

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, 2010

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**MATAWAN-ABERDEEN REGIONAL
BOARD OF EDUCATION**

MATAWAN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

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

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INTRODUCTORY SECTION

Matawan-Aberdeen Regional School District

OFFICE OF THE BUSINESS ADMINISTRATOR/BOARD SECRETARY

Dr. Richard O'Malley
Superintendent of Schools

One Crest Way, Aberdeen, New Jersey 07747
(732) 705-4016 FAX (732) 290-0553
siron@marsd.k12.nj.us

Susan Irons
School Business Administrator
Board Secretary

October 21, 2010

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, 2010 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 busing, which allows the District to charge parents.

The District completed the 2009-2010 fiscal year with an enrollment of 3,860 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>
2009-2010	3,860	(0.03%)
2008-2009	3,861	0.56%
2007-2008	3,840	0.31%
2006-2007	3,828	0.05%
2005-2006	3,826	(1.77%)

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:

The major initiatives for the 2009-2010 school year was the implementation of several educational based programs. The following provides a brief description of each program:

- Northwest Evaluation Association:
 - A New Jersey MAP license- mathematics, reading, and language usage tests.
- Standard Solutions:
 - Assist with the professional development of teachers in the area of language arts and math for grades 3 through 5.
- Educere, Inc.:
 - Provide the High School students with on-line learning opportunities offering more than 1,000 courses in over 45 subject areas.
- Rutgers University Technology Education:
 - A program on how to bring teachers and students into the 21st century. It will get students to collaborate globally and within the United States and will teach them how to communicate with an audience.
- Response to Intervention Program:
 - The continuous of an instructional framework designed to provide interventions for students experiencing academic difficulty.
- Mentoring Our Students Together Program:
 - The program consists of tutoring and providing life skill choices for students.

These programs all assisted in the achievement of the goal for producing high quality work, rigorous courses, and highly competitive teachers.

The District kept pace with its Technology initiative with the purchase of promethean boards and laptop carts. The District continued with the implementation of three new career academies, Biomedical, Business and Performing Arts.

Test Scores

The district standardized test scores increased in 2009-2010, with significant gains in science and math. The implementation of a new math curriculum in grades K-8 was very effective in increasing total proficiency in grades 3-8 as well as increasing the advanced proficiency in all grades. In addition, grade 5 had 77 students earn a perfect score in the math section, which is unprecedented. The district LAL scores also improved dramatically in grades 3 with students at the High School reaching 90% total proficiency for the first time. Again, seeing some of the largest gains in over (5) years. In addition, science scores in grades 4 and 8 were above DFG average with gains in advanced proficiency and total proficiency. Overall, the district increased the test scores significantly and improved above their DFG average. The district continues to place student achievement as its number one goal and will continue to look for further achievement in the future.

Many professional development activities were accomplished in the 2009-2010 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.

Financial Highlights

The district ended June 30, 2010 with a 2% surplus. There was \$405,940.00 in reserved fund balance – excess surplus which will be allocated to taxpayer relief in 2011-2012 school year.

During the 2009-2010 school year the district was able to deposit \$249,993.00 into the emergency reserve fund for a total fund amount of \$500,000.00.

During the 2009-2010 school year the district was able to deposit \$349,023.00 into the Capital reserve fund for a total amount of \$1,322,942.00.

The district was able to implement the 2009-2010 budget with a no tax increase to the taxpayers. There were no cuts to programs and all major initiatives were implemented.

During the 2009-2010 school year the Department of Education performed an audit called the Quality Single Accountability Continuum (QSAC) in which the school district was rated as a high performing district.

The district aggressively pursued shared services with the Borough and Township including landscaping, fuel, HVAC and busing for the summer recreation program. The district is in a Co-Op with Hazlet and Keyport Board of Education for refuse/recycling. The district entered into a five – year interlocal agreement for a School Resource Officer with the Township of Aberdeen.

The district was audited by the State Department of Child Nutrition and they were extremely impressed with the efficiency of the Free and Reduced Application process. There were no material errors based on the volume of applications. The district was in compliance with all of the regulations applicable to the State lunch program. There was no increase in the price of a meal for 2009-2010.

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.

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, 2010.

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 deficiency noted in the 2008-2009 audit was substantially addressed in the 2009-2010 school year and noted in the 2008-2009 annual audit. The 2009-2010 school year had no audit exceptions.

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, 2010 and the amount and percentage of increase (decrease) in relation to the prior year.

Revenue	2009-10 Amount	Percent of Total	Increase (Decrease) From 2008-09	Percent of Increase (Decrease)
General Fund	\$60,942,842	93.41%	\$(244,065)	(0.40%)
Special Revenue				
Fund	1,804,257	2.77%	313,268	21.01%
Capital Projects	-	0.00%	(6,108)	(100.00%)
Debt Service	<u>2,493,754</u>	<u>3.82%</u>	<u>(7,290)</u>	(0.29%)
Total	\$65,240,493	100.00%	\$55,805	

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, 2010 and the amount and percentage of increase (decrease) in relation to the prior year.

Expenditures	2009-10 Amount	Percent of Total	Increase (Decrease) From 2008-09	Percent of Increase (Decrease)
Current Expense	\$58,518,845	90.16%	\$(1,755,177)	(2.91%)
Capital Outlays	284,067	0.44%	(192,958)	(40.45%)
Special Schools	88,404	0.14%	29,046	48.93%
ARRA	1,710,066	2.63%	1,710,066	100.00%
Special Revenues	1,804,257	2.78%	338,964	23.13%
Capital Projects	-	0.00%	(23,898)	(100.00%)
Debt Service	<u>2,499,064</u>	<u>3.85%</u>	<u>(1,981)</u>	(0.08%)
Totals	\$64,904,703	100.00%	\$104,062	

8. DEBT ADMINISTRATION:

At June 30, 2010, the District's outstanding debt issues included:

\$ 3,025,000	Series 2002 - Taxable
23,655,000	Series 2003
<u>758,947</u>	NJ EDA Loan
\$ 27,438,947	

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:

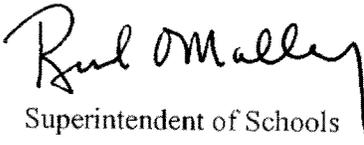
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Education selected the accounting firm of Robert A. Hulsart & Company, CPAs. In addition to meeting the requirements set forth in state statutes, the 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:

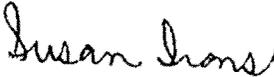
We would like to express our appreciation to the members of the Matawan-Aberdeen Regional School District Board of Education for its concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Charles Kenny, President, Esquire	2011
Elizabeth Hayward, Vice President	2012
Jan Rubino	2011
Martin Ruprecht	2011
Gerald Donaghue	2012
Joseph Warren	2012
Jeff Delaney, Ed.D	2013
Anissa Esposito	2013
Patricia Demarest	2013

Other Officials

Richard O'Malley, Ed.D, Superintendent

Joel M. Glastein, Deputy Superintendent

Susan A. Irons, Business Administrator/Board Secretary

Kenneth Jannarone, Treasurer

David B. Rubin, Esquire

MATAWAN-ABERDEEN REGIONAL BOARD OF EDUCATION

MATAWAN, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2010

Auditor/Audit Firm

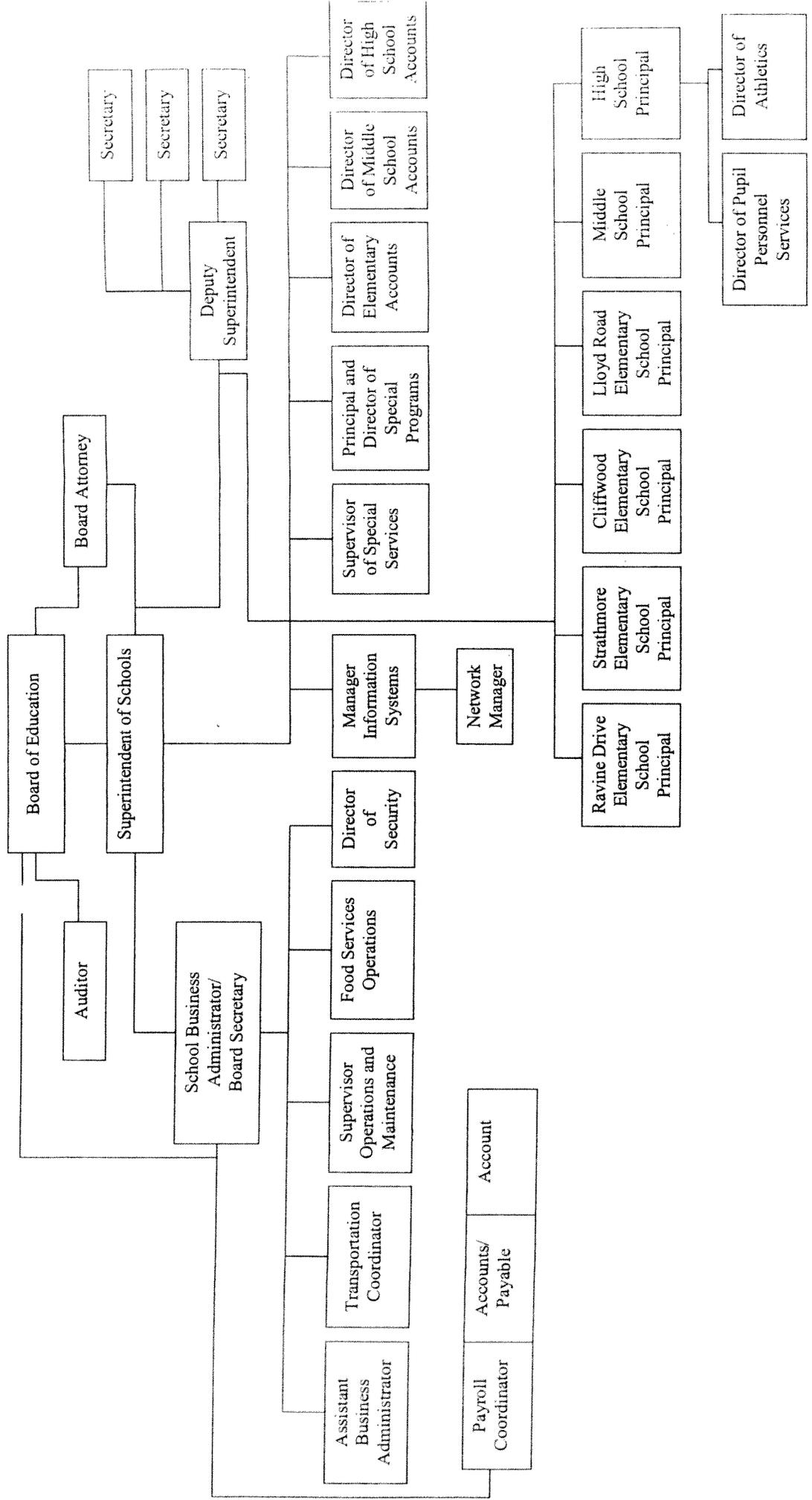
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Attorney

David B. Rubin, Esquire
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Metuchen, New Jersey 08840

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.

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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, 2010, 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, 2010, 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 October 21, 2010, 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 13 through 18 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 inquires 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

October 21, 2010

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2010

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, 2010. 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 (2009-2010) and the prior fiscal year (2008-2009) 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 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 2009-2010 fiscal year include the following:

- The local tax levy decreased from 2008-2009 by \$24,740 to \$43,801,859 due primarily to the overall decrease in the District's general fund budget.
- On a budgetary basis, the unreserved, undesignated general fund balance increased \$221,622. As in prior years, the District was not permitted to record the 2008-2009 final state aid payment as a receivable or revenue in this fiscal year. The final two state aid payments were received on July 7, 2010 totaling \$1,272,587. If recording of this had been permitted the unreserved, undesignated general fund balance would have been reflected as \$1,792,283.
- Total spending for all programs was \$64,904,703 including a charge of \$1,599,508 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.
- Capital leases at June 30, 2009 and 2010 respectively were \$131,844 and \$67,230. The average interest rate is 4.05%.

