,468	-
Purchased Professional and Technical Services	112,400	129,865	242,265	240,469	1,796
Other Purchased Services	3,600	(3,600)	-	-	-
Supplies and Materials	8,876	(294)	8,582	8,285	297
Total Health Services	<u>570,822</u>	<u>117,493</u>	<u>688,315</u>	<u>686,222</u>	<u>2,093</u>
Other Support Services - Students - Related Services:					
Salaries	375,972	2,148	378,120	378,120	-
Purchased Professional-Educational Services	97,000	(96,100)	900	900	-
Total Other Support Services - Students - Rel. Services	<u>472,972</u>	<u>(93,952)</u>	<u>379,020</u>	<u>379,020</u>	<u>-</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Students - Extra Services:					
Purchased Professional-Educational Services		67,000	67,000	66,994	6
Other Support Services Students - Regular:					
Salaries of Other Professional Staff	905,779	(73,566)	832,213	832,213	-
Salaries of Secretarial and Clerical Assistants	105,793	(40,693)	65,100	65,100	-
Purchased Professional-Educational Services	6,000	3,336	9,336	9,336	-
Other Purchased Services	66,407	(30,463)	35,944	35,944	-
Supplies and Materials	36,431	(3,944)	32,487	32,429	58
Other Objects	1,600	(981)	619	618	1
Total Other Support Services-Regular	1,122,010	(146,311)	975,699	975,640	59
Other Support Services - Special:					
Salaries of Other Professional Staff	1,082,931	53,928	1,136,859	1,136,859	-
Salaries of Secretarial and Clerical Assistants	113,455		113,455	113,455	-
Other Salaries	126,710	68	126,778	126,778	-
Purchased Professional-Educational Services	2,000	(2,000)	-		-
Other Purchased Services	11,880	(5,018)	6,862	6,799	63
Supplies and Materials	25,610	(11,249)	14,361	14,318	43
Other Objects	5,100	(2,775)	2,325	2,324	1
Total Other Support Services - Special	1,367,686	32,954	1,400,640	1,400,533	107

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1
Sheet 7 of 12

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Improvement of Instruction:					
Salaries of Supervisors of Instruction	333,711	(4,861)	328,850	328,850	-
Salaries of Other Professional Staff	60,000	(5,380)	54,620	54,620	-
Salaries of Secretarial and Clerical Assistants	90,549	11,178	101,727	101,727	-
Other Salaries	112,500	10,000	122,500	122,500	-
Other Purchased Services	14,360	1,002	15,362	12,633	2,729
Supplies and Materials	8,226	(6,101)	2,125	2,093	32
Other Objects	2,700	2,760	5,460	5,415	45
Total Improvement of Instruction	<u>622,046</u>	<u>8,598</u>	<u>630,644</u>	<u>627,838</u>	<u>2,806</u>
Educational Media Services/School Library:					
Salaries	481,777	(54,656)	427,121	427,121	-
Purchased Professional and Technical Services	22,351	(10,585)	11,766	11,766	-
Supplies and Materials	58,652	(8,016)	50,636	46,953	3,683
Total Educational Media Services/School Library	<u>562,780</u>	<u>(73,257)</u>	<u>489,523</u>	<u>485,840</u>	<u>3,683</u>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	800	(800)	-	-	-
Purchased Professional-Educational Services	13,239	(489)	12,750	12,750	-
Other Purchased Services	38,055	(623)	37,432	21,470	15,962
Supplies and Materials	5,000	(5,000)	-	-	-
Total Instructional Staff Training Services	<u>57,094</u>	<u>(6,912)</u>	<u>50,182</u>	<u>34,220</u>	<u>15,962</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1

Sheet 8 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - General Administration:					
Salaries	468,495	(26,521)	441,974	441,973	1
Legal Services	140,000	122,394	262,394	261,951	443
Audit Fees	27,768	(1,768)	26,000	26,000	-
Other Purchased Professional Services	15,000	10,331	25,331	25,234	97
Purchased Technical Services	43,600	4,838	48,438	48,039	399
Communications - Telephone	171,228	(80,019)	91,209	88,652	2,557
Other BOE Purchased Services	36,314	(29,229)	7,085	6,028	1,057
Other Purchased Services	21,166	20,258	41,424	40,366	1,058
General Supplies	59,490	(18,149)	41,341	40,066	1,275
Miscellaneous Expenditures	400	(200)	200	200	-
BOE Membership Dues and Fees	42,320	(6,009)	36,311	36,056	255
Total Support Services - General Administration	<u>1,025,781</u>	<u>(4,074)</u>	<u>1,021,707</u>	<u>1,014,565</u>	<u>7,142</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,602,015	(11,165)	1,590,850	1,590,850	-
Salaries of Secretarial and Clerical Assistants	650,288	22,939	673,227	673,227	-
Other Purchased Services	45,701	(2,181)	43,520	40,692	2,828
Supplies & Materials	61,066	14,325	75,391	75,130	261
Other Objects	7,000	(5,334)	1,666	1,666	-
Total Support Services - School Administration	<u>2,366,070</u>	<u>18,584</u>	<u>2,384,654</u>	<u>2,381,565</u>	<u>3,089</u>
Central Services:					
Salaries	406,576	35,111	441,687	441,687	-
Purchased Technical Services	21,260	(810)	20,450	20,450	-
Miscellaneous Purchased services	43,860	(4,959)	38,901	38,068	833
Supplies and Materials	14,650	(2,279)	12,371	12,252	119
Miscellaneous Expenditures	5,250	7,267	12,517	12,517	-
Total Central Services	<u>491,596</u>	<u>34,330</u>	<u>525,926</u>	<u>524,974</u>	<u>952</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1
Sheet 9 of 12

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative Information Technology:					
Salaries	400,358	(11,662)	388,696	388,696	-
Other Purchased Services	148,588	(81,718)	66,870	66,870	-
Supplies and Materials	42,621	(7,474)	35,147	35,077	70
Total Administrative Information Technology	<u>591,567</u>	<u>(100,854)</u>	<u>490,713</u>	<u>490,643</u>	<u>70</u>
Required Maintenance for School Facilities:					
Salaries	502,179	(51,885)	450,294	442,443	7,851
Cleaning Repairs & Maintenance Services	181,200	20,574	201,774	201,774	-
General Supplies	32,500	18,421	50,921	50,596	325
Other Objects	2,650	2,592	5,242	4,529	713
Total Required Maintenance for School Facilities	<u>718,529</u>	<u>(10,298)</u>	<u>708,231</u>	<u>699,342</u>	<u>8,889</u>
Other Operating & Maintenance of Plant:					
Salaries	2,223,034	94,369	2,317,403	2,316,590	813
Purchased Professional and Technical Services	26,220	36,370	62,590	57,899	4,691
Cleaning Repairs & Maintenance Services	715,838	(6,333)	709,505	695,988	13,517
Other Purchased Property Services	359,100	(74,915)	284,185	205,742	78,443
Insurance	295,064	(41,119)	253,945	253,945	-
Miscellaneous Purchased Services	7,000	2,302	9,302	7,686	1,616
General Supplies	113,900	32,049	145,949	143,969	1,980
Energy (Heat and Electricity)	1,229,400	(90,605)	1,138,795	1,083,247	55,548
Other Objects	500	8,349	8,849	8,849	-
Total Other Operating & Maintenance of Plant	<u>4,970,056</u>	<u>(39,533)</u>	<u>4,930,523</u>	<u>4,773,915</u>	<u>156,608</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTExhibit C-1
Sheet 10 of 12**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND****FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation Services:					
Salaries - Pupil Trans. B/W Home & School - Regular	638,587	99,096	737,683	736,596	1,087
Salaries - Pupil Trans. B/W Home & School - Special	207,272	40,261	247,533	246,553	980
Salaries - Other Than B/W Home & School	220,331	(116,984)	103,347	103,347	-
Cleaning, Repair & Maintenance Services	95,200	22,033	117,233	116,942	291
Lease Purchase Payments - School Buses	123,662	27,326	150,988	150,986	2
Contracted Services B/W Home & School - Vendors	158,600	(142,708)	15,892	14,700	1,192
Contracted Services-Other than B/W Home & School	82,698	(16,848)	65,850	65,152	698
Contracted Services - Special Education - Vendors	204,150	(195,934)	8,216	7,742	474
Contracted Services - Joint Agreements	25,150	105,710	130,860	130,848	12
Contracted Services - Special Ed. - ESCs & CTSAs	691,950	41,189	733,139	733,116	23
Contracted Services-Aid in Lieu-Non Public	111,670	(8,145)	103,525	103,095	430
Miscellaneous Purchased Services	67,787	17,467	85,254	85,247	7
Supplies & Materials	125,775	35,054	160,829	147,782	13,047
Miscellaneous Expenditures	16,175	(3,111)	13,064	12,867	197
Total Student Transportation Services	<u>2,769,007</u>	<u>(95,594)</u>	<u>2,673,413</u>	<u>2,654,973</u>	<u>18,440</u>
Personal Services - Employee Benefits:					
Group Insurance	33,070		33,070	33,070	-
Social Security Contributions	1,186,010	3,589	1,189,599	1,071,677	117,922
Unemployment Compensation	65,000	38,000	103,000	82,822	20,178
Workmen's Compensation	427,259	84,816	512,075	511,415	660
Health Benefits	8,105,620	(329,382)	7,776,238	7,747,224	29,014
T.P.A.F. Contributions ERIP	330		330		330
Tuition Reimbursements	49,000	39,893	88,893	88,242	651
Other Retirement Contributions ERIP	19,074		19,074	19,074	-
Other Retirement Contributions	173,160	231,496	404,656	396,836	7,820
Total Personal Services - Employee Benefits	<u>10,058,523</u>	<u>68,412</u>	<u>10,126,935</u>	<u>9,950,360</u>	<u>176,575</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 11 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	4,405,202	(4,405,202)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,831,535	(1,831,535)
				6,236,737	(6,236,737)
Total Undistributed Expenditures	32,484,866	7,592	32,492,458	38,311,201	(5,818,743)
Total Expenditures - Current Expense	55,130,143	214,271	55,344,414	61,110,348	(5,765,934)
Capital Outlay:					
Addition to Capital Reserve	250		250		250
Equipment:					
Undistributed Expenditures - Instruction	74,112	43,687	117,799	101,855	15,944
Undistributed Expenditures-School Administration		2,800	2,800	2,800	-
Undistributed Expenditures - Operation of Plant Services	63,150	153,883	217,033	210,212	6,821
Student Transportation-School Buses	75,000		75,000		75,000
Total Equipment	212,262	200,370	412,632	314,867	97,765
Facilities Acquisition and Construction Services					
Salaries		11,811	11,811	11,811	-
Purchased Professional and Technical Services		21,682	21,682	21,682	-
Construction Services	436,057	494,814	930,871	872,670	58,201
General Supplies		26,907	26,907	26,023	884
Land and Improvements	733,900	(644,362)	89,538	89,538	-
Total Facilities Acquisition And Const. Services	1,169,957	(89,148)	1,080,809	1,021,724	59,085
Total Capital Outlay	1,382,469	111,222	1,493,691	1,336,591	157,100

