GREAT MEADOWS

REGIONAL SCHOOL DISTRICT

Great Meadows Regional School District
Board of Education
Great Meadows, Warren County
New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2008

Comprehensive Annual

Financial Report

of the

Great Meadows Regional School District
Board of Education
Great Meadows, New Jersey
For the Fiscal Year Ending June 30, 2008

Prepared by
Great Meadows Regional School District
Board of Education
Finance Department

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Introductory Section

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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Administrator

ELLEN WEISS
Administrative Assistant
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Business
Board Secretary

BUSINESS
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August 13, 2008

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Great Meadows Regional School District for the fiscal year ended June 30, 2008, is hereby submitted. Great Meadows Regional School District is a K-12 regional district, which became operational July 1, 1994. The constituent districts are Independence Township and Liberty Township. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Great Meadows Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the 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 Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "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, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Great Meadows Regional School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. Great Meadows Regional Board of Education and its three school buildings, Central School and Great Meadows Middle School located in Independence Township and Liberty School located in Liberty Township, constitute the District's reporting entity.

The District provided a full range of educational services appropriate to grade levels preschool disabled through 12. Liberty School housed one multiply disabled class, one part-time preschool disabled class and grades K-5; Central School housed grades K-5; Great Meadows Middle School housed a multiply disabled class and grades 6-8. All high school students from the District, grades 9-12, attended Hackettstown High School on a tuition basis. The District completed the 2007-08 fiscal year with a K-8 enrollment of **956** students (Central School housed 390, Liberty School housed 243, Great Meadows Middle School housed 323). This included a preschool disabled on roll enrollment of 5 students and a multiply disabled enrollment of 22 students. There was a grade 9-12 enrollment of **459** students, and an additional **18** students were sent out-of-district to special programs and **10** students attending the regional charter school for a total resident enrollment of **1,443** students.

The following details the changes in students on roll enrollment of the District, as well as in each school building, since the District became operational July 1, 1994:

	Average Daily Enrollment		
	Fiscal Year	Student Enrollment	Percent Change %
Central School	2007-08	391.6	3.79
	2006-07	377.3	(1.10)
	2005-06	381.5	(3.07)
	2004-05	393.6	23.1 * 1
	2003-04	319.8	(7.6)
*1 Changed from K-4	2002-03	346.1	(5.8)
to K-5 2004-05	2001-02	367.4	0.55
	2000-01	365.4	(2.09)

	1999-00	373.2	(3.81)
	1998-99	388.0	(27.54) *2
*2 Changed from K-6	1997-98	535.5	1.00
to K-4 1998-99	1996-97	530.2	(0.80)
Liberty School	2007-08	240.2	(11.66)
	2006-07	271.9	3.46
	2005-06	262.8	6.01
	2004-05	247.8	43.7 *3
	2003-04	208.0	(4.37)
*3 Changed from K-4	2002-03	217.5	3.57
to K-5 2004-05	2001-02	210.0	1.06
	2000-01	207.8	(10.74)
	1999-00	232.8	(5.13)
	1998-99	245.4	(35.91) *4
*4 Changed from K-8	1997-98	382.9	0.95
to K-4 1998-99	1996-97	379.3	2.46
Middle School	2007-08	323.5	(9.18)
	2006-07	356.2	(0.78)
	2005-06	359.0	(0.91)
	2004-05	362.3	(29.3) *5
	2003-04	512.4	3.22
*5 Changed from gr. 5-8	2002-03	496.4	(0.16)
to gr. 6-8 2004-05	2001-02	497.2	0.14
	2000-01	496.5	2.50
	1999-00	484.4	.90
	1998-99	480.1	- *6

*6 Middle School became operational September 14, 1998

Total ADE	2007-08	955.3	(4.99)
	2006-07	1005.4	0.21
	2005-06	1003.3	(0.04)
	2004-05	1003.7	(3.5)
	2003-04	1040.2	(1.87)
	2002-03	1060.0	(1.36)
	2001-02	1074.6	0.46
	2000-01	1069.7	(1.90)
	1999-00	1090.4	(2.07)
	1998-99	1113.5	21.24 *7
	1997-98	918.4	0.98
	1996-97	909.5	0.53

*7 With the opening of the new Middle School, 7th and 8th graders formerly sent out of district on a tuition basis returned to the on-roll status of the district.

2) <u>ECONOMIC CONDITION AND OUTLOOK</u>: The Townships of Independence and Liberty are contiguous and are located in the central portion of Warren County. Independence Township was incorporated in 1782 and consists of 20.1 square miles in area while Liberty Township was formed in 1926 and consists of 12.25 square miles in area. A feasibility study, sponsored by Liberty Township, has opened the discussion concerning dissolution of the regional.

The Townships, although primarily rural, have experienced moderate population growth over the past decade. The Townships continue to be bedroom communities with very few commercial and industrial ratables. The availability of land, a prime location, an appealing environment and an excellent school system all point to a continuing pattern of growth in the foreseeable future. The Highlands Legislation may affect building in the area.

3) <u>MAJOR INITIATIVES</u>: The school district is proud of its efforts over the past ten years of operation.

Goals for the future include:

- Maintenance of quality, cost effective educational programs in the presence of decreasing state aid.
- Continued improvement of student=s scores on the NJASK and GEPA tests.
- Continued commitment to the district technology program.
- Continuing to address facility problems due to aging buildings

4) <u>INTERNAL ACCOUNTING CONTROLS</u>: 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 (GAAP.) The 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 require estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also 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's 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 programs, 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. 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 canceled or included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2008.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). 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.

7) DEBT ADMINISTRATION:
At June 30, 2008, the District's outstanding debt issue is $ 8,995,000.

8) 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 2. 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.

A) **Independent Audit -** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP, Stroudsburg, PA, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. 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 this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

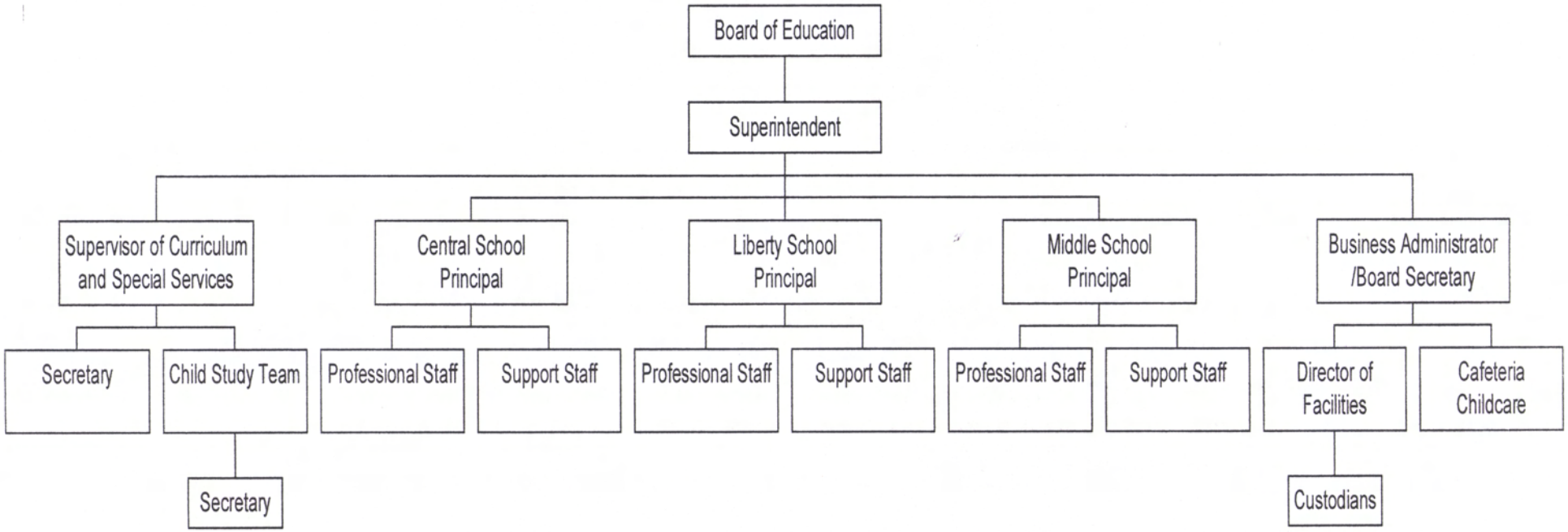
We would like to express our appreciation to the members of the Great Meadows Regional Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

Jason Bing
Superintendent

Julie R. Mumaw
Board Secretary

GREAT MEADOWS REGIONAL



GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2008

Members of the Board of Education	Term Expires
Jennifer Cassini, President	April 30, 2011
Joseph Mahal, Vice President	April 30, 2011
Richard Alexander	April 30, 2010
Matthew Mowatt	April 30, 2010
Jason Schaffer	April 30, 2009
Peggy Faulborn	April 30, 2010
William Vonder Haar	April 30, 2009
Bernard O'Hara	April 30, 2009
Richard Wall	April 30, 2011

Other Officials

Jason Bing, Superintendent

Julie Mumaw, Board Secretary/School Business Administrator

Paula Hatch, Treasurer

Michael Selvaggi, Attorney

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ATTORNEY

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AUDIT FIRM

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FISCAL AGENT

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New York, NY 10041

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Hope, New Jersey 07844

OFFICIAL DEPOSITORIES

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Hope, New Jersey 07844

Bank of America
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Hackettstown, New Jersey 07840

Financial Section

Independent Auditor's Report

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Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENTAL ENTITY

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren
Great Meadows, New Jersey 07838

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Great Meadows Regional School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Great Meadows Regional School District 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 opinions.

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, and each major fund, and the aggregate remaining fund information of the Great Meadows Regional School District Board of Education in the County of Warren, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated August 15, 2008, on our consideration of the Great Meadows Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an 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 7 through 7.8, and 38 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Great Meadows Regional School District 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 schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, and is 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.

Licensed Public School Accountant No. 2369

Date: August 15, 2008

ARDITO & CO., LLP

Required Supplementary Information - Part I

Management's Discussion and Analysis

The discussion and analysis of Great Meadows Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets increased $587,474, which represents a 19.5 percent increase from 2007.
- General revenues accounted for $12,268,470 in revenue or 59.7 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $8,292,802 or 40.3 percent of total revenues of $20,561,272.
- Total assets of governmental activities increased by $61,802 as cash and cash equivalents increased by $156,941, receivables increased by $39,816 and capital assets decreased by $234,406.
- The School District had $19,973,798 in expenses; only $8,292,802 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $12,268,470 were adequate to provide for these programs.
- Among major funds, the General Fund had $19,045,916 in revenues and $18,701,245 in expenditures. The General Fund's surplu balance increased $344,671 over 2007. This increase is a result of budget efficiencies and the receipt of extraordinary aid and other non-budget revenue.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Great Meadows Regional School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Great Meadows Regional School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1
Net Assets

	2008	2007
Assets		
Current and Other Assets	$ 1,672,117	$ 1,416,515
Capital Assets	10,174,603	10,368,403
Total Assets	11,846,720	11,784,918
Liabilities		
Long-Term Liabilities	7,807,853	8,070,230
Other Liabilities	440,686	703,981
Total Liabilities	8,248,539	8,774,211
Net Assets		
Invested in Capital Assets, Net of Debt	2,274,603	2,102,939
Restricted	1,282,077	767,510
Unrestricted	41,501	140,258
Total Net Assets	$ 3,598,181	$ 3,010,707

Total assets increased $61,802. Cash and cash equivalents increased by $156,941, receivables increased by $39,816 and capital assets decreased by $234,406. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District decreased by $160,402 due to investment in capital assests during the year.

Table 2 shows the changes in net assets from fiscal year 2007.

Table 2
Changes in Net Assets

	2008	2007
Revenues		
Program Revenues:		
Charges for Services	$ 190,703	$ 194,787
Operating Grants and Contributions	8,102,099	7,733,731
General Revenues:		
Property Taxes	12,032,819	11,429,616
Grants and Entitlements	-	-
Other	235,651	152,523
Total Revenues	20,561,272	19,510,657
Program Expenses		
Instruction	7,206,067	6,938,450
Support Services:		
Pupils and Instructional Staff	8,450,428	7,991,020
General Administration, School Administration, Business	1,158,553	1,121,016
Operations and Maintenance of Facilities	1,261,993	1,067,988
Pupil Transportation	1,223,682	1,238,822
Business-Type Activities	243,387	235,765
Interest and Fiscal Charges	429,688	414,199
Total Expenses	19,973,798	19,007,260
Increase in Net Assets	$ 587,474	$ 503,397

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 58.5 percent of revenues for governmental activities for the Great Meadows Regional School District for the fiscal year 2008.

