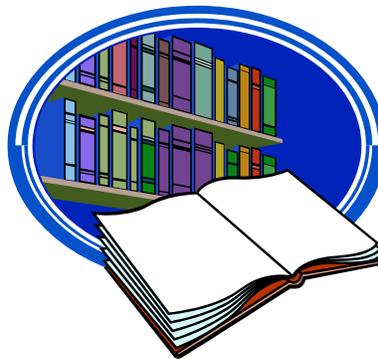


***COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF
NORTH ARLINGTON
BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2008***



Oliver W. Stringham, Ed. D.

Superintendent of Schools

Kathleen McEwin-Marano

**Board Secretary/School
Business Administrator**

**North Arlington
Board of Education**

North Arlington School District

Table of Contents

	Introductory Section	<u>Page #</u>
Letter of Transmittal		1-5
Organizational Chart		6
Roster of Officials		7
Consultants and Advisors		8
Financial Section		
Independent Auditor's Report		10-11
Required Supplementary Information Part I		12
Management's Discussion and Analysis		13-24
Basic Financial Statements		26
A. District Wide Financial Statements:		26
A-1 Statement of Net Assets		27
A-2 Statement of Activities		28
B. Fund Financial Statements:		29
Governmental Funds:		30
B-1 Balance Sheet		31
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance		32
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to Statement of Activities		33
Proprietary Funds:		34
B-4 Statement of Net Assets		35
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets		36
B-6 Statement of Cash Flows		37
Fiduciary Funds:		38
B-7 Statement of Fiduciary Net Assets		39
B-8 Statement of Changes in Fiduciary Net Assets		N/A

North Arlington School District

Table of Contents

Notes to the Financial Statements	40-59
Required Supplementary Information Part I I	60
C. Budgetary Comparison Schedules	61
C-1 Budgetary Comparison Schedule - General Fund	62-70
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	71
Note to the Required Supplementary Information	72
C-3 Budget to GAAP Reconciliation	73
Other Supplementary Information	74
D. School Level Schedules (If applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund	75
E-1 Combining Schedule of Revenue, Expenditures Special Revenue Fund - Budgetary Basis	76-79
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	80
F. Capital Project Fund:	81
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance -Budgetary Basis	82
F-1 a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	83
F-2 Summary Schedule of Project Expenditures	84

North Arlington School District

Table of Contents

G.	Proprietary Funds:	85
	Enterprise Fund:	
G-1	Combining Statement of Net Assets	86
G-2	Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets	87 88
G-3	Combining Statement of Cash Flows	95
	Internal Service Fund:	
G-4	Combining Statement of Net Assets	N/A
G-5	Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets	N/A
G-6	Combining Statement of Cash Flows	N/A
H.	Fiduciary Funds:	89
H-1	Combining Statement of Fiduciary Net Assets	90
H-2	Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	91
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	92
I.	Long - Term Debt:	93
I-1	Schedule of Serial Bonds Payable	94
I-2	Schedule of Obligations under Capital Leases	95
I-3	Debt Service Fund Budgetary Comparison Schedule	96
J.	Statistical Section (Unaudited)	97
	Financial Trends:	
J-1	Net Assets by Component	98
J-2	Changes in Net Assets	99-100
J-3	Fund Balances - Governmental Funds	101
J-4	Changes in Fund Balances - Governmental Funds	102-103
J-5	General Fund - Other Local Revenue by Source	104
	Revenue Capacity:	
J-6	Assessed Value and Estimated Actual Value of Taxable Property	105
J-7	Direct and Overlapping Property Tax Rates	106
J-8	Principal Property Taxpayers	107
J-9	Property Tax Levies and Collections	108

