

Comprehensive Annual Financial Report

of the

Matawan-Aberdeen Regional School District

County of Monmouth

Aberdeen, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

**Matawan-Aberdeen Regional, Board of Education
Finance Department**



TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-6
Roster of Officials	7
Consultants and Advisors	8
Organizational Chart	9
FINANCIAL SECTION	
Independent Auditor's Report	10-12
REQUIRED SUPPLEMENTARY INFORMATION - Part I	13
Management's Discussion and Analysis (Unaudited)	14-22
BASIC FINANCIAL STATEMENTS	23
A. District-Wide Financial Statements:	24
A-1 Statement of Net Assets	25
A-2 Statement of Activities	26
B. Major Fund Financial Statements:	27
Governmental Funds:	
B-1 Balance Sheet	28-29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	30
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Other Funds:	32
Propriety Funds:	
B-4 Statement of Net Assets	33
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	34
B-6 Statement of Cash Flows	35
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	36
B-8 Statement of Changes in Fiduciary Net Assets	37
Notes to the Financial Statements	38-69

TABLE OF CONTENTS (Continued)

	Page
REQUIRED SUPPLEMENTARY INFORMATION - Part II	70
C. Budgetary Comparison Schedules:	71
C-1 General Fund	72-78
C-1A ARRA ESF	79
C-2 Special Revenue Fund	80
C-3 Budget to GAAP Reconciliation	81
OTHER SUPPLEMENTARY INFORMATION	82
D. School Level Schedules	N/A
E. Special Revenue Fund:	83
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis	84-86
E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund	N/A
G. Proprietary Funds	87
Enterprise Fund:	
G-1 Combining Statement of Net Assets	88
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	89
G-3 Combining Statement of Cash Flows	90
H. Fiduciary Fund	91
H-1 Combining Statement of Fiduciary Net Assets	92
H-2 Combining Statement of Changes in Fiduciary Net Assets	93
H-3 Schedule of Receipts and Disbursements - Student Activity Agency Fund	94
H-4 Schedule of Receipts and Disbursements - Payroll Agency Fund	95
H-5 Schedule of Receipt and Disbursements - Other Agency Funds	N/A

TABLE OF CONTENTS (Continued)

	Page
I. Long-Term Debt	96
I-1 Schedule of Serial Bonds	97
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund	98

STATISTICAL SECTION - UNAUDITED

J-1 Net Assets by Component	99
J-2 Changes in Net Assets	100-102
J-3 Fund Balances – Governmental Funds	103
J-4 Changes in Fund Balances – Governmental Funds	104
J-5 General Fund Other Local Revenue by Source	105
J-6 Assessed Value and Actual Value of Taxable Property	106-107
J-7 Direct and Overlapping Property Tax Rates	108
J-8 Principal Property Tax Payers – Current Year and Ten Years Ago	109
J-9 Property Tax Levies and Collections	110
J-10 Ratios of Outstanding Debt by Type	111
J-11 Ratios of Net Bonded Debt Outstanding	112
J-12 Direct and Overlapping Governmental Activities Debt	113
J-13 Legal Debt Margin Information	114
J-14 Demographic and Economic Statistics	115
J-15 Principal Employers – Current Year and Nine Years Ago	116
J-16 Full-Time Equivalent District Employees by Function/Program	117
J-17 Operating Statistics	118
J-18 School Building Information	119
J-19 Schedule of Required Maintenance	120
J-20 Insurance Schedule	121

SINGLE AUDIT SECTION

K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	122-123
K-2 Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Financial Assistance Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	124-125
K-3 Schedule of Expenditures of Federal Awards, Schedule A	126
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	127
K-5 Notes to the Schedules of Expenditures of Awards and Financial Assistance	128-129
K-6 Schedule of Findings and Questioned Costs	130-133
K-7 Schedule of Prior Audit Findings	134



INTRODUCTORY SECTION

Matawan-Aberdeen Regional School District
OFFICE OF THE BUSINESS ADMINISTRATOR/BOARD SECRETARY

David M. Healy
Superintendent of Schools

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James H. Strimple, Jr.
Interim School Business
Administrator/Board Secretary

November 13, 2012

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report of the Matawan-Aberdeen Regional School District for the fiscal year ended June 30, 2012 is hereby submitted. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Matawan-Aberdeen Regional School District Board of Education. To the best of our knowledge and belief, the data presented in the auditor's report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES

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

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

The District completed the 2011-2012 fiscal year with an enrollment of 3,929.5 students. The following details the changes in the student enrollment of the District over a five year period.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	3,929.5	1.50%
2010-2011	3,871.5	0.30%
2009-2010	3,860	(0.03%)
2008-2009	3,861	0.56%
2007-2008	3,840	0.31%

2. ECONOMIC CONDITION AND OUTLOOK

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

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

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

3. MAJOR INITIATIVES

The district engaged in several major initiatives to improve student achievement during the 2011-2012 school year, in the following areas:

- Curriculum, programs, and student support
 - Updated curricula to align with Common Core standards
 - Expanded Reader’s Workshop
 - Initiated the Guided Reading Program and added fiction and non-fiction classroom libraries
 - Initiated Writers’ Workshop grades 1-8
 - Initiated high school Freshman Academy with dedicated guidance counselor, administrator and faculty team where research proven best instructional strategies are used to teach the curriculum as well as address their students' needs more personally.
 - Increased investments in educational technology, including expanded use of interactive white boards and personal electronic devices
 - Added HSPA test preparation and tutoring to our high school to drastically reduce the number of seniors graduating by taking Alternative High School Assessment
 - Initiated the Husky Café at our high school for students to use personal electronic devices to collaborate and study after school
 - Initiated Option II for Health and Physical Education students to enable those qualifying students the option of taking additional classes in lieu of HPE
 - Initiated Summer Literacy Program for all exiting students grades K-5 who tested as reading two year below grade level

- Assessments for targeting instruction:
 - Initiated the use of the DRA2 for determining reading readiness and levels
 - Initiated the use of Study Island (grades 3-5) and Reading Eggs (K-2) for formative assessment and test preparation
 - Expanded use of the NWEA MAP to assess math and reading levels
- Additional personnel:
 - Added a full time District Reading Coach
 - Hired a Literacy Consultant to conduct an audit of the districts literacy programs and providing the district with an exit report containing the findings as well as citing strengths, weaknesses and related recommendations
 - Added a full time Supervisor of Child Study Teams and Autism Program
 - Added a Part time attendance/residency officer
- Community partnerships and communication
 - Developed a partnership with CPC behavioral healthcare to address students with emotional issues in a timely and cost effective manner
 - Developed a Partnership with EBS Health Care to expand our ability to provide required services to our special needs student in an appropriate and timely manner
 - Updated and expanded school and district web pages
- Special education initiatives
 - Returned students back to district programs within Least Restrictive Environments; savings re-invested in Special Services programs, materials, supplies and personnel
 - Initiated a partnership with the Bay Area YMCA Partnership to provide our special needs students with meaningful, enriching opportunities during the school day and on weekends and holidays. The membership includes entry and participation for those aids and/or parents.
 - Targeted reduction of pull-out resource in favor of in-class resource with appropriate support and co-teacher training
 - Added autism Class at Cliffwood Elementary School
 - Added autism Class at Lloyd Road Elementary School
 - Added LLD and MD Classes to our Matawan-Aberdeen Middle School
 - Converted our Behaviorally Disabled program to the ACES program at the high school, consisting of a revised rigorous and relevant curriculum supported by a dedicated team of teachers, counselor and administrator.
 - Physical education offered to all special education and vocational students at high school
 - Restructured the high school math program for all special education students to take courses that meet high school graduation requirements
- Created an In-District Professional Development Academy Program
 - Created meaningful and targeted professional development opportunities taking place on four full day staff development days
 - Created meaningful and targeted professional development opportunities consisting of thirty (30) hours of after school programs designed to support our district initiatives and to improve learning and increasing student achievement
 - Added in-district, teacher-initiated opportunities in Master Teacher Academy
 - Expanded opportunities for district staff to attend meaningful and targeted out of district workshops and turnkey information to colleagues

4. TEST SCORES

Student performance on the spring 2012 New Jersey Assessment of Skills and Knowledge (NJASK) and the High School Proficiency Assessment (HSPA) showed significant growth in several key areas compared to 2010-2011. Students in their first year of the NJASK, Grade 3, increased Language Arts Literacy proficiency from 72.5% to 79.1% compared to Grade 3 students in 2011, with one building

showing a 15.6% improvement. The district saw increases in proficiency in the Grade 11 LAL (to 92.5%), Middle School Math, and High School Math (including an 8.5% increase in Grade 11). In addition, 92 students in grades 3-5 and 75 students in grades 6-8 earned a perfect score of 300 in the Mathematics section. Science is tested in Grades 4 and 8. In Grade 4, proficiency was at 92.4% with 19 students having a perfect score of 300. In Grade 8, proficiency was at 84.0%. Areas of concern being addressed this year are literacy proficiency scores and district achievement gaps in a number of subgroups, including black students and students with disabilities. School wide, Grades 4 and 5 are 12% points below the NJ ESEA Waiver 2012-13 Annual Progress Targets for LAL, and Grades 6-8 are 5.5% points below.

The district places student achievement as its number one goal. We are continuing to expand targeted professional development opportunities for all staff designed to improve learning. Starting in 2011, the district provided students with an online practice resource integrated into instructional assessment (Study Island), opportunities for targeted assistance during the school day and after school, and workshops for families. In 2012, it has added additional measures (ex. NWEA grades 2, 9, and 10) as well as a data management system (Performance Matters) to collect and analyze multiple measures of student performance in order to guide instruction.

5. FINANCIAL HIGHLIGHTS

During the 2011-2012 school year the district deposited \$1,000,000 into the Capital Reserve Fund for a total amount of \$2,126,707.69. There is an Emergency Reserve Fund balance of \$300,090.99 and a Maintenance Reserve Fund balance of \$500,601.25.

The District continues to engage in shared service opportunities with other local governments. With the Borough of Matawan and the Township of Aberdeen the District has shared services arrangements for landscaping, fuel, and busing for summer recreation programs. The District also has a shared services arrangement with the Hazlet and Keyport Boards of Education for refuse/recycling pick-ups. The District engages in several purchasing co-ops throughout the state for the purchase of school supplies and services. The District has an interlocal agreement for its School Resource Officer.

6. INTERNAL ACCOUNTING CONTROLS

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

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

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

7. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual

appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as a reappropriation of fund balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

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

8. ACCOUNTING SYSTEM AND REPORTS

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

An effective and efficient system of internal controls is essential to accurate, timely reporting of all relevant transactions on an accounting system and the resultant administrative and external reports generated from that system.

9. CASH MANAGEMENT

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

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

10. RISK MANAGEMENT

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

11. OTHER INFORMATION

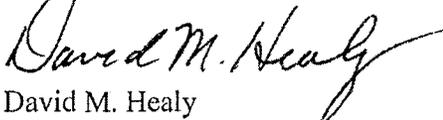
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Education selected the accounting firm of Suplee, Clooney & Company. In addition to meeting the requirements set forth in state statutes, the audit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

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS

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

Respectfully submitted,



David M. Healy
Superintendent of Schools



James H. Strimple, Jr.
Interim School Business Administrator/
Board Secretary

MATAWAN-ABERDEEN REGIONAL BOARD OF EDUCATION

ABERDEEN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2012

Members of the Board of Education

Term Expires

Charles Kenny, President	2014
Elizabeth Hayward, Vice President	2012
Gerald Donaghue	2012
Kenneth Aitken	2012
Jeff Delaney, Ed.D	2013
Patricia Phillips	2013
Anissa Esposito	2013
Dennis Daniels	2014
Todd Larchuk, Ph.D	2014

Other Officials

David M. Healy, Superintendent of Schools

Patrick Piegari, Interim Deputy Superintendent of Schools

Marc Natanagara, Assistant Superintendent of Curriculum and Instruction

James H. Strimple, Jr., Interim School Business Administrator/Board Secretary

Kenneth Jannarone, Treasurer of School Monies

David B. Rubin, Esq., Board Counsel

MATAWAN-ABERDEEN REGIONAL BOARD OF EDUCATION

ABERDEEN, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2012

Auditor/Audit Firm

Suplee, Clooney and Company
308 East Broad Street
Westfield, New Jersey 07090-2122

Attorney

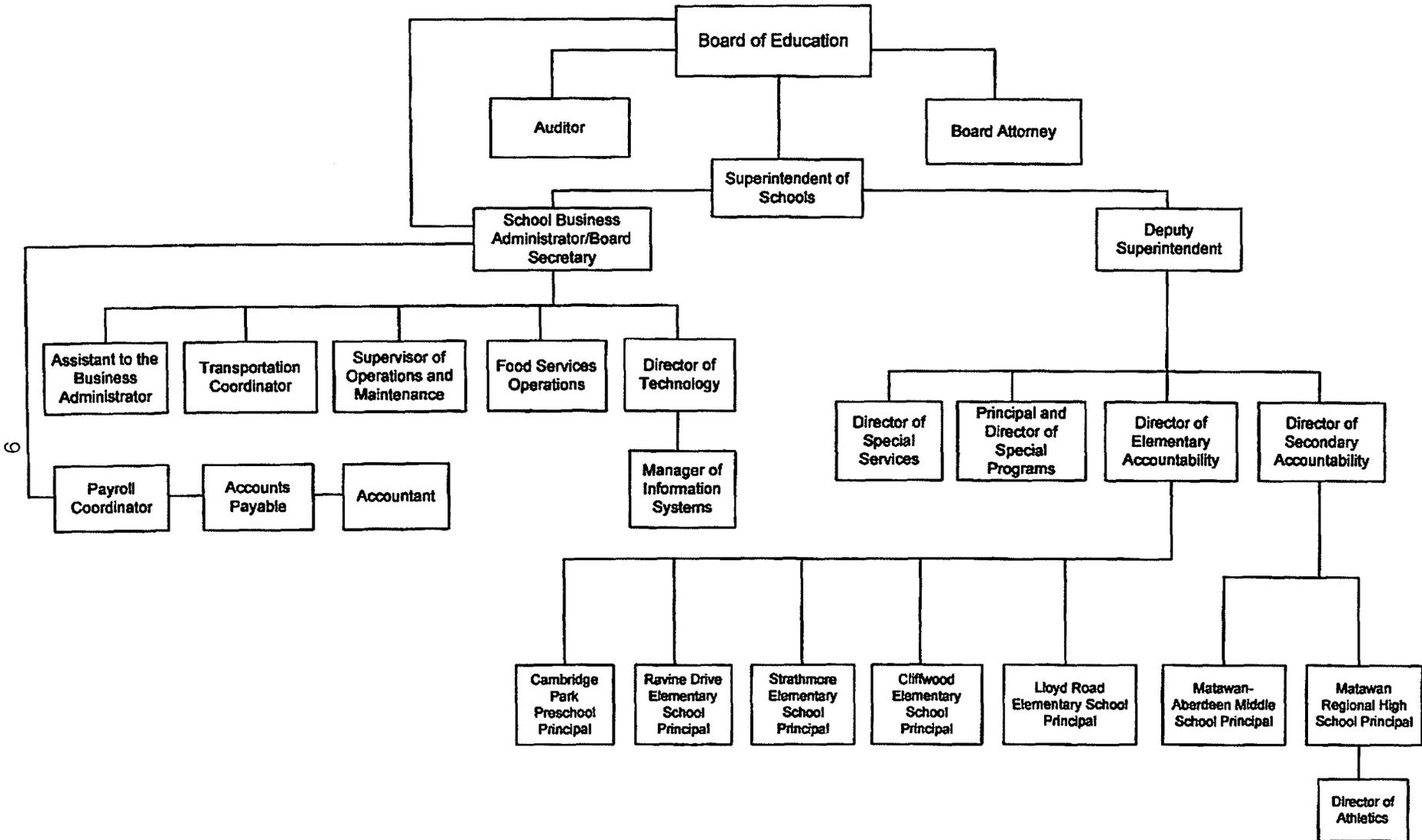
David B. Rubin, Esquire
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Metuchen, New Jersey 08840

Official Depository

Bank of America
140 Main Street
Matawan, New Jersey 07747

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

District Organization Chart



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Fax 908-789-8535

E-mail info@senco.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Matawan-Aberdeen Regional School District, County of Monmouth, New Jersey as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Matawan-Aberdeen Regional School District for the year ended June 30, 2011 were audited by other auditors whose report, dated November 3, 2011, expressed an unqualified opinion.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the provisions of U. S. Office of Management and Budget (OMB) Circular A-133 "Audits of State, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Matawan-Aberdeen Regional School District, County of Monmouth, New Jersey as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2012 on our consideration of the Matawan-Aberdeen Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

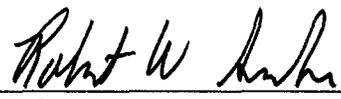
Our audit was conducted for the purpose of forming opinions on the Matawan-Aberdeen Regional School District's financial statements that collectively comprise the basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal and State Awards, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and State of New Jersey, Department of Education, Division of Finance are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Matawan-Aberdeen Regional School District, County of Monmouth, New Jersey. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

SUPLEE, CLOONEY & COMPANY

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


CERTIFIED PUBLIC ACCOUNTANTS

November 13, 2012


PUBLIC SCHOOL ACCOUNTANT NO. 948

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year ended June 30, 2012

This section of the Matawan-Aberdeen Regional School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2011-2012) and the prior fiscal year (2010-2011) is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-2012 fiscal year include the following:

On the District Wide Financial Statements:

In total, net assets increased \$5,042,410.00, which represents a 16 percent increase from 2011.

General revenues accounted for \$59,545,304 in revenue or 90 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$6,460,709 or 9 percent of total revenues of \$66,006,013.

The School District had \$62,693,187 in expenses; \$8,190,293 of these expenses was offset by program specific charges for services, grants or contributions. General revenues of \$59,545,304 were adequate to provide for these programs.

On the Fund Financial Statements:

The General Fund local tax levy increased from 2010-2011 by \$744,577 to \$44,850,503 or 1.69 percent.

Among governmental funds, the General Fund had \$61,815,379 in revenues and \$57,461,507 in expenditures. The General Fund's fund balance increased \$4,353,873 over 2011.

District–Wide Financial Analysis

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

TABLE 1
Net Assets

	2011-2012			2011 (As Restated)
	Governmental Activities	Business Activities	Total	
ASSETS				
Current & Other Assets	\$11,974,859	\$243,196	\$12,218,054	\$6,785,215
Capital Assets	51,405,625	41,611	51,447,237	52,354,220
TOTAL ASSETS	63,380,484	284,807	63,665,291	59,139,435
LIABILITIES				
Long-Term Liabilities	25,161,686		25,161,686	27,302,656
Other Liabilities	2,211,980	31,970	2,243,950	619,534
TOTAL LIABILITIES	27,373,666	31,970	27,405,636	27,922,190
NET ASSETS				
Invested in capital assets, net of related debt	28,841,152	41,611	28,882,763	26,270,010
Restricted	9,626,184		9,626,184	6,131,370
Unrestricted (Deficit)	(2,460,518)	211,226	(2,249,293)	(1,184,135)
TOTAL NET ASSETS	\$36,006,818	\$252,837	\$36,259,655	\$31,217,245

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

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

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

**TABLE 2
CHANGES IN NET ASSETS**

	2011-2012			2010-2011 (As Restated)
	Governmental Activities	Business Activities	Total	
Revenues:				
Program Revenues:				
Charges for Services	\$205,093.93	\$1,012,701.47	\$1,217,795	\$1,028,492
Operating Grants & Contributions	6,255,615.07	716,882.52	6,972,498	2,377,500
General Revenues				
Property Taxes	47,327,223.00		47,327,223	46,423,293
Grants (includes State Aid) and Entitlements	12,106,322.61		12,106,323	14,772,491
Other Revenues	111,758.73		111,759	309,002
	66,006,013.34	1,729,583.99	67,735,597	64,910,778
Expenses:				
Instruction	25,126,975.67		25,126,976	24,736,911
Support Services/Undistributed Costs	33,204,095.31		33,204,095	32,767,812
Special Schools	105,193.15		105,193	120,282
Interest on Long-Term Debt	1,129,037.29		1,129,037	1,112,819
Business-Type		1,640,440.96	1,640,441	1,747,642
Unallocated depreciation	1,487,444.68		1,487,445	1,520,140
Total Expenses	61,052,746.10	1,640,440.96	62,693,187	62,005,606
Change in Assets	4,953,267.24	89,143.03	5,042,410	2,905,172
Net Assets July 1,	31,053,550.42	163,694.01	31,217,244	28,312,073
Net Assets June 30,	\$36,006,817.66	\$252,837.04	\$36,259,655	\$31,217,245

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The total costs include compensating absences, unallocated benefits, and depreciation and is reduced by grants and specific state aid. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. In accordance with GASB Statement 34, a comparison to fiscal year 2011 is presented.