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	2009-2010 Totals	2008-2009 Totals
Current and other assets	\$3,705,147	\$226,918	\$ 3,932,065	\$ 3,560,286
Capital assets, net	41,457,390	56,469	41,513,859	42,770,164
Total assets	\$45,162,537	\$283,387	\$45,445,924	\$46,330,450
Long-term liabilities outstanding	\$ 28,577,570	-	\$28,577,570	\$30,202,415
Other liabilities	195,697	\$15,678	211,375	212,856
Total liabilities	\$28,773,267	\$15,678	\$28,788,945	\$30,415,271
Net assets:				
Investment in capital assets, net	\$13,951,213	\$56,469	\$14,007,682	\$16,042,913
Restricted	2,509,638	-	\$ 2,509,638	2,055,338
Unrestricted	(71,581)	211,240	139,659	(788,132)
Total net assets	\$16,389,270	\$267,709	\$16,656,979	\$17,310,119

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.

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	2009-2010 Totals	2008-2009 Totals
Revenues:				
Program revenues				
Charges for services		1,071,726	1,071,726	1,073,382
Operating grants and contributions	1,804,257	606,561	2,410,818	1,967,636
Capital grants and contributions	-	-	-	-
General revenues				
Property taxes	43,801,859	-	43,801,859	43,826,599
Taxes levied for debt service	2,471,625	-	2,471,625	2,478,605
Federal and State aid not restricted	16,745,405	-	16,745,405	16,795,524
Tuition Received	114,095	-	114,095	74,491
Miscellaneous income	296,007	-	277,801	471,028
Investment Earnings	7,245	-	39,393	39,393
Total revenues	65,240,493	1,678,287	66,932,722	66,726,658
Expenses:				
Instructional Services	24,173,967	-	24,173,967	25,306,796
Support services/undistributed costs	35,804,334	1,648,360	37,452,694	37,646,959
Special Schools	88,404	-	88,404	59,358
Interest on long term debt	1,153,524	-	1,153,524	1,224,629
ARRA	1,710,066	-	1,710,066	-
Unallocated Depreciation	1,599,508	-	1,599,508	3,739,092
Total expenses	64,529,803	1,648,360	66,178,163	67,976,834
Change in net assets	710,690	29,927	740,617	(1,250,176)
Net assets – beginning	15,683,720	231,459	15,915,179	17,310,119
Adjustment of beginning net assets	(5,140)	6,323	1,183	87,709
Reclassification to fiduciary funds				
Net assets – ending	16,389,270	267,709	16,656,979	15,915,179

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised solely of the June 30, 2009 encumbrances, which 'roll-over' into the subsequent year's budget (2009-2010) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2009-2010 budget.

Capital Assets

At June 30, 2010 the District had capital assets of over \$40 million. This is comprised of: Buildings - \$39,651,050, Machinery and equipment - \$1,400,785 and Site Improvements of - \$405,555.

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 the same level as 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 DISTRICTSTATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	172,603	172,603
Receivables, Net	1,208,109	44,913	1,253,022
Inventory		9,402	9,402
Restricted Assets:			
Cash and Cash Equivalents	1,228,859		1,228,859
Capital Reserve Account - Cash	1,268,179		1,268,179
Capital Assets, Net (Note 1)	41,457,390	56,469	41,513,859
Total Assets	<u>45,162,537</u>	<u>283,387</u>	<u>45,445,924</u>
<u>Liabilities</u>			
Accounts Payable	124,204	7,328	131,532
Deferred Revenue	71,493	8,350	79,843
Noncurrent Liabilities (Note 3):			
Due Within One Year	1,421,967		1,421,967
Due Beyond One Year	27,155,603		27,155,603
Total Liabilities	<u>28,773,267</u>	<u>15,678</u>	<u>28,788,945</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	13,951,213	56,469	14,007,682
Restricted For:			
Debt Service	162,738		162,738
Other Purposes	3,121,276		3,121,276
Unrestricted	(845,957)	211,240	(634,717)
Total Net Assets	<u>\$ 16,389,270</u>	<u>267,709</u>	<u>16,656,979</u>

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

MATAWAN-ABERDEN REGIONAL SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 18,205,392			(18,205,392)		(18,205,392)
Special Education	4,573,144		1,133,838	(3,439,306)		(3,439,306)
Other Special Instruction	323,236			(323,236)		(323,236)
Other Instruction	1,072,195			(1,072,195)		(1,072,195)
Support Services:						
Tuition	4,877,910			(4,877,910)		(4,877,910)
Student & Instruction Related Services	5,008,238		670,419	(4,337,819)		(4,337,819)
School Administrative Services	912,726			(912,726)		(912,726)
General and Business Administrative Services	3,536,825			(3,536,825)		(3,536,825)
Plant Operations and Maintenance	5,367,081			(5,367,081)		(5,367,081)
Pupil Transportation	2,556,743			(2,556,743)		(2,556,743)
Unallocated Benefits	13,544,811			(13,544,811)		(13,544,811)
Interest on Long-Term Debt	1,153,524			(1,153,524)		(1,153,524)
Summer School	88,404			(88,404)		(88,404)
ARRA	1,710,066			(1,710,066)		(1,710,066)
Unallocated Depreciation	1,599,508			(1,599,508)		(1,599,508)
Total Government Activities	64,529,803	-	1,804,257	(62,725,546)	-	(62,725,546)
Business-Type Activities:						
Other Activities						
Food Service	1,648,360	1,071,726	606,561	-	29,927	29,927
Total Business Type Activities	1,648,360	1,071,726	606,561	-	29,927	29,927
Total Primary Government	\$ 66,178,163	1,071,726	2,410,818	(62,725,546)	29,927	(62,695,619)

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				\$ 43,801,859		43,801,859
Taxes Levied for Debt Service				2,471,625		2,471,625
Federal and State Aid Not Restricted				16,745,405		16,745,405
Tuition Received				114,095		114,095
Investment Earnings				7,245		7,245
Miscellaneous Income				296,007		296,007
Total General Revenues, Special Items, Extraordinary Items and Transfers				63,436,236	-	63,436,236
Change in Net Assets				710,690	29,927	740,617
Adjustment Of Beginning Net Assets				(5,140)	6,323	1,183
Net Assets - Beginning				15,683,720	231,459	15,915,179
Net Assets - Ending				\$ 16,389,270	267,709	16,656,979

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 2,334,300		162,738	2,497,038
Receivables from Other Governments	813,045	395,064		1,208,109
Interfund Receivable	363,616			363,616
Total Assets	<u>\$ 3,510,961</u>	<u>395,064</u>	<u>162,738</u>	<u>4,068,763</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	\$ 124,204			124,204
Interfund Payable		363,616		363,616
Deferred Revenue	40,045	31,448		71,493
Total Liabilities	<u>164,249</u>	<u>395,064</u>	<u>-</u>	<u>559,313</u>
Fund Balance:				
Reserved for:				
Encumbrances	192,194			192,194
Designated for Subsequent Years Expenditures - Capital Reserve	294,260			294,260
Designated for Subsequent Years Expenditures - Excess Surplus	405,940			405,940
Excess Surplus	405,940			405,940
Emergency Reserve	500,000			500,000
Capital Reserve Account	1,322,942			1,322,942
Unreserved, Reported In:				
General Fund	225,436			225,436
Debt Service Fund			162,738	162,738
Total Fund Balances	<u>3,346,712</u>	<u>-</u>	<u>162,738</u>	<u>3,509,450</u>
Total Liabilities and Fund Balance	<u>\$ 3,510,961</u>	<u>395,064</u>	<u>162,738</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 \$68,070,601 and the accumulated depreciation is \$26,613,211

41,457,390

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)

(28,577,570)

Net assets of governmental activities

\$ 16,389,270

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, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local Sources:					
Local Tax Levy	\$ 43,801,859			2,471,625	46,273,484
Tuition Charges	114,095				114,095
Transportation Fees	118,583				118,583
Interest on Investments	7,245				7,245
Miscellaneous	177,424	33,291			210,715
Total Local Sources	44,219,206	33,291	-	2,471,625	46,724,122
State Sources	15,013,210	31,799		22,129	15,067,138
Federal Sources	1,710,066	1,739,167			3,449,233
Total Revenues	60,942,482	1,804,257	-	2,493,754	65,240,493
Expenditures					
Current:					
Regular Instruction	18,460,986				18,460,986
Special Education Instruction	3,528,513	1,044,631			4,573,144
Other Special Instruction	323,236				323,236
Other Instruction	1,072,195				1,072,195
Support Services and Undistributed Costs:					
Tuition	4,877,910				4,877,910
Student and Instruction Related Services	4,337,819	670,419			5,008,238
School Administrative Services	912,726				912,726
Other Administrative Services	3,536,825				3,536,825
Plant Operations and Maintenance	5,367,081				5,367,081
Pupil Transportation	2,556,743				2,556,743
Unallocated Benefits	13,544,811				13,544,811
Debt Service:					
Principal				1,304,737	1,304,737
Interest and Other Charges				1,194,327	1,194,327
Capital Outlay	284,067	89,207			373,274
Summer School	88,404				88,404
ARRA	1,710,066				1,710,066
Total Expenditures	60,601,382	1,804,257	-	2,499,064	64,904,703

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<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	341,100	-	-	(5,310)	335,790
Other Financing Sources (Uses):					
Transfer In	1,064				1,064
Transfer Out			(1,064)		(1,064)
Total Other Financing Sources (Uses)	1,064	-	(1,064)	-	-
Net Change in Fund Balances	342,164	-	(1,064)	(5,310)	335,790
Fund Balance - July 1	3,004,548		1,064	168,048	3,173,660
Fund Balance - June 30	<u>\$ 3,346,712</u>	<u>-</u>	<u>-</u>	<u>162,738</u>	<u>3,509,450</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, 2010

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$	335,790
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	(1,599,508)		
Capital Outlays	<u>373,274</u>		
			(1,226,234)
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.			1,304,737
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.			255,594
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>40,803</u>
Change in Net Assets of Governmental Activities (A-2)		\$	<u>710,690</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, 2010

	<u>Enterprise Funds</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 172,603
Accounts Receivable:	
State	2,391
Federal	42,522
Inventory	9,402
Total Current Assets	<u>226,918</u>
Noncurrent Assets	
Equipment	288,230
Accumulated Depreciation	(231,761)
Total Fixed Assets	<u>56,469</u>
Total Assets	<u>\$ 283,387</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	\$ 7,328
Deferred Revenue	8,350
Total Liabilities	<u>\$ 15,678</u>
<u>Net Assets</u>	
Investment in Capital Assets	\$ 56,469
Unrestricted	211,240
Total Net Assets	<u>\$ 267,709</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit B-5

PROPRIETARY FUND

JUNE 30, 2010

	<u>Enterprise Funds</u>
Operating Revenues:	
Daily Sales	\$ 1,032,201
Fees	39,525
Total Operating Revenues	<u>1,071,726</u>
Operating Expenses:	
Salaries & Benefits	695,462
Cost of Sales	658,944
Supplies and Materials	6,422
Maintenance	142,174
Depreciation	7,543
Management Fee	135,611
Miscellaneous	2,204
Operating Expenses	<u>1,648,360</u>
Operating Gain/(Loss)	(576,634)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	25,099
State Breakfast Program	3,828
Federal Sources:	
National School Lunch Program	442,990
Federal Breakfast Program	41,339
Special Milk Program	1,030
Food Distribution Program	92,275
Total Non-Operating Revenues	<u>606,561</u>
Change in Net Assets	29,927
Adjustments:	
Adjustment for Fixed Assets	6,323
Total Adjustments	<u>6,323</u>
Change in Net Assets after Adjustments	36,250
Net Assets - July 1	<u>231,459</u>
Net Assets - June 30	<u><u>\$ 267,709</u></u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUND

JUNE 30, 2010

	<u>Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers & Fees	\$ 1,061,751
Payments to Employees & Benefits	(695,462)
Payments to Supplies	(806,750)
Net Cash Provided (Used) by Operating Activities	<u>(440,461)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	28,927
Federal Sources	485,359
Net Cash Provided by Noncapital Financing Activities	<u>514,286</u>
Net Increase (Decrease) in Cash and Cash Equivalents	73,825
Balance - July 1	<u>98,778</u>
Balance - June 30	<u>\$ 172,603</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (576,634)
Depreciation	7,543
Federal Commodities	92,275
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Decrease/(Increase) in Inventory	(3,604)
(Decrease)/Increase in Deferred Revenue	(9,975)
Decrease/(Increase) in Accounts Receivable	49,934
Net Cash Provided (Used) by Operating Activities	<u>\$ (440,461)</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, 2010

	<u>Payroll Agency Fund</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 57,276</u>
Total Assets	<u><u>\$ 57,276</u></u>
Liabilities:	
Payroll Deductions and Withholdings	<u>\$ 57,276</u>
Total Liabilities	<u><u>\$ 57,276</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, 2010****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, 2010 of 3,860 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, 2010 were insignificant, with the exception of adjustments made for the reduction of State aid.