Instruction comprises 36.1 percent of district expenses. Support services expenses make up 60.6 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Instruction	$ 7,206,067	$ 4,099,656	$ 6,938,450	$ 3,967,780
Support Services:				
Pupils and Instructional Staff	8,450,428	5,127,817	7,991,020	4,852,978
General Admin., School Admin., Business	1,158,553	714,860	1,121,016	681,032
Operation and Maintenance of Facilities	1,261,993	778,685	1,067,988	648,817
Pupil Transportation	1,223,682	755,046	1,238,822	752,602
Business-Type Activities	243,387	(1,061)	235,765	(8,234)
Interest and Fiscal Charges	429,688	205,993	414,199	183,767
Total Expenses	$ 19,973,798	$ 11,680,996	$ 19,007,260	$ 11,078,742

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and child care.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 56.9 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 61.0 percent. The community, as a whole, is the primary support for the Great Meadows Regional School District.

The School District's Funds

Information about the School District's major funds starts on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $20,726,824 and expenditures of $20,378,554. The change in fund balance for the year was significant in the General Fund, a increase of $348,270. This growth shows that the School District is able to meet current operating costs with no urgent need for additional funds.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2008 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

Salary costs proved to be slightly lower than anticipated in the original budget due to unanticipated staff resignations as well as staff members being moved within programs accounted for lower salary costs in several accounts.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was $17,969,126, $125,655 over original budgeted estimates of $17,843,471. This difference was due primarily to extra-ordinary aid and increase interest income.

General fund budget basis expenditures, excluding TPAF on-behalf amount, was $17,612,406, $804,436 under adjusted budget estimate of $18,416,842. This difference was due primarily to expense savings on the tuition and construction services.

As such, the general fund revenues and other financing sources of the School District exceeded expenditures by approximately $356,720, making the financial position of the School District strong.

Capital Assets

At the end of the fiscal year 2008, the School District had $10,133,997 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2008 balances compared to 2007.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	2008	2007
Land	$ 159,653	$ 159,653
Land Improvements	78,818	113,123
Buildings and Improvements	9,573,350	9,685,788
Machinery and Equipment	322,176	355,303
Totals	$ 10,133,997	$ 10,313,867

Overall capital assets decreased $179,870 from fiscal year 2007 to fiscal year 2008, due primarily to depreciation.

Major capital items totaling 265,642 was purchased during fiscal year 2008

Debt Administration

At June 30, 2008, the School District had $8,060,321 as outstanding debt. Of this amount $160,321 is for compensated absences, and the balance $7,900,000 for bonds for school construction.

At June 30, 2008, the School District’s overall legal debt margin was $31,497,485 and the unvoted debt margin was $23,597,485.

For the Future

The Great Meadows Regional School District is in very good financial condition presently. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased.

Great Meadows Regional School District did successfully pass the 2008-2009 school budget. The preceding school year had successfully passed. The steady decrease in state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. In the past, the District garnered local support of its budget for over 10 years. This problem seems to be statewide and is not exclusive to the Great Meadows Regional School District. Great Meadows Regional School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

During the budget process in the spring, it was a concern to the Administration and Board of Education how future budgets would be financed; therefore, for the next eight months, the Board and Administration will be conducting a program review of all costs centers in the District. These savings made throughout the school year are being made as a commitment by the Board and Administration to increase the unrestricted free balance available for emergencies.

In conclusion, the Great Meadows Regional School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Julie R. Mumaw, School Business Administrator/Board Secretary at Great Meadows Regional School District, P.O. Box 74, Great Meadows, NJ 07838.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

June 30, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 1,278,736	$ 59,744	$ 1,338,480
Receivables, Net	77,763	2,598	80,361
Interfund Receivables			
Inventory		4,433	4,433
Restricted Assets:			
Capital Reserve Account - Cash	248,843		248,843
Capital Assets, Net (Note 6):	10,133,997	40,606	10,174,603
Total Assets	11,739,339	107,381	11,846,720
LIABILITIES			
Accounts Payable	284	2,990	3,274
Interfund Payables			
Deferred Revenue	28,208	2,140	30,348
Accrued Interest	154,596		154,596
Noncurrent Liabilities (Note 7):			
Due Within One Year	252,468		252,468
Due Beyond One Year	7,807,853		7,807,853
Total Liabilities	8,243,409	5,130	8,248,539
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,233,997	40,606	2,274,603
Restricted for:			
Capital Reserve Account	248,843		248,843
Other Purposes	1,033,234		1,033,234
Unrestricted	(20,144)	61,645	41,501
Total Net Assets	$ 3,495,930	$ 102,251	$ 3,598,181

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
Functions/Programs	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**CAPITAL GRANTS AND CONTRIBUTIONS**	**GOVERNMENTAL ACTIVITIES**	**BUSINESS-TYPE ACTIVITIES**	**TOTAL**
Governmental Activities:							
Instruction:							
Regular	$ 6,342,308		$ 2,775,615		$ (3,566,693)		$ (3,566,693)
Special Education	649,274		248,654		(400,620)		(400,620)
Other Special Instruction	214,485		82,142		(132,343)		(132,343)
Support Services:							
Tuition	6,939,549		2,657,653		(4,281,896)		(4,281,896)
Student & Instruction Related Services	1,510,879		664,958		(845,921)		(845,921)
School Administrative Services	466,690		178,729		(287,961)		(287,961)
General and Business Admin. Services	691,863		264,964		(426,899)		(426,899)
Plant Operations and Maintenance	1,261,993		483,308		(778,685)		(778,685)
Pupil Transportation	1,223,682		468,636		(755,046)		(755,046)
Interest on Long-Term Debt	394,047		223,695		(170,352)		(170,352)
Unallocated Depreciation	35,641				(35,641)		(35,641)
Total Governmental Activities	19,730,411		8,048,354		(11,682,057)		(11,682,057)
Business-Type Activities:							
Food Service	243,387	$ 190,703	53,745			$ 1,061	1,061
Child Care	-	-				-	-
Total Business-Type Activities	243,387	190,703	53,745			1,061	1,061
Total Primary Government	**$ 19,973,798**	**$ 190,703**	**$ 8,102,099**		**$ (11,682,057)**	**$ 1,061**	**$ (11,680,996)**
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes,Net					$ 11,512,278		$ 11,512,278
Taxes Levied for Debt Service					520,541		520,541
Investment Earnings					73,019		73,019
Miscellaneous Income					162,632		162,632
Total General Revenues, Special Items, Extraordinary Items and Transfers					12,268,470	-	12,268,470
Change in Net Assets					586,413	1,061	587,474
Net Assets—Beginning (As Restated)					2,909,517	101,190	3,010,707
Net Assets—Ending					$ 3,495,930	$ 102,251	$ 3,598,181

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

FUND FINANCIAL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	$1,496,472	$27,508	$3,599	$1,527,579
Receivables from Other Governments	77,063	700		77,763
TOTAL ASSETS	$1,573,535	$28,208	$3,599	$1,605,342
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	284			284
Deferred Revenue		28,208		28,208
Total Liabilities	284	28,208	-	28,492
Fund Balances:				
Reserved for:				
Capital Reserve Account	248,843			248,843
Encumbrances	120,397			120,397
Excess Surplus	672,277			672,277
Excess Surplus - Designated for Subsequent Year's Expenditures	357,358			357,358
Unreserved, Reported in:				
Debt Service Fund			3,599	3,599
General Fund - Designated for Subseq. Year's Expenditures	110,000			110,000
General Fund - Undesignated	64,376			64,376
Total Fund Balances	1,573,251		3,599	1,576,850
TOTAL LIABILITIES AND FUND BALANCE	$1,573,535	$28,208	$3,599	$1,605,342

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 $16,531,629 and the accumulated depreciation is $6,557,285.	$10,133,997
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilties in the funds (see Note 7)	(154,596)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilties in the funds (see Note 7)	(8,060,321)
Net assets of governmental activities	$3,495,930

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

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local sources:				
Local Tax Levy	$ 11,512,278		$ 520,541	$ 12,032,819
Interest on Capital Reserve	8,970			8,970
Miscellaneous	133,030	$ 4,605	499,046	636,681
Total - Local Sources	11,654,278	4,605	1,019,587	12,678,470
State Sources	7,391,638	5,898	223,695	7,621,231
Federal Sources		427,123		427,123
Total Revenues	19,045,916	437,626	1,243,282	20,726,824
EXPENDITURES				
Current:				
Regular Instruction	4,500,664	351,293		4,851,957
Special Education Instruction	540,467			540,467
Other Special Instruction	178,541			178,541
Support services and undistributed costs:				
Tuition	5,776,605			5,776,605
Student and Instruction Related Services	1,171,350	86,333		1,257,683
School Administrative Services	388,481			388,481
Other Administrative Services	575,919			575,919
Plant Operations and Maintenance	1,050,506			1,050,506
Pupil Transportation	1,018,615			1,018,615
Unallocated Benefits	3,141,897			3,141,897
Transfer to Charter School	78,270			78,270
Debt Service:				
Principal			830,000	830,000
Interest and Other Charges			409,683	409,683
Capital Outlay	279,930			279,930
Total Expenditures	18,701,245	437,626	1,239,683	20,378,554
Excess (Deficiency) of Revenues Over Expenditures	344,671	-	3,599	348,270
Net Change in Fund Balances	344,671	-	3,599	348,270
Fund Balance—July 1	1,228,580	-	-	1,228,580
Fund Balance—June 30	$ 1,573,251	-	$ 3,599	$ 1,576,850

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Balances - Governmental Funds (from B-2)		$ 348,270
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	$ (445,512)	
Capital Outlays	265,642	(179,870)
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.		830,000
Bond proceeds are a revenue source in the governmental funds, but the receipt increases long-term liabilities in the statement of net assets and is not reported in the statement of activities.		(410,000)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which the prior year's amount of interest accrual exceeds the current year's amount.		15,636
In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned.		(17,623)
Change in Net Assets of Governmental Activities		$ 586,413

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS
PROPRIETARY FUNDS

June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Food Service	**Child Care Program**	**Totals**
ASSETS			
Current assets:			
Cash and Cash Equivalents	$ 58,988	$ 756	$ 59,744
Accounts Receivable	2,598		2,598
Inventories	4,433		4,433
Total Current Assets	66,019	756	66,775
Noncurrent Assets:			
Furniture, Machinery and Equipment	279,855		279,855
Less Accumulated Depreciation	(239,249)		(239,249)
Total Noncurrent Assets	40,606		40,606
Total Assets	**106,625**	**756**	**107,381**
LIABILITIES			
Current liabilities:			
Accounts Payable	2,990		2,990
Deferred Revenue	2,140		2,140
Total Current Liabilities	5,130		5,130
Total Liabilities	**5,130**		**5,130**
NET ASSETS			
Invested in Capital Assets Net of Related Debt	40,606		40,606
Unrestricted	60,889	756	61,645
Total Net Assets	$101,495	$ 756	$ 102,251

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Fund		
	Food Service	**Child Care Program**	**Total Enterprise**
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	$ 138,810		$ 138,810
Daily Sales - Non-Reimbursable Programs	51,736		51,736
Miscellaneous	157		157
Total Operating Revenues	190,703		190,703
Operating Expenses:			
Cost of Sales	105,119		105,119
Salaries	84,453		84,453
Employee Benefits	19,208		19,208
Other Purchased Professional Services	20,677		20,677
Depreciation	13,930		13,930
Total Operating Expenses	243,387		243,387
Operating Income (Loss)	(52,684)		(52,684)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	3,270		3,270
Federal Sources:			
National School Lunch Program	35,958		35,958
Special Milk Program	1,390		1,390
Food Distribution Program	13,127		13,127
Total Nonoperating Revenues (Expenses)	53,745		53,745
Income (Loss)	1,061		1,061
Change in Net Assets	1,061		1,061
Total Net Assets—Beginning (As Restated)	100,434	$ 756	101,190
Total Net Assets—Ending	$ 101,495	$ 756	$ 102,251

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Food Service	**Child Care Program**	**Total Enterprise**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 190,779		$ 190,779
Payments to Employees	(84,452)		(84,452)
Payments for Employee Benefits	(19,208)		(19,208)
Payments to Suppliers	(111,397)		(111,397)
Net Cash Provided by (used for) Operating Activities	(24,278)	-	(24,278)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	3,231		3,231
Federal Sources	36,966		36,966
Operating Subsidies and Transfers to Other Funds			-
Net Cash Provided by (used for) Non-Capital Financing Activities	40,197	-	40,197
Net Increase (Decrease) in Cash and Cash Equivalents	15,919	-	15,919
Balances—Beginning of Year	43,069	$ 756	43,825
Balances—End of Year	$ 58,988	$ 756	$ 59,744
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	$ (52,684)		$ (52,684)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	13,930		13,930
Federal Commodities	13,127		13,127
(Increase) Decrease in Accounts Receivable, Net			
(Increase) Decrease in Inventories	418		418
Increase (Decrease) in Accounts Payable	931		931
Total Adjustments	28,406		28,406
Net Cash Provided by (used for) Operating Activities	$ (24,278)		$ (24,278)

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2008

	Agency Fund
ASSETS	
Cash and Cash Equivalents	$ 19,051
Total Assets	$ 19,051
LIABILITIES	
Payroll Deductions and Withholding	$ 5,474
Payable to Student Groups	13,577
Total Liabilities	$ 19,051

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

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Great Meadows 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2007.