**TABLE 3
NET COST OF SERVICES**

	Total Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2012</u>	Net Cost of Services <u>2011</u>
Instruction	\$25,126,976	24,736,911	\$23,989,868	\$23,323,872
Support Services/Undistributed Costs	33,204,095	32,767,812	27,888,355	32,289,955
Special Schools	105,193	120,282	105,193	120,282
Interest on Long-Term Debt	1,129,037	1,112,819	1,121,176	1,112,819
Business-Type	1,640,441	1,623,038	(89,143)	(13,269)
Unallocated depreciation	1,487,445	1,520,140	1,487,445	1,520,140
Total Expenses	<u>\$62,693,187</u>	<u>\$61,881,002</u>	<u>\$54,502,894</u>	<u>\$58,353,799</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised mainly of the June 30, 2011 encumbrances, which 'roll-over' into the subsequent year's budget (2011-2012) and are added to the original budget appropriations. In addition, the District amended the Budget to account for additional State Equalization Aid and Education Jobs Fund Aid.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2011-2012 budget.

Capital Assets

At the end of the fiscal year 2012, the School District had \$51,405,625.00 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2012 balances compared to 2011.

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

	2011 (As Restated)	2012
Land	\$12,323,200.00	\$12,323,200.00
Construction in Progress		340,665.88
Site Improvements	368,923.00	337,564.35
Buildings	38,464,742.00	37,298,173.08
Equipment	1,148,315.00	1,106,021.96
	<u>\$52,305,180.00</u>	<u>\$51,405,625.27</u>

Debt Administration

At June 30, 2012, the School District had \$24,971,423.00 of outstanding debt. Of this amount, \$1,161,949 is for compensated absences; and \$23,809,474 of serial bonds for school construction.

Table 5 illustrates the balances of the District's various bonds issues outstanding at June 30, 2012 and June 30, 2011.

Table 5
Outstanding Debt at June 30,

	2012	2011
EDA Loan	379,474.00	569,212.00
2002 Refunding Bonds	2,115,000.00	2,580,000.00
2003 School Bonds	785,000.00	22,935,000.00
2011 Refunding Bonds	20,530,000.00	
	<u>23,809,474.00</u>	<u>26,084,212.00</u>

Economic Factors and Next Year's Budget

For the 2013-2014 budget year the district will have the opportunity to use surplus funds for the purpose of improving the physical facilities of the district. The use of the surplus funds for one time expenditures will not have a negative impact on the budget or future tax levies.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2012.

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.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$8,194,104.43	\$117,464.65	\$8,311,569.08
Receivables, net	952,699.63	113,001.97	1,065,701.60
Inventory		12,729.08	12,729.08
Restricted assets:			
Restricted cash and cash equivalents	2,828,054.62		2,828,054.62
Capital assets:			
Land and Construction in progress	12,663,865.88		12,663,865.88
Other Capital Assets net of depreciation	<u>38,741,759.39</u>	<u>41,611.43</u>	<u>38,783,370.82</u>
Total Assets	63,380,483.95	284,807.13	63,665,291.08
LIABILITIES:			
Accounts payable	1,112,315.00		1,112,315.00
Payable to federal government	43.00		43.00
Payable to state government	4,418.09		4,418.09
Deferred revenue	102,679.86	31,970.09	134,649.95
Bond Interest Payable	312,787.21		312,787.21
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	679,737.00		679,737.00
Due beyond one year:			
Compensated absences payable	1,161,949.45		1,161,949.45
Bonds and capital leases payable	<u>23,999,736.68</u>		<u>23,999,736.68</u>
Total liabilities	<u>27,373,666.29</u>	<u>31,970.09</u>	<u>27,405,636.38</u>
NET ASSETS:			
Invested in capital assets, net of related debt	28,841,151.59	41,611.43	28,882,763.02
Restricted for:			
Debt service fund (deficit)	(312,787.21)		(312,787.21)
Other purposes	9,938,971.64		9,938,971.64
Unrestricted (deficit)	<u>(2,460,518.36)</u>	<u>211,225.61</u>	<u>(2,249,292.75)</u>
Total net assets	<u>\$36,006,817.66</u>	<u>\$252,837.04</u>	<u>\$36,259,654.70</u>

See accompanying notes to financial statements.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2012

26

Functions/Programs	Expenses	Programs Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 17,407,671.16	\$ 105,994.46	\$	\$ (17,301,676.70)	\$	\$ (17,301,676.70)
Special	5,496,733.86		1,031,113.40	(4,465,620.46)		(4,465,620.46)
Other Instruction	2,222,570.65			(2,222,570.65)		(2,222,570.65)
Support services:						
Tuition	3,639,959.86			(3,639,959.86)		(3,639,959.86)
Student & instruction related services	5,385,756.83		552,069.57	(4,833,687.26)		(4,833,687.26)
General administrative services	884,535.66			(884,535.66)		(884,535.66)
School administrative services	2,257,673.48			(2,257,673.48)		(2,257,673.48)
Central service	453,032.02			(453,032.02)		(453,032.02)
Admin information technology	235,185.19			(235,185.19)		(235,185.19)
Plant operations and maintenance	4,372,463.78			(4,372,463.78)		(4,372,463.78)
Pupil transportation	2,660,672.92	99,099.47		(2,561,573.45)		(2,561,573.45)
Unallocated benefits	13,314,815.57		4,664,571.27	(8,650,244.30)		(8,650,244.30)
Special Schools	105,193.15			(105,193.15)		(105,193.15)
Interest on Long-Term Debt	1,129,037.29		7,860.83	(1,121,176.46)		(1,121,176.46)
Unallocated depreciation	1,487,444.68			(1,487,444.68)		(1,487,444.68)
Total governmental activities	<u>61,052,746.10</u>	<u>205,093.93</u>	<u>6,255,615.07</u>	<u>(54,592,037.10)</u>		<u>(54,592,037.10)</u>
Business-type activities						
Food Service	1,603,886.92	973,945.47	716,882.52		86,941.07	86,941.07
Summer Theater	32,232.26	34,830.00			2,597.74	2,597.74
TV Studio	4,321.78	3,926.00			(395.78)	(395.78)
Total business-type activities	<u>1,640,440.96</u>	<u>1,012,701.47</u>	<u>716,882.52</u>		<u>89,143.03</u>	<u>89,143.03</u>
Total primary government	<u>\$ 62,693,187.06</u>	<u>\$ 1,217,795.40</u>	<u>\$ 6,972,497.59</u>	<u>\$ (54,592,037.10)</u>	<u>\$ 89,143.03</u>	<u>\$ (54,502,894.07)</u>
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net				\$ 44,850,503.00	\$	\$ 44,850,503.00
Taxes levied for debt service				2,476,720.00		2,476,720.00
Federal and state aid not restricted				12,092,970.61		12,092,970.61
Federal and state aid restricted				13,352.00		13,352.00
Miscellaneous income				111,758.73		111,758.73
Total general revenues and special items				<u>59,545,304.34</u>		<u>59,545,304.34</u>
Change in net Assets				4,953,267.24	89,143.03	5,042,410.27
Net Assets - beginning (as restated)				31,053,550.42	\$ 163,694.01	31,217,244.43
Net Assets ending				<u>\$ 36,006,817.66</u>	<u>\$ 252,837.04</u>	<u>\$ 36,259,654.70</u>

See accompanying notes to financial statements.

MAJOR FUND FINANCIAL STATEMENTS

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and cash equivalents	\$ 8,082,571.85	\$	\$ 12,187.27	\$ 8,094,759.12
Cash, Capital Reserve	2,126,707.69			2,126,707.69
Cash, Emergency Reserve	500,601.25			500,601.25
Cash, Maintenance Reserve	300,090.99			300,090.99
Other receivables		4,418.09		4,418.09
Due from other funds	376,867.66			376,867.66
Receivables from other governments	506,595.02	441,686.52		948,281.54
Total assets	\$ 11,893,434.46	\$ 446,104.61	\$ 12,187.27	\$ 12,351,726.34
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 1,112,315.00	\$	\$	\$ 1,112,315.00
Payable to federal government		43.00		43.00
Payable to state government		4,418.09		4,418.09
Interfund payables		376,867.66		376,867.66
Deferred revenue	37,904.00	64,775.86		102,679.86
Total liabilities	1,150,219.00	446,104.61		1,596,323.61
Fund balances:				
Restricted:				
Capital reserve account	2,126,707.69			2,126,707.69
Emergency Reserve Account	500,601.25			500,601.25
Maintenance Reserve Account	300,090.99			300,090.99
Reserved Excess Surplus designated for subsequent years expenditures	1,311,592.00			1,311,592.00
Reserve for Excess surplus	5,699,979.71			5,699,979.71
Debt service fund			0.27	0.27
Assigned:				
Designated for subsequent years expenditures	363,142.00		12,187.00	375,329.00
Encumbrances	319,924.14			319,924.14
Unassigned				
General fund	121,177.68			121,177.68
Total fund balances	10,743,215.46		12,187.27	10,755,402.73
Total liabilities and fund balances	\$ 11,893,434.46	\$ 446,104.61	\$ 12,187.27	\$ 12,351,726.34

See accompanying notes to financial statements.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

Total Fund Balances (Brought Forward)		\$10,755,402.73
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.		
Cost of Assets	\$81,026,421.30	
Accumulated Depreciation	<u>(29,620,796.03)</u>	51,405,625.27
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated Absences	(1,161,949.45)	
Bonds Payable		
Outstanding at June 30, 2012	(\$23,809,473.68)	
Add: Unamortized Balance of Refunding Bonds	<u>(870,000.00)</u>	
	<u>(24,679,473.68)</u>	(25,841,423.13)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accrued Interest Payable	<u>(312,787.21)</u>	<u>(312,787.21)</u>
Net Assets of Governmental Activities		<u><u>\$36,006,817.66</u></u>

See accompanying notes to financial statements.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources:				
Local tax levy	\$ 44,850,503.00		\$ 2,476,720.00	\$ 47,327,223.00
Tuition	105,994.46			105,994.46
Transportation	99,099.47			99,099.47
Interest on Capital Reserve	1,013.38			1,013.38
Interest on Maintenance Reserve	90.99			90.99
Interest on Emergency Reserve	320.25			320.25
Miscellaneous	110,334.11	37,928.94		148,263.05
Total - local sources	45,167,355.66	37,928.94	2,476,720.00	47,682,004.60
State sources	16,187,281.52	25,544.91	18,281.00	16,231,107.43
Federal sources	460,741.44	1,632,159.87		2,092,901.31
Total revenues	61,815,378.62	1,695,633.72	2,495,001.00	66,006,013.34
EXPENDITURES:				
Current expense:				
Regular instruction	17,410,361.25			17,410,361.25
Special instruction	4,465,620.46	1,031,113.40		5,496,733.86
Other Instruction	2,222,570.65			2,222,570.65
Support services:				
Tuition	3,639,959.86			3,639,959.86
Student & instruction related services	4,833,687.26	552,069.57		5,385,756.83
General administrative services	884,535.66			884,535.66
School administrative services	2,257,673.48			2,257,673.48
Central service	453,032.02			453,032.02
Administrative information technology services	235,185.19			235,185.19
Plant operations and maintenance	4,372,463.78			4,372,463.78
Pupil transportation	2,660,672.92			2,660,672.92
Unallocated benefits	13,272,214.04	99,098.75		13,371,312.79
Special schools	105,193.15			105,193.15
Debt Service:				
Principal			1,404,736.84	1,404,736.84
Interest			1,078,081.38	1,078,081.38
Capital outlay	648,336.86	13,352.00		661,688.86
Total expenditures	57,461,506.58	1,695,633.72	2,482,818.22	61,639,958.52
Excess (deficiency) of revenues over (under) expenditures	4,353,872.04		12,182.78	4,366,054.82
Other financing sources (uses):				
Proceeds from Refunding Bonds			20,530,000.00	20,530,000.00
Original Issue Premium			1,901,399.25	1,901,399.25
Bonds Refunded			(21,400,000.00)	(21,400,000.00)
Payment to Refunding Escrow Agent			(893,467.38)	(893,467.38)
Cost of Issuance of Refunding Bonds			(137,931.87)	(137,931.87)
Total other financing sources (uses)				
Net change in fund balances	4,353,872.04		12,182.78	4,366,054.82
Fund balances, July 1, 2011	\$ 6,389,343.42	\$ -0-	\$ 4.49	\$ 6,389,347.91
Fund balances, June 30, 2012	\$ 10,743,215.46	\$ -0-	\$ 12,187.27	\$ 10,755,402.73

See accompanying notes to financial statements.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2) \$4,366,054.82

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense		(1,487,444.68)
Capital outlays	\$661,688.86	
Less: Capital Outlays not capitalized	<u>(73,798.91)</u>	
		587,889.95

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 1,404,736.84

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. 25,533.09

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-). When the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 56,497.22

Change in net assets of governmental activities (A-2) \$4,953,267.24

See accompanying notes to financial statements.

OTHER FUNDS

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>MAJOR FUND</u>		<u>TOTAL</u>
	<u>FOOD SERVICE FUND</u>	<u>NON-MAJOR FUNDS</u>	
ASSETS:			
Current assets:			
Cash and cash equivalents	\$91,627.02	\$25,837.63	\$117,464.65
Accounts receivable:			
State	908.13		908.13
Federal	28,371.96		28,371.96
Other	83,721.88		83,721.88
Inventories	12,729.08		12,729.08
	<u>217,358.07</u>	<u>25,837.63</u>	<u>243,195.70</u>
Total current assets			
Noncurrent assets:			
Furniture, machinery and equipment	288,230.30		288,230.30
Less accumulated depreciation	(246,618.87)		(246,618.87)
	<u>41,611.43</u>		<u>41,611.43</u>
Total noncurrent assets			
	<u>258,969.50</u>	<u>25,837.63</u>	<u>284,807.13</u>
Total assets			
LIABILITIES:			
Current liabilities:			
Deferred revenue	6,312.09	25,658.00	31,970.09
	<u>6,312.09</u>	<u>25,658.00</u>	<u>31,970.09</u>
Total current liabilities			
	<u>6,312.09</u>	<u>25,658.00</u>	<u>31,970.09</u>
Total liabilities			
NET ASSETS:			
Invested in capital assets, net of depreciation	41,611.43	179.63	41,791.06
Unrestricted	211,045.98		211,045.98
	<u>\$252,657.41</u>	<u>\$179.63</u>	<u>\$252,837.04</u>
Total net assets			

See accompanying notes to financial statements.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>MAJOR FUNDS</u>		
	<u>FOOD SERVICE</u>	<u>NON-MAJOR</u>	
	<u>FUND</u>	<u>TOTAL</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Charges for services:			
Daily sales	\$973,945.47		\$973,945.47
Fees - individuals		\$38,756.00	38,756.00
Total operating revenues	973,945.47	38,756.00	1,012,701.47
OPERATING EXPENSES:			
Cost of sales	698,606.95		698,606.95
Salaries and benefits	643,848.55	34,881.78	678,730.33
Supplies and materials	3,080.20	1,672.26	4,752.46
Management fee	130,000.00		130,000.00
Miscellaneous	120,922.65		120,922.65
Depreciation	7,428.57		7,428.57
Total operating expenses	1,603,886.92	36,554.04	1,640,440.96
Operating income (loss)	(629,941.45)	2,201.96	(627,739.49)
NONOPERATING REVENUES (EXPENSES):			
State Sources			
State school lunch program	17,893.18		17,893.18
Federal Sources			
National school lunch program	448,566.60		448,566.60
School breakfast program	55,948.73		55,948.73
Special milk program	2,484.16		2,484.16
Commissions /Rebates	101,578.88		101,578.88
National food distribution commodities	90,410.97		90,410.97
Total nonoperating revenues (expenses)	716,882.52		716,882.52
Income before contributions and transfers	86,941.07	2,201.96	89,143.03
Total net assets - beginning (deficit) (as restated)	165,716.34	(2,022.33)	163,694.01
Total net assets - ending	\$252,657.41	\$179.63	\$252,837.04

See accompanying notes to financial statements.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>TOTAL</u>
	<u>MAJOR FUNDS</u>		
	<u>FOOD SERVICE FUND</u>	<u>NON-MAJOR TOTAL</u>	
Cash flows from operating activities:			
Receipts from customers	\$973,945.47	\$50,414.00	\$1,024,359.47
Payments to employees	(694,724.66)	(34,881.78)	(\$729,606.44)
Payments to suppliers	(936,121.26)	(1,672.26)	(\$937,793.52)
Net cash provided by (used for) operating activities	<u>(656,900.45)</u>	<u>13,859.96</u>	<u>(643,040.49)</u>
Cash flows from noncapital financing activities:			
State sources	18,760.83		\$18,760.83
Federal sources	523,078.75		\$523,078.75
Operating subsidies and transfers to other funds	17,857.00		\$17,857.00
Net cash provided by noncapital financing activities	<u>559,696.58</u>		<u>559,696.58</u>
Net increase (decrease) in cash and cash equivalents	(97,203.87)	13,859.96	(83,343.91)
Cash and cash equivalents, July 1, 2011	<u>188,830.89</u>	<u>11,977.67</u>	<u>\$200,808.56</u>
Cash and cash equivalents, June 30, 2012	<u>\$91,627.02</u>	<u>\$25,837.63</u>	<u>\$117,464.65</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(\$629,941.45)	\$2,201.96	(\$627,739.49)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	7,428.57		\$7,428.57
Federal commodities	90,410.97		\$90,410.97
Change in assets and liabilities:			
Increase (decrease) in deferred revenue	6,312.09	11,658.00	\$17,970.09
Increase (decrease) in accounts payable	(124,612.55)		(\$124,612.55)
(Increase) decrease in inventories	(6,498.08)		(\$6,498.08)
	<u>(26,959.00)</u>	<u>11,658.00</u>	<u>(15,301.00)</u>
Net cash provided by (used for) operating activities	<u>(\$656,900.45)</u>	<u>\$13,859.96</u>	<u>(643,040.49)</u>

See accompanying notes to financial statements.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		Workers Compensation <u>Trust Fund</u>
Net assets beginning of year	\$	<u>2,419.56</u>
Net assets end of year	\$	<u><u>2,419.56</u></u>

See accompanying notes to financial statements.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Matawan-Aberdeen Regional School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Reporting Entity

The Matawan-Aberdeen Regional School District is a Type II District located in Monmouth County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education of the Matawan-Aberdeen Regional School District, comprised of nine elected individuals, is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39), as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools, a middle school and a High School, located in the Matawan and Aberdeen. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The 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.

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 generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the 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 requirement 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 District.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain 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 are presented for each fund category-governmental, proprietary, and fiduciary. 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 as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

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 non instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Statement Department of Education, the District includes budgeted capital outlay in this fund. U.S. 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

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

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 debt issued to finance major property acquisition, construction and improvement programs.