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>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 60,938,770	1,831,944
Difference – budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		(27,687)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,276,299	

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.	(1,272,587)	_____
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds.	<u>\$ 60,942,482</u>	<u>1,804,257</u>
 <u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	\$ 60,601,382	1,831,944
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.	_____	(27,687)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$ 60,601,382</u>	<u>1,804,257</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, 2010.

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, 2010 was as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation (Continued)**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:				
Depreciable Assets:				
Site Improvements	\$ 635,114			635,114
Buildings	63,281,059	9,710		63,290,769
Equipment	<u>3,810,005</u>	<u>334,713</u>		<u>4,144,718</u>
Total	<u>67,726,178</u>	<u>344,423</u>		<u>68,070,601</u>
Less: Accumulated				
Depreciation:				
Site Improvements	(190,183)	(39,376)		(229,559)
Buildings	(22,421,792)	(1,217,927)		(23,639,719)
Equipment	<u>(2,401,728)</u>	<u>(342,205)</u>		<u>(2,743,933)</u>
Total	<u>(25,013,703)</u>	<u>(1,599,508)</u>		<u>(26,613,211)</u>
Net Depreciable Assets	<u>42,712,475</u>	<u>(1,255,085)</u>		<u>41,457,390</u>
Governmental Activities				
Capital Assets (Net)	<u>\$ 42,712,475</u>	<u>(1,255,085)</u>		<u>41,457,390</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 281,907	6,323		288,230
Less: Accumulated				
Depreciation				
Equipment	<u>(224,218)</u>	<u>(7,543)</u>		<u>(231,761)</u>
Business-Type Activities				
Capital Assets, (Net)	<u>\$ 57,689</u>	<u>(1,220)</u>		<u>56,469</u>

Accumulated depreciation was allocated to governmental activities as follows:

	<u>Prior Years</u> <u>Accumulated</u> <u>Depreciation</u>	<u>Current Year</u> <u>Depreciation</u> <u>Expense</u>	<u>Total</u> <u>Accumulated</u> <u>Depreciation</u>
Unallocated	<u>\$ 25,013,703</u>	<u>1,599,508</u>	<u>26,613,211</u>

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, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking, Money Market Accounts And Certificate of Deposit	\$ 2,671,661
NJ Asset and Rebate Management Program	<u>190,988</u>
	<u>\$ 2,862,649</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2010 was \$2,862,649 and the bank balance was \$4,661,420. Of the bank balance, \$200,000 was covered by federal depository insurance and \$4,461,420 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>4,461,420</u>
	<u>\$ 4,661,420</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, 2010, the District had \$190,988 on deposit with the New Jersey Asset and Rebate Management Program.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2010 the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Long-Term</u> <u>Portion</u>	<u>2010-11</u> <u>Payment</u>
Compensated Absences Payable	\$ 1,326,987		255,594	1,071,393	1,071,393	
Bonds Payable	28,743,684		1,304,737	27,438,947	26,084,210	1,354,737
Capital Leases Payable	131,844		64,614	67,230		67,230
Total	<u>\$ 30,202,515</u>		<u>1,624,945</u>	<u>28,577,570</u>	<u>27,155,603</u>	<u>1,421,967</u>

NOTE 3: General Long-Term Debt (Continued)

Debt service requirements on serial bonds payable at June 30, 2010 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	503,117	1,978,117
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>\$ 27,438,947</u>	<u>11,334,105</u>	<u>38,773,052</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, 2010</u>
Bonds Payable	12/30/02	3.700-5.200%	08/15/10-15	\$ 3,025,000
	12/30/02	4.000-4.500%	09/15/10-27	23,655,000
NJ EDA Loan	08/12/03	1.500%	07/15/10-13	<u>758,947</u>
Total Bonds				<u>\$ 27,438,947</u>

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

As of June 30, 2010, 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 \$67,230. The following is a schedule of the future minimum lease payments under these capital leases as of June 30, 2010.

Year Ended**June 30**

2011	\$ 69,953
Less Amount Representing Interest	<u>2,723</u>
Present Value of Lease Payments	<u>\$ 67,230</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</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/10	\$ None	100%	\$ 0
6/30/09	None	100%	0
6/30/08	None	100%	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/10	\$ 1,944,457	100%	\$ 0
6/30/09	1,726,612	100%	0
6/30/08	4,405,202	100%	0

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$1,944,457 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 \$2,109,457 during the year ended June 30, 2010 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

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 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.

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 \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

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>
2009-2010	\$ 104,170	73,790	177,960
2008-2009	84,721	72,016	156,737
2007-2008	82,822	72,385	155,207

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, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$ 1,268,045
Interest Earnings	134
Transfers in by Board Resolution	<u>349,023</u>
Ending Balance, June 30, 2010	1,617,202
Less:	
Utilized in 2010-2011 Budget	<u>(294,260)</u>
Unrestricted Balance June 30, 2010	<u>\$ 1,322,942</u>

NOTE 9: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2010.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 363,616	
Special Revenue Fund	_____	<u>363,616</u>
	<u>\$ 363,616</u>	<u>363,616</u>

NOTE 10: Fund Balance Appropriated

General Fund – Of the \$4,619,299 General Fund fund balance at June 30, 2010, \$192,194 is reserved for encumbrances; \$294,260 has been appropriated and included as anticipated revenue for the year ending June 30, 2011 from Capital Reserve; \$1,322,942 is in Capital Reserve, \$500,000 is in an emergency reserve, excess surplus is \$405,940; excess surplus designated for subsequent years is \$405,940; \$1,498,023 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 2010-2011 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, 2010 had an excess surplus of \$405,940, (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

2009-10 Total General Fund Expenditures Per the CAFR	\$ 60,601,382
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(4,053,914)</u>
Adjusted 2009-10 General Fund Expenditures	<u>\$ 56,547,468</u>
2% of Adjusted 2009-10 General Fund Expenditures	\$ 1,130,949
Increased by: Allowable Adjustment	<u>367,074</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 1,498,023</u>

Section 2

Total General Fund – Fund Balance @ 6-30-10	\$ 4,619,299
Decreased by:	
Reserved for Encumbrances	(192,194)
Designated for Subsequent Years Expenditures – Capital Reserve	(294,260)
Designated for Subsequent Years Expenditures – Excess Surplus Reserves	<u>(405,940)</u>
	<u>(1,822,942)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 1,903,963</u>
Reserved Fund Balance - Excess Surplus	<u>\$ 405,940</u>

Section 3

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	\$ 405,940
Excess Surplus	<u>405,940</u>
	<u>\$ 811,880</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 351,327
Non-Public Transportation Aid	<u>15,747</u>
	<u>\$ 367,074</u>

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

Emergency Reserve	\$ 500,000
Capital Reserve	<u>1,322,942</u>
Total Other Reserved Fund Balance	<u>\$ 1,822,942</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: Recent Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2010 through October 21, 2010.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 43,801,859		43,801,859	43,801,859	-
Tuition	80,000		80,000	114,095	34,095
Transportation Fees	127,800		127,800	118,583	(9,217)
Interest on Investments	50		50	7,245	7,195
Miscellaneous	435,250		435,250	177,424	(257,826)
Total Local Sources	<u>44,444,959</u>	<u>-</u>	<u>44,444,959</u>	<u>44,219,206</u>	<u>(225,753)</u>
State Sources:					
Transportation Aid	1,033,764		1,033,764	1,033,764	-
Special Education Aid	2,080,711		2,080,711	2,080,711	-
Security Aid	445,511		445,511	445,511	-
Equalization Aid	9,424,651	(2,737,895)	6,686,756	6,686,756	-
Extraordinary Aid	341,768		341,768	693,095	351,327
Non-Public Transportation				15,747	15,747
On Behalf of TPAF Pension Contr. (Non-Budgeted)				1,944,457	1,944,457
Reimbursed TPAF Social Security Contributions					
(Non-Budgeted)					
Total State Sources	<u>13,326,405</u>	<u>(2,737,895)</u>	<u>10,588,510</u>	<u>2,109,457</u>	<u>2,109,457</u>
Federal Sources:					
ARRS-ESF		1,646,334	1,646,334	1,646,334	-
AARS-GSF		63,732	63,732	63,732	-
Medicaid	20,000		20,000		(20,000)
Total Federal Sources	<u>20,000</u>	<u>1,710,066</u>	<u>1,730,066</u>	<u>1,710,066</u>	<u>(20,000)</u>
Total Revenues	<u>57,791,364</u>	<u>(1,027,829)</u>	<u>56,763,535</u>	<u>60,938,770</u>	<u>4,175,235</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Distributed Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Preschool - Salaries of Teachers	144,787	(599)	144,188	140,388	3,800
Kindergarten - Salaries of Teachers	906,820	71,266	978,086	976,483	1,603
Grades 1-5 - Salaries of Teachers	6,373,038	(65,792)	6,307,246	6,293,368	13,878
Grades 6-8 - Salaries of Teachers	4,906,210	(459,295)	4,446,915	4,387,686	59,229
Grades 9-12 - Salaries of Teachers	5,675,098	(170,211)	5,504,887	5,411,271	93,616
Home Instruction-Regular Programs:					
Salaries of Teachers	36,000	27,130	63,130	63,130	-
Purchased Professional-Educational Services	11,400	(8,252)	3,148	3,138	10
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	394,602	282,704	677,306	622,066	55,240
Other Purchased Services	14,084	4,800	18,884	12,935	5,949
General Supplies	524,902	(7,622)	517,280	464,763	52,517
Textbooks	136,614	(31,832)	104,782	85,741	19,041
Other Objects	1,003		1,003	17	986
Total Regular Programs	<u>19,124,558</u>	<u>(357,703)</u>	<u>18,766,855</u>	<u>18,460,986</u>	<u>305,869</u>
Special Education:					
Behavioral Disabilities					
Instruction:					
Salaries of Teachers	273,650	102,439	376,089	366,331	9,758
General Supplies	1,473	1,246	2,719	2,297	422
Textbooks	760		760	760	-
Total Behavioral Disabilities	<u>275,883</u>	<u>103,685</u>	<u>379,568</u>	<u>368,628</u>	<u>10,940</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Cognitive-Moderate:					
Instruction:					
Salaries of Teachers		245,711	245,711	244,680	1,031
Other Salaries for Instruction		110,402	110,402	103,637	6,765
Total Cognitive-Moderate	-	356,113	356,113	348,317	7,796
Learning and/or Language Disabilities:					
Instruction:					
Salaries of Teachers		45,550	45,550	45,550	-
Other Salaries for Instruction		45,470	45,470	45,470	-
General Supplies	1,460		1,460	298	1,162
Total Learning/Language Disabilities	1,460	91,020	92,480	91,318	1,162
Autism					
Instruction:					
Salaries of Teachers		55,630	55,630	55,195	435
Other Salaries For Instruction		19,438	19,438	19,438	-
Purchased Professional Services		258,936	258,936	249,213	9,723
Total Autism	-	334,004	334,004	323,846	10,158
Multiple Disabilities:					
Instruction:					
Salaries of Teachers	197,882	(197,882)	-		-
Total Multiple Disabilities	197,882	(197,882)	-	-	-