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

**Exhibit C-1
Sheet 12 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School:					
Salaries	80,901	17,764	98,665	98,665	-
Other Salaries for Instruction	2,575	11,172	13,747	13,747	-
General Supplies	1,000	108	1,108	182	926
Total Summer School	<u>84,476</u>	<u>29,044</u>	<u>113,520</u>	<u>112,594</u>	<u>926</u>
Total Expenditures	<u>56,597,088</u>	<u>354,537</u>	<u>56,951,625</u>	<u>62,559,533</u>	<u>(5,607,908)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(946,461)</u>	<u>(354,537)</u>	<u>(1,300,998)</u>	<u>(582,647)</u>	<u>718,351</u>
Other Financing Sources (Uses)					
Interest Capital Projects Fund				11,276	11,276
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,276</u>	<u>11,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(946,461)</u>	<u>(354,537)</u>	<u>(1,300,998)</u>	<u>(571,371)</u>	<u>729,627</u>
Fund Balance July 1	<u>3,711,929</u>		<u>3,711,929</u>	<u>3,711,929</u>	<u>-</u>
Fund Balance June 30	<u>\$ 2,765,468</u>	<u>(354,537)</u>	<u>2,410,931</u>	<u>3,140,558</u>	<u>729,627</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE**SPECIAL REVENUE FUND****BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 563,331	20,871	584,202	553,740	30,462
Local Sources	10,000	6,953	16,953	12,532	4,421
Federal Sources	1,239,175	186,341	1,425,516	1,211,387	214,129
Total Revenues	<u>\$ 1,812,506</u>	<u>214,165</u>	<u>2,026,671</u>	<u>1,777,659</u>	<u>249,012</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 455,004	6,645	461,649	461,647	2
Other Salaries for Instruction	591,391	(36,486)	554,905	485,196	69,709
Purchased Professional and Technical Services	86,532	69,040	155,572	112,679	42,893
Other Purchased Services	152,000	(34,409)	117,591	117,591	
General Supplies	5,000	59,209	64,209	48,296	15,913
Textbooks	12,278	7,597	19,875	19,875	-
Other Objects		1,479	1,479	886	593
Total Instruction	<u>1,302,205</u>	<u>73,075</u>	<u>1,375,280</u>	<u>1,246,170</u>	<u>129,110</u>
Support Services:					
Salaries of Teachers		13,150	13,150	13,150	-
Salaries of Secretarial and Clerical Assistants	66,985	15,322	82,307	66,985	15,322
Other Salaries for Instruction	153,077	22,330	175,407	170,357	5,050
Personal Services - Employee Benefits	94,766	(56,678)	38,088	1,588	36,500
Purchased Professional Services	41,743	123,311	165,054	116,413	48,641
Other Purchased Services (400-500 Series)	146,877	(631)	146,246	139,323	6,923
Supplies and Materials	6,853	22,774	29,627	23,673	5,954
Other Objects		1,512	1,512		1,512
Total Support Services	<u>510,301</u>	<u>141,090</u>	<u>651,391</u>	<u>531,489</u>	<u>119,902</u>
Total Expenditures	<u>\$ 1,812,506</u>	<u>214,165</u>	<u>2,026,671</u>	<u>1,777,659</u>	<u>249,012</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 61,976,886	1,777,659
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(55,216)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	541,400	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(563,065)</u>	<u>(25,696)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 61,955,221</u></u>	<u><u>1,696,747</u></u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 62,559,533	1,777,659
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(55,216)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 62,559,533</u></u>	<u><u>1,722,443</u></u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit E-1
Sheet 1 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Technology	Textbooks	Nursing	Compensatory Education	Supplemental Instruction	Chapter 193 Examination & Classification	Corrective Speech
Revenues:							
Local Sources	\$ -						
State Sources	8,289	10,804	15,743	995	826	2,086	1,860
Federal Sources							
Total Revenues	<u>\$ 8,289</u>	<u>10,804</u>	<u>15,743</u>	<u>995</u>	<u>826</u>	<u>2,086</u>	<u>1,860</u>
Expenditures:							
Instruction:	\$ -						
Salaries of Teachers							
Other Salaries for Instruction							
General Supplies							
Textbooks		10,804					
Purchased Professional and Technical Services							
Other Purchased Services	8,289		15,743	995	826	2,086	1,860
Other Objects							
Total Instruction	<u>8,289</u>	<u>10,804</u>	<u>15,743</u>	<u>995</u>	<u>826</u>	<u>2,086</u>	<u>1,860</u>
Support Services:							
Salaries of Teachers							
Salaries of Secretarial and Clerical Assistants							
Other Salaries for Instruction							
Purchased Professional Services							
Other Purchased Services							
Supplies and Materials							
Personal Services - Employee Benefits							
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 8,289</u>	<u>10,804</u>	<u>15,743</u>	<u>995</u>	<u>826</u>	<u>2,086</u>	<u>1,860</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit E-1
Sheet 2 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-08 I.D.E.A. Preschool	2007-08 I.D.E.A. Part B Regular	2006-07 I.D.E.A. Basic Carryover	2007-08 Title I	2006-07 Title I Carryover	2007-08 Title IIA	2006-07 Title IIA Carryover	2007-08 Title IID	2006-07 Title IID Carryover	2007-08 Title III
Revenues:										
Local Sources										
State Sources										
Federal Sources	22,226	736,816	11,772	191,046	63,846	68,542	85,191	1,859	231	18,384
Total Revenues	<u>22,226</u>	<u>736,816</u>	<u>11,772</u>	<u>191,046</u>	<u>63,846</u>	<u>68,542</u>	<u>85,191</u>	<u>1,859</u>	<u>231</u>	<u>18,384</u>
Expenditures:										
Instruction:										
Salaries of Teachers										7,500
Other Salaries for Instruction	22,226	302,865		127,575						
General Supplies		2,500	4,835		3,242		8,959			9,504
Textbooks				9,071						
Purchased Professional and Technical Services		74,680								600
Other Purchased Services		112,228	4,763							
Other Objects										
Total Instruction	<u>22,226</u>	<u>492,273</u>	<u>9,598</u>	<u>136,646</u>	<u>3,242</u>	<u>-</u>	<u>8,959</u>	<u>-</u>	<u>-</u>	<u>17,604</u>
Support Services:										
Salaries of Teachers				13,150						
Salaries of Secretarial and Clerical Assistants		66,985								
Other Salaries for Instruction		152,795		300						
Purchased Professional Services		1,622		22,697	29,352	62,742				
Other Purchased Services		11,526	1,800	6,800	31,252	5,800	76,232	1,859	231	780
Supplies and Materials		11,615	374	11,453						
Personal Services - Employee Benefits										
Total Support Services	<u>-</u>	<u>244,543</u>	<u>2,174</u>	<u>54,400</u>	<u>60,604</u>	<u>68,542</u>	<u>76,232</u>	<u>1,859</u>	<u>231</u>	<u>780</u>
Total Expenditures	<u>22,226</u>	<u>736,816</u>	<u>11,772</u>	<u>191,046</u>	<u>63,846</u>	<u>68,542</u>	<u>85,191</u>	<u>1,859</u>	<u>231</u>	<u>18,384</u>

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Carryover 2006-07 Title V	2007-08 Title IV	2006-07 Title IV Carryover	2007-08 Title V	Armed Forces Grant	Education Foundation	Demonstrably Effective Program Aid	Instructional Supplemental Aid	Targeted At-Risk Aid	Totals 2008
Revenues:										
Local Sources					2,542	9,990				12,532
State Sources	431	8,200	1,004	1,839			141,540	184,097	187,500	553,740
Federal Sources										1,211,387
Total Revenues	431	8,200	1,004	1,839	2,542	9,990	141,540	184,097	187,500	1,777,659
Expenditures:										
Instruction:										
Salaries of Teachers							82,550	184,097	187,500	461,647
Other Salaries for Instruction							32,530			485,196
General Supplies					2,542	9,990	6,724			48,296
Textbooks										19,875
Purchased Professional and Technical Services		8,200								112,679
Other Purchased Services										117,591
Other Objects							886			886
Total Instruction	-	8,200	-	-	2,542	9,990	122,690	184,097	187,500	1,246,170
Support Services:										
Salaries of Teachers										13,150
Salaries of Secretarial and Clerical Assistants										66,985
Other Salaries for Instruction							1,588			154,683
Purchased Professional Services										116,413
Other Purchased Services	431		1,004	1,839						139,323
Supplies and Materials										23,673
Personal Services - Employee Benefits										17,262
Total Support Services	431	-	1,004	1,839	-	-	17,262	-	-	531,489
Total Expenditures	431	8,200	1,004	1,839	2,542	9,990	141,540	184,097	187,500	1,777,659

SPECIAL REVENUE FUND

Exhibit E-2

SCHEDULE OF DEMONSTRABLY EFFECTIVE PROGRAM AIDBUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2008District-Wide Totals

	<u>Budgeted</u>	<u>Actual Expenditures</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 82,550	82,550	
Other Salaries of Instruction	32,530	32,530	
General Supplies	6,736	6,724	12
Other Objects	1,477	885	592
Total Instruction	<u>123,293</u>	<u>122,689</u>	<u>604</u>
Support Services:			
Personal Services - Employee Benefits	17,262	17,262	
Other Objects	3,100	1,588	1,512
Total Support Services	<u>20,362</u>	<u>18,850</u>	<u>1,512</u>
Total Expenditures	<u>\$ 143,655</u>	<u>141,539</u>	<u>2,116</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 DEPA Allocation	\$ 142,329
Actual DEPA Carryover (June 30, 2007)	1,324
Total DEPA Funds Available for 2007-08 Budget	<u>143,653</u>
Less: 2007-08 Budgeted DEPA (Including Prior Year Budget Carryover)	<u>143,653</u>
Available & Unbudgeted DEPA Funds as of June 30, 2008	-
Add: 2007-08 Unexpended DEPA	<u>2,116</u>
2007-08 Carryover Available for Transfer to the G/F	<u>\$ 2,116</u>
2007-08 Carryover Budgeted in 2008-09	<u>\$ -</u>

SPECIAL REVENUE FUND

Exhibit E-5

SCHEDULE OF INSTRUCTIONAL SUPPLEMENT AIDBUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2008

		2008	
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	<u>\$ 184,097</u>	<u>184,097</u>	<u>-</u>
Total Instruction	<u>\$ 184,097</u>	<u>184,097</u>	
Total Expenditures	<u><u>\$ 184,097</u></u>	<u><u>184,097</u></u>	<u><u>-</u></u>

Calculation of Budget & Carryover

Total Revised 2007-08 Instructional Supplement Aid Allocation	\$ 184,097
Actual Instructional Supplement Carryover (June 30, 2007)	2
Total Instructional Supplement Aid Available for 2007-08 Budget	<u>184,099</u>
Less: 2007-08 Budgeted Instructional Supplement (Including Prior Year Budgeted Carryover)	<u>184,097</u>
Available & Unbudgeted ISA Funds as of June 30, 2008	<u>2</u>
Add: 2007-08 Unexpended ISA	<u>-</u>
2008-09 Carryover Available for Transfer to the General Fund	<u><u>\$ 2</u></u>
2007-2008 Carryover Budgeted in 2008-09	<u><u>\$ -</u></u>

SPECIAL REVENUE FUND

Exhibit E-6

SCHEDULE OF TARGETED-AT-RISK (TARA) AID**BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2008****District-Wide Totals**

	<u>Budgeted</u>	<u>Actual Expenditures</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 187,500	187,500	
Total Instruction	<u>187,500</u>	<u>187,500</u>	<u>-</u>
 Total TARA Expenditures	 <u>\$ 187,500</u>	 <u>187,500</u>	 <u>-</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 TARA Allocation	\$ 187,500
Less: TARA Transferred to General Fund - Tax Relief	
TARA Available for 2007-08 Program Budget	<u>187,500</u>
2007-08 TARA Expended/Obligated	<u>187,500</u>
 2007-08 Actual Carryover - TARA	 <u>\$ -</u>
 2007-08 Carryover Budgeted as Unrestricted General Revenue for 2008-09	 <u>\$ -</u>

CAPITAL PROJECTS FUND – F

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2008**Revenues:**

Interest Earned	\$	11,276
-----------------	----	--------

Expenditures

Purchased Professional and Technical Services		<u>84,235</u>
---	--	---------------

Excess (Deficiency) of Revenues Over (Under) Expenditures		(72,959)
---	--	----------

Other Financing Sources/(Uses):

Transfer to Current		<u>(11,276)</u>
---------------------	--	-----------------

Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses		(84,235)
---	--	----------

Fund Balance - Beginning		<u>421,282</u>
--------------------------	--	----------------

Fund Balance - Ending	\$	<u><u>337,047</u></u>
-----------------------	----	-----------------------

Analysis of Balance

Strathmore	\$	183,728
Ravine Dr.		185,310
Lloyd Rd.		76,806
Cliffwood		206,813
High School		217,553
Middle School		33,646
Unallocated		<u>(566,809)</u>

	\$	<u><u>337,047</u></u>
--	----	-----------------------

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUND**STRATHMORE ELEMENTARY SCHOOL****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****ADDITION TO ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 738,912	-	738,912	738,912
Bond Proceeds and Transfers	1,585,300	-	1,585,300	1,585,300
Total Revenues	<u>2,324,212</u>	<u>-</u>	<u>2,324,212</u>	<u>2,324,212</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	566,981	12,910	579,891	579,891
Construction Services	1,544,315		1,544,315	1,728,043
Other	16,278		16,278	16,278
Total Expenditures	<u>2,127,574</u>	<u>12,910</u>	<u>2,140,484</u>	<u>2,324,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 196,638</u>	<u>(12,910)</u>	<u>183,728</u>	<u>-</u>

CAPITAL PROJECTS FUND

RAVINE DRIVE

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

ADDITION TO ELEMENTARY SCHOOL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 446,990	-	446,990	446,990
Bond Proceeds and Transfers	1,218,468	-	1,218,468	1,218,468
Total Revenues	<u>1,665,458</u>	<u>-</u>	<u>1,665,458</u>	<u>1,665,458</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	566,243	16,584	582,827	582,827
Construction Services	880,556		880,556	1,065,866
Other	16,765		16,765	16,765
Total Expenditures	<u>1,463,564</u>	<u>16,584</u>	<u>1,480,148</u>	<u>1,665,458</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 201,894</u>	<u>(16,584)</u>	<u>185,310</u>	<u>-</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit F-1c

CAPITAL PROJECTS FUND**LLOYD ROAD SCHOOL****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****ADDITION TO ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 1,518,644	-	1,518,644	1,518,644
Bond Proceeds and Transfers	3,271,615	-	3,271,615	3,271,615
Total Revenues	<u>4,790,259</u>	<u>-</u>	<u>4,790,259</u>	<u>4,790,259</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	1,363,504	30,803	1,394,307	1,394,307
Construction Services	3,283,889		3,283,889	3,360,695
Other	35,257		35,257	35,257
Total Expenditures	<u>4,682,650</u>	<u>30,803</u>	<u>4,713,453</u>	<u>4,790,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 107,609</u>	<u>(30,803)</u>	<u>76,806</u>	<u>-</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

73.