A. Reporting Entity:

The Great Meadows Regional School District is a Type II district located in the County of Warren, 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 K-8. The Great Meadows Regional School District had an approximate enrollment at June 30, 2008, of 956 students.

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

- the organization is legally separate (can sue or be sued in their own name)
- the 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

Based on the aforementioned criteria, the District has no component units.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary,* and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) 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 NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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 FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and Payroll Agency Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 for approval 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, except for the special revenue funds. 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. 6:20 2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

D. Encumbrance Accounting:

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)

E. Assets, Liabilities and Equity:

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

Interfund Transactions:
Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:
Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

Allowance for Uncollectible Accounts:
No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:
The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is $2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

Asset Class	Estimated Useful Lives
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:
The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave with the District's personnel policies. Upon termination, employees are paid accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:
Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:
All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:
The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:
Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

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%.

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.

The Board has no policy regarding custodial risk for deposits.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollarteralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2008, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	Cash and Cash Equivalents (A-1)	Cash and Cash Equivalents (B-7)	Total
Checking Accounts	$1,338,480	$19,051	$1,357,531
Checking Accounts-Capital Reserve	248,843		248,843
	$1,587,323	$19,051	$1,606,374

The carrying amount of the Board’s cash and cash equivalents at June 30, 2008, was $1,606,374 and the bank balance was $2,203,780. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, $243,472 was covered by federal depository insurances and $1,960,308 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2008, consisted of accounts (child care and transportation), and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	22,813	$ 23,023
Federal Aid	-	2,388
Tuition	29,662	29,662
Transportation	6,084	6,084
Tax Levy - Independence	19,204	19,204
Gross Receivable	77,763	80,361
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	$77,763	$80,361

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2008, consisted of the following:

Food	$4,433

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 159,653			$ 159,653
Total Capital Assets Not Being Depreciated	159,653		-	159,653
Capital Assets Being Depreciated:				
Land Improvements	686,100			686,100
Buildings and Building Improvements	14,470,440	$ 195,519		14,665,959
Machinery and Equipment	1,109,447	70,123		1,179,570
Total at Historical Cost	16,265,987	265,642	-	16,531,629
Less Accumulated Depreciation for:				
Land Improvements	(572,977)	(34,305)		(607,282)
Building and Improvements	(4,784,652)	(307,957)		(5,092,609)
Equipment	(754,144)	(103,250)		(857,394)
Total Accumulated Depreciation	(6,111,773)	(445,512)		(6,557,285)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	10,154,214	(179,870)	-	9,974,344
Government Activity Capital Assets, Net	**$ 10,313,867**	**$ (179,870)**	**$ -**	**$ 10,133,997**

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to $2,000. The previous threshold was $500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than $500 but not greater than $2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	$ 409,871
Unallocated	35,641
Total	$ 445,512

NOTE 7: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2008, are as follows:

	Balance 7/1/07	Increases	Decreases	Balance 6/30/08	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	$8,320,000	$410,000	($830,000)	$7,900,000	$235,000
Other Liabilities:					
Compensated Absences Payable	142,698	$34,152	(16,529)	160,321	17,468
Total	$8,462,698	$444,152	($846,529)	$8,060,321	$252,468

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

On December 20, 2007, the district sold general obligation bonds with a face value of 8,355,000, of which the proceeds were used to refund the balance of all previously outstanding bonds, as of February 1, 2008, and to pay the first debt service requirement on the new bond issue. The economic gain on the bond refunding based on the net present value of the debt service payment savings was calculated at $248,957.

Sources:	
Gross Proceeds of Bonds	$ 8,355,000
Accrued Interest	29,177
Net Premium	240,658
Costs of issuance, Underwiting Discounts	(101,339)
Total Sources	$ 8,523,496

Uses:	
Retirement of Series 1995 Bonds	$ 7,945,000
Accrued Interest	15,759
Refunding Premium	79,450
Initial Debt Service Payment on New Issue	479,688
Net Surplus	3,599
Total Uses	$ 8,523,496

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

Economic Gain/Loss:

Present Value of Old Debt Service Cash Flows	$ 8,827,301
Present Value of New Debt Service Cash Flows	8,578,344
Economic Gain	$ 248,957
Percentage Savings of Refunded Bonds	3.02%

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders 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 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. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2008, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			
	Issue Dates	Interest Rates	Date of Maturity	Balance June 30, 2008
Bonds Payable	12/20/07	4.0 to 4.75%	1/15/2025	$ 7,900,000
Total Bonds				$ 7,900,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2008, is as follows:

Year Ending June 30,	Principal	Interest	Total
2009	235,000	337,300	572,300
2010	300,000	327,900	627,900
2011	350,000	315,150	665,150
2012	415,000	301,150	716,150
2013	440,000	284,550	724,550
Thereafter	6,160,000	1,702,413	7,862,413
	$ 7,900,000	$ 3,268,463	$11,168,463

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

NOTE 8: OPERATING LEASES

The District has commitments to lease copying equipment under operating leases which expire on various dates. Total operating lease payments made during the year ended June 30, 2008, were $18,900. Future minimum lease payments are as follows:

Year Ended	Amount
June 30, 2009	18,900
June 30, 2010	18,900
Total Minimum Lease Payments	$37,800

NOTE 9: 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 Teachers' 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 9: 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:66 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 55 and are generally determined to be 1/55 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 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 provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions 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 contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation 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 contained a provision to reduce the employee contribution rate by 1/2 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, 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.

Contribution Requirements 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 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 both 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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	$78,362	100 %	-0-
6/30/2007	$55,890	100	-0-
6/30/2006	$37,222	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	-0-	100 %	-0-
6/30/2007	-0-	100	-0-
6/30/2006	-0-	100	-0-

NOTE 9: PENSION PLANS (Continued)

During the fiscal year ended June 30, 2008, the State of New Jersey did contribute $643,247 to the TPAF for 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 $445,592 during the year ended June 30, 2008, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

NOTE 10: POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve by one half of 1% of the active State payroll.

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

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 of county college with 25 years of service. The State paid $110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2007.

NOTE 11: 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:

Siracusa - SBP Sun National
John Hancock Signature Services
Lincoln National Life
AXA Equitable

NOTE 12: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement within the state pension plan, an employee is reimbursed for accumulated vacation and/or unused sick days. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial employment. The liability balance of sick and vaction time as of June 30, 2008 was $160,321.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2008, no liability existed for compensated absences in the proprietary fund types.

NOTE 13: 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.

NOTE 14: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

ARBITRAGE REBATE

As part of a major school building program, bonded debt was issued in excess of limits that could require payment of arbitrage rebates as required under applicable provisions of the Internal Revenue Code. Arbitrage reporting and tracking is maintained by the District and estimated future value of such liability, if any, will be determined at completion of the capital project.

LITIGATION

The Board is involved in a dispute with Independence Township concerning the withdrawal of the township from the regional school. The Commissioner of the State Board of Education has determined that the township has no cause for withdrawal and has denied the request for such. However, potential litigation could occur regarding this issue, and if the township is successful, the potential costs involved could be significant and material to the financial stability of the Great Meadows regional School District.

NOTE 15: FUND BALANCE APPROPRIATED

General Fund - Of the $1,573,251 General Fund fund balance at June 30, 2008, $120,397 is reserved for encumbrances; $1,029,635 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 ($357,358 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2009);$110,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2009; $248,843 has been reserved in the Capital Reserve Account; and, $64,376 is unreserved and undesignated.

NOTE 16: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L.2004, c.73 (S1701) 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. The excess fund balance at June 30, 2008, is $672,277.

NOTE 17: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Great Meadows Regional School District Board of Education by inclusion of $1. 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.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). 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 or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. 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. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2007	$239,873
Interest Earnings	8,970
Ending Balance, June 30, 2008	$248,843

NOTE 18: INTERFUND BALANCES AND ACTIVITY

The district had no interfund balances as of June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	$ 11,512,278		$ 11,512,278	$ 11,512,278	
Interest on Capital Reserve	6,000		6,000	8,970	$ 2,970
Miscellaneous	42,600		42,600	133,030	90,430
Total - Local Sources	11,560,878		11,560,878	11,654,278	93,400
State Sources:					
Core Curriculum Standards Aid	3,271,549		3,271,549	3,271,549	
Transportation Aid	695,211		695,211	695,211	
Special Education Aid	638,779		638,779	638,779	
Bilinqual Education	16,316		16,316	16,316	
Stabilization Aid	1,133,951		1,133,951	1,133,951	
Consolidated Aid	165,019		165,019	165,019	
Formula Aid	360,579		360,579	360,579	
Full Day Kindergarten Supplemental Aid	1,189		1,189	1,189	
Other State Aid				32,255	32,255
TPAF Pension (On-Behalf - Non-Budgeted)				643,247	643,247
TPAF Social Security (Reimbursed - Non-Budgeted)				445,592	445,592
Total State Sources	6,282,593		6,282,593	7,403,687	1,121,094
TOTAL REVENUES	**17,843,471**		**17,843,471**	**19,057,965**	**1,214,494**

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	226,819	720	227,539	227,539	
Grades 1-5 - Salaries of Teachers	2,130,770	(6,403)	2,124,367	2,119,396	4,971
Grades 6-8 - Salaries of Teachers	1,647,346	39,471	1,686,817	1,665,573	21,244
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500	(411)	1,089	1,088	1
Purchased Professional-Educational Services	1,000	1,878	2,878	2,877	1
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	203,344	(11,770)	191,574	191,574	
Purchased Professional-Educational Services	4,130	870	5,000	4,667	333
Other Purchased Services (400-500 series)	57,034	1,129	58,163	53,526	4,637
General Supplies	216,021	2,593	218,614	206,799	11,815
Textbooks	28,000	(570)	27,430	26,098	1,332
Other Objects	4,522	(2,995)	1,527	1,527	
TOTAL REGULAR PROGRAMS - INSTRUCTION	**4,520,486**	**24,512**	**4,544,998**	**4,500,664**	**44,334**
SPECIAL EDUCATION - INSTRUCTION					
Learning or Language Disabilities:					
Salaries of Teachers	89,285	800	90,085	89,894	191
Other Salaries for Instruction	10,765	(10,765)			
General Supplies	500		500	500	
Total Learning or Language Disabilities	100,550	(9,965)	90,585	90,394	191
Multiple Disabilities:					
Salaries of Teachers	43,930	(43,930)			
Other Salaries for Instruction	10,765	(10,765)			
General Supplies	250	(250)			
Total Multiple Disabilities	54,945	(54,945)			
Resource Room/Resource Center:					
Salaries of Teachers	379,685	3,187	382,872	382,872	
General Supplies	600		600	487	113
Total Resource Room/Resource Center	380,285	3,187	383,472	383,359	113