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Instruction:					
Salaries of Teachers	2,183,638	(24,520)	2,159,118	2,157,568	1,550
Other Salaries for Instruction		83,625	83,625	78,714	4,911
General Supplies	24,496	(2,863)	21,633	16,481	5,152
Textbooks	950		950		950
Total Resource Room/Resource Center	2,209,084	56,242	2,265,326	2,252,763	12,563
Preschool Disabilities - Part-Time - Instruction:					
Salaries of Teachers	73,485	1,160	74,645	74,645	-
Other Salaries for Instruction	36,150	(23,804)	12,346	11,139	1,207
General Supplies		10,000	10,000	8,348	1,652
Total Preschool Disabilities - Part-Time	109,635	(12,644)	96,991	94,132	2,859
Preschool Disabilities-Full-Time					
Salaries of Teachers		57,867	57,867	45,250	12,617
Other Salaries for Instruction		10,520	10,520	4,259	6,261
Total Preschool Disabilities-Full-Time	-	68,387	68,387	49,509	18,878
Total Special Education - Instruction	2,793,944	798,925	3,592,869	3,528,513	64,356
Basic Skills/Remedial Instruction:					
Salaries of Teachers	553,248	(482,534)	70,714	5,815	64,899
General Supplies	11,863	626	12,489	9,985	2,504
Total Basic Skills/Remedial Instruction	565,111	(481,908)	83,203	15,800	67,403

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	337,280	54,670	391,950	263,432	128,518
General Supplies	1,413	(40)	1,373	1,133	240
Total Bilingual Education	<u>338,693</u>	<u>54,630</u>	<u>393,323</u>	<u>264,565</u>	<u>128,758</u>
Vocational Programs-Local-Instruction:					
Other Salaries For Instruction	61,000		61,000	42,871	18,129
School Sponsored Co-Curricular Activities-Instruction:					
Salaries of Teachers	236,180	2,825	239,005	230,965	8,040
Supplies and Materials	54,135	(2,825)	51,310	36,360	14,950
Other Objects	5,035		5,035	4,215	820
Total School Sponsored Co-Curricular Activities	<u>295,350</u>	<u>-</u>	<u>295,350</u>	<u>271,540</u>	<u>23,810</u>
School Sponsored Athletics - Instruction:					
Salaries	507,328	(8,531)	498,797	433,667	65,130
Purchased Services	80,217	12,058	92,275	92,054	221
Supplies and Materials	89,050	950	90,000	89,360	640
Other Objects	43,474	5,250	48,724	47,404	1,320
Transfers To Cover Deficit (Agency Funds)	44,182	(3,715)	40,467	40,162	305
Total School Sponsored Athletics-Instruction	<u>764,251</u>	<u>6,012</u>	<u>770,263</u>	<u>702,647</u>	<u>67,616</u>
Before/After School Programs:					
Salaries	86,372	12,647	99,019	90,258	8,761
Alternate Education Program					
Other Purchased Services	70,000	(50,638)	19,362	7,750	11,612

MATAWAN-ABERDEN REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Instruction	24,099,279	(18,035)	24,081,244	23,384,930	696,314
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs W/I State - Regular	1,747,750	10,239	10,239	6,558	3,681
Tuition to Other LEAs W/I State - Special		16,682	1,764,432	1,757,784	6,648
Tuition to County Voc. School-Regular	360,000	(57,206)	302,794	299,987	2,807
Tuition to County Voc. School-Special	160,000	25,810	185,810	184,575	1,235
Tuition to Private School for the Disabled W/I State	2,772,946	(176,132)	2,596,814	2,575,485	21,329
Tuition -State Facilities	95,000	(40,432)	54,568	53,521	1,047
Total Undistributed Instruction	5,135,696	(221,039)	4,914,657	4,877,910	36,747
Health Services:					
Salaries	464,170	8,663	472,833	472,833	-
Purchased Professional and Technical Services	111,035	34,047	145,082	134,001	11,081
Supplies and Materials	14,435	(515)	13,920	13,897	23
Total Health Services	589,640	42,195	631,835	620,731	11,104
Other Support Services - Students - Related Services:					
Salaries	407,560	42,042	449,602	449,602	-
Purchased Professional services	167,000	(96,105)	70,895	66,513	4,382
Total Other Support Services - Students - Rel. Services	574,560	(54,063)	520,497	516,115	4,382

MATAWAN-ABERDEN REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Services Students - Regular:					
Salaries of Other Professional Staff	932,345	(1,512)	930,833	926,875	3,958
Salaries of Secretarial and Clerical Assistants	69,500		69,500	69,500	-
Purchased Professional-Educational Services	6,990	(1,069)	5,921	5,921	-
Other Purchased Services	43,493	7,151	50,644	32,755	17,889
Supplies and Materials	18,295	(7,226)	11,069	8,926	2,143
Other Objects	570		570	514	56
Total Other Support Services-Regular	<u>1,071,193</u>	<u>(2,656)</u>	<u>1,068,537</u>	<u>1,044,491</u>	<u>24,046</u>
Other Support Services - Special:					
Salaries of Other Professional Staff	1,160,412	(72,864)	1,087,548	1,056,178	31,370
Salaries of Secretarial and Clerical Assistants	120,205		120,205	104,882	15,323
Other Salaries	66,423	(2,258)	64,165	63,173	992
Residential Costs	15,989		15,989	4,829	11,160
Supplies and Materials	6,650	3,641	10,291	9,368	923
Other Objects	5,700		5,700	5,648	52
Total Other Support Services - Special	<u>1,375,379</u>	<u>(71,481)</u>	<u>1,303,898</u>	<u>1,244,078</u>	<u>59,820</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<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	106,677		106,677	103,334	3,343
Salaries of Other Professional Staff	78,814	12,100	90,914	64,195	26,719
Salaries of Secretarial and Clerical Assistants	82,190	(51,690)	30,500	30,500	-
Other Salaries	195,096	(56,578)	138,518	129,346	9,172
Other Purchased Services	14,250	(3,350)	10,900	259	10,641
Supplies and Materials	12,540	(3,094)	9,446	7,610	1,836
Other Objects	950		950		950
Total Improvement of Instruction	<u>490,517</u>	<u>(102,612)</u>	<u>387,905</u>	<u>335,244</u>	<u>52,661</u>
Educational Media Services/School Library:					
Salaries	478,254	7,206	485,460	485,460	-
Purchased Professional and Technical Services	30,316		30,316	29,678	638
Other Purchased Services	836		836		836
Supplies and Materials	38,322	(197)	38,125	35,076	3,049
Total Educational Media Services/School Library	<u>547,728</u>	<u>7,009</u>	<u>554,737</u>	<u>550,214</u>	<u>4,523</u>
Instructional Staff Training Services:					
Purchased Professional-Educational Services	10,175	(450)	9,725	5,700	4,025
Other Purchased Services	49,225		49,225	21,246	27,979
Supplies and Materials	950		950		950
Total Instructional Staff Training Services	<u>60,350</u>	<u>(450)</u>	<u>59,900</u>	<u>26,946</u>	<u>32,954</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administration:					
Salaries	513,154	6,581	519,735	511,689	8,046
Legal Services	140,000	(2,000)	138,000	96,856	41,144
Audit Fees	30,000		30,000	30,000	-
Other Purchased Professional Services	39,250	(224)	39,026	25,446	13,580
Purchased Technical Services	47,333		47,333	46,161	1,172
Communications - Telephone	181,768	(3,265)	178,503	103,474	75,029
Other BOE Purchased Services	13,075		13,075	4,225	8,850
Other Purchased Services	18,392	9,225	27,617	24,788	2,829
General Supplies	29,739	(815)	28,924	28,093	831
Miscellaneous Expenditures	43,635	(1,050)	42,585	41,994	591
Total Support Services - General Administration	<u>1,056,346</u>	<u>8,452</u>	<u>1,064,798</u>	<u>912,726</u>	<u>152,072</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,854,108	55,938	1,910,046	1,886,742	23,304
Salaries of Secretarial and Clerical Assistants	628,269	35,253	663,522	617,023	46,499
Other Purchased Services	44,390	8,560	52,950	45,042	7,908
Supplies & Materials	47,634	3,061	50,695	42,909	7,786
Other Objects		600	600	594	6
Total Support Services - School Administration	<u>2,574,401</u>	<u>103,412</u>	<u>2,677,813</u>	<u>2,592,310</u>	<u>85,503</u>
Central Services:					
Salaries	477,391	(14,125)	463,266	439,395	23,871
Purchased Technical Services	20,520	960	21,480	21,480	-
Miscellaneous Purchased services	34,948	(1,432)	33,516	21,588	11,928
Supplies and Materials	9,975	(1,600)	8,375	8,244	131
Total Central Services	<u>542,834</u>	<u>(16,197)</u>	<u>526,637</u>	<u>490,707</u>	<u>35,930</u>

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

Exhibit C-1
 Sheet 10 of 14

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative Information Technology:					
Salaries	284,261	(51,356)	232,905	232,905	-
Purchased Technology Services		78,920	78,920	78,920	-
Other Purchased Services	105,651		105,651	96,338	9,313
Supplies and Materials	118,490	(43,081)	75,409	45,645	29,764
Total Administrative Information Technology	<u>508,402</u>	<u>(15,517)</u>	<u>492,885</u>	<u>453,808</u>	<u>39,077</u>
Required Maintenance for School Facilities:					
Salaries	467,453	42,398	509,851	508,600	1,251
Cleaning Repairs & Maintenance Services	171,807	112,920	284,727	253,358	31,369
General Supplies	40,375	66,758	107,133	106,919	214
Other Objects	4,560	2,070	6,630	6,509	121
Total Required Maintenance for School Facilities	<u>684,195</u>	<u>224,146</u>	<u>908,341</u>	<u>875,386</u>	<u>32,955</u>
Other Operating & Maintenance of Plant:					
Salaries	2,419,912	(61,443)	2,358,469	2,346,642	11,827
Purchased Professional and Technical Services	17,100	11,500	28,600	28,178	422
Cleaning Repairs & Maintenance Services	276,255	12,482	288,737	264,529	24,208
Other Purchased Property Services	359,100	(63,000)	296,100	291,578	4,522
Insurance	300,500		300,500	289,954	10,546
Miscellaneous Purchased Services	3,325		3,325	1,964	1,361
General Supplies	104,975	39,500	144,475	142,629	1,846
Energy (Heat and Electricity)	735,000	32,000	767,000	626,165	140,835
Other Objects	3,000	12,439	15,439	15,439	-
Energy-Natural Gas	693,000	(249,832)	443,168	391,997	51,171
Energy-Oil	9,500	(9,500)	-	-	-
Total Other Operating & Maintenance of Plant	<u>4,921,667</u>	<u>(275,854)</u>	<u>4,645,813</u>	<u>4,399,075</u>	<u>246,738</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care And Upkeep Of Grounds:					
Cleaning Repair And Maintenance	53,285	30,500	83,785	82,818	967
Security:					
General Supplies	8,075	1,727	9,802	9,802	-
Student Transportation Services:					
Salaries - Pupil Trans. B/W Home & School - Regular	682,476	(21,411)	661,065	635,247	25,818
Salaries-Non Instructional Aids	14,661	(14,661)	-	-	-
Salaries - Pupil Trans. B/W Home & School - Special	418,266	55,757	474,023	469,046	4,977
Salaries - Other Than B/W Home & School	89,450	(19,685)	69,765	69,764	1
Cleaning, Repair & Maintenance Services	104,267	40,000	144,267	127,186	17,081
Lease Purchase Payments - School Buses	69,953		69,953	69,953	-
Contracted Services B/W Home & School - Vendors	87,120	6,200	93,320	93,150	170
Contracted Services-Other than B/W Home & School	102,540		102,540	61,107	41,433
Contracted Services - Joint Agreements	43,450	23,050	66,500	58,190	8,310
Contracted Services - Special Education - Vendors	391,600	(70,800)	320,800	293,972	26,828
Contracted Services - Special Ed. - Joint Agreements	365,830	16,050	381,880	381,843	37
Contracted Services-Aid in Lieu-Non Public	101,660	(14,500)	87,160	79,560	7,600
Miscellaneous Purchased Services	92,088		92,088	78,670	13,418
Supplies & Materials	133,575	(120,631)	12,944	8,439	4,505
Miscellaneous Expenditures	16,835	120,631	137,466	130,616	6,850
Total Student Transportation Services	2,713,771	-	2,713,771	2,556,743	157,028