Exhibit F-1d

CAPITAL PROJECTS FUND

CLIFFWOOD ELEMENTARY SCHOOL

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

ADDITION TO ELEMENTARY SCHOOL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 1,083,696	-	1,083,696	1,083,696
Bond Proceeds and Transfers	1,660,525	-	1,660,525	1,660,525
Total Revenues	<u>2,744,221</u>	<u>-</u>	<u>2,744,221</u>	<u>2,744,221</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	902,530	23,938	926,468	926,468
Construction Services	1,598,866		1,598,866	1,805,679
Other	12,074		12,074	12,074
Total Expenditures	<u>2,513,470</u>	<u>23,938</u>	<u>2,537,408</u>	<u>2,744,221</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 230,751</u>	<u>(23,938)</u>	<u>206,813</u>	<u>-</u>

CAPITAL PROJECTS FUNDUNALLOCATEDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISADDITION TO ELEMENTARY SCHOOLFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant		-	-	-
Bond Proceeds and Transfers		-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	111,973		111,973	
Construction Services	429,361		429,361	
Other	25,475		25,475	
Total Expenditures	<u>566,809</u>	<u>-</u>	<u>566,809</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (566,809)</u>	<u>-</u>	<u>(566,809)</u>	

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit F-1f

CAPITAL PROJECTS FUNDMATAWAN AVE MIDDLE SCHOOLSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISADDITION TO ELEMENTARY SCHOOLFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 3,154,389	-	3,154,389	3,154,389
Bond Proceeds and Transfers	11,388,142	-	11,388,142	11,388,142
Total Revenues	<u>14,542,531</u>	<u>-</u>	<u>14,542,531</u>	<u>14,542,531</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	1,090,440		1,090,440	1,090,440
Construction Services	13,337,545		13,337,545	13,371,191
Other	80,900		80,900	80,900
Total Expenditures	<u>14,508,885</u>	<u>-</u>	<u>14,508,885</u>	<u>14,542,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 33,646</u>	<u>-</u>	<u>33,646</u>	<u>-</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit F-1g

CAPITAL PROJECTS FUND**HIGH SCHOOL****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****IMPROVEMENTS TO HIGH SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 2,333,163	-	2,333,163	2,333,163
Bond Proceeds and Transfers	8,521,611	-	8,521,611	8,521,611
Total Revenues	<u>10,854,774</u>	<u>-</u>	<u>10,854,774</u>	<u>10,854,774</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	832,440		832,440	832,440
Construction Services	9,744,681		9,744,681	9,962,234
Other	60,100		60,100	60,100
Total Expenditures	<u>10,637,221</u>	<u>-</u>	<u>10,637,221</u>	<u>10,854,774</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 217,553</u>	<u>-</u>	<u>217,553</u>	<u>-</u>

PROPRIETARY FUNDS – G

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

STATEMENT OF NET ASSETS

Exhibit G-1

ENTERPRISE FUND

JUNE 30, 2008

	<u>Food Services</u>	<u>TV Studio</u>	<u>Summer Olympics</u>	<u>Summer Theater</u>	<u>Total</u>
<u>Assets</u>					
Current Assets:					
Cash and Cash Equivalents	\$ (29,897)	(3,701)	1,700	28,053	(3,845)
Accounts Receivable:					
State	1,332				1,332
Federal	20,558				20,558
Intergroup				17,511	17,511
Inventory	13,000				13,000
Total Current Assets	<u>4,993</u>	<u>(3,701)</u>	<u>1,700</u>	<u>45,564</u>	<u>48,556</u>
Noncurrent Assets					
Equipment	219,967				219,967
Accumulated Depreciation	(120,518)				(120,518)
Total Fixed Assets	<u>99,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,449</u>
Total Assets	<u>\$ 104,442</u>	<u>(3,701)</u>	<u>1,700</u>	<u>45,564</u>	<u>148,005</u>
<u>Liabilities</u>					
Current Liabilities:					
Deferred Revenue	\$ -			7,840	7,840
Accounts Payable				670	670
Interfund Payable	7,328			14,720	22,048
Intergroup Payable	2,140	15,371			17,511
Total Liabilities	<u>9,468</u>	<u>15,371</u>	<u>-</u>	<u>23,230</u>	<u>48,069</u>
<u>Net Assets</u>					
Investment in Capital Assets	\$ 99,449				99,449
Unrestricted	(4,475)	(19,072)	1,700	22,334	487
Total Net Assets	<u>\$ 94,974</u>	<u>(19,072)</u>	<u>1,700</u>	<u>22,334</u>	<u>99,936</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit G-2

ENTERPRISE FUNDS

Sheet 1 of 2

JUNE 30, 2008

	<u>Food Services</u>	<u>TV Studio</u>	<u>Special Olympics</u>	<u>Summer Theater</u>	<u>Total</u>
Operating Revenues:					
Daily Sales	\$ 1,016,353				1,016,353
Fees		7,640	1,700	10,344	19,684
Total Operating Revenues	<u>1,016,353</u>	<u>7,640</u>	<u>1,700</u>	<u>10,344</u>	<u>1,036,037</u>
Operating Expenses:					
Salaries & Benefits	598,214	6,465		14,720	619,399
Cost of Sales	662,803				662,803
Supplies and Materials		1,042		1,224	2,266
Purchased Prof/Technical Services		1,800			1,800
Maintenance	23,486				23,486
Depreciation	3,002				3,002
Management Fee	60,633				60,633
Miscellaneous	98,507				98,507
Operating Expenses	<u>1,446,645</u>	<u>9,307</u>	<u>-</u>	<u>15,944</u>	<u>1,471,896</u>
Operating Gain/(Loss)	(430,292)	(1,667)	1,700	(5,600)	(435,859)

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit G-2

Sheet 2 of 2

ENTERPRISE FUNDS

JUNE 30, 2008

	<u>Food Services</u>	<u>TV Studio</u>	<u>Special Olympics</u>	<u>Summer Theater</u>	<u>Total</u>
Non-Operating Revenues:					
State Sources:					
State School Lunch Program	20,264				20,264
State Breakfast Program	2,187				2,187
Federal Sources:					
National School Lunch Program	311,117				311,117
Federal Breakfast Program	21,748				21,748
Special Milk Program	1,075				1,075
Food Distribution Program	55,311				55,311
Total Non-Operating Revenues	<u>411,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,702</u>
Change in Net Assets	(18,590)	(1,667)	1,700	(5,600)	(24,157)
Adjustment for Fixed Assets	10,942				10,942
Net Assets - July 1	<u>102,622</u>	<u>(17,405)</u>	<u>-</u>	<u>27,934</u>	<u>113,151</u>
Net Assets - June 30	<u>\$ 94,974</u>	<u>(19,072)</u>	<u>1,700</u>	<u>22,334</u>	<u>99,936</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

Exhibit G-3

ENTERPRISE FUND

JUNE 30, 2008

	<u>Food Services</u>	<u>TV Studio</u>	<u>Special Olympics</u>	<u>Summer Theater</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Receipts from Customers & Fees	\$ 1,016,353	7,640	1,700	18,184	1,043,877
Payments to Employees & Benefits	(598,214)	(6,465)		-	(604,679)
Payments to Supplies	(806,862)	(4,793)		(1,558)	(813,213)
Net Provided (Used) by Operating Activities	<u>(388,723)</u>	<u>(3,618)</u>	<u>1,700</u>	<u>16,626</u>	<u>(374,015)</u>
Cash Flows from Noncapital Financing Activities					
State Sources	22,451				22,451
Federal Sources	333,940				333,940
Net Cash Provided by Noncapital Financing Activities	<u>356,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,391</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,332)	(3,618)	1,700	16,626	(17,624)
Balance - July 1	<u>2,435</u>	<u>(83)</u>	<u>-</u>	<u>11,427</u>	<u>13,779</u>
Balance - June 30	<u><u>\$ (29,897)</u></u>	<u><u>(3,701)</u></u>	<u><u>1,700</u></u>	<u><u>28,053</u></u>	<u><u>(3,845)</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (430,292)	(1,667)	1,700	(5,600)	(435,859)
Depreciation	3,002				3,002
Federal Commodities	55,311				55,311
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities					
Decrease/(Increase) in Inventory	(2,640)				(2,640)
(Decrease)/Increase in Deferred Revenue				7,840	7,840
(Decrease)/Increase in Accounts Payable	(11,259)	(1,951)		14,386	1,176
Decrease/(Increase) in Accounts Receivable	<u>(2,845)</u>				<u>(2,845)</u>
Net Provided (Used) by Operating Activities	<u><u>\$ (388,723)</u></u>	<u><u>(3,618)</u></u>	<u><u>1,700</u></u>	<u><u>16,626</u></u>	<u><u>(374,015)</u></u>

FIDUCIARY FUND – H

COMBINING STATEMENT OF FIDUCIARY NET ASSETS**Exhibit H-1****JUNE 30, 2008**

	<u>Payroll Agency</u>	<u>Miscellaneous Trust Funds</u>	<u>Student Activity</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 269,840</u>	<u>22,167</u>	<u>170,078</u>	<u>462,085</u>
Total Assets	<u><u>\$ 269,840</u></u>	<u><u>22,167</u></u>	<u><u>170,078</u></u>	<u><u>462,085</u></u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 269,840			269,840
Optical Reimbursement Reserve		21,110		21,110
Worker's Compensation Reserve		1,057		1,057
Due to Student Groups	<u></u>	<u></u>	<u>170,078</u>	<u>170,078</u>
Total Liabilities	<u><u>\$ 269,840</u></u>	<u><u>22,167</u></u>	<u><u>170,078</u></u>	<u><u>462,085</u></u>

STUDENT ACTIVITY AGENCY FUNDSCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2008</u>
Elementary Schools:				
Ravine	\$ 2,291	1	135	2,157
Cliffwood	3,023	3,262	442	5,843
Strathmore	19,514	5,522	9,821	15,215
Lloyd Road	12,104	18,578	13,181	17,501
Total Elementary Schools	<u>36,932</u>	<u>27,363</u>	<u>23,579</u>	<u>40,716</u>
 Middle School:				
Matawan Avenue	<u>13,378</u>	<u>118,553</u>	<u>110,775</u>	<u>21,156</u>
Total Middle School	<u>13,378</u>	<u>118,553</u>	<u>110,775</u>	<u>21,156</u>
 High School				
High School	82,024	172,574	159,576	95,022
Athletic Account	<u>6,772</u>	<u>53,444</u>	<u>47,032</u>	<u>13,184</u>
Total High School	<u>88,796</u>	<u>226,018</u>	<u>206,608</u>	<u>108,206</u>
 Total Schools	<u>\$ 139,106</u>	<u>371,934</u>	<u>340,962</u>	<u>170,078</u>

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 237,299</u>	<u>17,257,476</u>	<u>17,224,935</u>	<u>269,840</u>
Total Assets	<u><u>\$ 237,299</u></u>	<u><u>17,257,476</u></u>	<u><u>17,224,935</u></u>	<u><u>269,840</u></u>
Liabilities:				
Interfund Payable	<u>\$ 2,454</u>		<u>2,454</u>	<u>-</u>
Payroll Deductions and Withholdings	<u>234,845</u>	<u>17,257,476</u>	<u>17,222,481</u>	<u>269,840</u>
Total Liabilities	<u><u>\$ 237,299</u></u>	<u><u>17,257,476</u></u>	<u><u>17,224,935</u></u>	<u><u>269,840</u></u>

MISCELLANEOUS TRUST FUNDS

Exhibit H-5

SCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Assets:				
Cash and Cash Equivalents	\$ 107,262	58,000	143,095	22,167
Total Assets	<u>\$ 107,262</u>	<u>58,000</u>	<u>143,095</u>	<u>22,167</u>
Liabilities:				
Fire Insurance Costs	\$ 87,428		87,428	-
Optical Reimbursement Reserve	14,885	50,000	43,775	21,110
Worker's Compensation Reserve	<u>4,949</u>	<u>8,000</u>	<u>11,892</u>	<u>1,057</u>
Total Liabilities	<u>\$ 107,262</u>	<u>58,000</u>	<u>143,095</u>	<u>22,167</u>