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part-Time:					
Salaries of Teachers	46,280	(84)	46,196	46,196	
Other Salaries for Instruction	17,736	84	17,820	17,660	160
General Supplies	700		700	178	522
Total Preschool Disabilities - Part-Time	64,716		64,716	64,034	682
Home Instruction:					
Salaries of Teachers	500		500		500
Purchased Professional-Educational Services	4,365	1,060	5,425	2,680	2,745
Total Home Instruction	4,865	1,060	5,925	2,680	3,245
TOTAL SPECIAL EDUCATION - INSTRUCTION	**605,361**	**(60,663)**	**544,698**	**540,467**	**4,231**
Basic Skills/Remedial - Instruction					
Salaries of Teachers	142,849	33,992	176,841	176,841	
General Supplies	2,000		2,000	1,700	300
Total Basic Skills/Remedial - Instruction	144,849	33,992	178,841	178,541	300
TOTAL INSTRUCTION	**5,270,696**	**(2,159)**	**5,268,537**	**5,219,672**	**48,865**
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	4,746,010		4,746,010	4,738,924	7,086
Tuition to Other LEAs Within the State-Special	551,994	288,797	840,791	623,307	217,484
Tuition to County Vocational School District - Regular	85,825		85,825	79,325	6,500
Tuition to CSSD & Regional Day Schools	117,320	(47,720)	69,600	69,600	
Tuition to Private Schools for the Disabled-Within State	377,886	(89,304)	288,582	235,473	53,109
Tuition to Private Schools for the Disabled-Out of State	85,114	(55,138)	29,976	29,976	
Total Instruction	5,964,149	96,635	6,060,784	5,776,605	284,179

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	213,240	3,600	216,840	216,840	
Purchased Professional and Technical Services	8,450		8,450	4,897	3,553
Supplies and Materials	4,300		4,300	3,747	553
Total Health Services	225,990	3,600	229,590	225,484	4,106
Other Supp. Services Students-Related Services:					
Salaries	95,869	(37,400)	58,469	56,430	2,039
Purchased Professional - Educational Services	83,535	38,398	121,933	118,994	2,939
Supplies and Materials	600	(526)	74	74	
Total Other Supp. Services Students-Related Services	180,004	472	180,476	175,498	4,978
Other Supp. Services Students-Extra.Services:					
Salaries of Other Professional Staff	19,437	(3,600)	15,837	14,178	1,659
Purchased Professional - Educational Services	30,000	30,331	60,331	60,331	
Supplies and Materials	200	(200)			
Total Other Supp. Services Students-Extra.Services	49,637	26,531	76,168	74,509	1,659
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	128,015		128,015	126,564	1,451
Salaries of Secretarial and Clerical Assistants	18,912	(5,148)	13,764	12,554	1,210
Purchased Professional - Educational Services	5,000	(303)	4,697	2,679	2,018
Other Purchased Services (400-500 series)	200	87	287	287	
Supplies and Materials	150	592	742	731	11
Other Objects	100	(44)	56	49	7
Total Other Supp. ServicesStudents-Regular	152,377	(4,816)	147,561	142,864	4,697
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	214,893	7,644	222,537	222,537	
Salaries of Secretarial and Clerical Assistants	16,031		16,031	15,693	338
Purchased Professional - Educational Services	7,000	(667)	6,333	1,450	4,883
Other Purchased Services (400-500 series O/than Resid.Costs)	2,500	667	3,167	3,167	
Supplies and Materials	1,958		1,958	1,387	571
Total Other Supp. ServicesStudents-Special	242,382	7,644	250,026	244,234	5,792

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	35,994	8,998	44,992	44,992	
Salaries of Secretarial and Clerical Assist.	15,693	(11,581)	4,112	3,139	973
Other Salaries	41,072	2,083	43,155	43,155	
Supplies and Materials	6,000		6,000	3,423	2,577
Other Objects	1,000		1,000	657	343
Total Improvement of Instruction Services	99,759	(500)	99,259	95,366	3,893
Educational Media Services/School Library:					
Salaries	184,271	2,000	186,271	184,831	1,440
Supplies and Materials	12,600		12,600	11,760	840
Total Educational Media Services/School Library	196,871	2,000	198,871	196,591	2,280
Instructional Staff Training Services:					
Salaries of Other Professional Staff	8,999		8,999	8,999	
Purchased Professional - Educational Services	890		890	890	
Other Purchased Services (400-500 series)	7,476	25	7,501	6,786	715
Other Objects	129		129	129	
Total Instructional Staff Training Services	17,494	25	17,519	16,804	715
Supp. Services - General Administration:					
Salaries	178,315		178,315	178,315	
Legal Services	25,000	16,170	41,170	38,945	2,225
Audit Fees	13,892	(709)	13,183	13,183	
Other Purchased Professional Services	20,239	(2,268)	17,971	17,970	1
Purchased Technical Services	600	2,207	2,807	2,807	
Communications/Telephone	19,800	(2,855)	16,945	15,943	1,002
BOE Other Purchased Services	3,500	(1,130)	2,370	2,370	
Other Purchased Services (400-500)	28,000	7,977	35,977	35,977	
General Supplies	1,600		1,600	1,590	10
Judgments Against the District		65,000	65,000	65,000	
Miscellaneous Expenditures	9,800		9,800	9,616	184
BOE Membership Dues and Fees	6,912	(5,430)	1,482	1,342	140
Total Supp. Services - General Administration	307,658	78,962	386,620	383,058	3,562

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	274,009	(18,096)	255,913	255,913	
Salaries of Secretarial and Clerical Assistants	122,560		122,560	121,638	922
Other Purchased Services (400-500 series)	6,200	(622)	5,578	2,675	2,903
Supplies and Materials	6,200		6,200	6,089	111
Other Objects	2,000	622	2,622	2,166	456
Total Support Services - School Administration	410,969	(18,096)	392,873	388,481	4,392
Central Services:					
Salaries	163,061		163,061	163,061	
Purchased Professional Services	3,600		3,600	2,875	725
Misc. Purchased Services (400-500 series)	5,500		5,500	5,500	
Supplies and Materials	2,000	167	2,167	813	1,354
Other Objects	3,000	(1,127)	1,873	1,873	
Total Central Services	177,161	(960)	176,201	174,122	2,079
Admin.Info.Tech.:					
Salaries	10,200		10,200	9,777	423
Purchased Technical Services	6,500	2,462	8,962	8,962	
Supplies and Materials	3,000	(2,462)	538		538
Total Admin.Info.Tech.	19,700		19,700	18,739	961
Required Maintenance for School Facilities:					
Salaries	108,413	2,500	110,913	110,898	
Cleaning, Repair and Maintenance Services	79,174	(28,353)	50,821	49,394	1,427
General Supplies	53,422	(12,842)	40,580	40,165	415
Other Objects	1,400		1,400	1,152	248
Total Required Maintenance for School Facilities	242,409	(38,695)	203,714	201,609	2,105
Other Operations and Maintenance of Plant:					
Salaries	406,284	(123)	406,161	406,161	
Purchased Professional and Technical Services	14,500	(4,258)	10,242	10,219	23
Cleaning, Repair and Maintenance Services	38,955	7,158	46,113	43,644	2,469
Insurance	33,124	9,733	42,857	42,857	
Miscellaneous Purchased Services	2,500		2,500	2,156	344
General Supplies	40,743	(19,107)	21,636	20,968	668
Energy (Energy and Electricity)	207,177	114,835	322,012	322,012	
Other Objects	1,000		1,000	880	120
Total Other Operations and Maintenance of Plant	744,283	108,238	852,521	848,897	3,624

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Salaries for Pupil Transportation (Bet. Home & School)-Regular	25,650	(2,182)	23,468	23,468	
Salaries for Pupil Transp.(Other than Bet.Home & School)	500	582	1,082	1,082	
Other Purchased Professional Services	16,691	(463)	16,228	16,228	
Rental Payments - School Buses	15,449		15,449	15,436	13
Contracted Services (Between Home and School)-Vendors	558,358	(6,021)	552,337	552,336	1
Contracted Services (Other than Bet.Home & School)-Vendors	8,000	(5,540)	2,460	1,957	503
Contracted Services (Special Education Students)-Joint Agrmts.	312,182	45,387	357,569	351,435	6,134
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	58,734	(6,969)	51,765	50,355	1,410
Supplies and Materials	4,793	1,344	6,137	6,118	19
Miscellaneous Expenditures	200		200	200	
Total Student Transportation Services	1,000,557	26,138	1,026,695	1,018,615	8,080
UNALLOCATED BENEFITS					
Social Security Contributions	105,181	10,240	115,421	114,692	729
Other Retirement Contributions - Regular	71,943	6,419	78,362	78,362	
Unemployment Compensation	32,800	5,020	37,820	17,529	20,291
Workmen's Compensation	66,098	(5,882)	60,216	60,216	
Health Benefits	2,085,751	(83,622)	2,002,129	1,716,679	285,450
Tuition Reimbursement	22,000	3,396	25,396	21,439	3,957
Other Employee Benefits	26,200	39,412	65,612	44,141	21,471
TOTAL UNALLOCATED BENEFITS	2,409,973	(25,017)	2,384,956	2,053,058	331,898

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				643,247	(643,247)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				445,592	(445,592)
TOTAL ON-BEHALF CONTRIBUTIONS				1,088,839	(1,088,839)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	2,409,973	(25,017)	2,384,956	3,141,897	(756,941)
TOTAL UNDISTRIBUTED EXPENDITURES	**12,441,373**	**262,161**	**12,703,534**	**13,123,373**	**(419,839)**
TOTAL GENERAL CURRENT EXPENSE	**17,712,069**	**260,002**	**17,972,071**	**18,343,045**	**(370,974)**
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	55,716	(6,715)	49,001	35,155	13,846
Grades 6-8	10,903		10,903		10,903
Undistributed Expenditures-Instructional Equipment	13,680	(4,559)	9,121	4,961	4,160
Undist. Expend. - Operation & Maint. Of Plant Serv.	14,532	9,310	23,842	23,842	
Undistributed Expenditures-Non-Instructional Equipment		1,964	1,964	1,964	
Total Equipment	94,831		94,831	65,922	28,909
Facilities Acquisition and Construction Services:					
Other Purchased Professional Services		16,940	16,940	16,940	
Construction Services	268,400	(13,670)	254,730	197,068	57,662
Total Facilities Acquisition and Construction Services	268,400	3,270	271,670	214,008	57,662
TOTAL CAPITAL OUTLAY	**363,231**	**3,270**	**366,501**	**279,930**	**86,571**
Transfer to Charter School	**87,271**	**(9,001)**	**78,270**	**78,270**	
TOTAL EXPENDITURES	**18,162,571**	**254,271**	**18,416,842**	**18,701,245**	**(284,403)**

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(319,100)	(254,271)	(573,371)	356,720	930,091
Fund Balance, July 1	1,526,516		1,526,516	1,526,516	
Fund Balance, June 30	$ 1,207,416	$ (254,271)	$ 953,145	$ 1,883,236	$ 930,091

Recapitulation:	
Capital Reserve	$248,843
Encumbrances	120,397
Excess Surplus	672,277
Excess Surplus - Designated for Subseq. Year's Expenditures	357,358
Designated for Subseq. Year's Expenditures	110,000
Unrestricted Fund Balance	374,361
Fund Balance per Governmental Funds(Budgetary Basis)	1,883,236
Reconciliation to Governmental Funds Statement(GAAP Basis):	
Current Year Last State Aid Payment not recognized on GAAP basis until received	(309,985)
Fund Balance per Governmental Funds(GAAP Basis)	$1,573,251

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		$ 6,250	$ 6,250	$ 4,605	$ (1,645)
State Sources		8,022	8,022	5,798	(2,224)
Federal Sources	$ 333,608	18,899	352,507	335,927	(16,580)
Total Revenues	**$ 333,608**	**$ 33,171**	**$ 366,779**	**$ 346,330**	**$ (20,449)**
EXPENDITURES:					
Instruction					
Salaries of Teachers	24,078	2,000	26,078	26,078	
Purchased Professional and Technical Services		9,150	9,150	5,469	3,681
Tuition	200,000	(23,142)	176,858	169,778	7,080
General Supplies	5,098	63,658	68,756	59,714	9,042
Total Instruction	229,176	51,666	280,842	261,039	19,803
Support Services					
Salaries of Other Personnel	27,173	(27,173)			
Personal Services - Employee Benefits	6,020		6,020	5,451	569
Purchased Professional - Educational Services		4,443	4,443	4,443	
Transportation	71,239	(235)	71,004	71,004	
Other Purchased Professional Services		130	130	130	
Other Purchased Services		2,114	2,114	2,058	56
Supplies and Materials		2,226	2,226	2,205	21
Total Support Services	104,432	(18,495)	85,937	85,291	646
Total Expenditures	**$ 333,608**	**$ 33,171**	**$ 366,779**	**$ 346,330**	**$ 20,449**
Excess (Deficiency) of Revenues Over (Under) Expenditures					