Proprietary Funds

Enterprise Fund The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service, Summer Theater and TV Studio program operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (*i.e.* expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Funds

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

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

Workers Compensation Insurance Trust Fund This is an expendable trust fund used to account for certain workers compensation claims as they arise.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported in 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. 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 for expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The 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 are 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 transactions 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 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 from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 totaled \$309,682.00.

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 (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of one or more deferred State Aid payments for budgetary purposes only due to the State deferral of such payments into the subsequent budget year and the accounting treatment of encumbrances in the special revenue fund as described 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.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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 recognized 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 records.

Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures 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 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.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. 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.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

	<u>Estimated Life</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & computer equipment	10
Instructional equipment	10
Grounds equipment	15

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after ten years of service and are only paid upon retirement.

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.

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Deferred Revenue

Deferred revenue in the General, Special Revenue and Proprietary funds represents funds which have been received but not yet earned.

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. Long term debt is recognized as a liability on the fund financial statements when due.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The 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

In fiscal year 2011, the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement modifies fund balance reporting and clarifies fund type definitions. This new Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently. The restricted fund balance classification includes amounts that are subject to externally enforceable legal restriction such as by constitutional provision, enabling legislation or other government imposed restrictions. The committed fund balance classification includes amounts constrained for a specific purpose by a government using its highest decision-making authority. The assigned fund balance classification includes amounts for all funds, other than the general fund with any remaining positive balances not already classified as restricted or committed. For the general fund, amounts constrained with the intent to be used for a specific purpose by the governing board or an official delegated authority by the board. The unassigned fund balance classification includes for the general fund, amounts not classified as restricted, committed or assigned. The general fund is the only fund that will report a positive unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned. Fund balance restrictions have been established for excess surplus, excess surplus-designated for subsequent year's expenditures, capital reserve, maintenance reserve and emergency reserve.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-exchange 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.

Non-exchange transactions, in which the 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses

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

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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.

Extraordinary and Special Items

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

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit

The Matawan-Aberdeen Regional School District had the following cash and cash equivalents at June 30, 2012:

<u>Fund Type</u>	<u>Amount</u>
Cash in Bank:	
Governmental Funds	\$ 9,804,899.15
Proprietary Funds	206,640.73
Fiduciary Funds	590,098.40
Total Cash in Bank	\$ 10,601,638.28
Add: Deposits in Transit	2,436,977.35
Less: Outstanding Checks	(1,454,776.07)
	\$ 11,583,839.56

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk- Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2012, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$10,601,638.28, \$250,000.00 was covered by Federal Depository Insurance, \$8,908,791.18 was covered under the provisions of NJGUDPA and \$1,442,847.10 was on deposit with the New Jersey Assets Rebate Management (NJARM).

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012 the District has \$1,442,847.10 on deposit with NJARM. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1, and existing investment practices of NJARM, the District is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance <u>(As Restated)</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$12,323,200.00		\$12,323,200.00
Construction in Progress		\$340,665.88	340,665.88
Total Capital Assets not being depreciated	<u>12,323,200.00</u>	<u>340,665.88</u>	<u>12,663,865.88</u>
Site improvements	635,114.48		635,114.48
Buildings & Building Improvements	63,290,768.88		63,290,768.88
Machinery & Equipment	<u>4,189,447.99</u>	<u>247,224.07</u>	<u>4,436,672.06</u>
Totals at historical cost	<u>68,115,331.35</u>	<u>247,224.07</u>	<u>68,362,555.42</u>
Gross Assets (Memo only)	<u>80,438,531.35</u>	<u>587,889.95</u>	<u>81,026,421.30</u>
Less: Accumulated Depreciation			
Site improvements	(266,191.48)	(31,358.65)	(297,550.13)
Buildings & Building Improvements	(24,826,026.88)	(1,166,568.92)	(25,992,595.80)
Machinery & Equipment	<u>(3,041,132.99)</u>	<u>(289,517.11)</u>	<u>(3,330,650.10)</u>
Total Depreciation	<u>(28,133,351.35)</u>	<u>(1,487,444.68)</u>	<u>(29,620,796.03)</u>
Total capital assets being depreciated, net of depreciation	<u>39,981,980.00</u>	<u>(1,240,220.61)</u>	<u>38,741,759.39</u>
Total Governmental Fund Activities	<u>\$52,305,180.00</u>	<u>(\$899,554.73)</u>	<u>\$51,405,625.27</u>
Proprietary Activities:			
Machinery & Equipment	<u>\$288,230.30</u>		<u>\$288,230.30</u>
Totals at historical cost	<u>288,230.30</u>		<u>288,230.30</u>
Less: Accumulated Depreciation			
Machinery & Equipment	<u>(239,190.30)</u>	<u>(7,428.57)</u>	<u>(246,618.87)</u>
Total Depreciation	<u>(239,190.30)</u>	<u>(7,428.57)</u>	<u>(246,618.87)</u>
Total Proprietary Fund Activities	<u>\$49,040.00</u>	<u>(\$7,428.57)</u>	<u>\$41,611.43</u>

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 3: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functional expenses areas of the District as follows:

Direct expense of various functions	(<u>\$1,487,444.68</u>)
	(<u>\$1,487,444.68</u>)

NOTE 4: LONG-TERM DEBT

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2012:

	Compensated Absences <u>Payable</u>	Bonds <u>Payable</u>	<u>Total</u>
Balance June 30, 2011	\$1,218,446.67	\$26,084,211.52	\$27,302,658.19
Additions		20,530,000.00	20,530,000.00
Reductions	<u>56,497.22</u>	<u>22,804,737.84</u>	<u>22,861,235.06</u>
Balance June 30, 2012	<u>\$1,161,949.45</u>	<u>\$23,809,473.68</u>	<u>\$24,971,423.13</u>
Unamortized Balance of Refunding Bonds		<u>\$870,000.00</u>	<u>\$870,000.00</u>
	<u>\$1,161,949.45</u>	<u>\$24,679,473.68</u>	<u>\$25,841,423.13</u>
Amounts due within one Year	<u>-0-</u>	<u>\$679,737.00</u>	<u>\$679,737.00</u>

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 4: LONG-TERM DEBT (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2012, including interest payments on issued debt, are as follows:

Fiscal Year			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY2013	\$1,464,736.84	\$1,008,939.08	\$2,473,675.92
FY2014	1,484,736.84	953,568.03	2,438,304.87
FY2015	1,540,000.00	898,530.00	2,438,530.00
FY2016	1,615,000.00	833,770.00	2,448,770.00
FY2017	1,095,000.00	776,150.00	1,871,150.00
FY2018	1,145,000.00	731,350.00	1,876,350.00
FY2019	1,210,000.00	678,200.00	1,888,200.00
FY2020	1,275,000.00	616,075.00	1,891,075.00
FY2021	1,350,000.00	550,450.00	1,900,450.00
FY2022	1,425,000.00	484,637.50	1,909,637.50
FY2023	1,495,000.00	418,937.50	1,913,937.50
FY2024	1,575,000.00	345,925.00	1,920,925.00
FY2025	1,665,000.00	264,925.00	1,929,925.00
FY2026	1,745,000.00	188,400.00	1,933,400.00
FY2027	1,820,000.00	117,100.00	1,937,100.00
FY2028	1,905,000.00	40,350.00	1,945,350.00
	<u>\$23,809,473.68</u>	<u>\$8,907,307.11</u>	<u>\$32,716,780.79</u>

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 4: LONG-TERM DEBT (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2012</u>	<u>Bonds Authorized But Not Issued</u>
\$3,605,000.00 in a EDA Loan dated August 12, 2003, due in two remaining annual installment of \$189,736.84 ending June 19, 2012 with interest at 1.50%	\$379,473.68	-0-
\$5,665,000.00 in Refunding School Bonds (Pension Series) dated December 30, 2002, due in remaining annual installments ranging between \$490,000.00 and \$570,000.00 beginning April 15, 2012 and ending April 15, 2015 with interest at 4.50%	2,115,000.00	-0-
\$25,960,000.00 in School Bonds dated March 1, 2003, a portion of which were advance refunded on September 15, 2011, due in one remaining annual installments \$785,000.00 September 15, 2012 with interest at 4.50%	785,000.00	-0-
\$20,530,000.00 in Refunding School Bonds dated September 15, 2011, due in remaining annual installments ranging between \$780,000.00 and \$1,905,000.00 beginning September 15, 2013 and ending September 15, 2027 with interest from 3.00% to 5.00%	<u>20,530,000.00</u>	<u>-0-</u>
	<u>\$23,809,473.68</u>	<u>\$0.00</u>

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 4: LONG-TERM DEBT (CONTINUED)

Refunding School Bonds

The district issued \$20,530,000.00 in Refunding School bonds to advance refund \$21,400,000.00 of the districts previously issued and outstanding school bonds. The reacquisition price exceeded the net carrying amount by \$870,000.00. Under the escrow agreement, the escrow is irrevocably pledged to the payment of principal and interest on the refunded bonds. As a result, the \$21,400,000.00 of the refunded obligations are considered to be defeased and the liability for those bonds has been removed from the financial statements.

Bonds Authorized but Not Issued

As of June 30, 2012 the District had no Bonds Authorized but not issued.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 5: PENSION PLANS

Description of Plans All required employees of the District are covered by the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program 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 each system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the above systems. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on line at www.state.nj.us/treasury/pensions.

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 provision 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.

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 5: PENSION PLANS

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 5: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A 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.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (i.e. the State of new Jersey makes the employer contribution on behalf of public school districts.

<u>Three Year Trend Information for PERS</u>			
<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2012	\$646,968.00	100%	\$646,968.00
2011	\$657,011.00	100%	\$657,011.00
2010	\$562,084.00	100%	\$562,084.00

For the fiscal year ended June 30, 2012 the State of New Jersey contributed \$896,998.00 to the TPAF pension system on behalf of the District. During the fiscal years ended June 30, 2011, and 2010, the State of New Jersey did not contribute to the TPAF pension system on behalf of the District.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 5: PENSION PLANS (CONTINUED)

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,865,274.52 during the year ended June 30, 2012 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 basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 6: GASB 45 – OTHER POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011 there were 93,323 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 pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School Commission for the years ended June 30, 2012, 2011 and 2010 were \$1,803,200.00, \$1,851,394.00 and \$1,846,160.00 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School Commission was not determined or made available by the State of New Jersey.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 7: LITIGATION

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position.

NOTE 8: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2011-2012 fiscal year were subject to the U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$500,000.00 Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 9: 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 insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 9: RISK MANAGEMENT

New Jersey Unemployment Compensation Insurance The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit an employer's match to the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State.

NOTE 10: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and 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 in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the Districts agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net assets. As of June 30, 2012, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Assets of \$1,161,949.45

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 11: FUND BALANCE APPROPRIATED

General Fund Of the \$10,743,215.46 in General Fund Balance at June 30, 2012, \$319,924.14 has been reserved for encumbrances; \$7,011,571.71 is legally reserved for excess surplus in accordance with N.J.S.A. 18A:7F7 \$1,311,592.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2013; \$2,126,707.69 has been reserved in the Capital Reserve Account; \$500,601.25 has been reserved in the Emergency Reserve Account; \$300,090.99 has been reserved in the Maintenance Reserve Account; \$363,142.00 is assigned and has been appropriated and included as anticipated revenue for the year ended June 30, 2012; and 121,177.68 is unassigned.

Debt Service Fund Of the \$12,187.27 in Debt Service Fund Balance at June 30, 2012, \$.27 is restricted in accordance with N.J.S.A. 18A:7F-41c(2) and \$12,187.00 is assigned and has been appropriated and included as anticipated revenue for the year ended June 30, 2012.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 12: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2007, c73 (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 the District did not appropriate a required minimum amount as budgeted fund balance in the subsequent year's budget.

General Fund Expenditures:		
Fiscal Year Ended, June 30 2012		\$57,461,506.58
Less:		
Reimb. TPAF Social Security Contributions	\$1,865,274.52	
Reimb. TPAF Pension Contributions	<u>2,700,198.00</u>	
		<u>4,565,472.52</u>
Adjusted General Fund Expenditures		\$52,896,034.06
Excess Surplus Percentage		<u>2.00%</u>
		<u>\$1,057,920.68</u>
Increased by:		
Non-Public Transportation Aid (unbudgeted)	19,781.00	
Extraordinary Aid (unbudgeted)	<u>145,046.00</u>	
		<u>164,827.00</u>
Maximum Unreserved/Undesignated General Fund Balance		\$1,222,747.68
Actual Unreserved/Undesignated General Fund Balance		<u>6,922,727.39</u>
Excess Surplus		<u><u>\$5,699,979.71</u></u>
Recapitulation of Excess Surplus, June 30, 2012:		
Reserved for Excess Surplus - Designated for Subsequent Year's Expenditure		\$1,311,592.00
Reserved for Excess Surplus		<u>5,699,979.71</u>
		<u><u>\$7,011,571.71</u></u>

Based on the above calculation, as of June 30, 2012 \$1,311,592.00 is reported as Reserved Fund Balance Excess Surplus Designated for Subsequent Year's Expenditure and is required to be appropriated for property tax relief in the 2012-13 budget. \$5,699,979.71 is reported as Reserved Fund Balance Excess Surplus and is required to be appropriated for property tax relief in the 2013-14 budget.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 14: CAPITAL RESERVE ACCOUNT

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance, July 1, 2011		\$1,623,334.00
Increased by:		
Board Resolution dated 06/25/12	\$1,000,000.00	
Unexpended Portion of FY2012 Appropriation	99,345.31	
Interest	1,013.38	
		1,100,358.69
		2,723,692.69
Decreased by:		
FY2012 Budgeted withdrawal		596,985.00
Balance, June 30, 2012		\$2,126,707.69

NOTE 15: EMERGENCY RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7F-41c(1), an emergency reserve account was established by the District. The emergency reserve account is maintained in the general fund.

The funds in the reserve shall be used to finance unanticipated general fund current expense costs required for T&E. For the purpose of the emergency reserve account "unanticipated" shall mean reasonably unforeseeable and shall not include additional costs caused by poor planning or error.

The account balance is not to exceed \$250,000.00 or one percent of the district's general fund budget up to a maximum of \$1,000,000.00 whichever is greater. Withdrawals require approval by the Commissioner.

At June 30, 2012, the balance of the Emergency Reserve Account was \$500,601.25 and is within the statutory limitations.

Matawan-Aberdeen Regional School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2012

NOTE 16: MAINTENANCE RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7G-13, a Maintenance reserve account was established by the District. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

At June 30, 2012, the balance of the Maintenance Reserve Account was \$300,090.99 and is within the statutory limitations.

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food and Supplies	<u>\$12,729.08</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES					
Local sources:					
Local tax levy	\$ 44,850,503.00	\$	\$ 44,850,503.00	\$ 44,850,503.00	\$
Tuition	72,000.00		72,000.00	105,994.46	33,994.46
Transportation	82,000.00		82,000.00	99,099.47	17,099.47
Interest on Capital Reserve	50.00		50.00	1,013.38	963.38
Interest on Maintenance Reserve				90.99	90.99
Interest on Emergency Reserve				320.25	320.25
Miscellaneous	75,050.00		75,050.00	110,334.11	35,284.11
Total-local sources	45,079,603.00		45,079,603.00	45,167,355.66	87,752.66
State sources:					
Equalization Aid	8,528,569.00	295,879.00	8,824,448.00	9,112,786.00	288,338.00
Categorical Special Education Aid	2,122,707.00		2,122,707.00	2,122,707.00	
Extraordinary Aid	341,768.00		341,768.00	486,814.00	145,046.00
Miscellaneous Unrestricted State Aid				19,781.00	19,781.00
On-behalf TPAF Pension (non-budgeted)				896,998.00	896,998.00
On-behalf TPAF Post Retirement Contributions (non-budgeted)				1,803,200.00	1,803,200.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,865,274.52	1,865,274.52
Total - state sources	10,993,044.00	295,879.00	11,288,923.00	16,307,560.52	5,018,637.52
Federal sources:					
Ed Jobs Fund	430,000.00		443,803.00	443,803.00	
Medicaid reimbursement	20,000.00		20,000.00	16,938.44	(3,061.56)
Total - federal sources	450,000.00		463,803.00	460,741.44	(3,061.56)
Total revenues	56,522,647.00	295,879.00	56,832,329.00	61,935,657.62	5,103,328.62
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs					
Salaries of teachers:					
Preschool	164,909.00	5,347.70	170,256.70	149,131.00	21,125.70
Kindergarten	999,200.00	45,473.21	1,044,673.21	1,001,301.74	43,371.47
Grades 1-5	6,437,679.00	(691,914.12)	5,745,764.88	5,745,764.84	0.04
Grades 6-8	4,239,975.00	(719,343.17)	3,520,631.83	3,457,058.24	63,573.59
Grades 9-12	6,078,968.00	969,802.78	7,048,770.78	5,168,558.88	1,880,211.90
Total Teachers Salaries	17,920,731.00	(390,633.60)	17,530,097.40	15,521,814.70	2,008,282.70
Regular Programs - Home Instruction:					
Salaries of teachers	78,000.00		78,000.00	41,328.34	36,671.66
Purchased professional educational services	11,400.00	(9,921.00)	1,479.00	928.00	551.00
	89,400.00	(9,921.00)	79,479.00	42,256.34	37,222.66
Regular programs - undistributed instruction:					
Other salaries for instruction	153,080.00	(12,383.06)	140,696.94	140,696.94	
Purchased Professional Educational Services		1,010,024.29	1,010,024.29	980,693.71	29,330.58
Other purchased services(400-500 series)	15,120.00	1,635.50	16,755.50	14,499.91	2,255.59
General supplies	450,967.00	226,734.40	677,701.40	606,873.77	70,827.63
Textbooks	115,148.00	4,965.83	120,113.83	101,557.02	18,556.81
Other Objects	1,288.00	686.86	1,974.86	1,968.86	6.00
Total regular programs	735,603.00	1,231,663.82	1,967,266.82	1,846,290.21	120,976.61
Total Regular Programs - Instruction	18,745,734.00	831,109.22	19,576,843.22	17,410,361.25	2,166,481.97
Special education:					
Cognitive - Moderate					
Salaries of teachers	235,990.00	15,277.40	251,267.40	251,267.40	
Other salaries for instruction	54,313.00	30,514.90	84,827.90	84,827.90	
Total Cognitive - Moderate	290,303.00	45,792.30	336,095.30	336,095.30	
Learning and / or Language Disabilities:					
Salaries of teachers	176,760.00	106,685.00	283,445.00	283,445.00	
Other salaries for instruction	62,335.00	(54,855.30)	7,479.70	2,985.70	4,494.00
General supplies	2,968.00	5,476.89	8,444.89	8,444.52	0.37
Total Learning and / or Language Disabilities	242,063.00	57,306.59	299,369.59	294,875.22	4,494.37