LONG-TERM DEBT – I

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2008

	Date of Issue	Amount of Issue	Annual Date	Maturity Amount	Interest Rate	Balance	Retired	Balance
						June 30, 2007		June 30, 2008
EDA Loan	8/12/93	3,605,000	7/15/08-2013	189,737	1.50%	\$ 1,328,157	189,736	1,138,421
2002 Series Taxable	12/30/02	5,665,000	7/15/13	189,736				
			8/15/08	405,000	3.90%	4,245,000	390,000	3,855,000
			8/15/09	425,000	4.30%			
			8/15/10	445,000	4.60%			
			8/15/11	465,000	4.80%			
			8/15/12	490,000	5.00%			
			8/15/13	515,000	5.00%			
			8/15/14	540,000	5.20%			
			8/15/15	570,000	5.20%			
			8/15/07	425,000	2.50%	425,000	425,000	-
2002 Series Tax Exempt	12/30/02	2,010,000						
2003 Series	4/15/97	19,760,000	9/15/08	665,000	4.00%	25,215,000	205,000	25,010,000
			9/15/09	690,000				
			9/15/10	720,000				
			9/15/11	750,000				
			9/15/12	785,000				
			9/15/13	830,000				
			9/15/14	1,060,000				
			9/15/15	1,115,000				
			9/15/16	1,165,000				
			9/15/17	1,220,000				
			9/15/18	1,280,000				
			9/15/19	1,340,000	4.20%			
			9/15/20	1,405,000	4.25%			
			9/15/21	1,475,000	4.30%			
			9/15/22	1,545,000	4.40%			
			9/15/23	1,625,000	4.50%			
			9/15/24	1,705,000				
9/15/25	1,790,000							
9/15/26	1,875,000							
9/15/27	1,970,000							
						\$ 31,213,157	1,209,736	30,003,421

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2008

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2007</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2008</u>
Energy Conservation	2.75%	1,967,136	\$ 454,907	454,907	-
2004 Buses	5.96%	120,682	50,567	24,803	25,764
Field Turf	3.91%	1,425,000	1,180,000	280,000	900,000
2006 Buses	4.05%	322,490	253,625	59,682	193,943
			<u>\$ 1,939,099</u>	<u>819,392</u>	<u>1,119,707</u>

LONG-TERM DEBT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive/(Negative) Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,427,268		2,427,268	2,427,268	
State Sources:					
Debt Service Aid Type II	69,763		69,763	69,763	
Total Revenues	<u>2,497,031</u>	<u>-</u>	<u>2,497,031</u>	<u>2,497,031</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	1,281,981		1,281,981	1,281,979	2
Redemption of Principal	1,215,050		1,215,050	1,209,737	5,313
Total Regular Debt Service	<u>2,497,031</u>	<u>-</u>	<u>2,497,031</u>	<u>2,491,716</u>	<u>5,315</u>
Total Expenditures	<u>2,497,031</u>	<u>-</u>	<u>2,497,031</u>	<u>2,491,716</u>	<u>5,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	5,315	5,315
Fund Balance July 1	-		-	-	
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>5,315</u>	<u>5,315</u>

STATISTICAL SECTION

(Unaudited)

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Government Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 8,779,056.00	\$ 17,074,761.00	\$ 14,184,626.37	\$ 15,943,464.00
Restricted	9,926,437.00	3,291,940.00	2,932,668.59	2,055,338.00
Unrestricted	(5,833,005.00)	(5,847,480.00)	(1,446,278.87)	(788,619.00)
Total Government Activities Net Assets	<u>\$ 12,872,488.00</u>	<u>\$ 14,519,221.00</u>	<u>\$ 15,671,016.09</u>	<u>\$ 17,210,183.00</u>
Business-Type Activities:				
Invested in Capital Assets, Net of Related Debt		\$ 77,285.00	\$ 91,508.82	\$ 99,449.00
Unrestricted	\$ 14,412.00	(42,677.00)	41,476.66	487.00
Total Business-Type Activities Net Assets	<u>\$ 14,412.00</u>	<u>\$ 34,608.00</u>	<u>\$ 132,985.48</u>	<u>\$ 99,936.00</u>
District-wide:				
Invested in Capital Assets, Net of Related Debt	\$ 8,779,056.00	\$ 17,152,046.00	\$ 14,276,135.19	\$ 16,042,913.00
Restricted	9,926,437.00	3,291,940.00	2,932,668.59	2,055,338.00
Unrestricted	(5,847,417.00)	(5,890,157.00)	(1,404,802.21)	(788,132.00)
Total District Net Assets	<u>\$ 12,858,076.00</u>	<u>\$ 14,553,829.00</u>	<u>\$ 15,804,001.57</u>	<u>\$ 17,310,119.00</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses:				
Governmental Activities:				
Instruction:				
Regular	\$ (17,290,688.00)	\$ (18,060,040.00)	\$ (26,027,073.58)	\$ (18,538,833.00)
Special Education	(2,078,804.00)	(2,088,896.00)	(3,504,923.87)	(2,608,139.00)
Other Special Education	(1,870,899.00)	(2,366,322.00)	(2,278,224.96)	(1,896,463.00)
Other Instruction			(1,376,796.40)	(975,072.00)
Support Services:				
Tuition			(4,376,672.72)	(4,843,586.00)
Instruction	(4,387,417.00)	(4,183,957.00)	(7,282,639.91)	(5,215,226.00)
Attendance		(106,460.00)		
Health Services	(523,380.00)	(563,732.00)		
Other Support Services	(3,605,031.00)	(4,331,153.00)		
Educational Media Services	(524,955.00)			
Instructional Staff Training	(30,700.00)	(45,702.00)		
General Administrative Services	(842,734.00)	(986,758.00)	(1,093,185.89)	(3,397,182.00)
Central Services	(2,223,708.00)	(2,280,009.00)	(662,624.78)	
School Administrative Services	(451,717.00)	(492,864.00)	(3,447,507.76)	(1,014,565.00)
Admin. Information Technology	(351,914.00)	(387,983.00)	(669,034.98)	
Allowed Maintenance for School Facilities	(638,439.00)	(585,161.00)		
Plant Operations and Maintenance	(5,141,923.00)	(5,698,114.00)	(7,999,730.77)	(5,473,257.00)
Student Transportation Services	(1,847,750.00)	(2,234,046.00)	(2,825,365.12)	(2,654,973.00)
Business and Other Support Services				
Unallocated Employee Benefits	(8,316,887.00)	(8,462,156.00)		(16,188,685.00)
Non-Budgeted Expenditures	(3,664,488.00)	(4,283,109.00)		
Special Schools	(43,934.00)	(37,609.00)	(71,774.04)	(112,594.00)
Interest on Long-Term Debt	(1,464,073.00)	(1,353,018.00)	(1,386,508.13)	(1,248,209.00)
Unallocated Depreciation and Amortization			(5,538.00)	(531,091.00)
Total Governmental Activities Expenses	<u>(55,299,441.00)</u>	<u>(58,547,089.00)</u>	<u>(63,007,600.91)</u>	<u>(64,697,875.00)</u>
Business-Type Activities:				
Food Service	(1,163,762.00)	(1,296,775.00)	(1,377,983.52)	(1,471,896.00)
Internal Service Fund	(121,272.00)	(45,316.00)	(47,663.55)	
Total Business-Type Activities Expenses	<u>(1,285,034.00)</u>	<u>(1,342,091.00)</u>	<u>(1,425,647.07)</u>	<u>(1,471,896.00)</u>
Total District Expenses	<u>\$ (56,584,475.00)</u>	<u>\$ (59,889,180.00)</u>	<u>\$ (64,433,247.98)</u>	<u>\$ (66,169,771.00)</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instruction (Tuition)			\$ 122,325.80	\$
Pupil Transportation			855,394.70	1,696,747.00
Operating Grants and Contributions	3,664,488.00	\$ 4,283,109.00		
Capital Grants and Contributions				
Total Governmental Activities Program Revenues	<u>3,664,488.00</u>	<u>4,283,109.00</u>	<u>977,720.50</u>	<u>1,696,747.00</u>
Business-Type Activities:				
Charges for Services:				
Food Service	813,961.00	997,124.00	1,072,672.46	1,036,037.00
Operating Grants and Contributions	302,050.00	359,987.00	451,351.91	411,702.00
Capital Grants and Contributions	78,820.00	34,000.00		
Total Business-Type Activities Program Revenues	<u>1,194,831.00</u>	<u>1,391,111.00</u>	<u>1,524,024.37</u>	<u>1,447,739.00</u>
Total District Program Revenues	<u>\$ 4,859,319.00</u>	<u>\$ 5,674,220.00</u>	<u>\$ 2,501,744.87</u>	<u>\$ 3,144,486.00</u>
Net (Expense)/Revenue:				
Governmental Activities	\$ (51,634,953.00)	\$ (54,263,980.00)	\$ (62,029,880.41)	\$ (63,001,128.00)
Business-Type Activities	(90,203.00)	49,020.00	98,377.30	(24,157.00)
Total District-wide Net (Expense)/Revenue	<u>\$ (51,725,156.00)</u>	<u>\$ (54,214,960.00)</u>	<u>\$ (61,931,503.11)</u>	<u>\$ (63,025,285.00)</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Assets:				
Governmental Activities:				
Property Taxes Levied for General Purposes, Net	\$ 38,511,996.00	\$ 40,095,643.00	\$ 42,394,422.00	\$ 43,449,970.00
Taxes Levied for Debt Service	2,429,205.00	2,225,337.00	2,426,945.00	2,427,268.00
Unrestricted Grants and Contributions	11,177,080.00	11,143,351.00	18,346,403.49	18,015,034.00
Restricted Grants and Contributions	1,705,883.00	1,744,881.00		
Tuition Received				83,724.00
Miscellaneous Income	281,690.00	455,857.00	239,679.16	277,801.00
Investment Earnings	289,675.00	245,644.00	258,344.27	209,731.00
Total Governmental Activities	<u>54,395,529.00</u>	<u>55,910,713.00</u>	<u>63,665,793.92</u>	<u>64,463,528.00</u>
Business-Type Activities:				
Investment Earnings				
Loss on Asset Disposition				
Total Business-Type Activities				
Total District-wide	<u>\$ 54,395,529.00</u>	<u>\$ 55,910,713.00</u>	<u>\$ 63,665,793.92</u>	<u>\$ 64,463,528.00</u>
Changes in Net Assets:				
Governmental Activities	\$ 2,760,576.00	\$ 1,646,733.00	\$ 1,635,913.51	\$ 1,462,400.00
Business-Type Activities	(90,203.00)	49,020.00	98,377.30	(24,157.00)
Total District	<u>\$ 2,670,373.00</u>	<u>\$ 1,695,753.00</u>	<u>\$ 1,734,290.81</u>	<u>\$ 1,438,243.00</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