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 12 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Personal Services - Employee Benefits:					
Group Insurance	33,000	(33,000)	-		-
Social Security Contributions	126,100	(38,646)	87,454	87,454	-
Unemployment Compensation	90,000	15,182	105,182	101,998	3,184
Workmen's Compensation	572,000	(151,318)	420,682	420,682	-
Health Benefits	6,792,615	215,924	7,008,539	6,981,047	27,492
T.P.A.F. Contributions ERIP	314		314		314
Tuition Reimbursements	85,000		85,000	37,781	47,219
Other Retirement Contributions ERIP	19,666		19,666	19,666	-
Other Employee Benefits	258,960	459,845	718,805	705,203	13,602
Other Retirement Contributions	1,430,000	(292,934)	1,137,066	1,137,066	-
Total Personal Services - Employee Benefits	<u>9,407,655</u>	<u>175,053</u>	<u>9,582,708</u>	<u>9,490,897</u>	<u>91,811</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	1,944,457	(1,944,457)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	2,109,457	(2,109,457)
			-	4,053,914	(4,053,914)
Total Undistributed Expenditures	<u>32,315,694</u>	<u>(167,375)</u>	<u>32,148,319</u>	<u>35,133,915</u>	<u>(2,985,596)</u>
Total Expenditures - Current Expense	<u>56,414,973</u>	<u>(185,410)</u>	<u>56,229,563</u>	<u>58,518,845</u>	<u>(2,289,282)</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit C-1
Sheet 13 of 14

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Addition to Capital Reserve	50		50		50
Equipment:					
Undistributed Expenditures - Instruction	92,122	143,122	235,244	231,249	3,995
Undistributed Expenditures-Non Instruction		19,480	19,480	19,188	292
Student Transportation-School Buses	21,000		21,000	21,000	-
Total Equipment	113,122	162,602	275,724	271,437	4,287
Facilities Acquisition and Construction Services					
Purchased Professional Services	125,500	16,440	16,440	12,630	3,810
Construction Services	125,500	(16,440)	109,060	109,060	109,060
Total Facilities Acquisition And Const. Services	125,500	-	125,500	12,630	112,870
Total Capital Outlay	238,672	162,602	401,274	284,067	117,207
Summer School:					
Salaries	38,925	4,245	43,170	43,170	-
Other Salaries for Instruction	8,000	14,465	22,465	22,465	-
Purchased Professional and Technical Services	10,000	12,248	22,248	22,248	-
General Supplies	1,000		1,000	521	479
Total Summer School	57,925	30,958	88,883	88,404	479
ARRA:					
ESF-Salaries		1,646,334	1,646,334	1,646,334	-
GSF-Salaries		63,732	63,732	63,732	-
Total ARRA	-	1,710,066	1,710,066	1,710,066	-

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

Exhibit C-1
 Sheet 14 of 14

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Expenditures	56,711,570	1,718,216	58,429,786	60,601,382	(2,171,596)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,079,794	(2,746,045)	(1,666,251)	337,388	2,003,639
Other Financing Sources (Uses)					
Transfer from Capital Projects				1,064	1,064
Total Other Financing Sources (Uses)	-	-	-	1,064	1,064
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	1,079,794	(2,746,045)	(1,666,251)	338,452	2,004,703
Fund Balance July 1	4,280,847		4,280,847	4,280,847	-
Fund Balance June 30	\$ 5,360,641	(2,746,045)	2,614,596	4,619,299	2,004,703

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1a

STATE FISCAL STABILIZATION FUNDARRA-ESF

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Salaries of Teachers			
16-230-100-101-60	\$ 411,028	411,028	
16-230-100-101-70	381,726	381,726	
16-230-100-101-80	389,430	389,430	
16-230-100-101-90	464,150	464,150	
	<u> </u>	<u> </u>	<u> </u>
Total ARRA-ESF	<u>\$ 1,646,334</u>	<u>1,646,334</u>	<u> </u> <u>-</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

STATE FISCAL STABILIZATION FUND

ARRA-GSF

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Salaries of Teachers			
17-230-100-101-60	\$ 432	432	
17-230-100-101-70	<u>63,300</u>	<u>63,300</u>	<u> </u>
Total ARRA-GSF	<u>\$ 63,732</u>	<u>63,732</u>	<u> -</u>

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 31,799		31,799	31,799	
Local Sources	33,291		33,291	33,291	
Federal Sources	1,766,854		1,766,854	1,766,854	
Total Revenues	<u>\$ 1,831,944</u>	<u>-</u>	<u>1,831,944</u>	<u>1,831,944</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 401,339		401,339	401,339	
Other Salaries for Instruction	194,764		194,764	194,764	
Purchased Professional and Technical Services	146,255		146,255	146,255	
Other Purchased Services	141,992		141,992	141,992	
General Supplies	173,782		173,782	173,782	
Textbooks	11,866		11,866	11,866	
Other Objects	2,052		2,052	2,052	
Total Instruction	<u>1,072,050</u>	<u>-</u>	<u>1,072,050</u>	<u>1,072,050</u>	<u>-</u>
Support Services:					
Salaries of Secretarial and Clerical Assistants	74,585		74,585	74,585	
Other Salaries for Instruction	150,048		150,048	150,048	
Personal Services - Employee Benefits	47,083		47,083	47,083	
Purchased Professional Services	336,488		336,488	336,488	
Other Purchased Services (400-500 Series)	46,947		46,947	46,947	
Supplies and Materials	15,536		15,536	15,536	
Total Support Services	<u>670,687</u>	<u>-</u>	<u>670,687</u>	<u>670,687</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	89,207		89,207	89,207	
Total Expenditures	<u>\$ 1,831,944</u>	<u>-</u>	<u>1,831,944</u>	<u>1,831,944</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET TO GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 60,938,770	1,831,944
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(27,687)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,276,299	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,272,587)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 60,942,482</u>	<u>1,804,257</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 60,601,382	1,831,944
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>(27,687)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 60,601,382</u>	<u>1,804,257</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Textbooks</u>	<u>Nursing</u>	<u>Examination & Classification</u>	<u>Corrective Speech</u>
Revenues:				
Local Sources	\$ -	15,964	1,279	2,690
State Sources	11,866			
Federal Sources				
Total Revenues	<u>\$ 11,866</u>	<u>15,964</u>	<u>1,279</u>	<u>2,690</u>
Expenditures:				
Instruction:	\$ -			
Salaries of Teachers				
Other Salaries for Instruction				
General Supplies	11,866			
Textbooks				
Purchased Professional and Technical Services				
Other Purchased Services				
Other Objects				
Total Instruction	<u>11,866</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services:				
Salaries of Secretarial and Clerical Assistants				
Other Salaries for Instruction		15,964	1,279	2,690
Purchased Professional Services				
Other Purchased Services				
Supplies and Materials				
Personal Services - Employee Benefits				
Total Support Services	<u>-</u>	<u>15,964</u>	<u>1,279</u>	<u>2,690</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Total Expenditures	<u>\$ 11,866</u>	<u>15,964</u>	<u>1,279</u>	<u>2,690</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>IDEA Preschool</u>	<u>IDEA Part B</u>	<u>Title I</u>	<u>Title I S/A</u>	<u>Title IIA</u>	<u>Title IID</u>	<u>Title III</u>
Revenues:							
Local Sources							
State Sources							
Federal Sources	20,326	769,875	353,568	3,931	139,224	3,375	15,931
Total Revenues	<u>20,326</u>	<u>769,875</u>	<u>353,568</u>	<u>3,931</u>	<u>139,224</u>	<u>3,375</u>	<u>15,931</u>
Expenditures:							
Instruction:							
Salaries of Teachers		260,842	26,375				815
Other Salaries for Instruction	20,326		174,438				
General Supplies		13,245	4,066		4,205		9,167
Textbooks							
Purchased Professional and Technical Services		123,755					
Other Purchased Services		141,588					404
Other Objects			159				
Total Instruction	<u>20,326</u>	<u>539,430</u>	<u>205,038</u>	<u>-</u>	<u>4,205</u>	<u>-</u>	<u>10,386</u>
Support Services:							
Salaries of Secretarial and Clerical Assistants		74,585					
Other Salaries for Instruction		146,938	2,150		660		300
Purchased Professional Services			65,522		129,851		2,000
Other Purchased Services		4,835	37,306			3,375	1,136
Supplies and Materials		4,087	2,000		2,908		2,109
Personal Services - Employee Benefits			41,552	3,931	1,600		
Total Support Services	<u>-</u>	<u>230,445</u>	<u>148,530</u>	<u>3,931</u>	<u>135,019</u>	<u>3,375</u>	<u>5,545</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Expenditures	<u>20,326</u>	<u>769,875</u>	<u>353,568</u>	<u>3,931</u>	<u>139,224</u>	<u>3,375</u>	<u>15,931</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>ARRA Title I</u>	<u>ARRA IDEA Part B</u>	<u>ARRA IDEA Preschool</u>	<u>Title IV</u>	<u>Safety Grant</u>	<u>Armed Forces Grant</u>	<u>Education Foundation</u>	<u>Totals 2010</u>
Revenues:								
Local Sources					25,498	1,279	6,514	33,291
State Sources	110,270	313,402	29,707	7,245				31,799
Federal Sources								1,766,854
Total Revenues	<u>110,270</u>	<u>313,402</u>	<u>29,707</u>	<u>7,245</u>	<u>25,498</u>	<u>1,279</u>	<u>6,514</u>	<u>1,831,944</u>
Expenditures:								
Instruction:								
Salaries of Teachers	48,167	65,140						401,339
Other Salaries for Instruction								194,764
General Supplies	62,103	65,163	7,207	833		1,279	6,514	173,782
Textbooks								11,866
Purchased Professional and Technical Services			22,500					146,255
Other Purchased Services								141,992
Other Objects		1,893						2,052
Total Instruction	<u>110,270</u>	<u>132,196</u>	<u>29,707</u>	<u>833</u>	<u>-</u>	<u>1,279</u>	<u>6,514</u>	<u>1,072,050</u>
Support Services:								
Salaries of Secretarial and Clerical Assistants								74,585
Other Salaries for Instruction		91,999		1,685	25,498			150,048
Purchased Professional Services				295				336,488
Other Purchased Services				4,432				46,947
Supplies and Materials								15,536
Personal Services - Employee Benefits								47,083
Total Support Services	<u>-</u>	<u>91,999</u>	<u>-</u>	<u>6,412</u>	<u>25,498</u>	<u>-</u>	<u>-</u>	<u>670,687</u>
Facilities Acquisition and Construction Services:								
Instructional Equipment		89,207						89,207
Total Expenditures	<u>110,270</u>	<u>313,402</u>	<u>29,707</u>	<u>7,245</u>	<u>25,498</u>	<u>1,279</u>	<u>6,514</u>	<u>1,831,944</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

COMBINING STATEMENT OF NET ASSETS

Exhibit G-1

ENTERPRISE FUND

JUNE 30, 2010

	<u>Food Services</u>	<u>TV Studio</u>	<u>Summer Theater</u>	<u>Total</u>
<u>Assets</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 162,209	(1,826)	12,220	172,603
Accounts Receivable:				
State	2,391			2,391
Federal	42,522			42,522
Inventory	9,402			9,402
Total Current Assets	<u>216,524</u>	<u>(1,826)</u>	<u>12,220</u>	<u>226,918</u>
Noncurrent Assets				
Equipment	288,230			288,230
Accumulated Depreciation	(231,761)			(231,761)
Total Fixed Assets	<u>56,469</u>	<u>-</u>	<u>-</u>	<u>56,469</u>
Total Assets	<u>\$ 272,993</u>	<u>(1,826)</u>	<u>12,220</u>	<u>283,387</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 7,328			7,328
Deferred Revenue			8,350	8,350
Total Liabilities	<u>\$ 7,328</u>	<u>-</u>	<u>8,350</u>	<u>15,678</u>
<u>Net Assets</u>				
Investment in Capital Assets				
Unrestricted	\$ 56,469			56,469
	209,196	(1,826)	3,870	211,240
Total Net Assets	<u>\$ 265,665</u>	<u>(1,826)</u>	<u>3,870</u>	<u>267,709</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit G-2

Sheet 1 of 2

ENTERPRISE FUNDS

JUNE 30, 2010

	<u>Food Services</u>	<u>TV Studio</u>	<u>Special Olympics</u>	<u>Summer Theater</u>	<u>Total</u>
Operating Revenues:					
Daily Sales	\$ 1,032,201				1,032,201
Fees		6,890		32,635	39,525
Total Operating Revenues	<u>1,032,201</u>	<u>6,890</u>	<u>-</u>	<u>32,635</u>	<u>1,071,726</u>
Operating Expenses:					
Salaries & Benefits	656,235	4,330		34,897	695,462
Cost of Sales	658,944				658,944
Supplies and Materials		2,552	1,663	2,207	6,422
Maintenance	142,174				142,174
Depreciation	7,543				7,543
Management Fee	135,611				135,611
Miscellaneous	369	1,835			2,204
Operating Expenses	<u>1,600,876</u>	<u>8,717</u>	<u>1,663</u>	<u>37,104</u>	<u>1,648,360</u>
Operating Gain/(Loss)	(568,675)	(1,827)	(1,663)	(4,469)	(576,634)