North Arlington School District

Table of Contents

Debt Capacity:		
J-10	Ratios of Outstanding Debt by Type	109
J-11	Ratios of Net General Bonded Debt Outstanding	110
J-12	Direct and Overlapping Governmental Activities Debt	111
J-13	Legal Debt Margin Information	112
Demographic and Economic Information:		
J-14	Demographic and Economic Statistics	113
J-15	Principal Employers	114
Operating Information:		
J-16	Full-time Equivalent District Employees by Function/Program	115
J-17	Operating Statistics	116
J-18	School Building Information	117
J-19	Schedule of Allowable Maintenance Expenditures by School Facility	118
J-20	Insurance Schedule	119-120
K.	Single Audit	121
K-1	Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	122-123
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	124-125
K-3	Schedule of Expenditures of Federal Awards	126
K-4	Schedule of Expenditures of State Financial Assistance,	127-128
K-5	Notes to the Schedule of Awards and Financial Assistance	129-130
K-6	Schedule of Findings and Questioned Costs	131-134
K-7	Summary Schedule of Prior Audit Findings	135

Introductory Section

NORTH ARLINGTON BOARD OF EDUCATION

222 Ridge Road
No. Arlington, NJ 07031

Telephone 201-991-6800
Fax 201-991-8226

Kathleen McEwin-Marano Board Secretary/Business Administrator

October 2, 2008

Honorable President and
Members of the Board of Education
North Arlington School District
Bergen County, New Jersey

Dear Board Members:

The Comprehensive Annual financial Report of the North Arlington School District (District) for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness for the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes under Governmental Accounting Standards Board No. 34, the Report of independent accountants, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey's OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: North Arlington School district is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The North Arlington 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 and special education services for handicapped youngsters. The District completed the 2007-2008 fiscal year with an enrollment of 1,597 students, which is slightly higher than previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

AVERAGE DAILY ENROLLMENT		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2007-2008	1,597	.01914%
2006-2007	1,567	(.0025%)
2005-2006	1,571	1.2%
2004-2005	1,552	.002%
2003-2004	1,549	(.26%)
2002-2003	1,553	(.0013%)

2. ECONOMIC CONDITIONS AND OUTLOOK:

Spanning 2.6 square miles in the southwestern tip of Bergen County, the Borough of North Arlington is protected by its big-city neighbors. This family-oriented community exudes small-town charm. It is a place with family-run shops where customers are known by name.

Ethnic diversity is another characteristic of the Borough. This melting pot includes Hispanics, Polish, Portuguese and Italian descendents.

Italian heritage and American history is reflected by North Arlington's monument to Christopher Columbus. The granite bust was presented to the Borough by the North Arlington Chapter of Unico National on October 12, 1992, the quincentennial anniversary of the discovery of America.

North Arlington is a crossroads with Hudson County on one side and Essex County on the other. It is adjacent to Lyndhurst, Belleville and Kearny, in a location that affords commuters access to NJ Transit rail service in Lyndhurst, and New Jersey Turnpike and Routes 17, 21 and Route 3.

3. MAJOR INITIATIVES: The HSPA results for the class of 2008 show 96.6% proficient or advanced proficient in language arts and 81.9% proficient or advanced proficient in mathematics. HSPA retakes will be administered in October 2008.

The Advanced Placement (AP) scores indicate that 56% of the students were at grade 2 or higher. The AP English Literature/Composition scores indicated that 53.8% of the students scored at grade 3 or higher.

S-Tests assessment of the sophomore class had 88% scoring at or above the national average in language, and 45% scoring at or above the national average in mathematics.

Ninety percent of the Class of 2007 went on to higher education.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets for 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 statement in conformity with generally accepted accounting principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits 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 relating to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, to 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 canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2008.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principals, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statement", Note 1.

7. DEBT ADMINISTRATION: At June 30, 2008, the District's outstanding debt consisted of \$3,595,000 in general obligation bonds issued in May 1993. The proceeds of this bond issue remain placed in the District's Capital Projects fund to finance additions and renovations to the District's four elementary schools. These additions include gymnasiums, media centers, additional classrooms and code compliance construction. The Wilson Elementary School has been converted to a Middle School.