LAST FOUR FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:				
Reserved	\$ 2,544,234.00	\$ 2,751,211.00	\$ 2,511,386.42	\$ 1,734,710.00
Unreserved	<u>631,761.00</u>	<u>642,490.00</u>	<u>659,142.33</u>	<u>842,783.00</u>
Total General Fund	<u>\$ 3,175,995.00</u>	<u>\$ 3,393,701.00</u>	<u>\$ 3,170,528.75</u>	<u>\$ 2,577,493.00</u>
All Other Governmental Funds:				
Reserved	6,571,194.00	\$ 257,156.00	\$ 89,097.04	\$ 337,047.00
Unreserved, Reported In:				
Special Revenue Fund	\$ (16,321.00)	(16,321.00)	(16,321.30)	(25,696.00)
Capital Projects Fund	604,486.00	283,573.00	332,184.48	
Debt Service Fund	206,523.00		0.65	5,315.00
Permanent Fund				
Total All Other Governmental Funds	<u>\$ 7,365,882.00</u>	<u>\$ 524,408.00</u>	<u>\$ 404,960.87</u>	<u>\$ 316,666.00</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues:				
Tax Levy	\$ 40,941,201.00	\$ 42,320,980.00	\$ 44,821,367.00	\$ 45,877,238.00
Tuition Charges	18,551.00	5,700.00	68,326.50	83,724.00
Interest Earnings	289,675.00	245,644.00	258,342.55	11,526.00
Transportation Fees	51,206.00	26,960.00	122,325.80	92,032.00
Miscellaneous	211,933.00	377,557.00	171,354.38	396,506.00
State Sources	15,358,348.00	15,901,979.00	18,027,461.33	18,543,078.00
Federal Sources	1,189,103.00	1,269,362.00	1,174,336.86	1,156,171.00
Total Revenues	<u>58,060,017.00</u>	<u>60,148,182.00</u>	<u>64,643,514.42</u>	<u>66,160,275.00</u>
Expenditures:				
Instruction:				
Regular	17,290,688.00	18,060,040.00	18,333,431.92	18,565,643.00
Special	2,078,804.00	2,088,896.00	2,385,579.79	2,608,139.00
Other	1,870,899.00	2,366,322.00	2,584,744.42	2,871,535.00
Support Services:				
Tuition			4,376,672.72	4,843,586.00
Instruction	4,387,417.00	4,183,957.00	5,223,353.47	5,215,226.00
Attendance		106,460.00		
Health Services	523,380.00	563,732.00		
Other Support Services	3,605,031.00	4,331,153.00		
Educational Media Services	524,955.00			
Instructional Staff Training	30,700.00	45,702.00		
General Administrative Services	842,734.00	986,758.00	878,517.16	
School Administrative Services	2,223,708.00	2,280,009.00	2,371,097.42	1,014,565.00
Central Services	451,717.00	492,864.00	472,489.62	
Other Administrative Services				3,397,182.00
Admin. Information Technology	351,914.00	387,983.00	480,433.17	
Allowed Maintenance for School Facilities	638,439.00	585,161.00		
Plant Operations and Maintenance	4,317,081.00	5,085,948.00	5,870,519.91	5,473,257.00
Student Transportation Services	1,847,750.00	2,234,046.00	2,368,427.40	2,654,973.00
Business and Other Support Services				
Unallocated Employee Benefits	8,474,568.00	8,400,852.00	15,333,480.58	16,188,685.00
Non-Budgeted Expenditures	3,664,488.00	4,283,109.00		
Special Schools	43,934.00	37,609.00	71,774.04	112,594.00
Debt Service:				
Principal	1,124,737.00	1,154,737.00	1,179,736.84	1,209,737.00
Interest and Other Charges	1,374,640.00	1,347,480.00	1,316,620.39	1,281,979.00
Capital Outlay	20,399,666.00	7,794,772.00	3,486,743.65	1,420,826.00
Total Expenditures	<u>76,067,250.00</u>	<u>66,817,590.00</u>	<u>66,733,622.50</u>	<u>66,857,927.00</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	(18,007,233.00)	(6,669,408.00)	(2,090,108.08)	(697,652.00)
Other Financing Sources/(Uses):				
Proceeds From Borrowing				
Capital Leases			1,747,490.00	
Proceeds From Refunding				
Payments To Escrow Agent				
Sale of Land				
Transfers In				
Transfers Out				
Total Other Financing Sources/(Uses)			<u>1,747,490.00</u>	
Net Change in Fund Balances	<u>\$ (18,007,233.00)</u>	<u>\$ (6,669,408.00)</u>	<u>\$ (342,618.08)</u>	<u>\$ (697,652.00)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	4.49%	4.24%	3.95%	3.81%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.
Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005.
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services
as Business and Other Support Services.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Annual</u> <u>Totals</u>
1998	\$ 3,737.00	\$ 35,666.00	\$ 263,248.00	\$ 52,142.00	\$ 242,921.00	\$ 50,990.00	\$ 648,704.00
1999		38,245.00	161,141.00	161,701.00	247,815.00	30,892.00	639,794.00
2000	15,926.00	25,560.00	257,073.00	84,217.00	160,417.00	30,896.00	574,089.00
2001	13,736.00	28,286.00	328,042.00	26,460.00	176,941.00	21,082.00	594,547.00
2002	16,639.00	32,031.00	97,932.00	24,248.00	173,066.00	75,049.00	418,965.00
2003	24,553.00	-	-	-	-	312,002.00	336,555.00
2004	12,152.00	71,013.00	46,778.00	65,535.00	90,000.00	67,920.00	353,398.00
2005	-	-	-	-	-	-	0.00
2006	5,700.00	26,960.00	245,644.00	-	-	377,557.00	655,861.00
2007	68,326.00	122,326.00	258,343.00	-	72,471.00	90,042.00	611,508.00
2008	83,724.00	92,032.00	11,526.00	-	-	396,506.00	583,788.00

Source: District records

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

ABERDEEN TOWNSHIP

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year							
<u>Ending June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
1998	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	16,082,530	675,358,530	943,200	95,600	93,665,200	11,849,700	17,136,400
2004	15,532,750	690,964,010	943,200	95,600	93,470,800	11,849,700	17,136,400
2005	15,059,530	707,656,910	943,200	95,600	91,048,800	11,849,700	17,136,400
2006	14,457,130	712,771,260	943,200	95,600	90,014,800	11,849,700	16,119,200
2007	14,668,230	711,414,730	861,700	94,800	87,610,300	11,849,700	15,392,900
2008	14,636,030	713,846,480	706,700	89,500	86,394,000	11,849,700	15,392,900

Source: 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. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100

N/A At the time of CAFR Completion, this data was not available

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

MATAWAN BOROUGH

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
1999	\$ N/A	\$ N/A	\$ -	\$ -	\$ N/A	\$ N/A	\$ N/A
2000	N/A	N/A	-	-	N/A	N/A	N/A
2001	N/A	N/A	-	-	N/A	N/A	N/A
2002	N/A	N/A	-	-	N/A	N/A	N/A
2003	3,476,575	327,727,759	-	-	60,715,600	5,552,900	28,628,000
2004	3,344,275	328,421,459	-	-	60,713,800	4,327,700	28,093,000
2005	3,337,375	329,617,159	-	-	63,213,900	4,356,200	28,093,000
2006	4,419,975	330,476,759	-	-	62,023,300	4,356,200	28,093,000
2007	4,178,775	333,933,659	-	-	61,175,500	4,481,200	28,043,000
2008*	8,867,500	803,708,700	-	-	132,252,700	9,729,100	79,655,900
	<u>Total Assessed</u> <u>Value</u>	<u>Less:</u> <u>Tax-Exempt</u> <u>Property</u>	<u>Public</u> <u>Utilities^a</u>	<u>Net Valuation</u> <u>Taxable</u>	<u>Estimated Actual</u> <u>(County</u> <u>Equalized) Value</u>	<u>Total</u> <u>Direct</u> <u>School</u> <u>Tax Rate^b</u>	
1999	\$ N/A	\$ -	\$ N/A	\$ N/A	\$ N/A	N/A	
2000	N/A	-	N/A	N/A	N/A	N/A	
2001	N/A	-	N/A	N/A	N/A	N/A	
2002	N/A	-	N/A	N/A	N/A	N/A	
2003	426,100,834	-	1,203,895	427,304,729	588,634,874	2.791	
2004	424,900,234	-	1,037,785	425,938,019	658,969,925	3.031	
2005	428,617,634	-	995,450	429,613,084	742,185,934	3.090	
2006	429,369,234	-	800,439	430,169,673	872,523,783	3.220	
2007	431,812,134	-	731,572	432,543,706	1,013,331,556	3.367	
2008*	1,034,213,900	(1,141,800)	1,742,227	1,035,956,127	N/A	1.447	

Source: 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. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100

N/A At the time of CAFR Completion, this data was not available

* Matawan Boro underwent a revaluation for 2008

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Fiscal Year Ending June 30.	Matawan-Aberdeen Regional School District Direct Rate								Overlapping Rates					
	Basic Rate ^a		General Obligation Debt Service ^b		(From J-6) Total Direct School Tax Rate		Total Direct Regional School Tax Rate		Monmouth County				Total Direct and Overlapping Tax Rate	
	Municipality of		Municipality of		Municipality of		Municipality of		Municipality of		Municipality of		Municipality of	
	Aberdeen	Matawan	Aberdeen	Matawan	Aberdeen	Matawan	Aberdeen	Matawan	Aberdeen	Matawan	Aberdeen	Matawan	Aberdeen	Matawan
	<u>Township</u>	<u>Borough</u>	<u>Township</u>	<u>Borough</u>	<u>Township</u>	<u>Borough</u>	<u>Township</u>	<u>Borough</u>	<u>Township</u>	<u>Borough</u>	<u>Township</u>	<u>Borough</u>	<u>Township</u>	<u>Borough</u>
1998	0.651	0.772			2.306	2.302			0.651	0.772	0.516	0.506	3.473	3.580
1999	0.651	0.762			2.393	2.445			0.651	0.762	0.494	0.499	3.538	3.706
2000	0.717	0.749			2.475	2.565			0.717	0.749	0.487	0.500	3.679	3.814
2001	0.705	0.742			2.539	2.503			0.705	0.742	0.514	0.502	3.758	3.747
2002	0.722	0.860			2.697	2.563			0.722	0.860	0.563	0.522	3.982	3.945
2003	0.730	0.860			2.995	2.791			0.730	0.860	0.589	0.548	4.314	4.199
2004	0.755	1.024			3.217	3.031			0.755	1.024	0.609	0.547	4.581	4.602
2005	0.791	1.067			3.356	3.090			0.791	1.067	0.613	0.564	4.760	4.721
2006	0.825	1.212			3.555	3.220			0.825	1.212	0.624	0.624	5.004	5.056
2007	0.829	1.303			3.605	3.367			0.829	1.303	0.633	0.610	5.067	5.280
2008	0.926	0.597*			3.685	1.447*			0.926	0.597*	0.649	0.257	5.260	2.301

Source: Municipal Tax Assessor

Note: N.J.S.A. 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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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.

* The Borough of Matawan underwent a revaluation during 2008.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

ABERDEEN TOWNSHIP

	2008			1998		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$ 10,000,000	1	0.530%	\$ N/A	1	0%
Taxpayer 2	8,245,800	2	0.439%	N/A	2	0%
Taxpayer 3	6,550,000	3	0.349%	N/A	3	0%
Taxpayer 4	5,767,000	4	0.307%	N/A	4	0%
Taxpayer 5	5,069,600	5	0.270%	N/A	5	0%
Taxpayer 6	4,074,000	6	0.217%	N/A	6	0%
Taxpayer 7	3,766,200	7	0.201%	N/A	7	0%
Taxpayer 8	3,398,700	8	0.181%	N/A	8	0%
Taxpayer 9	3,356,200	9	0.179%	N/A	9	0%
Taxpayer 10	3,200,000	10	0.170%	N/A	10	0%
Total	<u>\$ 53,427,500</u>		<u>2.843%</u>	<u>\$ N/A</u>		<u>0%</u>

MATAWAN BOROUGH

	2008			1998		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$	1		\$ N/A	1	0%
Taxpayer 2		2		N/A	2	0%
Taxpayer 3		3		N/A	3	0%
Taxpayer 4		4		N/A	4	0%
Taxpayer 5		5		N/A	5	0%
Taxpayer 6		6		N/A	6	0%
Taxpayer 7		7		N/A	7	0%
Taxpayer 8		8		N/A	8	0%
Taxpayer 9		9		N/A	9	0%
Taxpayer 10		10		N/A	10	0%
Total	<u>\$</u>		<u>3.204%</u>	<u>\$ N/A</u>		<u>0%</u>

0.00181

N/A Not Available

Source: Municipal Tax Assessor

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		<u>Amount</u>	<u>Percentage of Levy</u>	
1998	\$ 28,661,476	\$ 28,036,632	97.82%	\$ -
1999	29,725,391	29,071,053	97.80%	-
2000	31,184,011	30,549,751	97.97%	-
2001	32,101,788	31,497,666	98.12%	-
2002	34,331,128	33,830,078	98.54%	-
2003	37,369,033	36,827,116	98.55%	-
2004	40,672,291	40,160,024	98.74%	-
2005	40,941,201	40,941,201	100.00%	-
2006	42,320,980	42,320,980	100.00%	-
2007	44,821,367	44,821,367	100.00%	-
2008	45,877,238	45,877,238	100.00%	-

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

- a 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 year.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
1998	\$ 6,459,789.00	\$ -	\$ N/A	\$ -	\$ -	\$ 6,459,789.00	0.58%	\$ 37,190.00
1999	6,010,052.00	-	N/A	-	-	6,010,052.00	0.64%	38,651.00
2000	5,540,315.00	-	N/A	-	-	5,540,315.00	0.77%	42,646.00
2001	5,055,578.00	-	N/A	-	-	5,055,578.00	0.85%	43,470.00
2002	4,555,841.00	-	N/A	-	-	4,555,841.00	0.09%	43,684.00
2003	35,722,104.00	-	N/A	-	-	35,722,104.00	0.11%	39,577.00
2004	34,672,367.00	-	N/A	-	-	34,672,367.00	0.12%	41,332.00
2005	33,547,630.00	-	1,540,501.00	-	-	35,088,131.00	0.12%	41,332.00
2006	32,392,893.00	-	1,079,334.00	-	-	33,472,227.00	0.12%	41,332.00
2007	31,213,156.00	-	1,939,099.00	-	-	33,152,255.00	0.18%	59,304.00
2008	30,003,421.00	-	1,119,707.00	-	-	31,123,128.00	N/A	N/A

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.

b Includes Early Retirement Incentive Plan ("ERIP") refunding

N/A Not available at the time of audit

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1998	\$ 6,459,789	\$ -	\$ 6,459,789	1.55%	\$ 236.00
1999	6,010,052	-	6,010,052	0.51%	219.00
2000	5,540,315	-	5,540,315	0.46%	210.00
2001	5,055,578	-	5,055,578	0.42%	192.00
2002	4,555,841	-	4,555,841	0.37%	173.00
2003	35,722,104	-	35,722,104	2.90%	1,355.00
2004	34,672,367	-	34,672,367	2.76%	1,315.00
2005	33,547,630	-	33,547,630	2.63%	1,272.00
2006	32,392,893	-	32,392,893	2.54%	1,229.00
2007	31,213,156	-	31,213,156	2.45%	N/A
2008	30,003,421	-	30,003,421	N/A	

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.