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Exhibit G-2

ENTERPRISE FUNDS

Sheet 2 of 2

JUNE 30, 2010

	<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	25,099				25,099
State Breakfast Program	3,828				3,828
Federal Sources:					
National School Lunch Program	442,990				442,990
Federal Breakfast Program	41,339				41,339
Special Milk Program	1,030				1,030
Food Distribution Program	92,275				92,275
Total Non-Operating Revenues	<u>606,561</u>	-	-	-	<u>606,561</u>
Change in Net Assets	37,886	(1,827)	(1,663)	(4,469)	29,927
Adjustments:					
Adjustment for Fixed Assets	6,323				6,323
Total Adjustments	<u>6,323</u>	-	-	-	<u>6,323</u>
Change in Net Assets after Adjustments	44,209	(1,827)	(1,663)	(4,469)	36,250
Net Assets - July 1	221,456	1	1,663	8,339	231,459
Net Assets - June 30	<u>\$ 265,665</u>	<u>(1,826)</u>	<u>-</u>	<u>3,870</u>	<u>267,709</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit G-3

COMBINING STATEMENT OF CASH FLOWS

ENTERPRISE FUND

JUNE 30, 2010

	<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	\$ 1,032,201	6,890		22,660	1,061,751
Payments to Employees & Benefits	(656,235)	(4,330)		(34,897)	(695,462)
Payments to Supplies	(798,493)	(4,387)	(1,663)	(2,207)	(806,750)
Net Provided (Used) by Operating Activities	<u>(422,527)</u>	<u>(1,827)</u>	<u>(1,663)</u>	<u>(14,444)</u>	<u>(440,461)</u>
Cash Flows from Noncapital Financing Activities					
State Sources	28,927				28,927
Federal Sources	485,359				485,359
Net Cash Provided by Noncapital Financing Activities	<u>514,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>514,286</u>
Net Increase (Decrease) in Cash and Cash Equivalents	91,759	(1,827)	(1,663)	(14,444)	73,825
Balance - July 1	70,450	1	1,663	26,664	98,778
Balance - June 30	<u>\$ 162,209</u>	<u>(1,826)</u>	<u>-</u>	<u>12,220</u>	<u>172,603</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (568,675)	(1,827)	(1,663)	(4,469)	(576,634)
Depreciation	7,543				7,543
Federal Commodities	92,275				92,275
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	(3,604)				(3,604)
Decrease/(Increase) in Inventory					
(Decrease)/Increase in Deferred Revenue				(9,975)	(9,975)
Decrease/(Increase) in Accounts Receivable	49,934				49,934
Net Provided (Used) by Operating Activities	<u>\$ (422,527)</u>	<u>(1,827)</u>	<u>(1,663)</u>	<u>(14,444)</u>	<u>(440,461)</u>

FIDUCIARY FUND – H

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTCOMBINING STATEMENT OF FIDUCIARY NET ASSETS

Exhibit H-1

JUNE 30, 2010

	<u>Payroll Agency</u>	<u>Student Activity</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 57,276	135,732	193,008
Total Assets	<u>\$ 57,276</u>	<u>135,732</u>	<u>193,008</u>
Liabilities:			
Payroll Deductions and Withholdings	\$ 57,276		57,276
Due to Student Groups		135,732	135,732
Total Liabilities	<u>\$ 57,276</u>	<u>135,732</u>	<u>193,008</u>

STUDENT ACTIVITY AGENCY FUNDSCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Elementary Schools:				
Ravine	\$ 8,412	-	2,077	6,335
Cliffwood	7,389	2,455	3,817	6,027
Strathmore	13,891	11,481	17,304	8,068
Lloyd Road	17,284	18,052	16,308	19,028
Total Elementary Schools	<u>46,976</u>	<u>31,988</u>	<u>39,506</u>	<u>39,458</u>
Middle School:				
Matawan Avenue	10,593	104,104	100,668	14,029
Total Middle School	<u>10,593</u>	<u>104,104</u>	<u>100,668</u>	<u>14,029</u>
High School:				
High School	88,330	189,968	196,695	81,603
Athletic Account	7,121	51,660	58,139	642
Total High School	<u>95,451</u>	<u>241,628</u>	<u>254,834</u>	<u>82,245</u>
Total Schools	<u>\$ 153,020</u>	<u>377,720</u>	<u>395,008</u>	<u>135,732</u>

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 259,240</u>	<u>17,479,009</u>	<u>17,680,973</u>	<u>57,276</u>
Total Assets	<u><u>\$ 259,240</u></u>	<u><u>17,479,009</u></u>	<u><u>17,680,973</u></u>	<u><u>57,276</u></u>
Liabilities:				
Payroll Deductions and Withholdings	<u>\$ 259,240</u>	<u>17,479,009</u>	<u>17,680,973</u>	<u>57,276</u>
Total Liabilities	<u><u>\$ 259,240</u></u>	<u><u>17,479,009</u></u>	<u><u>17,680,973</u></u>	<u><u>57,276</u></u>

LONG-TERM DEBT – I

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit I-1

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

JUNE 30, 2010

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
EDA Loan	8/12/93	\$ 3,605,000	7/15/10-2013	\$ 189,737	1.50%	\$ 948,684	189,737	758,947
2002 Series Taxable	12/30/02	5,665,000	7/15/13	189,736	4.60%	3,450,000	425,000	3,025,000
			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%			
2003 Series	4/15/97	19,760,000	9/15/10	720,000	4.00%	24,345,000	690,000	23,655,000
			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				
						\$ 28,743,684	1,304,737	27,438,947

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit I-2

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2010

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2009</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2010</u>
2006 Buses	4.05%	\$ 322,490	\$ 131,844	64,614	67,230

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Exhibit I-3

LONG-TERM DEBT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,471,625		2,471,625	2,471,625	
State Sources:					
Debt Service Aid Type II	22,129		22,129	22,129	
Total Revenues	<u>2,493,754</u>	<u>-</u>	<u>2,493,754</u>	<u>2,493,754</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	1,194,328		1,194,328	1,194,327	1
Redemption of Principal	1,304,740		1,304,740	1,304,737	3
Total Regular Debt Service	<u>2,499,068</u>	<u>-</u>	<u>2,499,068</u>	<u>2,499,064</u>	<u>4</u>
Total Expenditures	<u>2,499,068</u>	<u>-</u>	<u>2,499,068</u>	<u>2,499,064</u>	<u>4</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,314)	-	(5,314)	(5,310)	4
Fund Balance July 1	<u>168,048</u>		<u>168,048</u>	<u>168,048</u>	
Fund Balance June 30	<u>\$ 162,734</u>	<u>-</u>	<u>162,734</u>	<u>162,738</u>	<u>4</u>

STATISTICAL SECTION

(Unaudited)

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

NET ASSETS BY COMPONENT

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Government Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 14,184,626.37	\$ 15,943,464.00	\$ 13,836,947.00	\$ 13,951,213.00
Restricted	2,932,668.59	2,055,338.00	2,875,586.00	2,509,638.00
Unrestricted	(1,446,278.87)	(788,619.00)	(1,028,813.00)	(71,581.00)
Total Government Activities Net Assets	<u>\$ 15,671,016.09</u>	<u>\$ 17,210,183.00</u>	<u>\$ 15,683,720.00</u>	<u>\$ 16,389,270.00</u>
Business-Type Activities:				
Invested in Capital Assets, Net of Related Debt	91,508.82	\$ 99,449.00	\$ 57,689.00	\$ 56,469.00
Unrestricted	41,476.66	487.00	173,770.00	211,240.00
Total Business-Type Activities Net Assets	<u>\$ 132,985.48</u>	<u>\$ 99,936.00</u>	<u>\$ 231,459.00</u>	<u>\$ 267,709.00</u>
District-wide:				
Invested in Capital Assets, Net of Related Debt	\$ 14,276,135.19	\$ 16,042,913.00	\$ 13,894,636.00	\$ 14,007,682.00
Restricted	2,932,668.59	2,055,338.00	2,875,586.00	2,509,638.00
Unrestricted	(1,404,802.21)	(788,132.00)	(855,043.00)	139,659.00
Total District Net Assets	<u>\$ 15,804,001.57</u>	<u>\$ 17,310,119.00</u>	<u>\$ 15,915,179.00</u>	<u>\$ 16,656,979.00</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN NET ASSETS

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

	2007	2008	2009	2010
Expenses:				
Governmental Activities:				
Instruction:				
Regular	\$ (26,027,073.58)	\$ (18,538,833.00)	\$ (18,307,683.00)	\$ (18,205,392.00)
Special Education	(3,504,923.87)	(2,608,139.00)	(3,607,136.00)	(4,573,144.00)
Other Special Education	(2,278,224.96)	(1,896,463.00)	(2,437,459.00)	(323,236.00)
Other Instruction	(1,376,796.40)	(975,072.00)	(954,518.00)	(1,072,195.00)
Support Services:				
Tuition	(4,376,672.72)	(4,843,586.00)	(4,938,097.00)	(4,877,910.00)
Instruction	(7,282,639.91)	(5,215,226.00)	(5,034,745.00)	(5,008,238.00)
Attendance				
Health Services				
Other Support Services				
Educational Media Services				
Instructional Staff Training				
General Administrative Services	(1,093,185.89)	(3,397,182.00)	(3,560,268.00)	(3,536,825.00)
Central Services	(662,624.78)			
School Administrative Services	(3,447,507.76)	(1,014,565.00)	(1,079,096.00)	(912,726.00)
Admin. Information Technology	(669,034.98)			
Allocated Maintenance for School Facilities				
Plant Operations and Maintenance	(7,999,730.77)	(5,473,257.00)	(6,587,213.00)	(5,367,081.00)
Student Transportation Services	(2,825,365.12)	(2,654,973.00)	(2,570,611.00)	(2,556,743.00)
Business and Other Support Services				
Unallocated Employee Benefits		(16,188,685.00)	(12,361,936.00)	(13,544,811.00)
Non-Budgeted Expenditures				
Special Schools	(71,774.04)	(112,594.00)	(59,358.00)	(88,404.00)
Interest on Long-Term Debt	(1,386,508.13)	(1,248,209.00)	(1,224,629.00)	(1,153,524.00)
ARRA				(1,710,066.00)
Unallocated Depreciation and Amortization	(5,538.00)	(531,091.00)	(3,739,092.00)	(1,599,508.00)
Total Governmental Activities Expenses	<u>(63,007,600.91)</u>	<u>(64,697,875.00)</u>	<u>(66,461,841.00)</u>	<u>(64,529,803.00)</u>
Business-Type Activities:				
Food Service	(1,377,983.52)	(1,471,896.00)	(1,476,106.00)	(1,648,360.00)
Other Activities			(38,887.00)	
Internal Service Fund	(47,663.55)			
Total Business-Type Activities Expenses	<u>(1,425,647.07)</u>	<u>(1,471,896.00)</u>	<u>(1,514,993.00)</u>	<u>(1,648,360.00)</u>
Total District Expenses	<u>\$ (64,433,247.98)</u>	<u>\$ (66,169,771.00)</u>	<u>\$ (67,976,834.00)</u>	<u>\$ (66,178,163.00)</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instruction (Tuition)				
Pupil Transportation	122,325.80	\$	\$	\$
Operating Grants and Contributions	855,394.70	1,696,747.00	1,476,845.00	1,804,257.00
Capital Grants and Contributions				
Total Governmental Activities Program Revenues	<u>977,720.50</u>	<u>1,696,747.00</u>	<u>1,476,845.00</u>	<u>1,804,257.00</u>
Business-Type Activities:				
Charges for Services:				
Food Service	1,072,672.46	1,036,037.00	1,042,034.00	1,071,726.00
Other Activities			31,348.00	
Operating Grants and Contributions	451,351.91	411,702.00	490,791.00	606,561.00
Capital Grants and Contributions				
Total Business-Type Activities Program Revenues	<u>1,524,024.37</u>	<u>1,447,739.00</u>	<u>1,564,173.00</u>	<u>1,678,287.00</u>
Total District Program Revenues	<u>\$ 2,501,744.87</u>	<u>\$ 3,144,486.00</u>	<u>\$ 3,041,018.00</u>	<u>\$ 3,482,544.00</u>
Net (Expense)/Revenue:				
Governmental Activities	\$ (62,029,880.41)	\$ (63,001,128.00)	\$ (64,984,996.00)	\$ (62,725,546.00)
Business-Type Activities	98,377.30	(24,157.00)	49,180.00	29,927.00
Total District-wide Net (Expense)/Revenue	<u>\$ (61,931,503.11)</u>	<u>\$ (63,025,285.00)</u>	<u>\$ (64,935,816.00)</u>	<u>\$ (62,695,619.00)</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN NET ASSETS