Fund Balance per Governmental Funds(Budgetary Basis)	None
Reconciliation to Governmental Funds Statement(GAAP Basis):	
Current Year Last State Aid Payment not recognized on GAAP basis until received	None
Fund Balance per Governmental Funds(GAAP Basis)	None

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2008

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	$ 19,057,965	$ 346,330
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	99,055
Current Year Encumbrances	N/A	(7,759)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	297,936	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(309,985)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	$ 19,045,916	$ 437,626
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	$ 18,701,245	$ 346,330
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.		
Prior Year Encumbrances	N/A	99,055
Current Year Encumbrances	N/A	(7,759)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	$ 18,701,245	$ 437,626

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND
DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2008

	Title I	Title I I Part A	Title I I Part D	Title I V	Title V	IDEA Basic	IDEA Preschool	Teacher Menoring	Prof. Stds Grant	Rebel Grant	Local Grants	Totals
REVENUES												
Local Sources											$ 4,605	$ 4,605
State Sources								$ 1,852	$ 946	$ 3,000		5,798
Federal Sources	$ 30,672	$ 18,360	$ 216	$ 2,479	$ 1,182	$ 276,409	$ 6,609					335,927
TOTAL REVENUES	**$ 30,672**	**$ 18,360**	**$ 216**	**$ 2,479**	**$ 1,182**	**$ 276,409**	**$ 6,609**	**$ 1,852**	**$ 946**	**$ 3,000**	**$ 4,605**	**$ 346,330**
EXPENDITURES:												
Instruction:												
Salaries of Teachers	24,078									2,000		26,078
Purchased Profess. & Tech. Serv.		5,469										5,469
Tuition						164,131	5,647					169,778
General Supplies	1,143	11,711	60	2	1,052	38,233	962		946	1,000	4,605	59,714
Total Instruction	25,221	17,180	60	2	1,052	202,364	6,609	-	946	3,000	4,605	261,039
Support Services:												
Personal Services - Employee Bene.	5,451											5,451
Purchased Profess.-Educ. Serv.						2,591		1,852				4,443
Transportation						71,004						71,004
Other Purchased Professional Services					130							130
Other Purchased Services		1,180	156	272		450						2,058
Supplies and Materials				2,205								2,205
Total Support Services	5,451	1,180	156	2,477	130	74,045	-	1,852	-	-	-	85,291
TOTAL EXPENDITURES	**$ 30,672**	**$ 18,360**	**$ 216**	**$ 2,479**	**$ 1,182**	**$ 276,409**	**$ 6,609**	**$ 1,852**	**$ 946**	**$ 3,000**	**$ 4,605**	**$ 346,330**
Excess (Deficiency) of Revenues Over (Under) Expenditures												

PROPRIETARY FUND
DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

FIDUCIARY FUND
DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

	AGENCY FUNDS		
	STUDENT ACTIVITY	**PAYROLL AGENCY**	**TOTALS**
ASSETS:			
Cash and Cash Equivalents	$ 13,577	$ 5,474	$ 19,051
TOTAL ASSETS	**$ 13,577**	**$ 5,474**	**$ 19,051**
LIABILITIES:			
Liabilities:			
Payroll Deductions & Withholdings		$ 5,474	$ 5,474
Payable to Student Groups	$ 13,577		13,577
Total Liabilities	$ 13,577	$ 5,474	$ 19,051
TOTAL LIABILITIES AND NET ASSETS	**$ 13,577**	**$ 5,474**	**$ 19,051**

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ACTIVITY	BALANCE July 1, 2007	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE June 30, 2008
LIBERTY SCHOOL:				
Enrichment Activiites	$ 2,798	$ 4,650	$ 4,203	$ 3,245
Total Liberty School	**2,798**	**4,650**	**4,203**	**3,245**
CENTRAL SCHOOL:				
Interest	3		1	2
Student Council	65	907	768	204
Yearbook	118	4,599	4,581	136
Total Central School	**186**	**5,506**	**5,350**	**342**
MIDDLE SCHOOL:				
Interest	59	57		116
Class of 2008	2,728	40,335	38,812	4,251
Class of 2009	4,382	13,442	15,798	2,026
Class of 2010	1,088			1,088
Student Leadership	44			44
Wildlife Habitat	605			605
Student Council	1,040	533	742	831
Music/Band	112	4,829	4,908	33
Rebel 2	343		157	186
Total Middle school	**10,401**	**59,196**	**60,417**	**9,180**
REGIONAL PROGRAMS:				
After School Program	772	1,845	1,807	810
Total Regional Programs	**772**	**1,845**	**1,807**	**810**
TOTALS	**$ 14,157**	**$ 71,197**	**$ 71,777**	**$ 13,577**

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	BALANCE July 1, 2007	ADDITIONS	DELETIONS	BALANCE June 30, 2008
ASSETS:				
Cash and Cash Equivalents	$ 5,125	$ 12,635,374	$ 12,635,025	$ 5,474
Total Assets	$ 5,125	$ 12,635,374	$ 12,635,025	$ 5,474
LIABILITIES:				
Payroll Deductions & Withholdings	$ 5,125	$ 12,635,374	$ 12,635,025	$ 5,474
Total Liabilities	$ 5,125	$ 12,635,374	$ 12,635,025	$ 5,474

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit I-1

SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2008

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE July 1, 2007	ADVANCE REFUNDING RETIRED	RETIRED	BALANCE June 30, 2008
Construction of Addition to Existing School	8/1/87	$1,350,000				$ 75,000		$ 75,000	
Advance Refunding - Series of 95 Bonds	10/1/98	8,995,000				8,245,000	$ (7,945,000)	300,000	
General Obligation Refunding Bonds - Series 2007	12/20/07	8,355,000	1/15/09	$ 235,000	4.00%		8,355,000	455,000	$ 7,900,000
			1/15/10	300,000	4.25%				
			1/15/11	350,000	4.00%				
			1/15/12	415,000	4.00%				
			1/15/13	440,000	4.75%				
			1/15/14	465,000	4.75%				
			1/15/15	480,000	4.75%				
			1/15/16	480,000	4.75%				
			1/15/17	500,000	*				
			1/15/18	520,000	*				
			1/15/19	520,000	4.25%				
			1/15/20	530,000	4.25%				
			1/15/21	525,000	4.25%				
			1/15/22	525,000	4.00%				
			1/15/23	520,000	4.00%				
			1/15/24	545,000	4.00%				
			1/15/25	550,000	4.00%				
Total						$ 8,320,000	$ 410,000	$ 830,000	$ 7,900,000

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive/ (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 520,541		$ 520,541	$ 520,541	
State Sources:					
Debt Service Aid Type II	223,695		223,695	223,695	
Total - State Sources	223,695		223,695	223,695	
Other Sources:					
Bond Refunding Proceeds		$ 410,000	410,000	410,000	
Premium on Bonds, Net of Issuance and Refunding Costs		59,869	59,869	59,869	
Bond Refunding Escrow Interest Earned		25,578	25,578	29,177	$ 3,599
Total - State Sources	-	495,447	495,447	499,046	3,599
TOTAL REVENUES	**$ 744,236**	**$ 495,447**	**$ 1,239,683**	**$ 1,243,282**	**$ 3,599**
EXPENDITURES:					
Regular Debt Service:					
Interest	$ 369,236	$ 40,447	$ 409,683	$ 409,683	
Redemption of Principal	375,000	455,000	830,000	830,000	
Total Regular Debt Service	744,236	495,447	1,239,683	1,239,683	
TOTAL EXPENDITURES	**$ 744,236**	**$ 495,447**	**$ 1,239,683**	**$ 1,239,683**	
Fund Balance, July 1					
Fund Balance, June 30				$ 3,599	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Unreserved Fund Balance				$ 3,599	

Great Meadows Regional School District
Statistical Section

Contents **Page**

Financial Trends (J-1 thru J-5) 56-61
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity (J-6 thru J-9) 62-67
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity (J-10 thru J-13) 68-71
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information (J-14 and J-15) 72-73
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information (J-16 thru J-20) 74-78
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Great Meadows Regional School District
Net Assets by Component,
Last Six Fiscal Years

Exhibit J-1

(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	$ 1,821,532	$ 1,986,026	$ 1,834,105	$ 1,982,839	$ 2,048,403	$ 2,233,997
Restricted	(3,208)	295,719	380,237	398,741	767,510	1,282,077
Unrestricted	(269,396)	(126,330)	(34,529)	102,764	93,604	(20,144)
Total governmental activities net assets	$ 1,548,928	$ 2,155,415	$ 2,179,813	$ 2,484,344	$ 2,909,517	$ 3,495,930
Business-type activities						
Invested in capital assets, net of related debt	$ 72,474	$ 58,108	$ 43,743	$ 29,378	$ 54,536	$ 40,606
Restricted	-	-	-	-	-	-
Unrestricted	17,415	7,925	12,047	25,415	46,654	61,645
Total business-type activities net assets	$ 89,889	$ 66,033	$ 55,790	$ 54,793	$ 101,190	$ 102,251
District-wide						
Invested in capital assets, net of related debt	$ 1,894,006	$ 2,044,134	$ 1,877,848	$ 2,012,217	$ 2,102,939	$ 2,274,603
Restricted	(3,208)	295,719	380,237	398,741	767,510	1,282,077
Unrestricted	(251,981)	(118,405)	(22,482)	128,179	140,258	41,501
Total district net assets	$ 1,638,817	$ 2,221,448	$ 2,235,603	$ 2,539,137	$ 3,010,707	$ 3,598,181

Source: CAFR Scehdule A-1

Great Meadows Regional School District
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities						
Instruction						
Regular	$ 4,884,508	$ 5,189,375	$ 5,302,355	$ 5,682,783	$ 5,964,787	$ 6,342,308
Special education	697,472	804,895	722,752	752,050	748,305	649,274
Other special education	145,322	138,690	173,823	251,083	225,358	214,485
Support Services:						
Tuition	5,030,982	5,452,270	6,428,852	6,416,140	6,610,839	6,939,549
Student & instruction related services	1,135,120	1,228,955	1,308,144	1,323,489	1,380,181	1,510,879
General administrative services	511,241	517,843	598,815	500,494	664,152	691,863
School administrative services	482,527	479,697	477,815	500,195	456,864	466,690
Plant operations and maintenance	876,464	896,541	1,032,001	1,073,546	1,067,988	1,261,993
Pupil transportation	997,490	1,092,050	990,628	1,049,208	1,238,822	1,223,682
Interest on long-term debt	466,171	431,016	427,046	395,324	378,558	394,047
Unallocated depreciation	37,544	29,131	31,474	33,127	35,641	35,641
Total governmental activities expenses	15,264,841	16,260,463	17,493,705	17,977,439	18,771,495	19,730,411
Business-type activities:						
Food service	238,240	249,321	242,529	234,371	235,215	243,387
Child Care	95,900	105,106	100,912	106,057	550	-
Total business-type activities expense	334,140	354,427	343,441	340,428	235,765	243,387
Total district expenses	$ 15,598,981	$ 16,614,890	$ 17,837,146	$ 18,317,867	$ 19,007,260	$ 19,973,798
Program Revenues						
Governmental activities:						
Charges for services:						
Business and other support services						
Operating grants and contributions	6,552,993	7,124,942	7,293,961	7,364,482	7,684,519	8,048,354
Capital grants and contributions						
Total governmental activities program revenues	6,552,993	7,124,942	7,293,961	7,364,482	7,684,519	8,048,354