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Auditory Impairments:					
Salaries of teachers	\$ 16,000.00	\$	\$ 16,000.00	\$ 2,160.00	\$ 13,840.00
General supplies		1,213.00	1,213.00	1,213.00	
Total Auditory Impairments	16,000.00	1,213.00	17,213.00	3,373.00	13,840.00
Behavioral Disabilities:					
Salaries of teachers	321,090.00	(118,858.82)	202,231.18	191,766.60	10,464.58
Other salaries for instruction	22,585.00	19,485.00	42,070.00	37,399.47	4,670.53
General supplies	2,737.00	70.00	2,807.00	2,493.80	313.20
Textbooks	760.00		760.00	582.67	177.33
Total Behavioral Disabilities:	347,172.00	(99,303.82)	247,868.18	232,242.54	15,625.64
Multiple Disabilities:					
Salaries of teachers	44,650.00	56,030.00	100,680.00	100,680.00	
Other salaries for instruction		60,306.60	60,306.60	60,305.10	1.50
General supplies		5,912.88	5,912.88	5,708.78	204.10
Total Multiple Impairments	44,650.00	122,249.48	166,899.48	166,693.88	205.60
Resource room/resource center:					
Salaries of teachers	2,281,423.00	492,917.74	2,774,340.74	2,770,033.98	4,306.76
Other salaries for instruction	24,960.00	20,879.30	45,839.30	45,839.30	
General supplies	16,638.00	(2,851.66)	13,786.34	12,818.83	967.51
Textbooks	950.00	825.00	1,775.00	1,106.77	668.23
Total resource room	2,323,971.00	511,770.38	2,835,741.38	2,829,798.88	5,942.50
Autism:					
Salaries of teachers	194,760.00	36,137.92	230,897.92	230,897.92	
Other salaries for instruction	86,905.00	44,313.00	131,218.00	130,902.99	315.01
Purchased professional - educational services	150,000.00	(145,455.00)	4,545.00	4,545.00	
General supplies		2,124.80	2,124.80	2,124.80	
Other objects		960.00	960.00	960.00	
Total resource room	431,665.00	(61,919.28)	369,745.72	369,430.71	315.01
Preschool disabilities-part -time:					
Salaries of teachers	74,645.00	(74,645.00)			
Other salaries for instruction	27,624.00	(24,823.90)	2,800.10	1,294.58	1,505.52
Total preschool handicapped - part-time	102,269.00	(99,468.90)	2,800.10	1,294.58	1,505.52
Preschool disabilities-full -time:					
Salaries of teachers		177,225.00	177,225.00	177,225.00	
Other salaries for instruction	49,190.00		49,190.00	47,010.00	2,180.00
Purchased professional - educational services		11,400.00	11,400.00	7,581.35	3,818.65
Total preschool handicapped - part-time	49,190.00	188,625.00	237,815.00	231,816.35	5,998.65
Total special education	3,847,283.00	666,264.75	4,513,547.75	4,465,620.46	47,927.29
Basic skills/remedial:					
Salaries of teachers	1,086,030.00	(172,962.36)	913,067.64	778,690.23	134,377.41
General supplies	11,849.00	(52.13)	11,796.87	10,712.88	1,083.99
Total basic skills/remedial	1,097,879.00	(173,014.49)	924,864.51	789,403.11	135,461.40
Bilingual education:					
Salaries of teachers	299,414.00	(59,675.00)	239,739.00	238,038.15	1,700.85
General supplies	1,163.00	478.23	1,641.23	720.87	920.36
Total bilingual education	300,577.00	(59,196.77)	241,380.23	238,759.02	2,621.21
Vocational programs-Local-Instruction					
Other salaries for instruction	11,000.00		11,000.00	10,323.00	677.00
Total vocational programs - Local Instruction	11,000.00		11,000.00	10,323.00	677.00
School sponsored cocurricular activities:					
Salaries	212,940.00	27,050.00	239,990.00	235,050.00	4,940.00
Purchased Services (300-500 series)		4,625.00	4,625.00	2,480.36	2,144.64
Supplies and materials	45,783.00	(10,211.00)	35,572.00	33,877.46	1,694.54
Other objects	5,035.00	11,108.00	16,143.00	15,244.70	898.30
Total school sponsored cocurricular activities	263,758.00	32,572.00	296,330.00	286,652.52	9,677.48

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
School sponsored athletics:					
Salaries	\$ 431,325.00	\$ 160,996.74	\$ 592,321.74	\$ 556,524.46	\$ 35,797.28
Purchased Services (300-500 series)	139,361.00	9,723.37	149,084.37	142,975.32	6,109.05
Supplies and materials	52,352.00	16,102.00	68,454.00	68,070.47	383.53
Other objects	35,000.00	(8,370.00)	26,630.00	25,789.04	840.96
Transfers to cover deficit (Agency Funds)	44,182.00	(1,030.00)	43,152.00	43,000.00	152.00
Total school sponsored athletics	702,220.00	177,422.11	879,642.11	836,359.29	43,282.82
Before/After School Programs - Instruction					
Salaries of teacher tutors	67,502.00		67,502.00	61,073.71	6,428.29
Total Before/After School Programs	67,502.00		67,502.00	61,073.71	6,428.29
Instructional Alternative Education Program- Instruction					
Other Purchased Services (400-500 series)	40,000.00		40,000.00		40,000.00
Total instructional Alternative Ed Program	40,000.00		40,000.00		40,000.00
Total other instructional programs	2,482,936.00	(22,217.15)	2,460,718.85	2,222,570.65	238,148.20
Total - instruction	25,075,953.00	1,475,156.82	26,551,109.82	24,098,552.36	2,452,557.46
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state-special	2,000,342.00	(308,235.95)	1,692,106.05	1,231,312.77	460,793.28
Tuition to county vocational school district-regular	315,500.00		315,500.00	268,560.00	46,940.00
Tuition to county vocational school district-special	213,300.00		213,300.00	147,750.00	65,550.00
Tuition to private schools for the disabled wi state	2,559,875.00	(127,250.00)	2,432,625.00	1,872,081.09	560,543.91
Tuition-state facilities	125,000.00		125,000.00	117,694.00	7,306.00
Tuition - Other	13,000.00		13,000.00	2,562.00	10,438.00
Total undistributed expenditures - instruction	5,227,017.00	(435,485.95)	4,791,531.05	3,639,959.86	1,151,571.19
Attendance and social work services:					
Salaries		12,168.00	12,168.00	12,168.00	
Other purchased services (400-500) series		1,000.00	1,000.00	384.16	615.84
Total attendance and social work services		13,168.00	13,168.00	12,552.16	615.84
Health services:					
Salaries	524,370.00	15,025.86	539,395.86	539,395.86	
Purchased professional and technical services	9,655.00	20,376.07	30,031.07	29,605.58	425.49
Other purchased services (400-500 series)		240.93	240.93	240.93	
Supplies and materials	12,135.00	(3,594.04)	8,540.96	8,195.13	345.83
Total health services	546,160.00	32,048.82	578,208.82	577,437.50	771.32
Other support services - student related services:					
Salaries	460,890.00	55,153.60	516,043.60	478,170.05	37,873.55
Purchased Professional - Educational Services	222,800.00	305,859.00	528,659.00	376,325.21	152,333.79
Total other support services - students related services	683,690.00	361,012.60	1,044,702.60	854,495.26	190,207.34
Other support services- Students- Extra Services					
Salaries	36,000.00	105,508.90	141,508.90	133,022.89	8,486.01
Purchased Professional - Educational Services	90,000.00	104,274.00	194,274.00	168,160.00	26,114.00
Total other support services- Students- Extra Services	126,000.00	209,782.90	335,782.90	301,182.89	34,600.01
Other support services - students - regular:					
Salaries of other professional staff	717,970.00	65,334.40	783,304.40	781,811.57	1,492.83
Salaries of secretarial and clerical assistants	69,500.00	(2,500.00)	67,000.00	64,662.15	2,337.85
Purchased Professional - Educational Services	6,990.00	27,007.50	33,997.50	33,211.58	785.92
Other Purchased Services (400-500 series)	42,231.00	(4,912.93)	37,318.07	36,458.86	859.21
Supplies and materials	11,927.00	10,055.60	21,982.60	16,153.23	5,829.37
Other objects	45.00	709.00	754.00	680.00	74.00
Total other support services - students - regular	848,663.00	95,693.57	944,356.57	932,977.39	11,379.18

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other support services - students - Child Study Teams:					
Salaries of other professional staff	\$ 874,729.00	\$ 72,962.72	\$ 947,691.72	\$ 908,602.66	\$ 39,089.06
Salaries of secretarial and clerical assistants	72,900.00		72,900.00	47,283.22	25,616.78
Other Salaries	67,526.00	(67,526.00)			
Purchased Professional - Educational Services			103,065.00	60,888.25	42,176.75
Other Purchased Professional and Tech Services	47,000.00	(21,282.50)	25,717.50	9,700.00	16,017.50
Misc. Pur Serv (400-500 series or than resid. costs)	12,450.00	99,918.00	112,368.00	104,134.20	8,233.80
Supplies and materials	10,750.00	(6.61)	10,743.39	9,798.01	945.38
Other objects	8,000.00	(817.00)	7,183.00	3,842.70	3,340.30
Total other support services - students - Child Study Teams	1,093,355.00	186,313.61	1,279,668.61	1,144,249.04	135,419.57
Improvement of instruction services/ other support services-instructional staff:					
Salaries of Supervisors of Instruction	109,081.00	115,747.26	224,828.26	211,889.40	12,938.86
Salaries of other professional staff	27,314.00		27,314.00	11,980.00	15,334.00
Other salaries	134,287.00	(134,287.00)			
Salary Literacy Coach			60,540.00	60,540.00	
Purchased Professional		20,000.00	20,000.00	20,000.00	
Other Purchased Services (400-500)	7,600.00		7,600.00		7,600.00
Supplies and materials	6,381.00		6,381.00		6,381.00
Total improvement of instruction services/ other support services-instructional staff	284,663.00	62,000.26	346,663.26	304,409.40	42,253.86
Educational media services/school library:					
Salaries	425,300.00	115,378.34	540,678.34	511,100.50	29,577.84
Purchased Professional and Technical Services	65,400.00	(42,072.38)	23,327.62	11,701.40	11,626.22
Other Purchased Services (400-500)	350.00	811.27	1,161.27	1,155.82	5.45
Supplies and materials	32,403.00	4,454.17	36,857.17	36,113.47	743.70
Total educational media services/school library	523,453.00	78,571.40	602,024.40	560,071.19	41,953.21
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction		134,287.08	134,287.08	131,873.57	2,413.51
Purchased Professional - Educational Services	10,175.00	400.00	10,575.00	10,250.00	325.00
Other Purchased Services (400-500)	16,372.00	(9,204.27)	7,167.73	1,788.86	5,378.87
Supplies and materials	855.00		855.00		855.00
BOE membership dues and fees		3,400.00	3,400.00	2,400.00	1,000.00
Total instructional staff training services:	27,402.00	128,882.81	156,284.81	146,312.43	9,972.38
Support services general administration:					
Salaries	424,205.00	62,331.03	486,536.03	486,292.28	243.75
Legal services	140,000.00	(48,389.96)	91,610.04	88,252.31	3,357.73
Audit Fees	30,500.00		30,500.00	30,000.00	500.00
Architectural/Engineering services		5,550.00	5,550.00	5,550.00	
Other purchased professional services	14,250.00	(10,260.00)	3,990.00	3,990.00	
Purchased technical services	10,000.00	2,564.50	12,564.50	9,904.61	2,659.89
Communications/telephone	135,845.00	(66,726.88)	69,118.12	57,094.56	12,023.56
BOE Other purchased services	9,525.00	(4,155.00)	5,370.00	1,892.23	3,677.77
Other purchased services (400-500)	23,058.00	138,214.14	161,272.14	155,579.56	5,692.58
General supplies	35,441.00	(20,434.04)	15,006.96	14,030.81	976.15
BOE membership dues and fees	41,915.00	(1,359.00)	40,556.00	32,149.30	8,406.70
Total support services general administration	864,739.00	57,334.79	922,073.79	884,535.66	37,538.13
Support services school administration:					
Salaries of principals/asst. principals	1,799,055.00	(205,573.39)	1,593,481.61	1,593,481.61	
Salaries of secretarial and clerical assistants	556,839.00	6,594.10	563,433.10	563,048.23	384.87
Purchased Professional - Educational Services		0.93	0.93		0.93
Other Purchased Services (400-500 series)	44,347.00	(10,732.96)	33,614.04	28,219.39	5,394.65
Supplies and Materials	48,082.00	25,463.88	73,545.88	72,124.25	1,421.63
Other objects		800.00	800.00	800.00	
Total support services school administration	2,448,323.00	(183,447.44)	2,264,875.56	2,257,673.48	7,202.08

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Central Services:					
Salaries	\$ 405,779.00	\$ (22,809.18)	\$ 382,969.82	\$ 382,966.57	\$ 3.25
Purchased professional services		15,600.00	15,600.00	14,126.44	1,473.56
Purchased Technical services	52,100.00	(9,651.45)	42,448.55	34,069.36	8,379.19
Misc. purchased services (400-500 series)	29,819.00	(15,935.87)	13,883.13	3,128.11	10,755.02
Supplies and materials	8,978.00	6,850.69	15,828.69	15,828.19	0.50
Misc. Expenditures		2,913.35	2,913.35	2,913.35	
Total central services	496,676.00	(23,032.46)	473,643.54	453,032.02	20,611.52
Admin. Info. Tech.					
Salaries	243,666.00	(86,034.46)	157,631.54	157,631.54	
Purchased technical services	88,000.00	(58,129.20)	29,870.80	16,796.42	13,074.38
Other Purchased Services (400-500 series)	123,822.00	(71,463.36)	52,358.64	51,852.79	505.85
Supplies and materials	15,450.00	6,084.38	21,534.38	8,904.44	12,629.94
Total admin. Info. Technology	470,938.00	(209,542.64)	261,395.36	235,185.19	26,210.17
Required Maintenance for School Facilities:					
Salaries	417,906.00	11,100.00	429,006.00	399,237.27	29,768.73
Cleaning, repair and maintenance services	175,564.00	(22,616.52)	152,947.48	134,968.19	17,979.29
General supplies	38,250.00	27,456.04	65,706.04	64,827.78	878.26
Other Objects	5,275.00	4,000.00	9,275.00	5,719.00	3,556.00
Total Allowable Maintenance for School Facilities	636,995.00	19,939.52	656,934.52	604,752.24	52,182.28
Other operation and maint. of plant					
Salaries	15,000.00	(1,136.00)	13,864.00	5,859.52	8,004.48
Purchased professional and technical services	17,380.00		17,380.00	8,318.12	9,061.88
Cleaning, repair and maint. services	1,883,564.00	334,018.05	2,217,582.05	2,081,396.08	136,185.97
Other purchased property services	359,000.00	(2,550.00)	356,450.00	304,489.03	51,960.97
Insurance	313,177.00	(58,233.14)	254,943.86	228,420.00	26,523.86
Miscellaneous Purchased Services	3,500.00	(3,500.00)			
General supplies	92,500.00	3,700.00	96,200.00	95,999.74	200.26
Energy (heat and electricity)	837,000.00	(16,400.00)	820,600.00	567,122.43	253,477.57
Other objects	3,000.00		3,000.00	695.00	2,305.00
Salaries of Non-Instructional Aides	342,533.00	(273,089.49)	69,443.51	69,443.36	0.15
Energy (Natural Gas)	515,000.00	(90,603.71)	424,396.29	253,186.44	171,209.85
Energy (Gasoline)	9,500.00	5,000.00	14,500.00	13,259.09	1,240.91
Total other operation and maint. of plant	4,391,154.00	(102,794.29)	4,288,359.71	3,628,188.81	660,170.90
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	66,850.00	14,889.25	81,739.25	81,739.25	
General supplies		9,365.00	9,365.00	7,783.48	1,581.52
Total Care and Upkeep of Grounds	66,850.00	24,254.25	91,104.25	89,522.73	1,581.52
Security					
Purchased Professional and Technical Services	8,075.00		8,075.00		8,075.00
Cleaning, repair and maintenance services		50,000.00	50,000.00	50,000.00	
Total Security	8,075.00	50,000.00	58,075.00	50,000.00	8,075.00
Total operation and maintenance of plant services	5,102,860.00	(8,600.52)	5,094,259.48	4,372,463.78	721,795.70

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student transportation services:					
Salaries of Non-instructional Aides	\$	\$	135,457.18	\$	135,457.18
Salaries for pupil transportation (between home and school)-regular	613,324.00	(41,939.32)	571,384.68	571,384.68	
Salaries for pupil transportation (between home and school)-Special Ed	569,328.00	(167,332.99)	401,995.01	384,082.48	17,912.53
Salaries for pupil transportation (other than between home and school)	76,150.00	43,071.50	119,221.50	74,005.07	45,216.43
Salaries for pupil transportation (between home and school)-Non-public school					
Cleaning, repair and maintenance services	140,225.00	65,340.33	205,565.33	187,695.70	17,869.63
Lease Purchase Payments - School Buses	15,000.00	69,243.83	84,243.83	84,243.83	
Contracted Services - between home and school vendor	126,200.00	(150.00)	126,050.00	120,633.14	5,416.86
Contracted services (other than between home and school)-vendors	71,180.00		71,180.00	40,805.66	30,374.34
Jointures- regular students	58,800.00		58,800.00	25,759.96	33,040.04
Contracted services (special education students) vendors	643,310.00	(161,934.83)	481,375.17	385,837.55	95,537.62
Contracted services (special education students) Joint Agrmnts	347,550.00		347,550.00	298,389.39	49,160.61
Contract. Serv - Aid in Lieu Pymts-NonPub Sch	88,400.00		88,400.00	73,627.22	14,772.78
Miscellaneous purchased services - Transportation	102,350.00	1,820.09	104,170.09	100,669.17	3,500.92
Supplies and materials		500.00	500.00	437.66	62.34
Transportation supplies	154,900.00	30,000.00	184,900.00	172,292.08	12,607.92
Miscellaneous expenditures	16,490.00	(6,266.53)	10,223.47	5,352.15	4,871.32
Total student transportation services	3,023,207.00	(32,190.74)	2,991,016.26	2,660,672.92	330,343.34
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	110,000.00	373,698.53	483,698.53	452,159.09	31,539.44
Other retirement contributions - regular	1,230,000.00	(373,698.53)	856,301.47	646,968.00	209,333.47
Other retirement contributions - erip	19,666.00		19,666.00	17,930.40	1,735.60
Unemployment Compensation	175,000.00		175,000.00	107,220.16	67,779.84
Workers Compensation	388,600.00	(35,374.00)	353,226.00	352,621.03	604.97
Health Benefits	8,001,275.00	(70,463.76)	7,930,811.24	6,769,663.06	1,161,148.18
Tuition Reimbursements	91,000.00	(8,000.00)	83,000.00	39,088.02	43,911.98
Other Employee Benefits	245,750.00	79,906.76	325,656.76	321,091.76	4,565.00
Total Unallocated Benefits - Employee Benefits:	10,261,291.00	(33,931.00)	10,227,360.00	8,706,741.52	1,520,618.48
On-behalf TPAF Pension (non-budgeted)				896,998.00	(896,998.00)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				1,803,200.00	(1,803,200.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,865,274.52	(1,865,274.52)
Total Undistributed Expenditures	32,028,437.00	298,578.01	32,327,015.01	32,609,424.21	(282,409.20)
TOTAL EXPENDITURES - CURRENT EXPENSE FUND 11	57,104,390.00	1,773,734.83	58,878,124.83	56,707,976.57	2,170,148.26
CAPITAL OUTLAY:					
Interest Deposit to Capital reserve	50.00		50.00		50.00
Equipment:					
Grades 1-5	32,400.00	16,400.00	48,800.00	48,632.55	167.45
Undistributed expenditures:					
Grades 6-8		7,735.00	7,735.00	7,734.15	0.85
Equipment Co-Curricular		5,775.00	5,775.00	5,676.02	98.98
Equipment		71,115.51	71,115.51	61,770.76	9,344.75
Admin info tech	11,800.00	7,191.61	18,991.61	18,876.61	115.00
Required Maintenance for School Facility		9,550.00	9,550.00	9,130.50	419.50
Student Transp - Special		5,667.53	5,667.53	5,500.70	166.83
Total Equipment	44,200.00	123,434.65	167,634.65	157,321.29	10,313.36
Facilities acquisition and construction services:					
Architectural/Engineering Services	20,000.00	58,095.89	78,095.89	49,931.88	28,164.01
Construction services	576,985.00	(57,100.00)	519,885.00	364,594.69	155,290.31
Other objects	76,489.00		76,489.00	76,489.00	
Total facilities acquis. and const. services	673,474.00	995.89	674,469.89	491,015.57	183,454.32
TOTAL CAPITAL OUTLAY	717,724.00	124,430.54	842,154.54	648,336.86	193,817.68