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Revenues and Other Changes in Net Assets:				
Governmental Activities:				
Property Taxes Levied for General Purposes, Net	\$ 42,394,422.00	\$ 43,449,970.00	\$ 43,826,599.00	\$ 43,801,859.00
Taxes Levied for Debt Service	2,426,945.00	2,427,268.00	2,478,605.00	2,471,625.00
Unrestricted Grants and Contributions	18,346,403.49	18,015,034.00	16,795,524.00	16,745,405.00
Restricted Grants and Contributions				
Tuition Received		83,724.00	74,491.00	114,095.00
Miscellaneous Income	239,679.16	277,801.00	388,685.00	296,007.00
Investment Earnings	258,344.27	209,731.00	39,393.00	7,245.00
Total Governmental Activities	<u>63,665,793.92</u>	<u>64,463,528.00</u>	<u>63,603,297.00</u>	<u>63,436,236.00</u>
Business-Type Activities:				
Other			82,343.00	
Total Business-Type Activities			<u>82,343.00</u>	
Total District-wide	<u>\$ 63,665,793.92</u>	<u>\$ 64,463,528.00</u>	<u>\$ 63,685,640.00</u>	<u>\$ 63,436,236.00</u>
Changes in Net Assets:				
Governmental Activities	\$ 1,635,913.51	\$ 1,462,400.00	\$ (1,381,699.00)	\$ 710,690.00
Business-Type Activities	98,377.30	(24,157.00)	131,523.00	29,927.00
Total District	<u>\$ 1,734,290.81</u>	<u>\$ 1,438,243.00</u>	<u>\$ (1,250,176.00)</u>	<u>\$ 740,617.00</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:				
Reserved	\$ 2,511,386.42	\$ 1,734,710.00	\$ 2,706,474.00	\$ 2,827,016.00
Unreserved	659,142.33	842,783.00	298,074.00	519,696.00
Total General Fund	<u>\$ 3,170,528.75</u>	<u>\$ 2,577,493.00</u>	<u>\$ 3,004,548.00</u>	<u>\$ 3,346,712.00</u>
All Other Governmental Funds:				
Reserved	89,097.04	\$ 337,047.00	\$ 6,378.00	\$
Unreserved, Reported In:				
Special Revenue Fund	(16,321.30)	(25,696.00)		
Capital Projects Fund	332,184.48			
Debt Service Fund	0.65	5,315.00	162,734.00	162,738.00
Permanent Fund				
Total All Other Governmental Funds	<u>\$ 404,960.87</u>	<u>\$ 316,666.00</u>	<u>\$ 169,112.00</u>	<u>\$ 162,738.00</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:				
Tax Levy	\$ 44,821,367.00	\$ 45,877,238.00	\$ 46,305,204.00	\$ 46,273,484.00
Tuition Charges	68,326.50	83,724.00	74,491.00	114,095.00
Interest Earnings	258,342.55	11,526.00	39,393.00	7,245.00
Transportation Fees	122,325.80	92,032.00	112,047.00	118,583.00
Miscellaneous	171,354.38	396,506.00	381,184.00	210,715.00
State Sources	18,027,461.33	18,543,078.00	16,874,024.00	15,067,138.00
Federal Sources	1,174,336.86	1,156,171.00	1,398,345.00	3,449,233.00
Total Revenues	<u>64,643,514.42</u>	<u>66,160,275.00</u>	<u>65,184,688.00</u>	<u>65,240,493.00</u>
Expenditures:				
Instruction:				
Regular	18,333,431.92	18,565,643.00	18,608,236.00	18,460,986.00
Special	2,385,579.79	2,608,139.00	3,607,136.00	4,573,144.00
Other	2,584,744.42	2,871,535.00	3,391,977.00	1,395,431.00
Support Services:				
Tuition	4,376,672.72	4,843,586.00	4,938,097.00	4,877,910.00
Instruction	5,223,353.47	5,215,226.00	5,034,745.00	5,008,238.00
Attendance				
Health Services				
Other Support Services				
Educational Media Services				
Instructional Staff Training				
General Administrative Services	878,517.16			
School Administrative Services	2,371,097.42	1,014,565.00	1,079,096.00	912,726.00
Central Services	472,489.62			
Other Administrative Services		3,397,182.00	3,560,268.00	3,536,825.00
Admin. Information Technology	480,433.17			
Allowed Maintenance for School Facilities				
Plant Operations and Maintenance	5,870,519.91	5,473,257.00	6,587,213.00	5,367,081.00
Student Transportation Services	2,368,427.40	2,654,973.00	2,570,611.00	2,556,743.00
Business and Other Support Services				
Unallocated Employee Benefits	15,333,480.58	16,188,685.00	12,361,936.00	13,544,811.00
Non-Budgeted Expenditures				
Special Schools	71,774.04	112,594.00	59,358.00	88,404.00
ARRA				1,710,066.00
Debt Service:				
Principal	1,179,736.84	1,209,737.00	1,259,737.00	1,304,737.00
Interest and Other Charges	1,316,620.39	1,281,979.00	1,241,308.00	1,194,327.00
Capital Outlay	3,486,743.65	1,420,826.00	500,923.00	373,274.00
Total Expenditures	<u>66,733,622.50</u>	<u>66,857,927.00</u>	<u>64,800,641.00</u>	<u>64,904,703.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2,090,108.08)	(697,652.00)	384,047.00	335,790.00
Other Financing Sources/(Uses):				
Accounts Receivable Cancelled			(2,589.00)	
Capital Leases	1,747,490.00			
Transfers In			155,459.00	1,064.00
Transfers Out			(257,416.00)	(1,064.00)
Total Other Financing Sources/(Uses)	<u>1,747,490.00</u>		<u>(104,546.00)</u>	
Net Change in Fund Balances	<u>\$ (342,618.08)</u>	<u>\$ (697,652.00)</u>	<u>\$ 279,501.00</u>	<u>\$ 335,790.00</u>
Debt Service as a Percentage of Noncapital Expenditures	3.95%	3.81%	3.89%	3.87%

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>
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
2009	74,491.00	112,047.00	39,393.00	-	-	381,184.00	607,115.00
2010	114,095.00	118,583.00	7,245.00	-	-	177,424.00	417,347.00

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 Ending June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
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
2009*	50,114,700	1,744,702,500	1,950,700	56,900	234,349,900	9,695,700	45,556,600
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Total Assessed Value	Less: Tax-Exempt Property	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2000	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A
2003	815,131,160	-	816,912,147	2.995
2004	829,992,460	-	831,540,587	3.217
2005	843,790,140	-	845,098,132	3.356
2006	846,250,890	-	847,373,781	3.555
2007	841,892,360	-	842,941,776	3.605
2008	842,915,310	-	843,985,292	3.685
2009*	2,086,427,000	-	2,089,349,012	1.489
2010	N/A	-	N/A	N/A

Source: Abstract of Ratables

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.

* Aberdeen Township underwent a revaluation in 2009

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)

Fiscal Year Ending June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
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
2009	14,762,100	803,358,500	-	-	133,313,800	9,729,100	78,493,600
2010	N/A	N/A	-	-	N/A	N/A	N/A

	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
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	1,086,125,096	1,447
2009	1,039,657,100	(1,255,600)	3,348,712	1,043,005,812	1,089,967,721	1,456
2010	N/A	-	N/A	N/A	N/A	N/A

Source: Abstract of Ratables

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 Aberdeen Township	Matawan Borough		Municipality of Aberdeen Township	Matawan Borough		Municipality of Aberdeen Township	Matawan Borough		Municipality of Aberdeen Township	Matawan Borough		Municipality of Aberdeen Township	Matawan Borough	Municipality of Aberdeen Township	Matawan Borough
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	0.093	0.597*		3.685	1.447*		0.926	0.597*		0.649	0.257		5.260	2.301		
2009	0.393**	0.623		1.489**	1.456		0.393**	0.623		0.263	0.260		2.145	2.339		
2010	N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		

Source: Abstract of Ratables

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

	2010			2000		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$ 26,100,000	1	N/A	\$ N/A	1	0%
Taxpayer 2	20,918,800	2	N/A	N/A	2	0%
Taxpayer 3	15,908,700	3	N/A	N/A	3	0%
Taxpayer 4	14,579,100	4	N/A	N/A	4	0%
Taxpayer 5	13,799,500	5	N/A	N/A	5	0%
Taxpayer 6	12,600,300	6	N/A	N/A	6	0%
Taxpayer 7	9,549,900	7	N/A	N/A	7	0%
Taxpayer 8	9,531,600	8	N/A	N/A	8	0%
Taxpayer 9	6,569,200	9	N/A	N/A	9	0%
Taxpayer 10	6,246,400	10	N/A	N/A	10	0%
Total	\$ 135,803,500		N/A	\$ N/A		0%

MATAWAN BOROUGH

	2010			2000		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$ 20,000,000	1	N/A	\$ N/A	1	0%
Taxpayer 2	11,125,000	2	N/A	N/A	2	0%
Taxpayer 3	7,925,000	3	N/A	N/A	3	0%
Taxpayer 4	6,989,400	4	N/A	N/A	4	0%
Taxpayer 5	6,974,500	5	N/A	N/A	5	0%
Taxpayer 6	6,919,400	6	N/A	N/A	6	0%
Taxpayer 7	6,166,700	7	N/A	N/A	7	0%
Taxpayer 8	5,704,000	8	N/A	N/A	8	0%
Taxpayer 9	4,991,000	9	N/A	N/A	9	0%
Taxpayer 10	4,650,100	10	N/A	N/A	10	0%
Total	\$ 81,445,100		N/A	\$ N/A		0%

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 June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2009	46,305,204	46,305,204	100.00%	-
2010	46,273,484	46,273,484	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				Bond		Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a		
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	0.19%	59,304.00		
2009	28,743,684.00	-	131,844.00	-	-	28,875,528.00	0.21%	59,304.00		
2010	27,438,947.00	-	67,230.65	-	-	27,506,177.65	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		
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	N/A
2009	28,743,684	-	28,743,684	N/A	N/A
2010	27,438,947	-	27,438,947	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-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, 2010
 (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	\$ 17,914,431	100%	\$ 17,914,431
Matawan Borough	8,765,569	100%	8,765,569
Monmouth County General Obligation Debt -Aberdeen Township		1.725822%	8,068,798
Monmouth County General Obligation Debt -Matawan Borough		0.844801%	<u>3,949,730</u>
Subtotal, Overlapping Debt			38,698,528
Matawan-Aberdeen Regional School District Direct Debt			<u>27,438,947</u>
Total Direct and Overlapping Debt			<u>\$ 66,137,475</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.
 Overlapping County Debt provided by the County Finance Department.