Great Meadows Regional School District
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
Business-type activities:						
Charges for services						
Food service	150,477	147,343	149,425	197,684	194,787	190,703
Child care	102,060	102,854	100,200	94,167	-	-
Operating grants and contributions	38,694	40,826	41,671	46,840	49,212	53,745
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	291,231	291,023	291,296	338,691	243,999	244,448
Total district program revenues	$ 6,844,224	$ 7,415,965	$ 7,585,257	$ 7,703,173	$ 7,928,518	$ 8,292,802
Net (Expense)/Revenue						
Governmental activities	$ (8,711,848)	$ (9,135,521)	$(10,199,744)	$(10,612,957)	$(11,086,976)	$(11,682,057)
Business-type activities	(42,909)	(63,404)	(52,145)	(1,737)	8,234	1,061
Total district-wide net expense	$ (8,754,757)	$ (9,198,925)	$(10,251,889)	$(10,614,694)	$(11,078,742)	$(11,680,996)
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes, net	$ 7,940,915	$ 9,105,915	$ 9,594,920	$ 10,227,818	$ 10,893,399	$ 11,512,278
Taxes levied for debt service	604,524	592,256	591,336	502,401	536,217	520,541
Investment earnings	6,819	17,300	28,888	64,178	105,954	73,019
Miscellaneous income	44,080	66,085	50,900	37,808	46,569	162,632
Federal/State Aid for Capital Assets Projects	22,071			86,023	-	
Transfers	(37,290)	(39,548)	(41,902)	(740)	-	
Total governmental activities	8,581,119	9,742,008	10,224,142	10,917,488	11,582,139	12,268,470
Business-type activities:						
Investment earnings	-	-	-	-	-	-
Transfers	37,290	39,548	41,902	740	-	
Total business-type activities	37,290	39,548	41,902	740	-	-
Total district-wide	$ 8,618,409	$ 9,781,556	$ 10,266,044	$ 10,918,228	$ 11,582,139	$ 12,268,470
Change in Net Assets						
Governmental activities	$ (130,729)	$ 606,487	$ 24,398	$ 304,531	$ 495,163	$ 586,413
Business-type activities	(5,619)	(23,856)	(10,243)	(997)	8,234	1,061
Total district	$ (136,348)	$ 582,631	$ 14,155	$ 303,534	$ 503,397	$ 587,474

Source: CAFR Schedule A-2

Great Meadows Regional School District
Fund Balances, Governmental Funds,
Last Six Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	$ 1	$ 408,483	$ 380,237	$ 398,741	$ 1,011,639	$ 1,398,875
Unreserved	166,378	200,460	275,452	395,341	216,941	174,376
Total general fund	$ 166,379	$ 608,943	$ 655,689	$ 794,082	$ 1,228,580	$ 1,573,251
All Other Governmental Funds						
Reserved						-
Unreserved, reported in:						
Special revenue fund	$ (3,209)					-
Capital projects fund						
Debt service fund						$ 3,599
Permanent fund		-	-	-	-	
Total all other governmental funds	$ (3,209)	-	-	-	-	$ 3,599

Source: CAFR Schedule B-1

Great Meadows Regional School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Exhibit J-4

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Tax levy	$ 5,918,161	$ 6,487,345	$ 6,908,004	$ 8,087,759	$ 8,545,439	$ 9,698,171	$ 10,186,256	$ 10,730,219	$ 11,429,616	$ 12,032,819
Tuition charges		2,538					12,737	12,747		
Interest on Investments	79,093		1,553	1,004						
Miscellaneous	123,734	182,619	206,341	93,617	50,899	83,385	67,051	89,239	152,523	645,651
State sources	6,965,122	6,379,210	6,990,894	6,012,852	6,282,743	6,803,585	6,937,425	7,094,331	7,437,959	7,621,231
Federal sources	161,924	198,369	202,417	261,444	292,321	321,357	356,536	356,172	246,560	427,123
Total revenue	13,248,034	13,250,081	14,309,209	14,456,676	15,171,402	16,906,498	17,560,005	18,282,708	19,266,658	20,726,824
Expenditures										
Instruction										
Regular Instruction	3,372,648	3,353,596	3,568,319	3,593,281	3,831,677	4,160,012	4,199,968	4,442,201	4,481,084	4,851,957
Special education instruction	377,221	396,599	338,740	430,049	608,786	695,679	618,093	637,042	617,157	540,467
Other special instruction	97,463	93,498	153,800	133,814	126,844	119,871	148,652	212,686	185,862	178,541
Other instruction	36,245	27,881	27,475	100						-
Support Services:										
Tuition	3,295,029	3,613,889	3,981,501	4,175,886	4,391,276	4,712,454	5,497,916	5,434,948	5,452,225	5,776,605
Student & instruction related services	903,798	973,493	955,101	858,558	990,786	1,062,199	1,118,717	1,121,094	1,138,291	1,257,683
General administrative services	235,052	334,525	267,223	312,656	446,235	447,577	512,103	423,956	547,753	575,919
School Administrative services	360,657	380,480	383,385	416,827	421,172	414,607	408,625	423,702	376,794	388,481
Business administrative services	159,179	169,521	150,349	151,970						-
Plant operations and maintenance	723,501	728,182	805,591	707,144	765,019	774,890	882,561	852,058	878,278	1,050,506
Pupil transportation	762,669	775,000	837,104	878,088	870,656	943,870	847,180	888,757	1,021,706	1,018,615
Unallocated employee benefits	1,413,645	1,403,271	1,551,023	1,688,176	1,876,925	2,143,938	2,287,297	2,634,649	3,137,448	3,141,897
Special Revenue	245,375	296,214	275,214	275,647						
Charter Schools								49,040	79,848	78,270
Capital outlay	2,090,920	18,867	500,097	144,664	159,304	99,309	104,791	305,141	149,065	279,930
Debt service:										-
Principal	522,000	430,000	367,000	388,000	390,000	397,000	421,000	315,000	380,000	830,000
Interest and other charges	529,982	548,870	521,895	498,732	474,310	449,770	424,454	403,301	386,649	409,683
Total expenditures	15,125,384	13,543,886	14,683,817	14,653,592	15,352,990	16,421,176	17,471,357	18,143,575	18,832,160	20,378,554
Excess (Deficiency) of revenues over (under) expenditures	(1,877,350)	(293,805)	(374,608)	(196,916)	(181,588)	485,322	88,648	139,133	434,498	348,270
Other Financing Sources (uses)										
Capital Leases			450,000							
Proceeds of Refunding Bonds	7,904,000									
Payment to Refunded Bond Escrow	(7,904,000)									
Transfers in	20,914	3,257	56,177	-	-	-	-	-		-
Transfers out	(62,667)	(38,274)	(90,177)	(41,496)	(37,290)	(39,548)	(41,902)	(740)		-
Total other financing sources (uses)	(41,753)	(35,017)	416,000	(41,496)	(37,290)	(39,548)	(41,902)	(740)	-	-
Net change in fund balances	$ (1,919,103)	$ (328,822)	$ 41,392	$ (238,412)	$ (218,878)	$ 445,774	$ 46,746	$ 138,393	$ 434,498	$ 348,270
Debt service as a percentage of noncapital expenditures	8.1%	7.2%	6.3%	6.1%	5.7%	5.2%	4.9%	4.0%	4.1%	6.2%

Source: CAFR Schedule B-2

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

Fiscal Year Ended June 30,	Interest on Investments	Refund Prior Year Expenditures	Transportation	Child Assault Prevention	Rentals	Grants/ Donations	Shared Services Contract	Tuition	Miscellaneous	Total
1999	$ 56,407	$ 12,412		$ 370	$ 6,080	$ 10,967	$ 22,434		$ 71,471	$ 180,141
2000	$ 67,896	$ 2,532	$ 2,991	$ 556	$ 17,660	$ 4,973	$ 20,460	$ 2,538	$ 62,294	$ 181,900
2001	$ 40,305	$ 41,056			$ 29,605	$ 998	$ 24,727		$ 63,688	$ 200,379
2002	$ 6,819	$ 671			$ 24,605	$ 15,711			$ 41,386	$ 89,192
2003	$ 10,736				$ 26,455				$ 8,759	$ 45,950
2004	$ 17,300	$ 24,296			$ 17,730	$ 900		$ 16,006	$ 4,653	$ 80,885
2005	$ 28,888	$ 422	$ 80		$ 30,550	$ 70		$ 12,737	$ 7,041	$ 79,788
2006	$ 64,178	$ 426			$ 21,218	$ 2,619		$ 12,747	$ 798	$ 101,986
2007	$ 94,543	$ 5,344			$ 21,718				$ 2,520	$ 124,125
2008	$ 64,049	$ 6,703			$ 27,930				$ 34,348	$ 133,030

SOURCE: District Records

Great Meadows Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Independence Township

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities **a**	Net Valuation Taxable	Total Direct School Tax Rate **b**	Estimated Actual (County Equalized Value)
1999	$12,002,200	$244,072,900	$10,451,900	$1,899,200	$12,719,800	$1,860,000	$9,867,300	$309,149,897	$14,530,400	$1,746,197	$294,619,497	$1.300	$305,075,327
2000	10,713,300	251,171,500	11,017,700	2,118,630	13,454,300	1,860,000	10,970,200	326,311,535	23,454,200	1,551,705	302,857,335	$1.370	309,806,332
2001	10,454,100	259,104,000	11,287,800	2,101,080	12,960,200	1,874,000	10,970,200	332,253,480	23,502,100	1,549,230	308,751,380	$1.430	322,021,194
2002	8,709,000	269,483,200	11,877,800	2,091,680	12,886,400	2,003,100	10,747,700	342,832,372	23,502,100	1,531,392	319,330,272	$1.640	348,910,747
2003	7,607,100	276,503,500	11,993,100	2,275,460	12,727,500	2,003,100	10,747,700	349,383,353	24,059,200	1,466,693	325,324,153	$1.690	384,890,357
2004	6,506,700	281,747,200	13,371,700	2,297,090	12,570,000	2,003,100	10,921,700	355,252,853	24,431,700	1,403,663	330,821,153	$1.850	440,695,626
2005	6,872,900	284,396,000	13,945,500	2,247,400	14,611,900	2,003,100	10,921,700	360,754,309	24,597,100	1,158,709	336,157,209	$1.890	506,757,028
2006	15,253,200	585,789,800	28,080,800	2,147,442	28,825,700	3,947,300	16,364,300	714,499,374	32,403,400	1,687,432	682,095,974	$0.988	574,120,942
2007	14,028,100	592,669,400	28,001,500	2,142,034	28,358,100	3,947,300	16,364,300	719,847,088	32,815,400	1,520,954	687,031,688	$1.044	655,984,406
2008	13,043,100	595,614,900	27,898,000	2,082,644	28,206,800	3,861,200	15,911,600	723,071,110	34,999,100	1,453,766	688,072,010	$1.076	728,072,001

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100

Great Meadows Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Liberty Township

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities **a**	Net Valuation Taxable	Total Direct School Tax Rate **b**	Estimated Actual (County Equalized Value)
1999	$8,030,400	$119,780,900	$10,668,300	$678,100	$6,212,900	-	$457,400	$155,953,288	$9,446,800	$678,488	$146,506,488	$1.420	$153,223,421
2000	8,034,400	124,083,300	10,673,600	749,450	6,011,800	-	457,400	159,940,992	9,261,500	669,542	150,679,492	$1.550	158,938,727
2001	7,304,600	127,341,500	11,367,900	762,190	6,088,900	-	457,400	162,801,590	9,479,100	680,710	153,322,490	$1.600	175,075,652
2002	6,164,000	129,948,300	11,727,300	945,390	6,203,200	-	0	166,280,825	10,633,200	659,435	155,647,625	$1.820	177,075,588
2003	5,807,500	132,711,200	12,327,500	951,660	6,203,200	-	0	169,398,839	10,782,600	615,179	158,616,239	$1.920	206,348,518
2004	6,114,200	216,645,200	19,863,900	879,270	7,796,000	-	0	267,977,636	15,815,100	863,966	252,162,536	$1.420	237,612,112
2005	7,253,900	218,317,900	20,033,400	904,920	7,749,600	-	0	271,078,663	15,974,300	844,643	255,104,363	$1.500	241,718,081
2006	7,579,800	220,888,500	21,503,700	945,690	7,898,700	-	308,800	277,409,344	17,497,000	787,154	259,912,344	$1.534	276,819,418
2007	8,836,600	224,511,600	22,482,800	742,000	7,416,700	-	308,800	283,738,648	18,662,700	777,448	265,075,948	$1.608	317,185,246
2008	7,023,700	227,954,600	23,316,700	729,400	6,968,400	-	308,800	285,803,171	18,747,600	753,971	267,055,571	$1.735	345,148,619