N/A Not available at the time of audit.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2008
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Aberdeen Township	\$ 20,306,663	100%	\$ 20,306,663
Matawan Borough	9,596,756	100%	9,596,756
Monmouth County General Obligation Debt -Aberdeen Township		1.753190%	7,677,997
Monmouth County General Obligation Debt -Matawan Borough		0.852473%	<u>3,733,356</u>
Subtotal, Overlapping Debt			41,314,772
Matawan-Aberdeen Regional School District Direct Debt			<u>30,003,421</u>
Total Direct and Overlapping Debt			<u>\$ 71,318,193</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

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 Aberdeen Township and Matawan Borough. 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.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2008

Equalized Valuation Basis

	2007	\$ 3,295,311,341	b
	2006	3,103,679,112	
	2005	<u>2,737,082,478</u>	
	(A)	<u>\$ 9,136,072,931</u>	
Average Equalized Valuation of Taxable Property	(A/3)	\$ 3,045,357,644	
Debt Limit (4% of Average Equalization Value)	(B)	121,814,306	a
Total Net Debt Applicable To Limit	(C)	<u>30,003,421</u>	
Legal Debt Margin	(B-C)	<u>\$ 91,810,885</u>	

	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$	\$	\$ 52,699,170	\$ 57,003,039	\$ 61,271,290
Total Net Debt Applicable To Limit			<u>5,055,578</u>	<u>4,555,841</u>	<u>35,722,104</u>
Legal Debt Margin	<u>\$</u>	<u>\$</u>	<u>\$ 47,643,592</u>	<u>\$ 52,447,198</u>	<u>\$ 25,549,186</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit			9.59%	7.99%	58.30%
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 66,968,174	\$ 82,355,128	\$ 95,138,795	\$ 109,061,137	\$ 121,814,306
Total Net Debt Applicable To Limit	<u>34,672,367</u>	<u>33,547,630</u>	<u>32,392,893</u>	<u>31,213,156</u>	<u>30,003,421</u>
Legal Debt Margin	<u>\$ 32,295,807</u>	<u>\$ 48,807,498</u>	<u>\$ 62,745,902</u>	<u>\$ 77,847,981</u>	<u>\$ 91,810,885</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	51.77%	40.74%	34.05%	28.62%	24.63%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation.

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
1997	27,107	\$ 937,441,381	\$ 34,583	4.30%
1998	27,333	\$ 1,016,514,270	\$ 37,190	3.93%
1999	27,489	1,062,477,339	38,651	3.89%
2000	26,364	1,124,319,144	42,646	3.18%
2001	26,364	1,146,043,080	43,470	3.55%
2002	26,364	1,151,684,976	43,684	5.20%
2003	26,364	1,043,408,028	39,577	5.10%
2004	26,364	1,089,676,848	41,332	4.10%
2005	27,152	1,122,246,464	41,332	4.40%
2006	27,163	1,122,701,116	41,332	3.95%
2007	27,284	1,618,050,336	59,304	3.60%
2008	N/A	N/A	N/A	N/A

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis and includes both the Borough of Matawan And Township of Aberdeen

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

N/A - Not available at the time of audit

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

ABERDEEN TOWNSHIP

<u>Employer</u>	2008			1999		
	<u>Employees</u>	Rank (Optional)	Percentage of Total Municipal Employment	<u>Employees</u>	Rank (Optional)	Percentage of Total Municipal Employment
UNAVAILABLE		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total						

MATAWAN BOROUGH

<u>Employer</u>	2008			1999		
	<u>Employees</u>	Rank (Optional)	Percentage of Total Municipal Employment	<u>Employees</u>	Rank (Optional)	Percentage of Total Municipal Employment
UNAVAILABLE		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total						

Information not available at time of CAFR preparation

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction:										
Regular						297	300	315	344	329
Special Education						32	31	32	40	42
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services						65	66	68	68	68
General Administration						5	5	7	7	7
School Administrative Services						37	37	35	35	35
Business Administrative Services						8	8	8	7	7
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance						46	46	47	45	44
Pupil Transportation						18	18	22	22	22
Other Support Services										
Special Schools										
Food Service										
Child Care										
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508</u>	<u>511</u>	<u>534</u>	<u>568</u>	<u>554</u>

Source: District Personnel Records

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
1998	3,557.0	\$ 39,363,967	\$ 11,067	4.16%	N/A	N/A	N/A	N/A	3,557.0	3,315.1	3.37%	93.20%
1999	3,636.9	39,728,031	10,924	-1.29%	N/A	N/A	N/A	N/A	3,636.9	3,429.2	2.25%	94.29%
2000	3,654.2	39,277,369	10,749	-1.60%	N/A	N/A	N/A	N/A	3,654.2	3,448.6	0.48%	94.37%
2001	3,817.0	43,330,419	11,352	5.61%	317	1:13	1:12	1:12	3,817.0	3,599.0	4.46%	94.29%
2002	3,792.6	45,194,881	11,917	4.97%	362	1:14	1:12	1:12	3,792.6	3,592.6	-0.64%	94.73%
2003	3,951.0	47,536,557	12,032	0.96%	362	1:14	1:12	1:12	3,951.0	3,740.0	4.18%	94.66%
2004	3,835.9	51,381,721	13,395	11.33%	369	1:14	1:12	1:12	3,835.9	3,634.6	-2.91%	94.75%
2005	3,773.0	53,150,351	14,087	5.17%	371	1:14	1:12	1:12	3,773.0	3,705.4	-1.64%	98.21%
2006	3,826.0	56,520,151	14,773	4.87%	374	1:14	1:12	1:12	3,826.0	3,677.0	1.40%	96.11%
2007	3,828.0	60,750,522	15,870	7.43%	384	1:14	1:12	1:12	3,735.3	3,546.1	-2.37%	94.93%
2008	3,840.0	61,706,025	16,069	1.26%	371	1:14	1:12	1:12	3,713.4	3,524.8	0.59%	94.92%

Source: District records

Note: Enrollment based on annual October District count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

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).

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST FIVE FISCAL YEARS
(UNAUDITED)

<u>District/Building</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Elementary:					
Cambridge Park Elementary					
Square Feet	21,800	21,800	21,800	21,800	21,800
Capacity (Students)	86	86	86	86	86
Enrollment	79	76	82	86	86
Cliffwood Elementary School					
Square Feet	66,376	66,376	66,376	66,376	66,376
Capacity (Students)	342	342	342	342	342
Enrollment	395	395	347	340	340
Lloyd Road School					
Square Feet	70,581	70,581	70,581	70,581	70,581
Capacity (Students)	621	621	621	621	621
Enrollment	474	474	630	556	556
Ravine Drive School					
Square Feet	46,879	46,879	46,879	46,879	46,879
Capacity (Students)	355	355	355	355	355
Enrollment	422	412	368	352	352
Strathmore Elementary School					
Square Feet	58,513	58,513	58,513	58,513	58,513
Capacity (Students)	463	463	463	463	463
Enrollment	493	506	477	470	470
Middle School:					
Matawan Avenue Middle School					
Square Feet	89,882	136,032	136,032	136,032	136,032
Capacity (Students)	938	1,225	1,225	1,225	1,225
Enrollment	962	939	934	903	903
High School:					
Matawan Regional High School					
Square Feet	161,388	161,388	161,388	161,388	161,388
Capacity (Students)	1,509	1,509	1,509	1,509	1,509
Enrollment	1,064	1,064	1,144	1,153	1,153
Other:					
Central Office Administration					
Square Feet	21,800	21,800	21,800	21,800	21,800

Number of Schools at June 30, 2007

Elementary = 5

Middle School = 1

Senior High School = 1

Other = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October District count.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST EIGHT FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

*School Facilities Project # (s)	Cliffwood		Lloyd Road		Ravine Drive		Strathmore Elementary		Matawan Avenue Middle School		Matawan Regional High School		Other Facilities		Total
	Elementary		Elementary		Elementary		Elementary		Middle School		High School		Facilities		
2001	\$ 57,529.00	\$	\$ 88,360.00	\$	\$ 61,608.00	\$	\$ 57,688.00	\$	\$ 77,553.00	\$	\$ 149,332.00	\$	\$ 37,664.00	\$	\$ 529,734.00
2002	67,979.00		104,410.00		72,799.00		68,167.00		91,641.00		176,458.00		44,507.00		625,961.00
2003	49,256.00		63,199.00		94,482.00		161,824.00		107,623.00		70,101.00		41,133.00		587,618.00
2004	75,168.00		115,403.00		52,817.00		67,767.00		101,311.00		173,521.00		44,106.00		630,093.00
2005	68,786.00		105,650.00		73,663.00		68,976.00		97,776.00		178,553.00		45,035.00		638,439.00
2006	65,335.00		101,869.00		67,041.00		63,148.00		137,204.00		173,338.00		45,416.00		653,351.00
2007	71,004.00		111,407.00		71,722.00		73,588.00		150,716.00		216,672.00		45,185.00		740,294.00
2008	76,928.00		83,921.00		55,947.00		69,934.00		160,849.00		195,816.00		55,947.00		699,342.00
Total School Facilities	\$ 531,985.00	\$	\$ 774,219.00	\$	\$ 550,079.00	\$	\$ 631,092.00	\$	\$ 924,673.00	\$	\$ 1,333,791.00	\$	\$ 358,993.00	\$	\$ 5,104,832.00

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2008
(UNAUDITED)

	<u>Carrier</u>	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:			
Property - Blanket Building and Contents	(2)	\$ 83,740,038	\$ 5,000
EDP Hardware/Software	(2)	2,500,000	1,000
Extra Expense	(2)	1,000,000	
Valuable Papers and Records	(2)	500,000	5,000
Flood Zones A&V	(2)	3,000,000	500,000
Flood Zone B	(2)	25,000,000	10,000
Earthquake	(2)	5,000,000	5,000
CRIME Public Employee Dishonesty	(2)	250,000	1,000
Loss of Money & Securities	(2)	50,000	
Money Orders & Counterfeit	(2)	100,000	
Forgery or Alteration	(2)	100,000	
Computer Fraud	(2)	50,000	500
GENERAL LIABILITY - Each Occurrence	(2)	1,000,000	
Products/Completed Operations	(2)	1,000,000	
Sexual Abuse	(2)	1,000,000	
Personal & Advertising Injury	(2)	1,000,000	
Employee Benefits	(2)	1,000,000	1,000
Medical Payments	(2)	10,000	
Boiler & Machinery - Energy Systems	(2)	100,000,000	5,000
Automobile Policy - Auto Liability - General Security	(2)	1,000,000	
Garage Liability	(2)	Included	
Uninsured/Underinsured	(2)	1,000,000	1,000
Personal Injury Protection	(2)	250,000	
Medical Payments	(2)	10,000	
Hired Car Physical Damage	(2)	75,000	
Hired & Non-Owned Auto Liability	(2)	1,000,000	
School Board Legal Liability (E&O)	(2)	1,000,000	5,000
Extended Reporting Option	(2)		
Workers' Compensation - ERIC/NJSBAIG	(3)	Statutory	
Bodily Injury By Accident	(3)	2,000,000	
Bodily Injury By Disease	(3)	2,000,000	
Excess Workers' Compensation Policy	(2)	1 year	14 days
Pollution Legal Liability - Environmental Impairment	(1)	1,000,000	10,000
Primary Umbrella Liability	(2)	5,000,000	
Secondary Layer Umbrella	(2)	5,000,000	
Catastrophic Excess Umbrella Policy	(5)	50,000,000	
Compulsory Student Accident	(4)	5,000,000	

Surety Bonds:

Treasurer
Board Secretary/Business Administrator
Food Services Director

List Insurance Company:

- (1) Chubb Insurance Co.
- (2) NJSBAIG
- (3) MOCSSIF
- (4) Bollinger Insurance Co.
- (5) Fireman's Fund

Source: District records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888
 e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

REPORT ON COMPLIANCE AND 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*

K-1

Honorable President and Members
 of the Board of Education
 Matawan-Aberdeen Regional School District
 County of Monmouth
 Matawan, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Matawan-Aberdeen Regional School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated August 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Matawan-Aberdeen Regional Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Matawan-Aberdeen Regional Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Matawan-Aberdeen Regional Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Matawan-Aberdeen Regional Board of Education's general-purpose financial statements are free of 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 general-purpose 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 Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Matawan-Aberdeen Regional Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