The District also had outstanding debt at June 30, 2008 of \$2,604,000 in general obligation bonds issued in March 2003. The proceeds of this bond issue were used to refinance the District's Early Retirement Incentive Program liability that was due to the State of New Jersey. This bond issuance resulted in a substantial savings to the District.

8. CASH MANAGEMENT: The investment policy of the District is guided in large part by State Statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

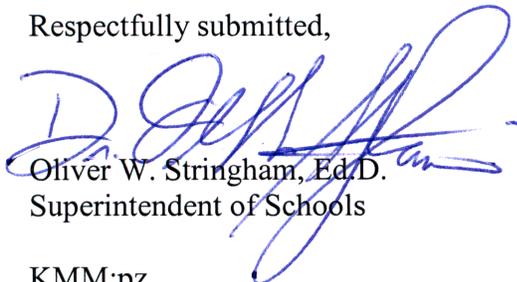
9. RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

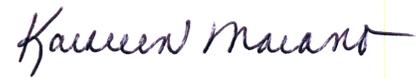
10. OTHER INFORMATION:

A. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Carr, Daily, Sullivan & Weir, P.C., was selected by the Board's audit committee. 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 Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

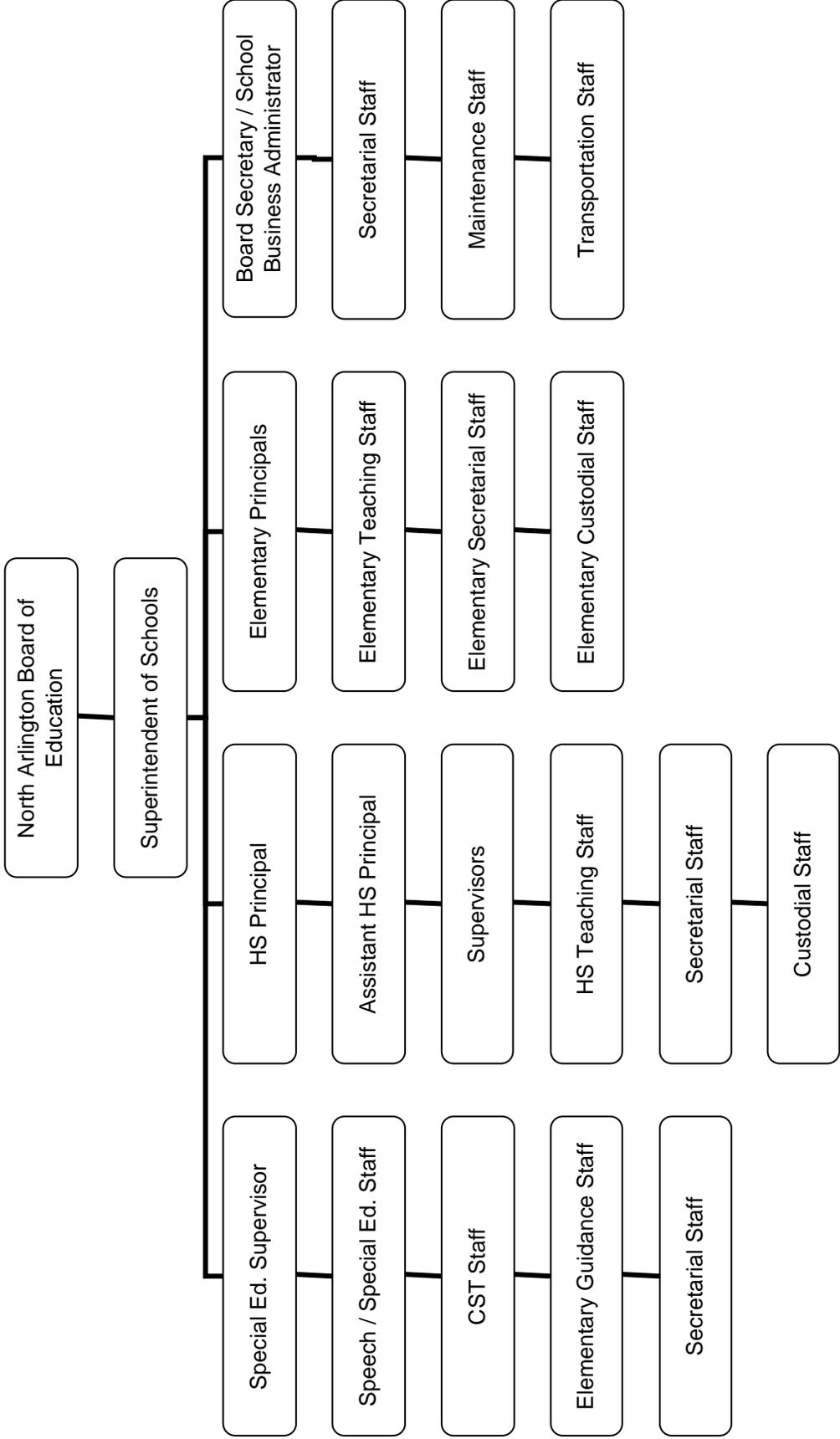
11. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the North Arlington School Board for their concern in providing financial accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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,