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
SPECIAL SCHOOLS					
Other Special Schools - Instruction					
Salaries of teachers	\$ 60,000.00	\$ 15,350.83	\$ 75,350.83	\$ 75,350.83	
Other salaries for instruction	30,000.00	(358.95)	29,641.05	29,641.05	
General supplies	1,000.00	(798.73)	201.27	201.27	
Total other special schools instruction	<u>91,000.00</u>	<u>14,193.15</u>	<u>105,193.15</u>	<u>105,193.15</u>	
TOTAL OTHER SPECIAL SCHOOLS	<u>91,000.00</u>	<u>14,193.15</u>	<u>105,193.15</u>	<u>105,193.15</u>	
TOTAL SPECIAL SCHOOLS	<u>91,000.00</u>	<u>14,193.15</u>	<u>105,193.15</u>	<u>105,193.15</u>	
TOTAL EXPENDITURES	<u>57,913,114.00</u>	<u>1,912,358.52</u>	<u>59,825,472.52</u>	<u>57,461,506.58</u>	<u>2,363,965.94</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,390,467.00)</u>	<u>(1,616,479.52)</u>	<u>(2,993,143.52)</u>	<u>4,474,151.04</u>	<u>7,467,294.56</u>
Fund balances, July 1			7,370,634.42	7,370,634.42	
Fund balances, June 30	\$ <u>(1,390,467.00)</u>	\$ <u>(1,616,479.52)</u>	\$ <u>4,377,490.90</u>	\$ <u>11,844,785.46</u>	<u>7,467,294.56</u>
Recapitulation:					
Reserve for Encumbrances			\$ 319,924.14		
Legally Restricted-designated for subsequent year's expenditures			1,674,734.00		
Reserve for Excess Surplus			5,699,979.71		
Emergency Reserve			300,090.99		
Maintenance Reserve			500,601.25		
Capital Reserve			2,126,707.69		
Unrestricted Fund Balance			<u>1,222,747.68</u>		
			11,844,785.46		
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis			<u>1,101,570.00</u>		
Fund Balance per Governmental Funds (GAAP)			\$ <u>10,743,215.46</u>		

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - ARRA ESF
FOR FISCAL YEARS ENDED JUNE 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Federal sources		\$443,803.00	\$443,803.00	\$443,803.00	
Total revenues		443,803.00	443,803.00	443,803.00	
EXPENDITURES:					
Unallocated Benefits - Employee Benefits:					
Health Benefits		443,803.00	443,803.00	443,803.00	
Total Unallocated Benefits - Employee Benefits:		443,803.00	443,803.00	443,803.00	
Total expenditures		\$443,803.00	\$443,803.00	\$443,803.00	

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Federal sources	\$ 1,335,085.00	\$ 422,133.85	\$ 1,757,218.85	\$ 1,624,301.49	\$ 132,917.36
State sources	33,029.00	(7,484.09)	25,544.91	25,544.91	
Other sources		49,588.98	49,588.98	37,928.40	11,660.58
Total revenues	<u>1,368,114.00</u>	<u>464,238.74</u>	<u>1,832,352.74</u>	<u>1,687,774.80</u>	<u>144,577.94</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	34,566.00	240,850.20	275,416.20	264,600.00	10,816.20
Other salaries for instruction	493,218.00	(193,264.65)	299,953.35	299,077.75	875.60
Other purchased professional services	102,934.00	74,989.73	177,923.73	168,799.12	9,124.61
Tuition	149,625.00	111,306.00	260,931.00	245,333.00	15,598.00
Travel		2,000.00	2,000.00		2,000.00
Supplies and materials	29,370.00	21,723.98	51,093.98	37,050.06	14,043.92
Textbooks	11,595.00	(1,623.00)	9,972.00	7,923.91	2,048.09
Miscellaneous Expenditures	1,320.00	700.00	2,020.00	1,863.50	156.50
Total instruction	<u>822,628.00</u>	<u>256,682.26</u>	<u>1,079,310.26</u>	<u>1,024,647.34</u>	<u>54,662.92</u>
Support services:					
Salaries of Secretarial and Clerical Assistants	74,585.00	14,821.00	89,406.00	89,406.00	
Other salaries for instruction	161,041.00	22,785.88	183,826.88	183,826.88	
Personal services - employee benefits	39,012.00	115,312.72	154,324.72	152,958.72	1,366.00
Purchased professional - educational services	167,144.00	(17,714.91)	149,429.09	79,643.30	69,785.79
Purchased professional - technical services	1,800.00	49,014.47	50,814.47	46,264.47	4,550.00
Travel	600.00	100.00	700.00		700.00
Other purchased services	93,651.00	(10,552.22)	83,098.78	79,752.02	3,346.76
Supplies and materials	7,653.00	16,019.45	23,672.45	13,505.98	10,166.47
Miscellaneous expenditures		4,418.09	4,418.09	4,418.09	
Total support services	<u>545,486.00</u>	<u>194,204.48</u>	<u>739,690.48</u>	<u>649,775.46</u>	<u>89,915.02</u>
Facilities acquisition and construction services:					
Non-Instructional equipment		13,352.00	13,352.00	13,352.00	
Total facilities acquisition and construction serv.		<u>13,352.00</u>	<u>13,352.00</u>	<u>13,352.00</u>	
Total expenditures	<u>1,368,114.00</u>	<u>464,238.74</u>	<u>1,832,352.74</u>	<u>1,687,774.80</u>	<u>144,577.94</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Note A - Explanation of difference between budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$61,935,657.62	\$1,687,774.80
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Add prior year encumbrances		64,438.78
Less current year encumbrances		(55,069.28)
Less: prior year encumbrances cancelled		(1,510.58)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(1,101,570.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	981,291.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$61,815,378.62</u>	<u>\$1,695,633.72</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$57,461,506.58	\$1,687,774.80
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.		
Adjust for encumbrances:		
Add prior year encumbrances		64,438.78
Less current year encumbrances		(55,069.28)
Less: prior year encumbrances cancelled		(1,510.58)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$57,461,506.58</u>	<u>\$1,695,633.72</u>

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	TITLE I	TITLE I - CO	TITLE I - CO RECOVERY ACT	TITLE I SIA - CO	TITLE II A	TITLE II A - CO	TITLE II D - CO	TITLE III	TITLE III - CO
REVENUES:									
Federal sources	\$ 318,561.47	\$ 110,228.14	\$ 13,439.81	\$ 999.55	\$ 52,433.16	\$ 63,207.14	\$ 800.00	\$ 8,010.09	\$ 11,345.76
State sources									
Other sources									
Total revenues	\$ 318,561.47	\$ 110,228.14	\$ 13,439.81	\$ 999.55	\$ 52,433.16	\$ 63,207.14	\$ 800.00	\$ 8,010.09	\$ 11,345.76
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$ 230,568.80	\$ 11,027.00	\$ 93.20	\$	\$	\$ 19,420.00	\$	\$	\$ 3,491.00
Other salaries for instruction		698.28							
Other purchased professional-educational services	40,168.67			999.55					593.60
Tuition									
Supplies and materials		939.48	6.26					7,145.59	3,628.16
Textbooks									
Miscellaneous Expenditures		520.00						543.50	800.00
Total instruction	270,737.47	13,184.76	99.46	999.55		19,420.00		7,689.09	8,512.76
Support services:									
Salaries of program directors									
Salaries of Secretarial and Clerical Assistants									
Other Salaries for Instruction									
Personal services - employee benefits	46,132.00	19,516.00	7,739.47			4,516.00			1,006.00
Purchased professional - technical services									
Purchased professional - educational services	1,692.00				40,256.92	8,098.56			
Purchased Technical Services		44,662.47							1,602.00
Other purchased services		32,573.53			12,176.24	30,240.08	800.00	321.00	225.00
Supplies and materials		291.38	5,600.88			932.50			
Miscellaneous expenditures									
Total support services	47,824.00	97,043.38	13,340.35		52,433.16	43,787.14	800.00	321.00	2,833.00
Facilities acquisition and construction serv:									
Instructional equipment									
Non-Instructional equipment									
Total facilities acquisition and construction serv.									
Total expenditures	\$ 318,561.47	\$ 110,228.14	\$ 13,439.81	\$ 999.55	\$ 52,433.16	\$ 63,207.14	\$ 800.00	\$ 8,010.09	\$ 11,345.76

(Continued on next page)

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	IDEA PART B	IDEA PART B - C/O	IDEA PART B - C/O RECOVERY ACT	IDEA PRESCHOOL	IDEA PRESCHOOL - C/O	IDEA PRESCHOOL-CO RECOVERY ACT	NON- PUBLIC TEXTBOOKS	NON - PUBLIC COMP ED	NON - PUBLIC NURSING
REVENUES:									
Federal sources	\$ 807,762.80	\$ 205,257.67	\$ 12,617.25	\$ 19,036.40	\$ 513.60	\$ 88.65	\$	\$	\$
State sources							7,923.91	3,378.00	14,243.00
Other sources									
Total revenues	\$ 807,762.80	\$ 205,257.67	\$ 12,617.25	\$ 19,036.40	\$ 513.60	\$ 88.65	\$ 7,923.91	\$ 3,378.00	\$ 14,243.00
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other salaries for instruction	279,735.00	509.47		17,621.40	513.60				
Other purchased professional-educational services	100,000.00	27,037.30							
Tuition	95,508.00	149,825.00							
Supplies and materials	10,743.71	4,144.18				59.23			
Textbooks							7,923.91		
Miscellaneous Expenditures									
Total instruction	485,986.71	181,515.95		17,621.40	513.60	59.23	7,923.91		
Support services:									
Salaries of program directors									
Salaries of Secretarial and Clerical Assistants	89,406.00	0.20							
Other Salaries for Instruction	179,662.00	4,164.88							
Personal services - employee benefits	41,983.00	18,034.00	12,617.25	1,415.00					
Purchased professional - technical services									
Purchased professional - educational services	4,550.00							3,378.00	14,243.00
Other purchased services	3,370.00	46.17							
Supplies and materials	2,805.09	1,496.47				29.42			
Miscellaneous expenditures									
Total support services	321,776.09	23,741.72	12,617.25	1,415.00		29.42		3,378.00	14,243.00
Facilities acquisition and construction serv:									
Instructional equipment									
Total facilities acquisition and construction serv.									
Total expenditures	\$ 807,762.80	\$ 205,257.67	\$ 12,617.25	\$ 19,036.40	\$ 513.60	\$ 88.65	\$ 7,923.91	\$ 3,378.00	\$ 14,243.00

(Continued on next page)

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	MSG TV GRANT	ARMED FORCES GRANT	EDUCATION FOUNDATION	PRINCETON GRANT	FIDELITY GRANT	NJSBAIG SAFETY GRANT	OTHER	COMPARATIVE TOTALS	
								2012	2011
REVENUES:									
Federal sources	\$	\$	\$	\$	\$	\$	\$	1,624,301.49	\$ 1,741,699.00
State sources								25,544.91	31,391.00
Other sources	575.00	1,400.00	5,434.92	1,990.64	982.89	23,126.86	4,418.09	37,928.40	47,417.00
Total revenues	\$ 575.00	\$ 1,400.00	\$ 5,434.92	\$ 1,990.64	\$ 982.89	\$ 23,126.86	\$ 4,418.09	\$ 1,687,774.80	\$ 1,820,507.00
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$	\$	\$	\$	\$	\$	\$	264,600.00	\$ 181,315.00
Other salaries for instruction								299,077.75	495,161.00
Other purchased professional services								168,799.12	106,611.00
Tuition								245,333.00	387,340.00
General supplies	575.00	1,400.00	5,434.92	1,990.64	982.89			37,050.06	158,640.00
Textbooks								7,923.91	10,980.00
Miscellaneous Expenditures								1,863.50	449.00
Total instruction	575.00	1,400.00	5,434.92	1,990.64	982.89			1,024,647.34	1,340,496.00
Support services:									
Salaries of program directors								89,406.20	6,425.00
								183,826.88	74,585.00
Personal services - employee benefits								152,958.72	167,830.00
Purchased professional - technical services									54,498.00
Purchased professional - educational services						7,424.62		79,643.10	133,235.00
Other purchased services								46,264.47	35,689.00
Supplies and materials						2,350.24		79,752.02	
Miscellaneous expenditures							4,418.09	13,505.98	5,595.00
								4,418.09	
Total support services						9,774.86	4,418.09	649,775.46	477,857.00
Facilities acquisition and construction serv.:									
Instructional equipment								13,352.00	2,154.00
								13,352.00	
Total facilities acquisition and construction serv.						13,352.00		13,352.00	2,154.00
Total expenditures	\$ 575.00	\$ 1,400.00	\$ 5,434.92	\$ 1,990.64	\$ 982.89	\$ 23,126.86	\$ 4,418.09	\$ 1,687,774.80	\$ 1,820,507.00

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 within the school district.

SUMMER THEATER FUND:

This fund provides for the operation of a Summer Theater program within the school district.

TV STUDIO FUND

This fund provides for the operation of a TV Studio program within the school district.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				COMPARATIVE TOTALS	
	MAJOR FUNDS	NON-MAJOR FUNDS			JUNE 30	
	FOOD SERVICE FUND	SUMMER THEATER FUND	TV STUDIO FUND	NON-MAJOR FUNDS	2012	2011
ASSETS:						
Current assets:						
Cash and cash equivalents (deficit)	\$91,627.02	\$29,021.41	(\$3,183.78)	\$25,837.63	\$117,464.65	\$200,808.00
Accounts receivable:						
State	908.13				908.13	1,776.00
Federal	28,371.96				28,371.96	44,451.00
Other	83,721.88				83,721.88	
Inventories	12,729.08				12,729.08	6,231.00
Total current assets	217,358.07	29,021.41	(3,183.78)	25,837.63	243,195.70	253,266.00
Noncurrent assets:						
Furniture, machinery and equipment	288,230.30				288,230.30	288,230.00
Less accumulated depreciation	(246,618.87)				(246,618.87)	(239,190.00)
Total noncurrent assets	41,611.43				41,611.43	49,040.00
Total assets	258,969.50	29,021.41	(3,183.78)	25,837.63	284,807.13	302,306.00
LIABILITIES:						
Current liabilities:						
Deferred revenue	6,312.09	25,658.00		25,658.00	31,970.09	14,000.00
Accounts payable						124,611.99
Total current liabilities	6,312.09	25,658.00		25,658.00	31,970.09	138,611.99
Total liabilities	6,312.09	25,658.00		25,658.00	31,970.09	138,611.99
NET ASSETS:						
Invested in capital assets, net of depreciation	41,611.43				41,611.43	49,040.00
Unrestricted (deficit)	211,045.98	3,363.41	(3,183.78)	179.63	211,225.61	114,654.01
Total net assets	\$252,657.41	\$3,363.41	(\$3,183.78)	\$179.63	\$252,837.04	\$163,694.01

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				COMPARATIVE TOTALS	
	MAJOR FUNDS	NON-MAJOR FUNDS			JUNE 30	
	FOOD SERVICE FUND	SUMMER THEATER FUND	TV STUDIO FUND	NON-MAJOR TOTAL	2012	2011
OPERATING REVENUES:						
Charges for services:						
Daily sales	\$973,945.47				\$973,945.47	\$994,623.00
Fees - individuals		\$34,830.00	\$3,926.00	\$38,756.00	38,756.00	33,869.00
Total operating revenues	973,945.47	34,830.00	3,926.00	38,756.00	1,012,701.47	1,028,492.00
OPERATING EXPENSES:						
Cost of sales	698,606.95				698,606.95	728,518.88
Salaries and benefits	643,848.55	30,560.00	4,321.78	34,881.78	678,730.33	712,164.11
Supplies and materials	3,080.20	1,672.26		1,672.26	4,752.46	2,245.00
Management fee	130,000.00				130,000.00	159,812.00
Miscellaneous	120,922.65				120,922.65	137,481.00
Depreciation	7,428.57				7,428.57	7,429.00
Total operating expenses	1,603,886.92	32,232.26	4,321.78	36,554.04	1,640,440.96	1,747,649.99
Operating income (loss)	(629,941.45)	2,597.74	(395.78)	2,201.96	(627,739.49)	(719,157.99)
NONOPERATING REVENUES (EXPENSES):						
State sources						
State school lunch program	17,893.18				17,893.18	18,729.00
Federal sources						
National school lunch program	448,566.60				448,566.60	463,036.00
School breakfast program	55,948.73				55,948.73	50,518.00
Special milk program	2,484.16				2,484.16	1,842.00
Commissions/rebates	101,578.88				101,578.88	
National food distribution commodities	90,410.97				90,410.97	73,690.00
Total nonoperating revenues (expenses)	716,882.52				716,882.52	607,815.00
Income before contributions and transfers	86,941.07	2,597.74	(395.78)	2,201.96	89,143.03	(111,342.99)
Other financing sources:						
Accounts Payable cancelled						7,328.00
Total other financing sources						7,328.00
Change in net assets	86,941.07	2,597.74	(395.78)	2,201.96	89,143.03	(104,014.99)
Total net assets - beginning (deficit) (as restated)	165,716.34	765.67	(2,788.00)	(2,022.33)	163,694.01	267,709.00
Total net assets - ending (deficit)	\$252,657.41	\$3,363.41	(\$3,183.78)	\$179.63	\$252,837.04	\$163,694.01

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				COMPARATIVE TOTALS	
	MAJOR FUNDS	NON-MAJOR FUNDS			JUNE 30	
	FOOD SERVICE FUND	SUMMER THEATER FUND	TV STUDIO FUND	NON-MAJOR TOTAL	2012	2011
Cash flows from operating activities:						
Receipts from customers	\$973,945.47	\$46,488.00	\$3,926.00	\$50,414.00	\$1,024,359.47	\$1,034,142.00
Payments to employees	(694,724.66)	(30,560.00)	(4,321.78)	(34,881.78)	(729,606.44)	(661,288.00)
Payments to suppliers	(936,121.26)	(1,672.26)		(1,672.26)	(937,793.52)	(878,774.00)
Net cash provided by (used for) operating activities	<u>(656,900.45)</u>	<u>14,255.74</u>	<u>(395.78)</u>	<u>13,859.96</u>	<u>(643,040.49)</u>	<u>(505,920.00)</u>
Cash flows from noncapital financing activities:		50,876.11				
State sources	18,760.83				18,760.83	18,729.00
Federal sources	523,078.75				523,078.75	515,396.00
Operating subsidies and transfers to other funds	17,857.00				17,857.00	
Net cash provided by noncapital financing activities	<u>559,696.58</u>				<u>559,696.58</u>	<u>534,125.00</u>
Net increase (decrease) in cash and cash equivalents	(97,203.87)	14,255.74	(395.78)	13,859.96	(83,343.91)	28,205.00
Cash and cash equivalents, July 1, 2011	188,830.89	14,765.67	(2,788.00)	11,977.67	200,808.56	172,603.00
Cash and cash equivalents, June 30, 2012	<u>\$91,627.02</u>	<u>\$29,021.41</u>	<u>(\$3,183.78)</u>	<u>\$25,837.63</u>	<u>\$117,464.65</u>	<u>\$200,808.00</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	(\$629,941.45)	\$2,597.74	(\$395.78)	\$2,201.96	(\$627,739.49)	(\$719,157.99)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	7,428.57				7,428.57	7,428.44
Federal commodities	90,410.97				90,410.97	73,690.00
Change in assets and liabilities:						
Increase (decrease) in deferred revenue	6,312.09	11,658.00		11,658.00	17,970.09	5,650.00
Increase (decrease) in accounts payable	(124,612.55)				(124,612.55)	124,612.55
(Increase) decrease in inventories	(6,498.08)				(6,498.08)	3,171.00
	<u>(26,959.00)</u>	<u>11,658.00</u>		<u>11,658.00</u>	<u>(15,301.00)</u>	<u>213,237.99</u>
Net cash provided by (used for) operating activities	<u>(\$656,900.45)</u>	<u>\$14,255.74</u>	<u>(\$395.78)</u>	<u>\$13,859.96</u>	<u>(\$643,040.49)</u>	<u>(\$505,920.00)</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

Workers Compensation Fund This expendable trust fund is used to pay certain workers compensation claims as they arise.