August 1, 2008

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888

e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

K-2

Honorable President and Members
 of the Board of Education
 Matawan-Aberdeen Regional School District
 County of Monmouth
 Matawan, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Matawan-Aberdeen Regional School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. Matawan-Aberdeen Regional Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Matawan-Aberdeen Regional Board of Education's management. Our responsibility is to express an opinion on the Matawan-Aberdeen Regional Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 state program occurred. An audit includes examining, on a test basis, evidence about the Matawan-Aberdeen Regional Board of Education'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. Our audit does not provide a legal determination on the Matawan-Aberdeen Regional Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Matawan-Aberdeen Regional School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Board of Education of the Matawan-Aberdeen Regional School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Matawan-Aberdeen Regional Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Matawan-Aberdeen Regional Board of Education's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Matawan-Aberdeen Regional Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Matawan-Aberdeen Regional Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Matawan-Aberdeen Regional Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

August 1, 2008

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Award Amount	Grant Period		Balance June 30, 2007	(Walkover) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2008	
			From	To							(Accounts Receivable)	Deferred Revenue
U.S. Department of Education												
Passed-through Department of Education												
Special Revenue Fund												
Title I	84 010	301,109	9/1/2006	8/31/2007	\$ 64,038			(63,846)				192
Title I	84 010	279,124	9/1/2007	8/31/2008			279,124	(191,046)				88,078
Title IIA	84 367A	105,124	9/1/2006	8/31/2007	85,191			(85,191)				
Title IIA	84 367A	102,561	9/1/2005	8/31/2006	5,220					(5,220)		
Title IIA	84 367A	106,042	9/1/2007	8/31/2008			106,042	(68,542)				37,500
Title IID	84 318	1,358	9/1/2006	8/31/2007	231			(231)				9
Title IID	84 318	1,868	9/1/2007	8/31/2008			1,868	(1,859)				
Title IID	84 318	22,169	9/1/2006	8/31/2007	10,652			(10,652)				
Title III Immigrant	84 365	22,050	9/1/2005	8/31/2006	1					(1)		
Title III	84 365	21,104	9/1/2007	8/31/2008			21,104	(18,384)				2,720
Title IV	84 186	11,739	9/1/2006	8/31/2007	1,078			(1,004)				74
Title IV	84 186	12,323	9/1/2007	8/31/2008			12,323	(8,200)				4,123
Title V	84 298A	4,993	9/1/2006	8/31/2007	431			(431)				
Title V	84 298A	4,280	9/1/2007	8/31/2008			4,280	(1,839)				2,441
IDEA Basic	84 027	767,442	9/1/2006	8/31/2007	34,391			(11,772)				22,619
IDEA Basic	84 027	793,189	9/1/2007	8/31/2008			793,189	(736,816)				56,373
IDEA Preschool	84 173	22,226	9/1/2007	8/31/2008			22,226	(22,226)				
Armed Forces Grant		2,750	7/1/2006	6/30/2007	555				(555)			
Total Special Revenue Fund					201,788	-	1,240,156	(1,222,039)	(555)	(5,221)	-	214,129
U.S. Department of Agriculture - Passed Through State Department of Education												
Food Distribution Program	10 550	55,311	7/1/2007	6/30/2008			55,311	(55,311)				
National School Lunch Program	10 555	311,117	7/1/2007	6/30/2008			292,351	(311,117)			(18,766)	
National School Lunch Program	10 555	299,475	7/1/2006	6/30/2007	(16,257)		16,257					
School Breakfast Program	10 553	21,748	7/1/2007	6/30/2008			20,030	(21,748)			(1,718)	
School Breakfast Program	10 553	22,823	7/1/2006	6/30/2007	(1,484)		1,484					
Special Milk Program	10 556	1,075	7/1/2007	6/30/2008			1,001	(1,075)			(74)	
Special Milk Program	10 556	2,043	7/1/2006	6/30/2007	(114)		114					
Total Enterprise Fund					(17,855)	-	386,548	(389,251)	-	-	(20,558)	-
Total Federal Financial Awards					\$ 183,933	-	1,626,704	(1,611,290)	(555)	(5,221)	(20,558)	214,129

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

MATAMoras-ABERDEEN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Grantor/Program of Education	Core Curriculum Standards Aid	General Fund	Grant or State Project Number	Amount	Grant Period	Balance at June 30, 2007	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ (Repayment) of Prior Years Balances	Reverend/ Interfund Payable	Due to Grantor	MEMO
				From	To								
				Amount									

BOARD OF EDUCATION

K-5

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2008****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Matawan-Aberdeen Regional School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed other government agencies is included on the schedule of federal awards and state financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$21,665) for the general fund and (\$80,912) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	17,945,271	17,945,271
Special Revenue Fund	1,156,171	528,044	1,684,215
Debt Service Fund		69,763	69,763
Food Service Fund	<u>389,251</u>	<u>22,451</u>	<u>411,702</u>
Total Financial Assistance	<u>\$ 1,545,422</u>	<u>18,565,529</u>	<u>20,110,951</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2008. 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, 2008. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NTE 6: Adjustment

The Armed Forces Grant was classified as a federal program in 2006-2007. It is not a true federal pass-through grant and as such has been reclassified as a local grant.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2008*****Part 1 - Summary of Auditor's Results*****Financial Statement Section****Unqualified**

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No2) Were reportable conditions(s) identified that were
not considered to be material weaknesses?_____ Yes x No(C) Noncompliance material to general purpose financial
statements noted?_____ Yes x No**Federal Awards Section**

(D) Dollar threshold used to determine Typed A programs:

\$300,000

(E) Auditee qualified as low-risk auditee?

 x Yes _____ No

(F) Type of auditor's report on compliance for major programs:

Unqualified

(G) Internal control over compliance:

1) Material weakness(es) identified?

_____ Yes x No2) Were reportable condition(s) identified that were
not considered to material weaknesses?_____ Yes x No(H) Any audit findings disclosed that are required to be reported
in accordance with OMB Circular A-133 (section .510(a))?_____ Yes x No

(I) Identification of major programs:

CFDA Number(s)**Name of Federal Program or Cluster**84.027I.D.E.A. Part B Basic10.555National School Lunch Program

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2008*****Part I - Summary of Auditor's Results (Continued)*****State Awards Section**

- (J) Dollar threshold used to determine Type A programs: \$300,000
- (K) Auditee qualified as low-risk auditee? x Yes No
- (L) Type of auditor's report on compliance for major programs: Unqualified
- (M) Internal control over compliance:
- (1) Material Weakness(es) identified? Yes x No
- (2) Were reportable condition(s) identified that were
 not considered to material weaknesses? Yes x No
- (N) Any audit findings disclosed that are required to be reported
 in accordance with N.J. OMB's Circular 04-04? Yes x No
- (O) Identification of major programs:

GMIS Number(s)**Name of State Program**

08-495-034-5120-014

08-495-034-5120-011

08-495-034-5120-022

08-495-034-5095-002

08-495-034-5095-057

08-495-034-5095-058

08-495-034-5120-125

08-495-034-5120-023

Transportation Aid

Special Education Aid

Core Curriculum Standards Aid

Reimbursed Social Security

Consolidated Aid

Additional Formula Aid

Debt Service Aid Type II

Supplemental Core Curriculum Standards Aid

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2008*Part 2 - Schedule of Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2008***Part 3 - Schedule of Federal and State Award Findings and Questioned Costs***

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Finding: N/A

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

K-7

Prior Audit Findings**Finding 2007-05****Condition:**

The District does not prepare its financial statements.

Criteria:

SAS 112 defines communicating internal control related deficiencies. The internal preparation of financial statements enhances the District's internal controls.

Cause:

Because of changes in business office personnel, implementation of a financial software application and time constraints, the District did not prepare its financial statements.

Effect:

The District's financial statements required significant audit adjustments.

Recommendation:

The District implement a program of preparing and reconciling its financial statements to minimize audit adjustments and properly present the District's financial position.

Response:

During the 2007-2008 fiscal year, the District maintained financial statements utilizing the financial software and there were minimal audit adjustments at year-end.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT**K-7****SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS****FOR THE FISCAL YEAR ENDED JUNE 30, 2008****Prior Audit Findings****Finding 2007-09****Condition:**

The District's capital asset records were not updated for all the additions of capital assets during the year.

Criteria:

The New Jersey Department of Education and GASB 34 require all capital assets to be properly accounted for.

Cause:

Because of changes in business office personnel and timing, the capital asset appraisal reports were not properly updated.

Effect:

The District's financial statements required significant audit adjustments.

Recommendation:

The District implement a program to ensure all capital asset activity is properly accounted for.

Response:

The District Capital Assets records were updated properly during the 2007-08 fiscal year and were in compliance with GASB 34 for the year ended June 30, 2008.

MATAWAN-ABERDEEN REGIONAL BOARD OF EDUCATION

AUDITOR'S MANAGEMENT REPORT

COUNTY OF MONMOUTH

JUNE 30, 2008

**Robert A. Hulsart & Company
Certified Public Accountants
2807 Hurley Pond Road, Suite 100
Wall, New Jersey 07719**

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

	<u>Page</u>
Report of Independent Auditors	1.
Scope of Audit	2.
Administrative Practices and Procedures	
Insurance	2.
Officials Bonds	2.
Tuition Charges	2.
Financial Planning, Accounting and Reporting	
Examination of Claims	2.
Payroll Account	2.
Reserve for Encumbrances and Accounts Payable	3.
Classification of Expenditures	3.
Board Secretary's Records	3.
Treasurer's Records	3.
Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001	3.
Other Special Federal and/or State Projects	4.
T.P.A.F. Reimbursement	4.
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5.
School Food Service	6.
Student Body Activities and Athletic Fund	6 & 7.
Pupil Transportation	7.
Contract with Bayshore Jointure	7.
Follow-Up on Prior Year Findings	7 to 11.
Acknowledgment	11.
2% Calculation of Excess Surplus	12.
Schedule of Meal Count Activity	13.
Application for School Aid Summary	14 & 15.

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Matawan-Aberdeen Regional School District
County of Monmouth, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards, issued by the comptroller General of the United States, the general-purpose financial statements of the Board of Education of the Matawan-Aberdeen Regional School District in the County of Monmouth, for the year ended June 30, 2008, and have issued our report thereon dated August 1, 2008.

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Matawan-Aberdeen Regional Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Licensed Public School Accountant
No. 322

ROBERT A. HULSART AND COMPANY

August 1, 2008

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20; Insurance Schedule contained in the district's CAFR.

Officials Bond

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Susan Irons	Board Secretary/School Business Administrator	\$ 150,000
Kenneth Jannarone	Treasurer	350,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$1,000,000.00.

Tuition Charges

A comparison of tentative charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts for the increase/decrease in per pupil costs in accordance with *N.J.A.C. 6A:23-3.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(g)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-2.4*. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary found everything in very good order and we have no exceptions to report.

When the current Business Administrator started working in the District in August of 2007, there were many areas that needed to be addressed and procedures established to promulgate good internal controls and proper recording of the financial information, which had been a problem during the 2006-2007 year. All the findings reported in the 2006-2007 year have been addressed and proper corrective action has been implemented. Internal control procedures have been revised and are being reviewed on an ongoing basis, and key among these was the establishment of a district-wide purchasing procedures manual distributed throughout the District. The District management is aware of the need for proper accounting controls and has been proactive in addressing these needs to the benefit of the district as a whole.

Treasurer's Records

The Treasurer's records were in agreement with the records of the Board Secretary and were independently done. All reconciliations were properly done.

Effective July 1, 2007, the payroll agency account is being reconciled by the Board Treasurer, providing an additional level of internal control.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, IIA, IID, III, IV and V of the Elementary and Secondary Education Act as amended.

The study of compliance for N.C.L.B. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The study of compliance for special projects indicated no areas of noncompliance.

Finding 08-01: It was noted that there is a substantial balance remaining at year-end for the 2006-07 IDEA Basic grant of \$22,619.00. This balance must be expended or a carryover applied for by August 31, 2008.

Recommendation 08-01: That all grant balances be reviewed throughout the year and maximum effort be made to expend the grant funding on the basis of the submitted and approved budget.

Findings 08-02: The prior year audit had improperly identified non-public textbook aid as "deferred revenue". Uncommitted balances on non-public programs at June 30th of any year must be returned to the Department of Education, as there is no allowance for carryover for these funds. Due to this, the District expended funds from the balance which was due to the Department of Education, and the resulting expenditure had to be adjusted at June 30, 2008.

Recommendation 08-02: That all Fund 20 Non-Public grant funding uncommitted balances at year-end be refunded to the Department of Education and shown on the District records as "due to grantor" at year-end.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2005 N.J.S. 18A:18A-3 was amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$21,000.00 the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$29,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. Effective July 1, 2005, the quotation threshold was increased to \$3,150 and \$4,350, respectively.

Susan Irons, School Business Administrator, has been designated Certified Purchasing Officer by the Board of Education with the bid threshold at \$29,000 and the quote threshold at \$4,350.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. N.J.S. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S. 18A:18A-4 is amended to read as follows:

- a. Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law.

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. Transportation 18A:39-3 remains at \$15,000.00.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed; however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4 except for as follows:

School Food Service Fund

The financial transactions and statistical records of the School Food Services Fund were maintained in satisfactory condition. The financial accounts, milk count records and eligibility applications were reviewed on a test-check basis.