Oliver W. Stringham, Ed.D.
Superintendent of Schools


Kathleen McEwin-Marano
School Business Administrator

KMM:pz



NORTH ARLINGTON BOARD OF EDUCATION

NORTH ARLINGTON, NJ 07031

ROSTER OF OFFICIALS JUNE 30, 2008

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

George McDermott, Board President

April 2009

Kathy Kartanowicz, Board Vice President

April 2010

Karen Palatella

April 2011

Sharon Granell

April 2010

Anthony Blanco

April 2011

OTHER OFFICIALS

Oliver W. Stringham, Ed.D., Superintendent of Schools

Kathleen McEwin-Marano, Board Secretary/School Business Administrator

Robert Brown, Treasurer of School Monies

Lindabury, McCormick, Estabrook & Cooper, Esqs., Board Attorney

NORTH ARLINGTON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECT

The Spiezle Architectural Group
120 Sanhican Drive
Trenton, NJ 08618

AUDITOR

Carr, Daley, Sullivan & Weir, PC
222 S. Orange Avenue., #100
Livingston, NJ 07039

ATTORNEY

Lindabury, McCormick, Estabrook & Cooper, Esqs.
53 Cardinal Drive
P.O. Box 2396
Westfield, NJ 07091

OFFICIAL DEPOSITORY

Commerce Bank
New York Avenue
Lyndhurst, NJ 07071

Financial Section

CARR, DALEY, SULLIVAN & WEIR, PC

**CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS**

220 SOUTH ORANGE AVENUE
LIVINGSTON, NEW JERSEY 07039

TEL (973) 740-9100
FAX (973) 740-910

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
North Arlington School District
County of Bergen
North Arlington, New Jersey 07031

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 North Arlington School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of North Arlington Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2008, on our consideration of the North Arlington Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 14 through 24 and 62 through 70, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



Judith Tutela, CPA, RMA, PSA
Licensed Public School Accountant
No. 20CS00237200



Carr, Daley, Sullivan & Weir, P.C.

October 23, 2008

Required Supplementary Information Part I

Required Supplementary Information Part I

Management Discussion and Analysis

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

This section of North Arlington Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

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

- The assets of the North Arlington Board of Education exceeded its liabilities at the close of the fiscal year by \$6,682,308 (net assets).
- The District's overall net assets increased \$809,329.
- Overall District revenues were \$24,923,142. General revenues accounted for \$23,361,006 or 94% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,562,136 or 6% of total revenues.
- The School District had \$23,710,055 in expenses for governmental activities; only \$1,146,166 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$22,563,889 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,050,950 an increase of \$155,472 when compared to the ending balance at June 30, 2007 of \$3,895,478.
- The General Fund unreserved undesignated fund balance at June 30, 2008 was \$336,049, an increase of \$32,906 when compared with the ending fund balance at June 30, 2007.
- The General Fund unreserved, undesignated budgetary fund balance at June 30, 2008 was \$410,966, which represents an increase of \$13,203 when compared to the ending fund balance at June 30, 2007 of \$397,763.