Agency Funds are used to account for assets held by the district as an agent for another party:

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.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	<u>AGENCY FUNDS</u>		<u>WORKERS COMPENSATION TRUST FUND</u>	<u>COMPARATIVE TOTALS</u>	
	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>		<u>JUNE 30</u>	
				<u>2012</u>	<u>2011</u>
ASSETS:					
Cash and cash equivalents	<u>\$141,592.10</u>	<u>\$300,204.20</u>	<u>\$2,419.56</u>	<u>\$444,215.86</u>	<u>\$398,585.80</u>
Total assets	<u><u>\$141,592.10</u></u>	<u><u>\$300,204.20</u></u>	<u><u>\$2,419.56</u></u>	<u><u>\$444,215.86</u></u>	<u><u>\$398,585.80</u></u>
LIABILITIES:					
Payroll deductions and withholdings		<u>\$300,204.20</u>		<u>\$300,204.20</u>	<u>\$211,566.68</u>
Due to student groups	<u>\$141,592.10</u>			<u>141,592.10</u>	<u>135,920.69</u>
Total liabilities	<u>141,592.10</u>	<u>300,204.20</u>		<u>441,796.30</u>	<u>347,487.37</u>
NET ASSETS:					
Held in trust for unemployment claims and other purposes			<u>\$2,419.56</u>	<u>2,419.56</u>	<u>51,098.43</u>
Total net assets	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>\$2,419.56</u></u>	<u><u>\$2,419.56</u></u>	<u><u>\$51,098.43</u></u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>WORKERS COMPENSATION TRUST FUND</u>	<u>TOTAL</u>
Net assets beginning of year	\$2,419.56	\$2,419.56
Net assets end of year	<u>\$2,419.56</u>	<u>\$2,419.56</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BALANCE</u> <u>JULY 1, 2011</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2012</u>
Elementary Schools:				
Ravine	\$4,372.95	\$1,836.61	\$2,362.78	\$3,846.78
Cliffwood	4,797.15		554.25	4,242.90
Strathmore	10,236.47	2,369.00	4,487.40	8,118.07
Lloyd Road	18,352.57	23,558.18	22,946.88	18,963.87
Total Elementary Schools	<u>\$37,759.14</u>	<u>\$27,763.79</u>	<u>\$30,351.31</u>	<u>\$35,171.62</u>
Middle School:				
Matawan Avenue	\$10,663.55	\$98,234.95	\$88,423.84	\$20,474.66
Total Middle School	<u>\$10,663.55</u>	<u>\$98,234.95</u>	<u>\$88,423.84</u>	<u>\$20,474.66</u>
High School:				
Matawan Regional	\$87,498.00	\$182,134.87	\$187,647.55	\$81,985.32
Athletic Account		66,349.00	62,388.50	3,960.50
Total High School	<u>\$87,498.00</u>	<u>\$248,483.87</u>	<u>\$250,036.05</u>	<u>\$85,945.82</u>
Total all schools	<u>\$135,920.69</u>	<u>\$374,482.61</u>	<u>\$368,811.20</u>	<u>\$141,592.10</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BALANCE</u> <u>JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2012</u>
ASSETS:				
Cash and cash equivalents	\$260,245.55	\$44,851,552.97	\$44,811,594.32	\$300,204.20
Total assets	\$260,245.55	\$44,851,552.97	\$44,811,594.32	\$300,204.20
LIABILITIES:				
Interfunds payable		\$30,476,806.31	\$30,476,806.31	
Payroll deductions and withholdings	\$260,245.55	14,374,746.66	14,334,788.01	\$300,204.20
Total liabilities	\$260,245.55	\$44,851,552.97	\$44,811,594.32	\$300,204.20

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2012

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JULY 1, 2011	ISSUED	RETIRED	BALANCE JUNE 30, 2012
			DATE	AMOUNT					
EDA Loan	08/12/93	\$ 3,605,000.00	06/19/13	\$ 189,736.84	1.50%	\$ 569,211.52	\$	\$ 189,737.84	\$ 379,473.68
				189,736.84	1.50%				
2002 Refunding Bonds	12/30/02	5,665,000.00	04/15/13	490,000.00	4.500%	2,580,000.00		465,000.00	2,115,000.00
			04/15/14	515,000.00	4.500%				
			04/15/15	540,000.00	4.500%				
			04/15/16	570,000.00	4.500%				
2003 School Bonds	03/01/03	25,960,000.00	09/15/12	785,000.00	4.50%	22,935,000.00		22,150,000.00	785,000.00
2011 Refunding Bonds	09/15/11	20,530,000.00	09/15/13	780,000.00	3.00%				
			09/15/14	1,000,000.00	3.00%				
			09/15/15	1,045,000.00	4.00%				
			09/15/16	1,095,000.00	4.00%				
			09/15/17	1,145,000.00	4.00%				
			09/15/18	1,210,000.00	5.00%				
			09/15/19	1,275,000.00	5.00%				
			09/15/20	1,350,000.00	5.00%				
			09/15/21	1,425,000.00	4.50%				
			09/15/22	1,495,000.00	4.50%				
			09/15/23	1,575,000.00	5.00%				
			09/15/24	1,665,000.00	5.00%				
			09/15/25	1,745,000.00	4.00%				
			09/15/26	1,820,000.00	4.00%				
09/15/27	1,905,000.00	4.24%							
						20,530,000.00		20,530,000.00	
						\$ 26,084,211.52	\$ 20,530,000.00	\$ 22,804,737.84	\$ 23,809,473.68

Bonds Refunded	\$ 21,400,000.00
Bonds Redeemed	<u>1,404,737.84</u>
	<u>\$ 22,804,737.84</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>			<u>2011</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:						
Local sources:						
Local tax levy	\$2,476,720.00	\$2,476,720.00		\$2,317,367.00	\$2,317,367.00	
State sources:						
Debt service aid type II	18,281.00	18,281.00		18,545.00	18,545.00	
Total revenues	<u>2,495,001.00</u>	<u>2,495,001.00</u>		<u>2,335,912.00</u>	<u>2,335,912.00</u>	
EXPENDITURES:						
Regular debt service:						
Interest	1,404,737.00	1,404,736.84	\$0.16	1,143,909.00	1,143,908.51	\$0.49
Redemption of principal	1,090,268.00	1,078,081.38	12,186.62	1,354,737.00	1,354,737.00	
Total regular debt service-expenditures	<u>2,495,005.00</u>	<u>2,482,818.22</u>	12,186.78	<u>2,498,646.00</u>	<u>2,498,645.51</u>	0.49
Excess (deficiency) of revenues over (under) expenditures	(4.00)	12,182.78	12,186.78	(162,734.00)	(162,733.51)	0.49
Fund balance, July 1	<u>4.49</u>	<u>4.49</u>		<u>162,738.00</u>	<u>162,738.00</u>	
Fund balance, June 30	<u>\$0.49</u>	<u>\$12,187.27</u>	<u>\$12,186.78</u>	<u>\$4.00</u>	<u>\$4.49</u>	<u>\$0.49</u>

STATISTICAL SECTION - UNAUDITED



MATAWAN ABERDEEN REGIONAL SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

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.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Government Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 15,943,464.00	\$ 13,836,947.00	\$ 13,951,213.00	\$ 13,897,770.00	\$ 27,216,151.59
Restricted	2,055,338.00	2,875,586.00	2,509,638.00	6,131,370.00	9,626,184.43
Unrestricted	<u>(788,619.00)</u>	<u>(1,028,813.00)</u>	<u>(71,581.00)</u>	<u>(960,477.00)</u>	<u>(835,518.36)</u>
Total Government Activities Net Assets	<u>\$ 17,210,183.00</u>	<u>\$ 15,683,720.00</u>	<u>\$ 16,389,270.00</u>	<u>\$ 19,068,663.00</u>	<u>\$ 36,006,817.66</u>
Business-Type Activities:					
Invested in Capital Assets, Net of Related Debt	99,449.00	57,689.00	56,469.00	49,040.00	41,611.43
Unrestricted	<u>\$ 487.00</u>	<u>\$ 173,770.00</u>	<u>\$ 211,240.00</u>	<u>\$ 239,266.00</u>	<u>\$ 211,225.61</u>
Total Business-Type Activities Net Assets	<u>\$ 99,936.00</u>	<u>\$ 231,459.00</u>	<u>\$ 267,709.00</u>	<u>\$ 288,306.00</u>	<u>\$ 252,837.04</u>
District-wide:					
Invested in Capital Assets, Net of Related Debt	\$ 16,042,913.00	\$ 13,894,636.00	\$ 14,007,682.00	\$ 13,946,810.00	\$ 27,257,763.02
Restricted	2,055,338.00	2,875,586.00	2,509,638.00	6,131,370.00	9,626,184.43
Unrestricted	<u>(788,132.00)</u>	<u>(855,043.00)</u>	<u>139,659.00</u>	<u>(721,211.00)</u>	<u>(624,292.75)</u>
Total District Net Assets	<u>\$ 17,310,119.00</u>	<u>\$ 15,915,179.00</u>	<u>\$ 16,656,979.00</u>	<u>\$ 19,356,969.00</u>	<u>\$ 36,259,654.70</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN NET ASSETS

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses:					
Governmental Activities:					
Instruction:					
Regular	\$ (18,538,833.00)	\$ (18,307,683.00)	\$ (18,205,392.00)	\$ (17,468,715.00)	\$ (17,407,671.16)
Special Education	(2,608,139.00)	(3,607,136.00)	(4,573,144.00)	(4,895,479.00)	(5,496,733.86)
Other Special Education	(1,896,463.00)	(2,437,459.00)	(323,236.00)	(1,410,213.00)	(1,038,485.13)
Other Instruction	(975,072.00)	(954,518.00)	(1,072,195.00)	(962,504.00)	(1,184,085.52)
Support Services:					
Tuition	(4,843,586.00)	(4,938,097.00)	(4,877,910.00)	(4,396,674.00)	(3,639,959.86)
Student & instruction related services	(5,215,226.00)	(5,034,745.00)	(5,008,238.00)	(4,122,057.00)	(5,385,756.83)
General Administrative Services	(3,397,182.00)	(3,560,268.00)	(3,536,825.00)	(3,317,299.00)	(884,535.66)
Central Services					(2,257,673.48)
School Administrative Services	(1,014,565.00)	(1,079,096.00)	(912,726.00)	(758,311.00)	(453,032.02)
Admin. Information Technology					(235,185.19)
Plant Operations and Maintenance	(5,473,257.00)	(6,587,213.00)	(5,367,081.00)	(4,920,803.00)	(4,372,463.78)
Student Transportation Services	(2,654,973.00)	(2,570,611.00)	(2,556,743.00)	(2,728,276.00)	(2,660,672.92)
Unallocated Employee Benefits	(16,188,685.00)	(12,361,936.00)	(13,544,811.00)	(12,524,392.00)	(13,314,815.57)
Summer School	(112,594.00)	(59,358.00)	(88,404.00)	(120,282.00)	(105,193.15)
Interest on Long-Term Debt	(1,248,209.00)	(1,224,629.00)	(1,153,524.00)	(1,112,819.00)	(1,129,037.29)
ARRA			(1,710,066.00)		
Unallocated Depreciation and Amortization	(531,091.00)	(3,739,092.00)	(1,599,508.00)	(1,520,140.00)	(1,487,444.68)
Total Governmental Activities Expenses	<u>(64,697,875.00)</u>	<u>(66,461,841.00)</u>	<u>(64,529,803.00)</u>	<u>(60,257,964.00)</u>	<u>(61,052,746.10)</u>
Business-Type Activities:					
Food Service	(1,446,645.00)	(1,476,106.00)	(1,600,876.00)	(1,585,102.00)	(1,603,886.92)
Other Activities	(25,251.00)	(38,887.00)	(47,484.00)	(37,936.00)	(36,554.04)
Total Business-Type Activities Expenses	<u>(1,471,896.00)</u>	<u>(1,514,993.00)</u>	<u>(1,648,360.00)</u>	<u>(1,623,038.00)</u>	<u>(1,640,440.96)</u>
Total District Expenses	<u>\$ (66,169,771.00)</u>	<u>\$ (67,976,834.00)</u>	<u>\$ (66,178,163.00)</u>	<u>\$ (61,881,002.00)</u>	<u>\$ (62,693,187.06)</u>
Program Revenues:					

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN NET ASSETS

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:					
Charges for Services:					
Instruction (Tuition)	\$	\$	\$	\$ 121,211.00	\$ 105,994.46
Pupil Transportation					99,099.47
Operating Grants and Contributions	<u>1,696,747.00</u>	<u>1,476,845.00</u>	<u>1,804,257.00</u>	<u>1,769,685.00</u>	<u>6,255,615.07</u>
Total Governmental Activities Program Revenues	<u>1,696,747.00</u>	<u>1,476,845.00</u>	<u>1,804,257.00</u>	<u>1,890,896.00</u>	<u>6,460,709.00</u>
Business-Type Activities:					
Charges for Services:					
Food Service	1,016,353.00	1,042,034.00	1,032,201.00	994,623.00	973,945.47
Other Activities	19,684.00	31,348.00	39,525.00	33,869.00	38,756.00
Operating Grants and Contributions	<u>411,702.00</u>	<u>490,791.00</u>	<u>606,561.00</u>	<u>607,815.00</u>	<u>716,882.52</u>
Total Business-Type Activities Program Revenues	<u>1,447,739.00</u>	<u>1,564,173.00</u>	<u>1,678,287.00</u>	<u>1,636,307.00</u>	<u>1,729,583.99</u>
Total District Program Revenues	\$ <u>3,144,486.00</u>	\$ <u>3,041,018.00</u>	\$ <u>3,482,544.00</u>	\$ <u>3,527,203.00</u>	\$ <u>8,190,292.99</u>
Net (Expense)/Revenue:					
Governmental Activities	\$ (63,001,128.00)	\$ (64,984,996.00)	\$ (62,725,546.00)	\$ (58,367,068.00)	\$ (54,592,037.10)
Business-Type Activities	<u>(24,157.00)</u>	<u>49,180.00</u>	<u>29,927.00</u>	<u>13,269.00</u>	<u>89,143.03</u>
Total District-Wide Net (Expense)/Revenue	\$ <u>(63,025,285.00)</u>	\$ <u>(64,935,816.00)</u>	\$ <u>(62,695,619.00)</u>	\$ <u>(58,353,799.00)</u>	\$ <u>(54,502,894.07)</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN NET ASSETS

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Revenues and Other Changes in Net Assets:					
Governmental Activities:					
Property Taxes Levied for General Purposes, Net	\$ 43,449,970.00	\$ 43,826,599.00	\$ 43,801,859.00	\$ 44,105,926.00	\$ 44,850,503.00
Taxes Levied for Debt Service	2,427,268.00	2,478,605.00	2,471,625.00	2,317,367.00	2,476,720.00
Unrestricted Grants and Contributions	18,015,034.00	16,795,524.00	16,745,405.00	14,772,491.00	12,092,970.61
Restricted Grants and Contributions					13,352.00
Tuition Received	83,724.00	74,491.00	114,095.00	121,211.00	
Miscellaneous Income	277,801.00	388,685.00	296,007.00	55,711.00	105,755.22
Investment Earnings	209,731.00	39,393.00	7,245.00	3,541.00	6,003.51
Total Governmental Activities	<u>64,463,528.00</u>	<u>63,603,297.00</u>	<u>63,436,236.00</u>	<u>61,376,247.00</u>	<u>59,545,304.34</u>
Business-Type Activities:					
Other		82,343.00		7,328.00	
Total Business-Type Activities		<u>82,343.00</u>		<u>7,328.00</u>	
Total District-wide	<u>\$ 64,463,528.00</u>	<u>\$ 63,685,640.00</u>	<u>\$ 63,436,236.00</u>	<u>\$ 61,383,575.00</u>	<u>\$ 59,545,304.34</u>
Changes in Net Assets:					
Governmental Activities	\$ 1,462,400.00	\$ (1,381,699.00)	\$ 710,690.00	\$ 3,009,179.00	\$ 4,953,267.24
Business-Type Activities	<u>(24,157.00)</u>	<u>131,523.00</u>	<u>29,927.00</u>	<u>20,597.00</u>	<u>89,143.03</u>
Total District	<u>\$ 1,438,243.00</u>	<u>\$ (1,250,176.00)</u>	<u>\$ 740,617.00</u>	<u>\$ 3,029,776.00</u>	<u>\$ 5,042,410.27</u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:					
Restricted	\$	\$	\$	\$ 4,141,147.00	\$ 9,938,971.64
Assigned				1,990,219.00	683,066.14
Unassigned				257,969.00	121,177.68
Reserved	1,734,710.00	2,706,474.00	2,827,016.00		
Unreserved	<u>842,783.00</u>	<u>298,074.00</u>	<u>519,696.00</u>		
Total General Fund	\$ <u><u>2,577,493.00</u></u>	\$ <u><u>3,004,548.00</u></u>	\$ <u><u>3,346,712.00</u></u>	\$ <u><u>6,389,335.00</u></u>	\$ <u><u>10,743,215.46</u></u>
All Other Governmental Funds:					
Restricted	\$	\$	\$	\$ 4.00	\$ 0.27
Assigned					12,187.00
Unassigned					
Reserved	337,047.00	6,378.00			
Unreserved, Reported In:					
Special Revenue Fund	(25,696.00)				
Capital Projects Fund					
Debt Service Fund	5,315.00	162,734.00	162,738.00		
Permanent Fund					
Total All Other Governmental Funds	\$ <u><u>316,666.00</u></u>	\$ <u><u>169,112.00</u></u>	\$ <u><u>162,738.00</u></u>	\$ <u><u>4.00</u></u>	\$ <u><u>12,187.27</u></u>