The number of milks claimed for reimbursement was verified against sales and milk count records.

Applications for free and reduced price milk were reviewed for completeness and accuracy. The number of free and reduced price milks claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications was completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education

The cash disbursement records reflected expenditures for program related goods and services. Districts with food service management companies are depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

Student Body Activities and Athletic Fund

The records of the student activities and athletic fund were found to be in good order with the exception of the following:

Finding 08-03: High School – School Store: A proper inventory of items on hand for the school store is not being maintained.

Recommendation 08-03: That the school store maintain on file a monthly inventory of all items on hand, including quantities and cost value, and reconcile it to the purchase and sales records.

Finding 08-04: Athletic Fund: It was noted that a beginning and ending inventory of game tickets was not maintained and therefore sales of tickets could not be verified during the audit.

Student Body Activities and Athletic Fund (Continued)

Recommendation 08-04: That the Athletic Fund maintain a proper inventory and accounting for all ticket sales during the year. A beginning inventory of tickets should be established, and all sales proven to the game reports, and an ending inventory of tickets be kept and made available for audit verification at year end. Any purchase of new tickets made by the Athletic Department during the year should be verified by the Business Office.

Finding 08-05: All Student/Athletic Funds: It was noted that all student/athletic funds, with the exception of Cliffwood, had numerous outstanding checks that were over one year old, including several checks that date back to the year 2000. The total of all accounts combined was \$4,160.00.

Recommendation 08-05: That all outstanding checks over a year old be presented to the Board for cancellation by resolution and that the outstanding checks be reviewed at the end of each year and any outstanding checks older than one year be presented to the board for cancellation by resolution.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2007-2008 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Contract With Bayshore Jointure

Finding 08-06: No written contract was signed with the Bayshore Jointure for the rental of space in 2007-08.

Recommendation 08-06: That a written contract be obtained for the rental of space in 2008-2009.

Follow-up on Prior Years' Findings

Examination of Claims

Finding 2007-1: The results of our testing of 60 purchase orders/vouchers are as follows:

- The district utilized blanket orders in 7 instances.
- Nine vouchers were not encumbered prior to receipt of goods or services.
- Two of the voucher packages were incomplete as to supporting documentation.

In addition, 2 of 10 encumbrances payable tested were received prior to June 30, 2007 and 1 purchase order lacked a date of receipt.

Follow-up on Prior Years' Findings (Continued)

Examination of Claims (Continued)

Response 2007-1: The District currently has strict protocols in place for purchase order requisitions and the procurement of goods and services, and our review revealed no issuance of blanket purchase orders or incomplete documentation. The District also has issued a comprehensive purchasing manual and has communicated and distributed this throughout the District. The District is adhering to all statutory guidelines.

Payroll Account

Finding 2007-02: The District did not remit the December 15, 2006 federal payroll deposit timely. This was subsequently corrected and all interest and penalties were abated.

Response 2007-02: Federal and State tax deposits were examined for timeliness and accuracy, and all were found to be in compliance with the required filing dates.

Reserve for Encumbrances and Accounts Payable

Finding 2007-03: Accounts payable and encumbrances were overstated.

Response 2007-03: Accounts payable and encumbrances were examined and tested to determine proper classification as of June 30, 2008. All were found to be consistent with generally accepted accounting principals and Department of Education guidelines.

Board Secretary's Records

Finding 2007-04: The District did not file its A4F Form (levy for District taxes) correctly, which was subsequently corrected.

Response 2007-04: The District properly submitted the certification for District Tax during 2007-2008.

Finding 2007-05: Because the District does not prepare its financial statements, there were a number of significant audit adjustments to properly present the District's financial statements in accordance with generally accepted accounting principles.

Response 2007-05: The District properly prepared its financial statements utilizing the accounting software. Trial balances were in proof, and the cash balances were in agreement with the Treasurer's records. The District personnel are capable of preparing all financial statements of the District, and year end adjustments were few and typical for New Jersey School Districts. Theses adjustments were made by the District personnel, and the year end balances fairly represented the District's financial position as of June 30, 2008.

Follow-up on Prior Years' Findings (Continued)

Board Secretary's Records (Continued)

Finding 2007-06: The District implemented a new financial software application during fiscal year 2007 and, because of staff turnover; no one individual in the Business Office was proficient with this software application.

Response 2007-06: Business office personnel were working with a new system during the previous year, and with any new system time is required to become proficient with the features and capability of the system. The staff now has more experience and is more proficient in utilizing the system, and has access to the software vendor if any support is needed on an ongoing basis.

Finding 2007-07: The District misclassified its Extraordinary Aid as to revenue source category.

Response 2007-07: Our review indicated that all revenue was recorded accurately during the 2007-2008 year.

Finding 2007-08: The District did not disclose its operating lease for copiers because it was unable to locate the lease documents. The District is currently requesting copies of the lease contracts.

Response 2007-08: All lease contracts and agreements were on file and available for audit during 2007-2008 year.

Finding 2007-09: The Capital Asset records were not updated for additions of capital assets during the year.

Response 2007-09: Capital asset additions and deletions are recorded by the district on an on-going basis and were accurately recorded during the 2007-2008 year.

Finding 2007-10: The Business Office of Lloyd Road School made payments in excess of \$30.00

Response 2007-10: In order to enhance internal controls and avoid unnecessary use of petty cash funds, all petty cash funds were returned to the Board Office and all funds were returned to the general fund. The actual bank accounts will be closed in 2008-2009.

Finding 2007-11: The Middle School Petty Cash Account had a balance of \$1,597.81 in excess of the Board's authorization of \$100.00.

Response 2007-11: In order to enhance internal controls and avoid unnecessary use of petty cash funds, all petty cash funds were returned to the Board Office and all funds were returned to the general fund. The actual bank accounts will be closed in 2008-2009.

Follow-up on Prior Years' Findings (Continued)

Treasurer's Records

Finding 2007-12: The year-end Treasurer's Report did not agree with the Board Secretary's Report.

Response 2007-12: The Treasurer's records were in agreement with the Board Secretary's records as of June 30, 2008.

Finding 2007-13: The Fire Insurance cash account did not agree to the General Ledger balance.

Response 2007-13: The Fire Insurance bank account was closed during the 2007-2008 year.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001

Finding 2007-14: The Title I Carryover was overexpended by \$112.57 and subsequently adjusted.

Response 2007-14: There were no over expenditures relating to the Title I program during 2007-2008.

Other Special Federal and/or State Projects

Finding 2007-15: Revenues and expenditures were misclassified as per source on the Board Secretary's report.

Response 2007-15: All revenues and expenditures were properly classified for the Special Revenue Fund during 2007-2008.

Student Body Activities

Finding 2007-16: The Lloyd Road School reconciliation was not prepared correctly.

Response 2007-16: The Lloyd Road School account was properly reconciled as of June 30, 2008.

Finding 2007-17: The opening balances did not agree with the prior year audit report.

Response 2007-17: The Lloyd Road School opening balances agreed to the 2006-2007 audit balance.

Follow-up on Prior Years' Findings (Continued)**Facilities and Capital Assets**

Findings 2007-18: The District could not present financial related data for proper Capital Projects Fund presentation in accordance with New Jersey Department of Education guidelines.

Response 2007-18: The various Capital Projects currently on the financial statements of the District are essentially complete; previous administration and audits did not reflect this information as required by New Jersey Department of Education guidelines; however, this information is not contained in the body of the financial statements, but rather included for information purposes only. It would be time consuming and difficult to research the records and include this information for projects that are essentially complete, and has not been presented in the 2007-2008 audit. However, all new projects will have all required supplementary information presented.

Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit staff.

2% Calculation of Excess Surplus

2007-08 Total General Fund Expenditures Per the CAFR	\$ 62,559,533
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(6,236,737)</u>
Adjusted 07-08 General Fund Expenditures	\$ 56,322,796
2% of Adjusted 2007-08 General Fund Expenditures	\$ 1,126,456
Increased by: Allowable Adjustment	<u>279,392</u>
Maximum Unreserved/Undesignated Fund Balance	\$ 1,405,848

Section 2

Total General Fund – Fund Balance @ 6-30-08	\$ 3,140,558
Decreased by:	
Reserved for Encumbrances	(13,569)
Designated for Subsequent Years Expenditures	(1,292,837)
Capital Reserve	<u>(22,772)</u>
Total Unreserved/Undesignated Fund Balance	\$ 1,811,380
Reserved Fund Balance - Excess Surplus	<u>\$ 405,532</u>

Section 3

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	\$ 1,292,837
Excess Surplus	<u>405,532</u>
	<u>\$ 1,698,369</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 256,725
Non-Public Transportation Aid	<u>22,667</u>
	<u>\$ 279,392</u>

Detail of Other Reserved Fund Balance

Capital Reserve	<u>\$ 22,772</u>
Total Other Reserved Fund Balance	<u>\$ 22,772</u>

SCHEDULE OF MEAL COUNT ACTIVITY**MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT****FOOD SERVICE FUND****NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM****ENTERPRISE FUND****FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (Regular Rate)	Paid	230,797	230,797	-	\$ 0.270	-
	Reduced	36,141	36,141	-	2.170	-
	Free	<u>74,179</u>	<u>74,179</u>	<u>-</u>	2.570	<u>-</u>
Total Net Overclaim		<u>341,117</u>	<u>341,117</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Regular Rate)	Paid	4,822	4,822	-	\$ 0.340	-
	Reduced	2,003	2,003	-	1.150	-
	Free	<u>10,451</u>	<u>10,451</u>	<u>-</u>	1.450	<u>-</u>
Total Net Overclaim		<u>17,276</u>	<u>17,276</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Severe Needs Rate)	Paid	2,012	2,012	-	\$ 0.340	-
	Reduced	891	891	-	1.410	-
	Free	<u>1,695</u>	<u>1,695</u>	<u>-</u>	1.710	<u>-</u>
Total Net Overclaim		<u>4,598</u>	<u>4,598</u>	<u>-</u>		<u>-</u>
Special Milk	Paid	5,591	5,591	-	\$ 0.170	-
	Free	<u>6,150</u>	<u>6,150</u>	<u>-</u>	Average Cost	<u>-</u>
Total Net Overclaim		<u>11,741</u>	<u>11,741</u>	<u>-</u>		<u>-</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2007

Sheet 1 of 2

	2008-2009 Application for State School Aid (10-15-07 Data)						Sample for Verification						On Roll - Related Services						Private Schools for Disabled						Private Schools - Related Services								
	Reported On			Errors			Sample Selected			Registers on Roll			Errors Per			Sample for			Reported On			Sample for			Sample for			Sample for			Sample for		
	A.S.S.A. on Roll	Workpapers on Roll	Full	Shared	Full	Shared	Full	Shared	Full	Full	Shared	Full	Shared	Full	Shared	Sample for Verification	Sample Verified	Sample Errors	Private Schools, as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Private Schools - Sample for Verification	Sample Verified	Sample Errors	Private Schools - Sample for Verification	Sample Verified	Sample Errors					
Half Day Preschool 3 Yrs.	25	25					25		25																								
Half Day Preschool 4 Yrs.	48	48					48		48																								
Full Day Kindergarten	290	290					290		290																								
One	300	300					300		300																								
Two	252	252					252		252																								
Three	273	273					273		273																								
Four	257	257					257		257																								
Five	227	227					227		227																								
Six	267	267					267		267																								
Seven	273	273					273		273																								
Eight	267	267					267		267																								
Nine	256	256					256		256																								
Ten	256	256					256		256																								
Eleven	217	217					217		217																								
Twelve	237	237					237		237																								
Subtotal	3445	3445	25	23	11	12	3445	23	3445	25	23	11	23	11	12																		
Tier I - Elementary	43	43					43		43																								
Tier II - Middle School	50	50					50		50																								
Tier II - High School	49	49					49		49																								
Tier III - Elementary	33	33					33		33																								
Tier III - Middle School	27	27					27		27																								
Tier III - High School	19	19					19		19																								
Tier IV - Elementary	37	37					37		37																								
Tier IV - Middle School	3	3					3		3																								
Tier IV - High School																																	
Subtotal	261	261	35	36	18	12	261	35	261	35	36	18	35	36	12																		
Co. Voc. - Regular																																	
Co. Voc. - Ft. Post Sec.																																	
Totals	3706	3706	58	58	28	12	3706	58	3706	58	58	28	58	28	12																		
Percentage Error																																	

MATAMAN-ABERDEEN REGIONAL SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2007

Bilingual Education									
Sample for Verification				Sample				Percentage Error	
Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Sample Verified to Application and Register	Sample Errors	Reported on Bilingual Education as Bilingual	Reported on Bilingual Education as SSA as Bilingual	Errors	Percentage Error
19	19		14	14		75	75	0	0%
One	44	58	9	8	8				
Full Day Kindergarten	44	58	9	8	8				
Preschool	19	19	14	14					
Bilingual Students									
Percentage Error									