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

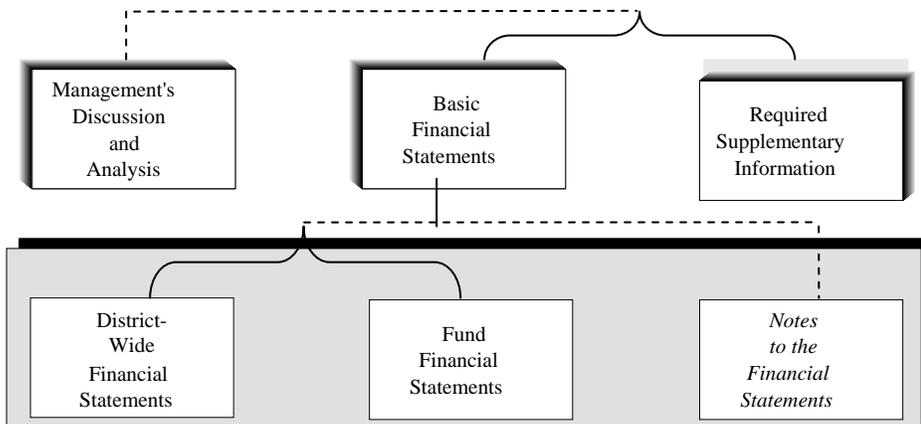
OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
 - The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1



NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

District-Wide Financial Statements

The district-wide statements report information about the North Arlington Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

Fund Financial Statements (Continued)

The District has three kinds of funds:

- **Governmental funds** – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

Enterprise Funds – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has an enterprise fund for the food service.

- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District’s budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons if required.

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$6,682,308 and \$5,872,979 as of June 30, 2008 and 2007, respectively, as shown below.

Net Assets as of June 30, 2008 and 2007

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2008</u>	2007	<u>2008</u>	2007	<u>2008</u>	2007
ASSETS						
Current and Other Assets	\$ 5,289,445	\$ 5,682,290	\$ 105,400	\$ 82,743	\$ 5,394,845	\$ 5,765,033
Capital Assets	<u>9,393,782</u>	<u>9,452,191</u>	<u>67,017</u>	<u>77,757</u>	<u>9,460,799</u>	<u>9,529,948</u>
Total Assets	<u>14,683,227</u>	<u>15,134,481</u>	<u>172,417</u>	<u>160,500</u>	<u>14,855,644</u>	<u>15,294,981</u>
LIABILITIES						
Other Liabilities	2,029,260	2,467,390		295	2,029,260	2,467,685
Long-Term Liabilities	<u>6,144,076</u>	<u>6,954,317</u>	<u>-</u>	<u>-</u>	<u>6,144,076</u>	<u>6,954,317</u>
Total Liabilities	<u>8,173,336</u>	<u>9,421,707</u>	<u>-</u>	<u>295</u>	<u>8,173,336</u>	<u>9,422,002</u>
NET ASSETS						
Invested in Capital Assets Net of Related Debt	3,087,911	2,497,225	67,017	77,757	3,154,928	2,574,982
Restricted	3,177,608	3,045,620			3,177,608	3,045,620
Unrestricted	<u>244,372</u>	<u>169,929</u>	<u>105,400</u>	<u>82,448</u>	<u>349,772</u>	<u>252,377</u>
Total Net Assets	<u>\$ 6,509,891</u>	<u>\$ 5,712,774</u>	<u>\$ 172,417</u>	<u>\$ 160,205</u>	<u>\$ 6,682,308</u>	<u>\$ 5,872,979</u>

A large portion of the District's net assets reflects its investment in capital assets (e.g., land, buildings and improvements, site improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing obligations to students, employees and creditors. The unrestricted net assets include the amount of long-term obligations that are not invested in capital such as compensated absences.