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

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

	2008	2009	2010	2011	2012
Revenues:					
Tax Levy	\$ 45,877,238.00	\$ 46,305,204.00	\$ 46,273,484.00	\$ 46,423,293.00	\$ 47,327,223.00
Tuition Charges	83,724.00	74,491.00	114,095.00	121,211.00	105,994.46
Transportation Fees	92,032.00	112,047.00	118,583.00	125,580.00	99,099.47
Interest Earnings	11,526.00	39,393.00	7,245.00	3,541.00	7,428.13
Miscellaneous	396,506.00	381,184.00	210,715.00	98,759.00	142,259.54
State Sources	18,543,078.00	16,874,024.00	15,067,138.00	14,803,882.00	16,231,107.43
Federal Sources	1,156,171.00	1,398,345.00	3,449,233.00	1,690,877.00	2,092,901.31
Total Revenues	66,160,275.00	65,184,688.00	65,240,493.00	63,267,143.00	66,006,013.34
Expenditures:					
Instruction:					
Regular	18,565,643.00	18,608,236.00	18,460,986.00	17,321,662.00	17,410,361.25
Special	2,608,139.00	3,607,136.00	4,573,144.00	4,895,479.00	5,496,733.86
Other	2,871,535.00	3,391,977.00	1,395,431.00	2,372,717.00	2,222,570.65
Support Services:					
Tuition	4,843,586.00	4,938,097.00	4,877,910.00	4,396,674.00	3,639,959.86
Student & instruction related services	5,215,226.00	5,034,745.00	5,008,238.00	4,122,057.00	5,385,756.83
General Administrative Services					884,535.66
School Administrative Services	1,014,565.00	1,079,096.00	912,726.00	758,311.00	2,257,673.48
Central Services					453,032.02
Other Administrative Services	3,397,182.00	3,560,268.00	3,536,825.00	3,317,299.00	
Admin. Information Technology					235,185.19
Plant Operations and Maintenance	5,473,257.00	6,587,213.00	5,367,081.00	4,920,803.00	4,372,463.78
Student Transportation Services	2,654,973.00	2,570,611.00	2,556,743.00	2,728,276.00	2,660,672.92
Unallocated Employee Benefits	16,188,685.00	12,361,936.00	13,544,811.00	12,524,392.00	13,371,312.79
Summer School	112,594.00	59,358.00	88,404.00	120,282.00	105,193.15
ARRA			1,710,066.00		
Debt Service:					
Principal	1,209,737.00	1,259,737.00	1,304,737.00	1,354,737.00	1,404,736.84
Interest and Other Charges	1,281,979.00	1,241,308.00	1,194,327.00	1,143,909.00	1,078,081.38
Capital Outlay	1,420,826.00	500,923.00	373,274.00	410,656.00	661,688.86
Total Expenditures	66,857,927.00	64,800,641.00	64,904,703.00	60,387,254.00	61,639,958.52
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(697,652.00)	384,047.00	335,790.00	2,879,889.00	4,366,054.82
Other Financing Sources/(Uses):					
Accounts Receivable Cancelled		(2,589.00)			
Transfers In		155,459.00	1,064.00		
Transfers Out		(257,416.00)	(1,064.00)		
Proceeds from Refunding Bonds					20,530,000.00
Original Issue Premium					1,901,399.25
Bonds Refunded					(21,400,000.00)
Payment to Refunding Escrow Agent					(893,467.38)
Cost of Issuance of Refunding Bonds					(137,931.87)
Total Other Financing Sources/(Uses)		(104,546.00)			
Net Change in Fund Balances	\$ (697,652.00)	\$ 279,501.00	\$ 335,790.00	\$ 2,879,889.00	\$ 4,366,054.82
Debt Service as a Percentage of Noncapital Expenditures	3.81%	3.89%	3.87%	4.17%	4.07%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Annual</u> <u>Totals</u>
2003	24,553.00	-	-	-	-	312,002.00	336,555.00
2004	12,152.00	71,013.00	46,778.00	65,535.00	90,000.00	67,920.00	353,398.00
2005	-	-	-	-	-	-	0.00
2006	5,700.00	26,960.00	245,644.00	-	-	377,557.00	655,861.00
2007	68,326.00	122,326.00	258,343.00	-	72,471.00	90,042.00	611,508.00
2008	83,724.00	92,032.00	11,526.00	-	-	396,506.00	583,788.00
2009	74,491.00	112,047.00	39,393.00	-	-	381,184.00	607,115.00
2010	114,095.00	118,583.00	7,245.00	-	-	210,715.00	450,638.00
2011	121,211.00	125,580.00	3,541.00	-	-	51,342.00	301,674.00
2012	105,994.46	99,099.47	7,428.13	-	-	104,330.60	316,852.66

Source: District records

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

ABERDEEN TOWNSHIP

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	16,082,530	675,358,530	943,200	95,600	93,665,200	11,849,700	17,136,400
2004	15,532,750	690,964,010	943,200	95,600	93,470,800	11,849,700	17,136,400
2005	15,059,530	707,656,910	943,200	95,600	91,048,800	11,849,700	17,136,400
2006	14,457,130	712,771,260	943,200	95,600	90,014,800	11,849,700	16,119,200
2007	14,668,230	711,414,730	861,700	94,800	87,610,300	11,849,700	15,392,900
2008	14,636,030	713,846,480	706,700	89,500	86,394,000	11,849,700	15,392,900
2009*	50,114,700	1,744,702,500	1,950,700	56,900	234,349,900	9,695,700	45,556,600
2010	52,040,200	1,743,737,100	1,665,800	59,500	232,811,300	9,695,700	45,979,900
2011	51,016,100	1,746,861,700	1,665,800	59,500	234,030,300	9,695,700	45,979,900
		Less: Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b	
2002	N/A	-	N/A	N/A	N/A	N/A	
2003	815,131,160	-	1,780,987	816,912,147	N/A	2.995	
2004	829,992,460	-	1,548,127	831,540,587	N/A	3.217	
2005	843,790,140	-	1,307,995	845,098,132	N/A	3.356	
2006	846,250,890	-	1,122,891	847,373,781	N/A	3.555	
2007	841,892,360	-	1,049,416	842,941,776	N/A	3.605	
2008	842,915,310	-	1,069,982	843,985,292	2,233,718,408	3.685	
2009*	2,086,427,000	-	2,922,012	2,089,349,012	2,226,665,921	1.489	
2010	2,085,989,500	-	2,804,792	2,088,794,292	2,190,617,190	1.487	
2011	2,089,309,000	-	2,869,478	2,092,178,478	N/A	1.508	

Source: Abstract of Ratables

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

* Aberdeen Township underwent a revaluation in 2009

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

b Tax rates are per \$100

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

MATAWAN BOROUGH

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
2002	N/A	N/A	-	-	N/A	N/A	N/A
2003	3,476,575	327,727,759	-	-	60,715,600	5,552,900	28,628,000
2004	3,344,275	328,421,459	-	-	60,713,800	4,327,700	28,093,000
2005	3,337,375	329,617,159	-	-	63,213,900	4,356,200	28,093,000
2006	4,419,975	330,476,759	-	-	62,023,300	4,356,200	28,093,000
2007	4,178,775	333,933,659	-	-	61,175,500	4,481,200	28,043,000
2008*	8,867,500	803,708,700	-	-	132,252,700	9,729,100	79,655,900
2009	14,762,100	803,358,500	-	-	133,313,800	9,729,100	78,493,600
2010	13,112,200	811,496,200	-	-	133,623,900	9,729,100	77,906,400
2011	8,561,900	821,454,800	-	-	136,553,300	8,854,000	76,764,800
		Less:			Estimated Actual	Total	
	<u>Total Assessed</u>	<u>Tax-Exempt</u>	<u>Public</u>	<u>Net Valuation</u>	<u>(County</u>	<u>Direct</u>	
	<u>Value</u>	<u>Property</u>	<u>Utilities^a</u>	<u>Taxable</u>	<u>Equalized) Value</u>	<u>School</u>	
						<u>Tax Rate^o</u>	
2002	N/A	-	N/A	N/A	N/A	N/A	
2003	426,100,834	-	1,203,895	427,304,729	588,634,874	2.791	
2004	424,900,234	-	1,037,785	425,938,019	658,969,925	3.031	
2005	428,617,634	-	995,450	429,613,084	742,185,934	3.090	
2006	429,369,234	-	800,439	430,169,673	872,523,783	3.220	
2007	431,812,134	-	731,572	432,543,706	1,013,331,556	3.367	
2008*	1,034,213,900	(1,141,800)	1,742,227	1,035,956,127	1,086,125,096	1.447	
2009	1,039,657,100	(1,255,600)	3,348,712	1,043,005,812	1,089,967,721	1.456	
2010	1,045,867,800	(981,100.00)	1,785,231	1,047,653,031	1,082,020,202	1.459	
2011	1,052,997,800	(809,000.00)	1,978,012	1,054,166,812	N/A	1.453	

Source: Abstract of Ratables

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100

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

* Matawan Boro underwent a revaluation for 2008

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

Fiscal Year Ending June 30,	Matawan-Aberdeen Regional School District Direct Rate						Overlapping Rates				Total Direct and Overlapping Tax Rate	
	Basic Rate ^a		General Obligation Debt Service ^a		Total Direct School Tax Rate		Municipality of		Monmouth County		Municipality of	
	Aberdeen Township	Matawan Borough	Aberdeen Township	Matawan Borough	Aberdeen Township	Matawan Borough	Aberdeen Township	Matawan Borough	Aberdeen Township	Matawan Borough	Aberdeen Township	Matawan Borough
2002	2.697	2.563			2.697	2.563	0.722	0.860	0.563	0.522	3.982	3.945
2003	2.995	2.791			2.995	2.791	0.730	0.860	0.589	0.548	4.314	4.199
2004	3.217	3.031			3.217	3.031	0.755	1.024	0.609	0.547	4.581	4.602
2005	3.356	3.090			3.356	3.090	0.791	1.067	0.613	0.564	4.760	4.721
2006	3.555	3.220			3.555	3.220	0.825	1.212	0.624	0.624	5.004	5.056
2007	3.605	3.189	0.191	0.178	3.605	3.367	0.829	1.303	0.633	0.610	5.067	5.280
2008	3.685	1.370	** 0.197	0.077	** 3.685	1.447	** 0.926	0.597	* 0.649	0.257	5.260	2.301
2009	1.489	** 1.378	0.080	** 0.078	** 1.489	1.456	0.393	** 0.623	0.263	0.260	2.145	2.339
2010	1.413	1.386	0.074	0.073	1.487	1.459	0.437	0.673	0.275	0.269	2.199	2.401
2011	1.429	1.377	0.079	0.076	1.508	1.453	0.440	0.707	0.281	0.267	2.229	2.427

Source: Abstract of Ratables

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

* The Borough of Matawan underwent a revaluation during 2008.

** The Township of Aberdeen underwent a revaluation during 2009.

N/A Not Available at time of audit

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

ABERDEEN TOWNSHIP

	2012			2003		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$ 27,030,500	1	N/A	\$ N/A	1	0%
Taxpayer 2	20,918,800	2	N/A	N/A	2	0%
Taxpayer 3	16,197,100	3	N/A	N/A	3	0%
Taxpayer 4	13,799,500	4	N/A	N/A	4	0%
Taxpayer 5	12,700,000	5	N/A	N/A	5	0%
Taxpayer 6	12,600,300	6	N/A	N/A	6	0%
Taxpayer 7	10,944,200	7	N/A	N/A	7	0%
Taxpayer 8	9,791,300	8	N/A	N/A	8	0%
Taxpayer 9	9,549,900	9	N/A	N/A	9	0%
Taxpayer 10	9,000,000	10	N/A	N/A	10	0%
Total	<u>\$ 142,531,600</u>		<u>N/A</u>	<u>\$ N/A</u>		<u>0%</u>

MATAWAN BOROUGH

	2012			2003		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$ 18,000,000	1	N/A	\$ N/A	1	0%
Taxpayer 2	13,963,900	2	N/A	N/A	2	0%
Taxpayer 3	8,904,000	3	N/A	N/A	3	0%
Taxpayer 4	7,600,000	4	N/A	N/A	4	0%
Taxpayer 5	7,250,000	5	N/A	N/A	5	0%
Taxpayer 6	6,919,400	6	N/A	N/A	6	0%
Taxpayer 7	6,080,100	7	N/A	N/A	7	0%
Taxpayer 8	4,786,800	8	N/A	N/A	8	0%
Taxpayer 9	4,650,100	9	N/A	N/A	9	0%
Taxpayer 10	4,617,300	10	N/A	N/A	10	0%
Total	<u>\$ 82,771,600</u>		<u>N/A</u>	<u>\$ N/A</u>		<u>0%</u>

N/A Not Available

Source: Municipal Tax Assessor

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTPROPERTY TAX LEVIES AND COLLECTIONSLAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied for</u> <u>the Fiscal Year</u>	<u>Collected Within the Fiscal Year</u> <u>of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2002	34,331,128	33,830,078	98.54%	-
2003	37,369,033	36,827,116	98.55%	-
2004	40,672,291	40,160,024	98.74%	-
2005	40,941,201	40,941,201	100.00%	-
2006	42,320,980	42,320,980	100.00%	-
2007	44,821,367	44,821,367	100.00%	-
2008	45,877,238	45,877,238	100.00%	-
2009	46,305,204	46,305,204	100.00%	-
2010	46,273,484	46,273,484	100.00%	-
2011	46,423,293	46,423,293	100.00%	-
2012	47,327,223	47,327,223	100.00%	-

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

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases			
2002	4,555,841.00	N/A	4,555,841.00	0.39%	43,684.00
2003	35,722,104.00	N/A	35,722,104.00	3.34%	39,577.00
2004	34,672,367.00	N/A	34,672,367.00	2.76%	45,784.00
2005	33,547,630.00	1,540,501.00	35,088,131.00	3.13%	41,332.00
2006	32,392,893.00	1,079,334.00	33,472,227.00	2.97%	41,332.00
2007	31,213,156.00	1,939,099.00	33,152,255.00	2.04%	59,304.00
2008	30,003,421.00	1,119,707.00	31,123,128.00	1.90%	59,304.00
2009	28,743,684.00	131,844.00	28,875,528.00	1.76%	59,304.00
2010	27,438,947.00	67,230.65	27,506,177.65	1.70%	59,304.00
2011	26,084,210.00	-	26,084,210.00	1.72%	56,955.00
2012	23,809,473.68	-	23,809,473.68	N/A	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

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

N/A Not available at the time of audit

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>General Bonded Debt Outstanding</u>			<u>Percentage of</u> <u>Actual Taxable</u> <u>Value^a of</u> <u>Property</u>	<u>Per</u> <u>Capita^b</u>
	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net</u> <u>General</u> <u>Bonded Debt</u> <u>Outstanding</u>		
2003	35,722,104.00	5,665,000.00	30,057,104.00	2.42%	1,111.41
2004	34,672,367.00	5,355,000.00	29,317,367.00	2.33%	1,067.17
2005	33,547,630.00	4,995,000.00	28,552,630.00	2.24%	1,052.55
2006	32,392,893.00	4,625,000.00	27,767,893.00	2.17%	1,019.19
2007	31,213,156.00	4,245,000.00	26,968,156.00	2.11%	982.05
2008	30,003,421.00	3,855,000.00	26,148,421.00	1.39%	947.30
2009	28,743,684.00	3,450,000.00	25,293,684.00	0.81%	914.35
2010	27,438,947.00	3,025,000.00	24,413,947.00	0.78%	896.81
2011	26,084,210.00	2,580,000.00	23,504,210.00	0.75%	883.32
2012	23,809,473.68	2,115,000.00	21,694,473.68	N/A	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

N/A Not available at the time of audit.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2011
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Aberdeen Township	\$ 37,082,268	100%	\$ 37,082,268
Matawan Borough	27,618,260	100%	27,618,260
Monmouth County General Obligation Debt -Aberdeen Township	773,264,299	1.787%	13,819,366
Monmouth County General Obligation Debt -Matawan Borough	773,264,299	0.856%	<u>6,620,111</u>
Subtotal, Overlapping Debt			85,140,005
Matawan-Aberdeen Regional School District Direct Debt			<u>24,679,473</u>
Total Direct and Overlapping Debt			<u>\$ 109,819,478</u>

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

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis

	2011	\$ 3,161,324,491
	2010	3,174,516,596
	2009	<u>3,248,807,444</u>
	(A)	<u>\$ 9,584,648,531</u>
Average Equalized Valuation of Taxable Property	(A/3)	\$ 3,194,882,844
Debt Limit (4% of Average Equalization Value)	(B)	127,795,314
Total Net Debt Applicable To Limit	(C)	<u>23,504,210</u>
Legal Debt Margin	(B-C)	<u>\$ 104,291,104</u>

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 57,003,039	\$ 61,271,290	\$ 66,968,174	\$ 82,355,128	\$ 95,138,795
Total Net Debt Applicable To Limit	<u>4,555,841</u>	<u>35,722,104</u>	<u>34,672,367</u>	<u>33,547,630</u>	<u>32,392,893</u>
Legal Debt Margin	<u>\$ 52,447,198</u>	<u>\$ 25,549,186</u>	<u>\$ 32,295,807</u>	<u>\$ 48,807,498</u>	<u>\$ 62,745,902</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.99%	58.30%	51.77%	40.74%	34.05%
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 109,061,137	\$ 121,814,306	\$ 129,007,984	\$ 130,943,029	\$ 127,795,314
Total Net Debt Applicable To Limit	<u>31,213,156</u>	<u>30,003,421</u>	<u>28,743,684</u>	<u>27,438,947</u>	<u>23,504,210</u>
Legal Debt Margin	<u>\$ 77,847,981</u>	<u>\$ 91,810,885</u>	<u>\$ 100,264,300</u>	<u>\$ 103,504,082</u>	<u>\$ 104,291,104</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.62%	24.63%	22.28%	20.95%	18.39%

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

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTDEMOGRAPHIC AND ECONOMIC STATISTICSLAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>	
				<u>Matawan</u>	<u>Aberdeen</u>
2002	27,048	1,181,564,832	43,684	N/A	N/A
2003	27,044	1,070,320,388	39,577	N/A	N/A
2004	27,472	1,257,778,048	45,784	N/A	N/A
2005	27,127	1,121,213,164	41,332	4.40%	3.40%
2006	27,245	1,126,090,340	41,332	4.50%	3.40%
2007	27,461	1,628,547,144	59,304	4.10%	3.10%
2008	27,603	1,636,968,312	59,304	5.30%	4.00%
2009	27,663	1,640,526,552	59,304	8.70%	6.60%
2010	27,223	1,614,432,792	59,304	8.80%	6.70%
2011	26,609	1,515,515,595	56,955	8.90%	6.80%

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.^b Personal income has been estimated based upon the municipal population and per capita personal income presented.^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis and includes both the Borough of Matawan And Township of Aberdeen^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

N/A - Not available at the time of audit

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

ABERDEEN TOWNSHIP

Employer	2012			2002		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	Rank (Optional)	Percentage of Total Municipal Employment
UNAVAILABLE		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total						

MATAWAN BOROUGH

Employer	2012			2002		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	Rank (Optional)	Percentage of Total Municipal Employment
UNAVAILABLE		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total						

Information not available at time of CAFR preparation

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:										
Regular		297	300	315	344	329	304	308	316	
Special Education		32	31	32	40	42	39	33	60	
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services		65	66	68	68	68	92	65	59	
General Administration		5	5	7	7	7	7	13	18	
School Administrative Services		37	37	35	35	35	38	38	28	
Business Administrative Services		8	8	8	7	7	7	3	2	
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance		46	46	47	45	44	43	38	6	
Pupil Transportation		18	18	22	22	22	26	33	29	
Other Support Services-Technology							6	2	2	
Special Schools										
Food Service										
Child Care										
Total	<u>-</u>	<u>-</u>	<u>511</u>	<u>534</u>	<u>568</u>	<u>554</u>	<u>562</u>	<u>533</u>	<u>520</u>	<u> </u>

Source: District Personnel Records

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2002	3,792.6	45,194,881	11,917	4.97%	362	1:14	1:12	1:12	3,792.6	3,592.6	-0.64%	94.73%
2003	3,951.0	47,536,557	12,032	0.96%	362	1:14	1:12	1:12	3,951.0	3,740.0	4.18%	94.66%
2004	3,835.9	51,381,721	13,395	11.33%	369	1:14	1:12	1:12	3,835.9	3,634.6	-2.91%	94.75%
2005	3,773.0	53,150,351	14,087	5.17%	371	1:14	1:12	1:12	3,773.0	3,705.4	-1.64%	98.21%
2006	3,826.0	56,520,151	14,773	4.87%	374	1:14	1:12	1:12	3,826.0	3,677.0	1.40%	96.11%
2007	3,828.0	60,750,522	15,870	7.43%	384	1:14	1:12	1:12	3,735.3	3,546.1	-2.37%	94.93%
2008	3,840.0	61,706,025	16,069	1.26%	371	1:14	1:12	1:12	3,713.4	3,524.8	-0.59%	94.92%
2009	3,861.0	62,275,698	16,129	0.37%	374	1:10	1:11	1:10	3,740.3	3,551.6	0.72%	94.95%
2010	3,860.0	62,405,639	16,167	0.23%	374	1:10	1:11	1:10	3,802.2	3,625.6	1.65%	95.36%
2011	3,871.5	57,477,952	14,846	-8.17%	376	1:10	1:11	1:10	3,783.0	3,598.4	-0.50%	95.12%
2012	3,839.5	55,705,101	14,508	-2.28%	356				3,863.2	3,689.5	2.12%	95.50%