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100

Great Meadows Regional School District **Exhibit J-7**
Direct and Overlapping Property Tax Rates - Independence Township
Last Ten Fiscal Years

(rate per $100 of assessed value)

	Great Meadows Regional Board of Education			Overlapping Rates			
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Independence Township	Library	Warren County	Total Direct and Overlapping Tax Rate
1999	$1.179	$0.121	$1.300	$0.300	$0.064	$0.756	$2.420
2000	$1.177	$0.193	$1.370	$0.320	$0.065	$0.745	$2.500
2001	$1.243	$0.187	$1.430	$0.340	$0.068	$0.762	$2.600
2002	$1.442	$0.198	$1.640	$0.360	$0.072	$0.778	$2.850
2003	$1.507	$0.183	$1.690	$0.370	$0.070	$0.780	$2.910
2004	$1.674	$0.176	$1.850	$0.380	$0.081	$0.819	$3.130
2005	$1.803	$0.087	$1.890	$0.380	$0.046	$0.964	$3.280
2006	$0.915	$0.073	$0.988	$0.195	$0.049	$0.488	$1.720
2007	$0.995	$0.049	$1.044	$0.205	$0.049	$0.552	$1.850
2008	$1.029	$0.047	$1.076	$0.216	$0.055	$0.594	$1.940

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5%, 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 taxal

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

Great Meadows Regional School District **Exhibit J-7**
Direct and Overlapping Property Tax Rates - Liberty Township
Last Ten Fiscal Years

(rate per $100 of assessed value)

	Great Meadows Regional Board of Education			Overlapping Rates			
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Liberty Township	Library	Warren County	Total Direct and Overlapping Tax Rate
1999	$0.967	$0.453	$1.420	$0.300	$0.065	$0.755	$2.540
2000	$1.161	$0.389	$1.550	$0.310	$0.067	$0.793	$2.720
2001	$1.216	$0.384	$1.600	$0.360	$0.071	$0.798	$2.829
2002	$1.415	$0.405	$1.820	$0.390	$0.071	$0.806	$3.087
2003	$1.680	$0.240	$1.920	$0.410	$0.045	$0.805	$3.180
2004	$1.188	$0.232	$1.420	$0.270	$0.050	$0.510	$2.250
2005	$1.272	$0.228	$1.500	$0.310	$0.055	$0.629	$2.494
2006	$1.345	$0.189	$1.534	$0.310	$0.062	$0.623	$2.529
2007	$1.533	$0.075	$1.608	$0.320	$0.062	$0.690	$2.680
2008	$1.660	$0.075	$1.735	$0.325	$0.067	$0.722	$2.850

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other

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

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

Great Meadows Regional School District
Principal Property Tax Payers- Independence Township,
Current Year and Nine Years Ago

Exhibit J-8

	2008			1999		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Towpath Village	$ 12,100,000	1	1.76%	$ 8,000,000	1	2.91%
Great Meadows Reg. BOE	10,269,700	2	1.49%			
RAIA Self Storage	4,900,000	3	0.71%	2,599,600	3	0.95%
Axar Properties	4,024,000	4	0.58%	645,500	9	0.23%
Liberty House Partnership	2,663,400	5	0.39%	998,436	5	0.36%
Easter Seal Society	2,535,300	6	0.37%	645,500	10	0.23%
Saloga, LP	1,898,200	7	0.28%			
NUJA Realty Corp.	1,849,100	8	0.27%			
Sts Peter & Paul RCC	14,558,900	9	2.12%			
Ekrem Klobocista	1,210,200	10	0.18%			
United Telephone				759,550	7	0.28%
Bilby Developers				3,293,500	2	1.20%
Stone Mill				1,228,900	4	0.45%
Bell Atlantic				939,384	6	0.34%
First National Bank of Hope				723,500	8	0.26%
Total	$ 56,008,800		8.14%	$ 19,833,870		7.21%

Source: District CAFR & Municipal Tax Assessor

Great Meadows Regional School District
Principal Property Tax Payers- Liberty Township,
Current Year and Nine Years Ago

Exhibit J-8

	2008			1999		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Pryslak Farms	$ 1,528,000	1	0.57%	$ 1,308,838	1	0.94%
Individual Taxpayer #1	1,148,300	2	0.43%			
Wooded Valley Estate, LLC	1,095,100	3	0.41%	533,250	7	0.38%
Topp Orange, LLC	1,027,600	4	0.38%	735,000	4	0.54%
Rogers, John E., Inc.	815,000	5	0.31%	562,600	6	0.40%
Individual Taxpayer #2	717,600	6	0.00			
Individual Taxpayer #3	672,200	7	0.00			
Individual Taxpayer #4	664,200	8	0.00			
Individual Taxpayer #5	641,300	9	0.24%			
Individual Taxpayer #6	619,800	10	0.23%			
Fromet Properties				871,770	2	0.62%
Pembrook Builders, Inc.				799,400	3	0.57%
Lake Just-It Corp.				566,950	5	0.40%
Mountain View Acres				525,000	8	0.37%
Lisbon Capri				500,000	9	0.35%
Almar A Partnership				351,900	10	0.25%
Total	$ 8,929,100		3.34%	$ 6,754,708		4.82%

Source: District CAFR & Municipal Tax Assessor

Great Meadows Regional School District
Property Tax Levies and Collections,
Last Ten Fiscal Years

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	$ 5,553,169	$ 5,553,169	100.00%	-
2000	$ 5,890,647	$ 5,890,647	100.00%	-
2001	$ 6,310,869	$ 6,310,869	100.00%	-
2002	$ 7,445,015	$ 7,445,015	100.00%	-
2003	$ 7,940,915	$ 7,940,915	100.00%	-
2004	$ 9,105,915	$ 9,105,915	100.00%	-
2005	$ 9,594,920	$ 9,594,920	100.00%	-
2006	$ 10,227,818	$ 10,227,818	100.00%	-
2007	$ 10,893,399	$ 10,893,399	100.00%	-
2008	$ 11,512,278	$ 11,493,074	99.83%	$ 19,204

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

Note:

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

Great Meadows Regional School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Exhibit J-10

	Governmental Activities				Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation Bonds [b]	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
1999	$ 11,408,000	-0-	$ 147,361	-0-	-0-	$ 11,555,361	4.51%	$1,376.46
2000	$ 10,978,000	-0-	$ 100,552	-0-	-0-	$ 11,078,552	3.97%	$1,299.08
2001	$ 10,611,000	-0-	$ 460,023	-0-	-0-	$ 11,071,023	3.97%	$1,287.33
2002	$ 10,223,000	-0-	$ 298,216	-0-	-0-	$ 10,521,216	3.65%	$1,218.58
2003	$ 9,835,000	-0-	$ 204,100	-0-	-0-	$ 10,039,100	3.45%	$1,163.95
2004	$ 9,436,000	-0-	$ 104,791	-0-	-0-	$ 9,540,791	3.16%	$1,105.67
2005	$ 9,015,000	-0-	-0-	-0-	-0-	$ 9,015,000	2.87%	$1,047.65
2006	$ 8,700,000	-0-	-0-	-0-	-0-	$ 8,700,000	2.61%	$1,011.63
2007	$ 8,320,000	-0-	-0-	-0-	-0-	$ 8,320,000	2.49%	$967.44
2008	$ 7,900,000	-0-	-0-	-0-	-0-	$ 7,900,000	2.37%	$918.60

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

Great Meadows Regional School District **Exhibit J-11**
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years - Independence Township

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
1999	$ 11,408,000	-0-	$ 11,408,000	3.77%	$ 1,376
2000	$ 10,978,000	-0-	$ 10,978,000	3.56%	$ 1,299
2001	$ 10,611,000	-0-	$ 10,611,000	3.32%	$ 1,287
2002	$ 10,223,000	-0-	$ 10,223,000	3.14%	$ 1,219
2003	$ 9,835,000	-0-	$ 9,835,000	2.97%	$ 1,164
2004	$ 9,436,000	-0-	$ 9,436,000	2.81%	$ 1,106
2005	$ 9,015,000	-0-	$ 9,015,000	1.32%	$ 1,048
2006	$ 8,700,000	-0-	$ 8,700,000	1.28%	$ 1,012
2007	$ 8,320,000	-0-	$ 8,320,000	1.28%	$ 967
2008	$ 7,900,000	-0-	$ 7,900,000	1.21%	$ 919

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.
* Current data unavailable

Great Meadows Regional School District **Exhibit J-11**
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years - Liberty Township

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
1999	$ 11,408,000	-0-	$ 11,408,000	7.57%	$ 1,376
2000	$ 10,978,000	-0-	$ 10,978,000	7.16%	$ 1,299
2001	$ 10,611,000	-0-	$ 10,611,000	6.82%	$ 1,287
2002	$ 10,223,000	-0-	$ 10,223,000	6.45%	$ 1,219
2003	$ 9,835,000	-0-	$ 9,835,000	3.90%	$ 1,164
2004	$ 9,436,000	-0-	$ 9,436,000	3.70%	$ 1,106
2005	$ 9,015,000	-0-	$ 9,015,000	3.47%	$ 1,048
2006	$ 8,700,000	-0-	$ 8,700,000	3.35%	$ 1,012
2007	$ 8,320,000	-0-	$ 8,320,000	3.35%	$ 967
2008	$ 7,900,000	-0-	$ 7,900,000	3.14%	$ 919

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.
* Current data unavailable

Great Meadows Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2008

Exhibit J-12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Constituent Townships	$ 4,055,219	100.000%	$ 4,055,219
Other debt			
Warren County	$ 12,210,000	8.289%	1,012,102
Subtotal, overlapping debt			5,067,321
Great Meadows Regional School District Direct Debt			7,900,000
Total direct and overlapping debt			$ 12,967,321

Sources: Constituent Townships Finance Officers, Warren County Finance Office and Utility Authorities

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

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Great Meadows Regional School District
Legal Debt Margin Information,
Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2008

Equalized valuation basis		
2005		$ 957,892,018
2006		1,065,203,102
2007		1,126,653,333
	[A]	$ 3,149,748,453
Average equalized valuation of taxable property	**[A/3]**	$ 1,049,916,151
Debt limit (3 % of average equalization value)	**[B]**	31,497,485
Net bonded school debt	**[C]**	7,900,000
Legal debt margin	**[B-C]**	$ 23,597,485

Fiscal Year

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	$13,396,595	$13,690,466	$14,337,997	$16,857,488	$17,094,028	$19,518,442	$24,993,389	$25,245,784	$28,562,081	$31,497,485
Total net debt applicable to limit	11,408,000	10,978,000	10,611,000	10,223,000	9,833,000	9,436,000	9,015,000	8,700,000	8,320,000	7,900,000
Legal debt margin	$1,988,595	$2,712,466	$3,726,997	$6,634,488	$7,261,028	$10,082,442	$15,978,389	$16,545,784	$20,242,081	$23,597,485
Total net debt applicable to the lim as a percentage of debt limit	85.16%	80.19%	74.01%	60.64%	57.52%	48.34%	36.07%	34.46%	29.13%	25.08%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Great Meadows Regional School District **Exhibit J-14**
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population [a]		Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]		Unemployment Rate [d]
1999	8,033		$234,121,785	$29,145		3.4%
2000	8,395		$256,198,610	$30,518		3.0%
2001	8,528		$278,822,960	$32,695	R	3.1%
2002	8,600		$279,181,800	$32,463	R	2.5%
2003	8,634		$287,892,096	$33,344	R	3.7%
2004	8,625		$291,188,625	$33,761	R	8.0%
2005	8,629		$301,592,179	$34,951	R	5.9%
2006	8,605		$313,789,930	$36,466	R	4.8%
2007	8,600		$333,611,200	$38,792	R	2.9%
2008	8,600	*	$333,611,200	$38,792	*	2.9%

Source:
[a] Combined Population information provided by the NJ Dept of Labor and Workforce Development
[b] Personal Income provided by US Dept of Commerce
[c] Per Capita provided by US Dept of Commerce
[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

* Current figure unavailable

Great Meadows Regional School District
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15

	2008			1999		
Employer	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**
Great Meadows Regional Bd. Of Ed.	150	1	54.55%	130	1	59.09%
Independence Township	60	2		50	2	
Liberty Township	50	3		40	3	
First Hope Bank	15	4				
		5				
		6				
		7				
		8				
		9				
		10				
	275		54.55%	220		59.09%