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
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	27,144	1,609,747,776	59,304	4.20%
2009	27,472	1,629,199,488	59,304	7.33%
2010	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

Employer	2010			2000		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	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

Employer	2010			2000		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction:										
Regular				297	300	315	344	329	304	308
Special Education				32	31	32	40	42	39	33
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	92	65
General Administration				5	5	7	7	7	7	13
School Administrative Services				37	37	35	35	35	38	38
Business Administrative Services				8	8	8	7	7	7	3
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance				46	46	47	45	44	43	38
Pupil Transportation				18	18	22	22	22	26	33
Other Support Services-Technology									6	2
Special Schools										
Food Service										
Child Care										
Total	-	-	-	-	511	534	568	554	562	533

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				
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%
2009	3,861.0	62,275,698	16,129	0.37%	374	1:10	1:11	1:10	3,740.3	3,551.6	0.72%	94.95%
2010	3,860.0	62,405,639	16,167	0.23%	374	1:10	1:11	1:10	3,802.2	3,625.6	1.65%	95.36%

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</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	76	82	86	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	347	340	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	630	556	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	412	368	352	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	506	477	470	470	470
Middle School:					
Matawan Avenue Middle School					
Square Feet	136,032	136,032	136,032	136,032	136,032
Capacity (Students)	1,225	1,225	1,225	1,225	1,225
Enrollment	939	934	903	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	1,144	1,153	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, 2010

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

Year	*School Facilities Project # (s)	Cliffwood		Lloyd Road		Ravine Drive		Strathmore		Matawan Avenue		Matawan Regional		Other Facilities	Total
		Elementary	Elementary	Elementary	Elementary	Elementary	Elementary	Elementary	Elementary	Middle School	High School	High School			
2002	N/A	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	N/A	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	N/A	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	N/A	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	N/A	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	N/A	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	N/A	76,928.00	83,921.00	55,947.00	69,934.00	160,849.00	195,816.00	55,947.00	699,342.00						
2009	N/A	87,584.00	95,547.00	63,698.00	79,622.00	183,131.00	222,942.00	63,697.00	796,221.00						
2010	N/A	99,357.00	108,390.00	72,260.00	90,325.00	207,747.00	252,909.00	72,259.00	903,247.00						
Total School Facilities		\$ 661,397.00	\$ 889,796.00	\$ 624,429.00	\$ 743,351.00	\$ 1,237,998.00	\$ 1,660,310.00	\$ 457,285.00	\$ 6,274,566.00						

* 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, 2010
(UNAUDITED)

	<u>Carrier</u>	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:			
Property - Blanket Building and Contents	(2)	\$ 118,016,682	\$ 5,000
EDP Hardware/Software	(2)	2,250,000	1,000
Extra Expense	(2)	25,000,000	
Valuable Papers and Records	(2)	10,000,000	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)	1,000,000	
Loss of Money & Securities	(2)	50,000	500
Money Orders & Counterfeit	(2)	50,000	
Forgery or Alteration	(2)	1,000,000	
Computer Fraud	(2)	1,000,000	1,000
GENERAL LIABILITY - Each Occurrence	(2)	11,000,000	
Products/Completed Operations	(2)	11,000,000	
Sexual Abuse	(2)	11,000,000	
Personal & Advertising Injury	(2)	11,000,000	
Employee Benefits	(2)	11,000,000	1,000
Medical Payments	(2)	10,000	
Boiler & Machinery - Energy Systems	(2)	100,000,000	5,000
Automobile Policy - Auto Liability - General Security	(2)	11,000,000	
Garage Liability	(2)	Included	
Collision & Comprehensive	(2)		1,000
Uninsured/Underinsured	(2)	1,000,000	
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)	11,000,000	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	
Supplemental Workers' Compensation Policy	(2)	52 weeks	7 days
Pollution Legal Liability - Environmental Impairment	(1)	1,000,000	10,000
Catastrophic Excess Umbrella Policy	(5)	50,000,000	
Compulsory Student Accident - Incl Athletics	(4)	5,000,000	
Compulsory Student Accident - Excl Athletics	(4)	1,000,000	

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

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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, 2010, and have issued our report thereon dated October 21, 2010. 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

October 21, 2010

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2010. Matawan-Aberdeen Regional Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 federal and 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, 2010.

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

October 21, 2010

SCHEDULES OF FEDERAL AND STATE AWARDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Award Amount	Grant Period		Balance June 30, 2009	(Waiver) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2010	
			From	To							(Accounts Receivable)	Deferred Revenue
U.S. Department of Education												
Passed-through Department of Education General Fund												
ARRA-SF-SF-ESF	84 394	1,646,334	7/1/2009	6/30/2010	\$ -	-	1,646,334	(1,646,334)				
ARRA-SF-SF-GSF	84 397	63,732	7/1/2009	6/30/2010			63,732	(63,732)				
Total General Revenue fund							1,710,066	(1,710,066)				
U.S. Department of Education												
Passed-through Department of Education Special Revenue Fund												
Title I												
Title I	84 010	340,345	9/1/2009	8/31/2010			234,081	(310,067)			(75,986)	
Title I SIA	84 010	362,484	9/1/2008	8/31/2009	(136,408)		179,909	(43,801)				
Title I SIA	84 010	19,654	9/1/2008	8/31/2009	(15,723)		19,654	(3,931)				
Title IIA	84 367A	108,424	9/1/2008	8/31/2009	(13,993)		58,317	(44,324)			(25,423)	
Title IIA	84 367A	106,356	9/1/2009	8/31/2010			69,477	(94,900)				
Title IID	84 318	1,358	9/1/2008	8/31/2009	275				(275)			
Title IID	84 318	3,382	9/1/2009	8/31/2010			3,382	(3,375)				7
Title III	84 365	17,610	9/1/2008	8/31/2009	(3,787)		9,163	(5,376)			(2,957)	
Title III	84 365	19,248	9/1/2009	8/31/2010			7,598	(10,555)				
Title IV	84 186	9,048	9/1/2009	8/31/2010			7,245	(7,245)				
Title IV	84 186	9,829	9/1/2008	8/31/2009	(7,142)		7,142					
Title IARRA	84 389	224,186	9/1/2009	8/31/2010			104,396	(110,270)			(5,874)	
Title I SIA ARRA	84 389	7,660	9/1/2009	8/31/2010								
IDEA Basic ARRA	84 391	905,869	9/1/2009	8/31/2010			270,165	(313,402)			(43,237)	
IDEA Preschool ARRA	84 392	32,697	9/1/2009	8/31/2010			15,322	(29,707)			(14,385)	
IDEA Basic	84 027	771,809	9/1/2008	8/31/2009	(165,040)		196,573	(31,533)				
IDEA Basic	84 027	798,312	9/1/2009	8/31/2010			515,244	(738,342)			(223,098)	
IDEA Preschool	84 173	20,326	9/1/2009	8/31/2010			16,215	(20,326)			(4,111)	
IDEA Preschool	84 173	19,980	9/1/2008	8/31/2009	(2,000)		2,000					
Total Special Revenue Fund					(343,818)		1,715,883	(1,766,854)		(275)	(395,071)	7
U.S. Department of Agriculture - Passed Through State Department of Education												
Food Distribution Program	10 550	92,275	7/1/2009	6/30/2010			92,275	(92,275)				
National School Lunch Program	10 555	442,990	7/1/2009	6/30/2010			404,996	(442,990)			(37,994)	
National School Lunch Program	10 555	379,270	7/1/2008	6/30/2009	(80,000)		80,000					
School Breakfast Program	10 553	41,339	7/1/2009	6/30/2010			36,899	(41,339)			(4,440)	
School Breakfast Program	10 553	38,835	7/1/2008	6/30/2009	(8,965)		8,965				(88)	
Special Milk Program	10 556	1,030	7/1/2009	6/30/2010			942	(1,030)				
Special Milk Program	10 556	898	7/1/2008	6/30/2009	(251)		251					
Total Enterprise Fund					(89,216)		624,328	(577,634)			(42,522)	
Total Federal Financial Awards					\$ (433,034)		4,050,277	(4,054,554)		(275)	(437,593)	7

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grant/Program State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenue (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Repayment) of Prior Years Balances	Balance at June 30, 2010		MEMO
			From	To						(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
General Fund												
Security Aid	10-495-034-5120-084	\$ 445,511	7/1/09	6/30/10	\$ -		445,511	(445,511)			(55,231)	445,511
Equalization Aid	10-495-034-5120-078	6,686,756	7/1/09	6/30/10			6,686,756	(6,686,756)			(830,490)	6,686,756
Transportation Aid	10-495-034-5120-014	1,033,764	7/1/09	6/30/10			1,033,764	(1,033,764)			(128,404)	1,033,764
Special Education Aid	10-495-034-5120-089	2,080,711	7/1/09	6/30/10			2,080,711	(2,080,711)			(258,462)	2,080,711
Extraordinary Aid	09-495-034-5120-044	693,095	7/1/09	6/30/10				(693,095)	(693,095)			693,095
Extraordinary Aid	09-495-034-5120-044	753,482	7/1/08	6/30/09	(753,482)		753,482					
Non-Public Transportation	09-495-034-5120-014	20,011	7/1/08	6/30/09	(20,011)		20,011					
Non-Public Transportation	10-495-034-5120-014	15,747	7/1/09	6/30/10				(15,747)				15,747
On-Behalf TPAF Pension Contr												
Non-Budgeted	10-495-034-5095-001	1,944,457	7/1/09	6/30/10			1,944,457	(1,944,457)				1,944,457
Reimbursed TPAF Social Security	10-495-034-5095-002	2,109,457	7/1/09	6/30/10			2,065,254	(2,109,457)	(104,203)			2,109,457
Reimbursed TPAF Social Security	09-495-034-5095-002	2,053,341	7/1/08	6/30/09	(103,522)		103,522					
Total General Fund					(877,015)		15,073,468	(15,009,498)	(813,045)		(1,272,587)	15,009,498
Special Revenue Fund												
Textbook Aid	10-100-034-5120-064	13,280	7/1/09	6/30/10			13,280	(11,866)		1,414		11,866
Textbook Aid	09-100-034-5120-064	12,010	7/1/08	6/30/09		1,921		(1,921)				
Auxiliary Services												
Compensatory Education	10-100-034-5120-067	960	7/1/09	6/30/10			960	(1,991)				
Compensatory Education	09-100-034-5120-067	1,991	7/1/08	6/30/09		1,991		(1,991)				
Handicapped Services												
Supplementary Instruction	10-100-034-5120-066	796	7/1/09	6/30/10			796					
Examination and Classification	09-100-034-5120-066	3,032	7/1/08	6/30/09		1,326		(1,326)				
Examination and Classification	10-100-034-5120-066	2,012	7/1/09	6/30/10			2,012					1,279
Corrective Speech	10-100-034-5120-086	2,690	7/1/09	6/30/10			2,690	(2,690)				2,690
Nursing Services	09-100-034-5120-070	16,210	7/1/08	6/30/09		50		(50)				
Nursing Services	10-100-034-5120-070	19,609	7/1/09	6/30/10			19,609					15,964
Technology Aid	09-100-034-5120-373	8,400	7/1/08	6/30/09		201		(201)				
Total Special Revenue Fund					-	5,489	39,347	(31,799)	(5,489)			31,799
Debt Service Fund												
Debt Service Aid Type II	10-495-034-5120-017	22,129	7/1/09	6/30/10			22,129	(22,129)				22,129
Enterprise Fund												
National School Lunch Program	10-100-010-3360-023	25,099	7/1/09	6/30/10			25,079	(25,099)	(2,020)			25,099
National School Lunch Program	09-100-010-3350-023	22,671	7/1/08	6/30/09	(4,719)		4,719					
School Breakfast Program	10-100-010-3360-021	3,828	7/1/09	6/30/10			3,457	(3,828)	(371)			3,828
School Breakfast Program	09-100-010-3350-021	3,781	7/1/08	6/30/09	(912)		912					
Total Enterprise Fund					(5,631)		32,167	(28,927)	(2,391)			28,927
Total State Financial Assistance					\$ (882,646)	5,489	15,167,111	(15,092,353)	(5,489)	(815,436)	(1,272,587)	15,092,353

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

BOARD OF EDUCATION

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MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2010****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 \$3,712 for the general fund and \$(27,687) 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	\$ 1,710,066	15,009,498	16,719,564
Special Revenue Fund	1,766,854	31,799	1,798,653
Debt Service Fund		22,129	22,129
Food Service Fund	<u>577,634</u>	<u>28,927</u>	<u>606,561</u>
Total Financial Assistance	<u>\$ 4,054,554</u>	<u>15,092,353</u>	<u>19,146,907</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, 2010. 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, 2010. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 No

2) 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 No

2) 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

84.027

I.D.E.A. Part B Basic

10.555

National School Lunch Program

84.010

Title I-NCLB

84.394

ARRA-ESF

84.397

ARRA-GSF

84.391

ARRA IDEA Part B Basic

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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, 2010

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Prior Audit Findings

There were no audit findings in 2008-2009, related to the single audit.