Source: District records

Note: Enrollment based on annual October District count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICTSCHOOL BUILDING INFORMATIONLAST FIVE FISCAL YEARS
(UNAUDITED)

<u>District/Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Elementary:						
Cambridge Park Elementary						
Square Feet	21,800	21,800	21,800	21,800	21,800	21,800
Capacity (Students)	86	86	86	86	86	86
Enrollment	82	86	86	86	86	86
Cliffwood Elementary School						
Square Feet	66,376	66,376	66,376	66,376	66,376	66,376
Capacity (Students)	342	342	342	342	342	342
Enrollment	347	340	340	340	340	340
Lloyd Road School						
Square Feet	70,581	70,581	70,581	70,581	70,581	70,581
Capacity (Students)	621	621	621	621	621	621
Enrollment	630	556	556	556	556	556
Ravine Drive School						
Square Feet	46,879	46,879	46,879	46,879	46,879	46,879
Capacity (Students)	355	355	355	355	355	355
Enrollment	368	352	352	352	352	352
Strathmore Elementary School						
Square Feet	58,513	58,513	58,513	58,513	58,513	58,513
Capacity (Students)	463	463	463	463	463	463
Enrollment	477	470	470	470	470	470
Middle School:						
Matawan Avenue Middle School						
Square Feet	136,032	136,032	136,032	136,032	136,032	136,032
Capacity (Students)	1,225	1,225	1,225	1,225	1,225	1,225
Enrollment	934	903	903	903	903	903
High School:						
Matawan Regional High School						
Square Feet	161,388	161,388	161,388	161,388	161,388	161,388
Capacity (Students)	1,509	1,509	1,509	1,509	1,509	1,509
Enrollment	1,144	1,153	1,153	1,153	1,153	1,153
Other:						
Central Office Administration						
Square Feet	21,800	21,800	21,800	21,800	21,800	21,800

Number of Schools at June 30, 2012

Elementary = 5

Middle School = 1

Senior High School = 1

Other = 1

Source: District Facilities Office

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

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST EIGHT FISCAL YEARS
(UNAUDITED)

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

120

	<u>*School Facilities Project # (s)</u>	<u>Cliffwood Elementary</u>	<u>Lloyd Road Elementary</u>	<u>Ravine Drive Elementary</u>	<u>Strathmore Elementary</u>	<u>Matawan Avenue Middle School</u>	<u>Matawan Regional High School</u>	<u>Other Facilities</u>	<u>Total</u>
2003	N/A	49,256.00	63,199.00	94,482.00	161,824.00	107,623.00	70,101.00	41,133.00	587,618.00
2004	N/A	75,168.00	115,403.00	52,817.00	67,767.00	101,311.00	173,521.00	44,106.00	630,093.00
2005	N/A	68,786.00	105,650.00	73,663.00	68,976.00	97,776.00	178,553.00	45,035.00	638,439.00
2006	N/A	65,335.00	101,869.00	67,041.00	63,148.00	137,204.00	173,338.00	45,416.00	653,351.00
2007	N/A	71,004.00	111,407.00	71,722.00	73,588.00	150,716.00	216,672.00	45,185.00	740,294.00
2008	N/A	76,928.00	83,921.00	55,947.00	69,934.00	160,849.00	195,816.00	55,947.00	699,342.00
2009	N/A	87,584.00	95,547.00	63,698.00	79,622.00	183,131.00	222,942.00	63,697.00	796,221.00
2010	N/A	99,357.00	108,390.00	72,260.00	90,325.00	207,747.00	252,909.00	72,259.00	903,247.00
2011	N/A	83,739.00	88,881.00	58,765.00	73,456.00	171,151.00	203,472.00	55,091.00	734,555.00
2012	N/A	68,347.00	72,544.00	47,962.00	59,953.00	139,691.00	166,071.00	44,965.00	599,533.00
Total School Facilities		<u>\$ 745,504.00</u>	<u>\$ 946,811.00</u>	<u>\$ 658,357.00</u>	<u>\$ 808,593.00</u>	<u>\$ 1,457,199.00</u>	<u>\$ 1,853,395.00</u>	<u>\$ 512,834.00</u>	<u>\$ 6,982,693.00</u>

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

Source: District records

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2012
(UNAUDITED)

	<u>Carrier</u>	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:			
Property - Blanket Building and Contents	(2)	\$ 136,407,088	\$ 5,000
EDP Hardware/Software	(2)	2,250,000	1,000
Extra Expense	(2)	50,000,000	5,000
Valuable Papers and Records	(2)	10,000,000	5,000
Flood Zones A&V	(2)	3,000,000	500,000
Flood Zone B	(2)	25,000,000	10,000
Earthquake	(2)	5,000,000	5,000
CRIME Public Employee Dishonesty	(2)	1,000,000	1,000
Loss of Money & Securities	(2)	50,000	500
Money Orders & Counterfeit	(2)	50,000	500
Forgery or Alteration	(2)	1,000,000	1,000
Computer Fraud	(2)	1,000,000	1,000
GENERAL LIABILITY - Each Occurrence	(2)	11,000,000	
Products/Completed Operations	(2)	11,000,000	
Sexual Abuse	(2)	11,000,000	
Personal & Advertising Injury	(2)	11,000,000	
Employee Benefits	(2)	11,000,000	1,000
Medical Payments	(2)	10,000	
Boiler & Machinery - Energy Systems	(2)	100,000,000	5,000
Automobile Policy - Auto Liability - General Security	(2)	11,000,000	
Garage Liability	(2)	Included	
Collision & Comprehensive	(2)		1,000
Uninsured/Underinsured	(2)	1,000,000	
Personal Injury Protection	(2)	250,000	
Medical Payments	(2)	10,000	
Hired Car Physical Damage	(2)	75,000	
Hired & Non-Owned Auto Liability	(2)	1,000,000	
School Board Legal Liability (E&O)	(2)	11,000,000	5,000
Extended Reporting Option	(2)		
Workers' Compensation - ERIC/NJSBAIG	(2)	Statutory	
Bodily Injury By Accident	(2)	2,000,000	
Bodily Injury By Disease	(2)	2,000,000	
Supplemental Workers' Compensation Policy	(2)	52 weeks	7 days
Pollution Legal Liability - Environmental Impairment	(2)	1,000,000	10,000
Catastrophic Excess Umbrella Policy	(5)	50,000,000	
Compulsory Student Accident - Incl Athletics	(4)	5,000,000	
Compulsory Student Accident - Excl Athletics	(4)	1,000,000	
Surety Bonds:			
Treasurer	(2)	350,000	1,000
Board Secretary/Business Administrator	(6)	150,000	
Food Services Director	(6)	50,000	

List Insurance Company:

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

Source: District records

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-1"

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited the basic financial statements of the Matawan-Aberdeen Regional School District, County of Monmouth, New Jersey as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated November 13, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

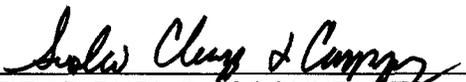
SUPLEE, CLOONEY & COMPANY

Our consideration of the internal control over financial reporting was limited for the purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However we noted immaterial matters involving the internal control over financial reporting that we have reported to the Board of Education of the Matawan-Aberdeen Regional School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated November 13, 2012.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Matawan-Aberdeen Regional School District's basic 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 basic 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. However we noted immaterial instances of noncompliance that we have reported to the Board of Education of the Matawan-Aberdeen Regional School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated November 13, 2012.

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

November 13, 2012



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-2"

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Matawan-Aberdeen Regional School District with the types of compliance requirements described in the New Jersey State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2012. The Matawan-Aberdeen Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Matawan-Aberdeen Regional School District's management. Our responsibility is to express an opinion on Matawan-Aberdeen Regional School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Matawan-Aberdeen Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Matawan-Aberdeen Regional School District's compliance with those requirements.

SUPLEE, CLOONEY & COMPANY

In our opinion, the Matawan-Aberdeen Regional School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Matawan-Aberdeen Regional School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Matawan-Aberdeen Regional School District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Matawan-Aberdeen Regional School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

November 13, 2012

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD		AWARD AMOUNT	BALANCE AT JUNE 30,		CARRY OVER	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF P/Y'S BALANCE	BALANCE JUNE 30, 2012			
		FROM	TO		2011	ADJ.					(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE GRANTOR	
General Fund														
U.S. Department of Education														
Passed-through State Department of Education														
Medical Assistance Program (SEMI)	93.778	7/1/2011	6/30/2012	16,938.44	\$	\$	\$	\$	16,938.44	\$	(16,938.44)	\$	\$	\$
Education Jobs Fund	84.410A	7/1/2010	6/30/2012	443,803.00				443,803.00	(443,803.00)					
Total General Fund														
Special Revenue Fund														
U.S. Department of Education														
Passed-through State Department of Education:														
Title I	84.010	9/1/09	8/31/10	340,345.00	(8,099.00)			8,099.00						
Title I	84.010	9/1/10	8/31/11	365,877.00	(90,353.00)	0.98		(90,352.02)	200,580.16		(110,228.14)			
Title I	84.010	9/1/11	8/31/12	362,019.00				206,641.00	(318,561.47)		(111,920.47)			
Title I ARRA	84.389	9/1/09	8/31/10	224,186.00	(43,916.19)			(43,916.19)	57,356.00		(13,439.81)			
Title I SIA ARRA	84.389	9/1/09	8/31/10	7,660.00	(6,660.45)			(6,660.45)	7,660.00		(999.55)			
Title II Part A	84.367	9/1/08	8/31/10	106,356.00	(24,763.00)			(24,763.00)	24,763.00					
Title II Part A	84.367	9/1/10	8/31/11	108,156.00	(7,116.00)	195.00		(6,921.00)	70,126.14		(63,207.14)			
Title II Part A	84.367	9/1/11	8/31/12	101,044.00				23,232.00	(52,433.16)		(29,201.16)			
Title II Part D	84.318	9/1/10	8/31/11	843.00				843.00	(800.00)					43.00
Title III Elementary	84.365	9/1/09	8/31/10	19,248.00	(2,704.00)			(2,704.00)	2,704.00					
Title III Elementary	84.365	9/1/10	8/31/11	26,094.00	(1,443.00)			(1,443.00)	12,788.76		(11,345.76)			
Title III Elementary	84.365	9/1/11	8/31/12	22,778.00				4,170.00	(8,010.09)		(3,840.09)			
Title IV	84.186	9/1/09	8/31/10	9,048.00	(1,803.00)			(1,803.00)	1,803.00					
I.D.E.A. Part B	84.027	9/1/09	8/31/10	798,812.00	(127,581.00)			(127,581.00)	127,581.00					
I.D.E.A. Part B	84.027	9/1/10	8/31/11	813,814.00	(97,888.00)	470.65		(97,417.35)	302,675.02		(205,257.67)			
I.D.E.A. Part B	84.027	9/1/11	8/31/12	826,442.00				511,038.00	(807,762.80)		(296,724.80)			
I.D.E.A. Part B - ARRA	84.391	9/1/09	8/31/10	905,869.00	(450,448.75)	194.33		(450,254.42)	462,871.67		(12,617.25)			
I.D.E.A. Preschool	84.173	9/1/10	8/31/11	20,926.00	(2,246.00)			(2,246.00)	2,759.60		(513.60)			
I.D.E.A. Preschool	84.173	9/1/10	8/31/12	21,685.00				19,036.40	(19,036.40)					
I.D.E.A. Preschool - ARRA	84.392	9/1/09	8/31/10	32,697.00	(5,760.35)			(5,760.35)	5,849.00		(88.65)			
Total U.S. Department of Education														
					(870,781.74)	860.96	(869,920.78)		2,052,578.75	(1,624,301.49)	(441,686.52)			43.00
Total Special Revenue Fund														
					(870,781.74)	860.96	(869,920.78)		2,052,578.75	(1,624,301.49)	(441,686.52)			43.00
Enterprise Fund														
U.S. Department of Agriculture														
Passed-through State Department of Education:														
U.S.D.A. Commodities Program	10.550	7/1/11	6/30/12	90,410.97				96,723.06	(90,410.97)				6,312.09	
National School Breakfast Program	10.553	7/1/10	6/30/11	50,538.00	(5,247.20)			(5,247.20)	5,247.20					
National School Breakfast Program	10.553	7/1/11	6/30/12	55,948.73				52,331.95	(55,948.73)		(3,616.78)			
National School Lunch Program	10.555	7/1/10	6/30/11	463,036.00	(39,027.98)			(39,027.98)	39,027.98					
National School Lunch Program	10.555	7/1/11	6/30/12	448,566.00				423,956.88	(448,566.60)		(24,609.72)			
Special Milk Program	10.556	7/1/10	6/30/11	1,842.00	(176.04)			(176.04)	176.04					
Special Milk Program	10.556	7/1/11	6/30/12	2,484.16				2,338.70	(2,484.16)		(145.46)			
Total Enterprise Fund														
					(44,451.22)		(44,451.22)		619,801.81	(587,410.46)	(28,371.96)		6,312.09	
Total Federal Financial Assistance														
					\$ (915,232.96)	\$ 860.96	\$ (914,372.00)	\$	\$ 3,133,122.00	\$ (2,682,453.39)	\$ (470,058.48)	\$	\$ 6,312.09	\$ 43.00

See accompanying notes to schedules of financial assistance.

MATAWAN-ABERDEEN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	BALANCE JUNE 30, 2011			BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE JUNE 30, 2012			MEMO	
			AWARD AMOUNT	DEFERRED REVENUE (ACCTS REC)	CASH RECEIVED			(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education												
General Funds:												
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 7,944,353.00	\$	\$ 775,220.00	\$	\$ (775,220.00)	\$	\$	\$	\$	\$ 7,944,353.00
Categorical Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	2,122,707.00		206,071.00		(206,071.00)					2,122,707.00
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	9,112,786.00		8,219,335.00	(9,112,786.00)	893,451.00				893,451.00	9,112,786.00
Categorical Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	2,122,707.00		1,914,588.00	(2,122,707.00)	208,119.00				208,119.00	2,122,707.00
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	516,212.00	(516,212.00)	516,212.00				516,212.00		516,212.00	516,212.00
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	486,814.00			(486,814.00)	(486,814.00)					486,814.00
Non-Public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	19,633.14	(19,633.14)	19,633.14				19,633.14		19,633.14	19,633.14
Non-Public Transportation Aid	12-100-034-5120-068	7/1/11-6/30/12	19,781.00			(19,781.00)	(19,781.00)					19,781.00
Reimbursed TPAF Social Security Contributions	11-495-034-5195-050	7/1/10-6/30/11	1,921,186.00	(94,154.91)	94,154.91				94,154.91		94,154.91	1,921,186.00
Reimbursed TPAF Social Security Contributions	12-495-034-5195-050	7/1/11-6/30/12	1,865,274.54		1,865,274.52	(1,865,274.54)		(0.02)				1,865,274.54
Total General Funds				(630,000.05)	13,610,488.57	(13,607,362.54)	120,279.00	(506,595.02)	630,000.05		1,731,570.05	26,131,463.68
Special Revenue Fund:												
Non-Public Textbooks	12-100-034-5120-064	7/1/11-6/30/12	9,972.00		9,972.00	(7,923.91)				2,048.09		9,972.00
Non-Public Examination & Classification	12-100-034-5120-066	7/1/11-6/30/12	3,378.00		3,378.00	(3,378.00)						3,378.00
Non-Public Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	2,370.00		2,370.00					2,370.00		2,370.00
Non-Public Nursing	12-100-034-5120-070	7/1/11-6/30/12	14,243.00		14,243.00	(14,243.00)						14,243.00
Total Special Revenue Fund					29,963.00	(25,544.91)				4,418.09		29,963.00
Debt Service Fund:												
Debt Service Aid Type II	12-100-034-5120-125	7/1/11-6/30/12	18,281.00		18,281.00	(18,281.00)						18,281.00
Total Debt Service Fund					18,281.00	(18,281.00)						18,281.00
Enterprise Fund:												
National School Lunch Program (State Share)	11-100-034-5120-122	7/1/10-6/30/11	18,729.00	(1,775.78)	1,775.78							18,729.00
National School Lunch Program (State Share)	12-100-034-5120-122	7/1/11-6/30/12	17,893.18		16,985.05	(17,893.18)		(908.13)			908.13	27,744.18
Total Enterprise Fund				(1,775.78)	18,760.83	(17,893.18)		(908.13)			908.13	46,473.18
Total State Financial Assistance Subject to OMB 04-04			\$ (631,775.83)	\$	13,677,493.40	\$ (13,669,081.63)	\$ 120,279.00	\$ (507,503.15)	\$ 630,000.05	\$ 4,418.09	\$ 1,732,478.18	\$ 26,226,170.86
On Behalf TPAF Contributions Not Subject to OMB 04-04:												
On-behalf TPAF pension					896,998.00	(896,998.00)						
On-behalf TPAF post retirement medical					1,803,200.00	(1,803,200.00)						
Total State Financial Assistance					\$16,377,691.40	(\$16,369,279.63)						

See accompanying notes to schedules of financial assistance.

Matawan-Aberdeen Regional School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2012

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Matawan-Aberdeen Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions 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 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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 BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 revenue, whereas 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:22-44.2.

Matawan-Aberdeen Regional School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2012

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,954,253.00) for the general fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

General Fund	\$460,741.44	16,187,281.54	\$16,648,022.98
Special Revenue Fund	1,632,159.87	25,544.91	1,657,704.78
Debt Service Fund		18,281.00	18,281.00
Food Service Fund	597,410.46	17,893.18	615,303.64
Financial Assistance	2,690,311.77	16,249,000.63	18,939,312.40
GAAP Adjustment	(7,858.38)	120,279.00	112,420.62
Total Awards and Financial Assistance	<u>\$2,682,453.39</u>	<u>\$16,369,279.63</u>	<u>\$19,051,733.02</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2012. The amount reported as TPAF pension contributions reported in the financial statements represents the amount paid by the state on behalf of the district for the year ended June 30, 2012.

Matawan-Aberdeen Regional School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|-------------|
| (1) | Type of Auditor’s Report Issued: | Unqualified |
| (2) | Internal Control Over Financial Reporting: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|--|-------------|
| (1) | Internal Control Over Major Federal Programs: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unqualified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Section.510(a) of Circular OMB A-133? | No |

Matawan-Aberdeen Regional School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results (Continued)

Federal Program(s) (Continued)

(4) Identification of Major Federal Program(s):

<u>Number</u>	<u>Program</u>
84.010	Title I
84.389	Title I ARRA
84.367	Title II PartA
84.027	IDEA Part B
84.173	IDEA Preschool
84.391	IDEA Part B - ARRA
84.392	IDEA Preschool ARRA
84.410a	Education Jobs Fund

(5) Program Threshold Determination:
 Type A Federal Program Threshold > \$300,000.00
 Type B Federal Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Matawan-Aberdeen Regional School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
 - (a) Material weakness identified? No
 - (b) Significant deficiencies identified that are not considered to be material weaknesses? N/A
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unqualified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? No
- (4) Identification of Major State Program(s):

<u>Grant Number</u>	<u>Program</u>
12-495-034-5120-078	Equalization Aid
12-495-034-5120-089	Categorical Special Education Aid

Matawan-Aberdeen Regional School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results (Continued)

State Program(s) Continued)

- (5) Program Threshold Determination:
 - Type A State Program Threshold > \$410,072.45
 - Type B State Program Threshold <= \$410,072.45

- (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Section II – Financial Statement Audit – Reported Findings
Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Matawan-Aberdeen Regional School District

Schedule of Prior Year Audit Findings

Not Applicable