Source:
Local Employment Information

Great Meadows Regional School District **Exhibit J-16**
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Function/Program	1999 *	2000 *	2001 *	2002 *	2003	2004	2005	2006	2007	2008
Instruction										
Regular	66	66	66	66	79	74	72	77	77	77
Special education	23	23	23	23	22	20	23	21	23	23
Support Services:										
Student & instruction related services	14	14	14	14	14	13	21	21	22	22
General adminsitrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	8	8	8	8	8	8	6	6	6	6
Other adminsitrative services	2	2	2	2	3	1	-	1	1	1
Central services	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	12	12	12	12	12	12	13	13	13	13
Pupil transportation	3	3	3	3	2	1	1	1	1	1
Total	133	133	133	133	145	134	141	145	148	148

Source: District Personnel Records

* Estimated

Great Meadows Regional School District
Operating Statistics
Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
1999	1,116	11,982,482	10,737	-2.58%	95.00	11:1	1,113.5 *	1,066	21.24%	95.80%
2000	1,096	12,543,603	11,445	6.59%	94.00	12:1	1,090	1,040	-2.07%	95.33%
2001	1,071	13,319,763	12,437	8.67%	97.00	11:1	1,070	1,023	-1.89%	95.64%
2002	1,078	13,702,783	12,711	2.21%	100.00	11:1	1,075	1,030	0.46%	95.87%
2003	1,067	14,376,668	13,474	6.00%	98.00	11:1	1,060	1,017	-1.36%	96.00%
2004	1,038	15,514,645	14,947	10.93%	100.00	10:1	1,040	999	-1.87%	96.00%
2005	1,011	16,563,014	16,383	9.61%	95.00	11:1	1,004	964	-3.50%	96.00%
2006	989	17,120,133	17,311	5.66%	80.50	12:3	989	983	-1.46%	99.39%
2007	1,018	17,916,446	17,600	1.67%	86.40	12:3	1,005	960	1.62%	95.52%
2008	956	18,858,941	19,727	12.09%	86.40	12:4	955	914	-4.98%	95.71%

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
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)

* Addition of new middle school

Great Meadows Regional School District
School Building Information
Last Ten Fiscal Years

Exhibit J-18

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
District Building										
Elementary										
Liberty School (1972)										
Square Feet	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769
Capacity (students)	296	296	296	296	296	296	296	296	296	296
Enrollment	245	233	208	210	218	208	248	263	274	243
Central School (1918)										
Square Feet	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559
Capacity (students)	438	438	438	438	438	438	438	438	438	438
Enrollment	388	373	365	367	346	320	394	382	377	390
Middle School										
Middle School (1998)										
Square Feet	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,448	64,448
Capacity (students)	564	564	564	564	564	564	564	564	564	564
Enrollment	480	484	497	497	496	512	362	359	368	323

Number of Schools at June 30, 2008
Middle School = 1
Elementary = 2

Source: District Facilities Office

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Six Fiscal Years Ending June 30, 2008

Exhibit J-19

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

School Facilities	Project #	2003	2004	2005	2006	2007	2008	Total
Great Meadows Regional Middle School	040	$ 67,680	$ 48,818	$ 68,245	$ 59,114	$ 68,921	$ 80,240	$ 393,018
Independence Township School	050	25,459	34,459	61,343	53,024	61,821	71,974	308,080
Liberty Township School	060	27,954	60,304	42,019	36,390	42,427	49,394	258,488
Total School Facilities		121,093	143,581	171,607	148,528	173,169	201,609	959,587
Other Facilities								
Grand Total		**$ 121,093**	**$ 143,581**	**$ 171,607**	**$ 148,528**	**$ 173,169**	**$ 201,609**	**$ 959,587**

`

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE
6/30/2008
UNAUDITED

Exhibit J-20

POLICY TYPE	COVERAGE	DEDUCTIBLE
COMMERCIAL PACKAGE POLICY - Selective Way Insurance Co.		
Property-Blanket Building and Contents (fund limit)	$ 150,000,000	$ 1,000
Accounts Receivable	300,000	1,000
Automobile Physical Damage	In Blanket Limit	1,000
Builder's Risk	5,000,000	1,000
Fine Arts	300,000	1,000
COMPUTERS AND SCHEDULED EQUIPMENT - Selective Way Insurance Company		
Data Processing Equipment	In Blanket Limit	1,000
LIABILITY - Selective Way Insurance Company		
Comprehensive General Liability	5,000,000	None
Automobile Liability	5,000,000	None
Employee Benefit Liability	5,000,000	1,000
SCHOOL BOARD LEGAL LIABILITY - Selective Way Insurance Co.		
(ACE) - Limit of Liability	5,000,000	5,000
CRIME - Selective Insurance Co.		
Blanket Employee Dishonesty	100,000	1,000
Forgery	50,000	1,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE BLANKET POSITION BOND-Selective Insurance Company		
Blanket Employee Limit	5,000	
Treasurer	205,000	
Board Secretary	35,000	
ENVIRONMENTAL SERVICE - Selective Insurance Co.		
Pollution Liability	1,000,000	10,000

SOURCE: District Records

Single Audit Section

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren
Great Meadows, New Jersey 07838

We have audited the financial statements of the Board of Education of the Great Meadows Regional School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated August 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Great Meadows Regional School 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 Great Meadows Regional School Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Great Meadows Regional School 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.

-Continued-

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 Great Meadows Regional School District Board of Education's 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 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 Great Meadows Regional School District Board of Education, the New Jersey State Department of Education, and other 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.

Licensed Public School Accountant No.2369

Date: August 15, 2008

ARDITO & CO., LLP

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

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren
Great Meadows, New Jersey 07838

Compliance

We have audited the compliance of the Great Meadows Regional School District in the County of Warren, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. The Great Meadows Regional School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Great Meadows Regional School District Board of Education's management. Our responsibility is to express an opinion on the Great Meadows Regional School District 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, and New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***. Those standards and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the Great Meadows Regional School District 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 Great Meadows Regional School District Board of Education's compliance with those requirements.

-Continued-

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

Internal Control Over Financial Reporting

The management of the Board of Education of the Great Meadows Regional School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Great Meadows Regional School 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 Great meadows Regional School 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 the 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. The Great Meadows Regional School 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 the 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 Great Meadows Regional School District Board of Education, the New Jersey State Department of Education, and other 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.

Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: August 15, 2008

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2008

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/07	WALKOVER/ CARRY-OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2008 (ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	MEMO BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPEND.
STATE DEPARTMENT OF EDUCATION														
General Fund:														
Core Curriculum Standards Aid	08-495-034-5120-022	7/1/07-6/30/08	$ 3,271,549			$ 3,271,549	$ (3,271,549)						$ 161,419	$ 3,271,549
Transportation Aid	08-495-034-5120-014	7/1/07-6/30/08	695,211			695,211	(695,211)						34,302	695,211
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	638,779			638,779	(638,779)						31,518	638,779
Bilingual Aid	08-495-034-5120-008	7/1/07-6/30/08	16,316			16,316	(16,316)						805	16,316
Stabilization Aid	08-495-034-5120-038	7/1/07-6/30/08	1,133,951			1,133,951	(1,133,951)						55,949	1,133,951
Additional Formula Aid	08-495-034-5120-058	7/1/07-6/30/08	360,579			360,579	(360,579)						17,791	360,579
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	165,019			165,019	(165,019)						8,142	165,019
Full Time Kindergarten Aid	08-495-034-5120-074	7/1/07-6/30/08	1,189			1,189	(1,189)						59	1,189
Extra-Ordinary Aid	08-495-034-5120-057	7/1/07-6/30/08	22,113				(22,113)			$ (22,113)				22,113
Extra-Ordinary Aid	07-495-034-5120-057	7/1/06-6/30/07		$ (19,771)		19,771								
Non-Public Transportation Aid	07-100-034-5120-068	7/1/06-6/30/07	10,142			10,142	(10,142)							10,142
Reimbursed TPAF Pension Contrib.	08-495-034-5095-001	7/1/07-6/30/08	643,247			643,247	(643,247)							643,247
Reimbursed TPAF Soc. Secur. Contrib.	08-495-034-5095-002	7/1/07-6/30/08	445,592	(1,087)		445,592	(445,592)	$1,087						445,592
Total General Fund				(20,858)		7,401,345	(7,403,687)	1,087		(22,113)			309,985	7,403,687
Special Revenue Fund:														
Teacher Quality Mentoring	08-495-034-5120-052	7/1/07-6/30/08	1,364	487		1,364	(1,851)				-			1,851
Professional Standards Grant	N/A	7/1/07-6/30/08		(900)		1,300	(946)			(700)	154			946
Rebel Grant	N/A	7/1/07-6/30/08	3,000	1,070		4,000	(3,000)				2,070			3,000
Total Special Revenue Fund				657	-	6,664	(5,797)	-	-	(700)	2,224	-	-	5,797
Debt Service Fund:														
Debt Service Aid Type 2	08-100-034-5120-124	7/1/07-6/30/08	223,695			223,695	(223,695)							223,695
Enterprise Fund:														
Nat. School Lunch Prog. (State Share)	07-100-010-3350-023	7/1/06-6/30/07		(171)		171								
Nat. School Lunch Prog. (State Share)	08-100-010-3350-023	7/1/07-6/30/08	3,270			3,060	(3,270)			(210)				3,270
Total Enterprise Fund				(171)		3,231	(3,270)			(210)				3,270
TOTAL STATE FINANCIAL ASSISTANCE				**$ (20,372)**	**-**	**$ 7,634,935**	**$ (7,636,449)**	**$ 1,087**	**-**	**$ (23,023)**	**$ 2,224**	**-**	**$ 309,985**	**$ 7,636,449**

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2008

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Great Meadows Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($12,049) for the general fund and $91,296 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2008

NOTE 3. (Continued)

	Federal	State	Total
General Fund		$ 7,391,638	$ 7,391,638
Special Revenue Fund	$ 427,123	5,898	433,021
Debt Service Fund		223,695	223,695
Food Service Fund	50,475	3,270	53,745
Total Financial Assistance	$ 477,598	$ 7,624,501	$ 8,102,099

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2008. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2008.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Part I - Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued: Unqualified

B) Internal control over financial reporting:
1) Material weakness(es) identified? ___Yes_x_No
2) Were significant deficiencies identified that were not considered to be material weaknesses? ___Yes _x_None Reported

C) Noncompliance material to financial statements noted? ___Yes_x_No

Federal Awards Section **N/A**

D) Dollar threshold used to determine Type A programs: $300,000

E) Auditee qualified as low-risk auditee? ___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___No
2) Were significant deficiencies identified that were not considered to be material weaknesses? ___Yes___No

H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___Yes___No

I) Identification of major programs:

CFDA NUMBER(S)	NAME OF FEDERAL PROGRAM OR CLUSTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Part I - Summary of Auditor's Results

State Financial Assistance Section

J) Dollar threshold used to determine Type A programs: $300,000

K) Auditee qualified as low-risk auditee? (1) _x_yes__no__N/A

L) Type of auditor's report on compliance for major programs: Unqualified

M) Internal Control over compliance:
1) Material weakness(es) identified? ___yes_x_no__N/A
2) Were significant deficiencies identified that were not considered to be material weaknesses? ___yes_x_none reported

N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? ___yes_x_no

O) Identification of major programs:

GMIS Number(s)	Name of State Program
08-495-034-5120-011	Special Education Aid
08-495-034-5120-014	Transportation Aid
08-495-034-5120-022	Core Curriculum Standards Aid
08-495-034-5120-038	Stabilization Aid
08-495-034-5120-058	Additional Formula Aid
08-495-034-5095-002	Reimbursed TPAF Soc. Sec. Contrib.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Section II-Financial Statement Findings

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

Section III - State Financial Assistance Findings and Questioned Costs

STATE FINANCIAL ASSISTANCE-There were no state financial assistance findings or questioned costs noted, that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

Finding 2007-1

Condition:
Professional Service contracts were awarded in excess of $17,500.00 under the non-fair and open process without the appropriate filing of political contribution disclosure forms.

Status
Finding is cleared in 2008.

Finding 2007-2

Condition:
Professional developments stipends were awarded to administration personnel within the current fiscal year for which subsequent fiscal year reporting is required.

Status:
Finding is cleared in 2008.