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

The following schedule compares the changes in net assets for fiscal years 2008 and 2007.

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
REVENUES						
Program Revenues						
Charges for Services			\$ 317,550	\$ 313,130	\$ 317,550	\$ 313,130
Operating Grants and Contributions	1,146,166	1,016,533	98,420	72,203	1,244,586	1,088,736
General Revenues						
Local Tax Levy	19,180,980	18,535,918			19,180,980	18,535,918
State Aid	3,799,680	3,924,499			3,799,680	3,924,499
Investment Earnings	238,582	261,147			238,582	261,147
Miscellaneous	141,764	(8,767)	-	8,767	141,764	-
Transfers	-	53,561	-	34,522	-	88,083
	<u>24,507,172</u>	<u>23,782,891</u>	<u>415,970</u>	<u>428,622</u>	<u>24,923,142</u>	<u>24,211,513</u>
Total Revenues						
EXPENSES						
Instruction						
Regular	6,778,373	6,975,761			6,778,373	6,975,761
Special Education	1,305,325	1,173,917			1,305,325	1,173,917
Other Instruction	531,680	475,603			531,680	475,603
School Sponsored Activities and Athletics	428,820	385,816			428,820	385,816
Support Services						
Student and Instruction Related Services	4,487,302	4,108,493			4,487,302	4,108,493
General Administration Services	5,055,602	5,127,342			5,055,602	5,127,342
School Administration Services	1,060,374	1,016,157			1,060,374	
Plant Operation and Maintenance	1,911,017	2,148,014			1,911,017	2,148,014
Pupil Transportation	850,239	705,754			850,239	705,754
Unallocated Depreciation	957,052	924,236			957,052	924,236
Interest on Long-Term Debt	344,271	376,798	-	-	344,271	376,798
	<u>23,710,055</u>	<u>23,417,891</u>	<u>-</u>	<u>-</u>	<u>23,710,055</u>	<u>23,417,891</u>
Total Expenses-Govt. Activities						
Business-Type Activities						
Food Service	-	-	403,758	387,704	403,758	387,704
	<u>-</u>	<u>-</u>	<u>403,758</u>	<u>387,704</u>	<u>403,758</u>	<u>387,704</u>
Total Expenses-Busi. Activities						
Total Expenses-Dist. Wide Act.	<u>23,710,055</u>	<u>23,417,891</u>	<u>403,758</u>	<u>387,704</u>	<u>24,113,813</u>	<u>23,805,595</u>
Increase (Decrease) in Net Assets	797,117	365,000	12,212	40,918	809,329	405,918
Beginning of Year, Net Assets (Restated)	<u>5,712,774</u>	<u>5,347,774</u>	<u>160,205</u>	<u>119,287</u>	<u>5,872,979</u>	<u>5,467,061</u>
End of Year, Net Assets	<u>\$ 6,509,891</u>	<u>\$ 5,712,774</u>	<u>\$ 172,417</u>	<u>\$ 160,205</u>	<u>\$ 6,682,308</u>	<u>\$ 5,872,979</u>

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

Governmental Activities. The District's total governmental activities revenues were \$24,507,172 for the year ended June 30, 2008. Local Tax levy was \$19,180,980 representing 79% of total revenues and state and federal aid were \$4,945,846 representing 20% of total revenue for the year. Investment earnings and the miscellaneous revenues accounted for less than one percent of the District's revenues.

The total cost of all governmental activities programs and services were \$23,710,055. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$9,044,198 (38%) of total expenditures. Support services totaled \$14,321,587 (63%) of total expenditures and the remainders of expenditures were for interest on long-term debt totaling \$344,271 (1%).

Total governmental activities revenues surpassed expenses and other items, increasing net assets by \$797,117 over the previous year.

Business-Type Activities – The District's total business-type activities revenues were \$415,970 for the year ended June 30, 2008. Charges for services accounted for 76% or \$317,550 of total revenues. Operating grants and contributions accounted for 24% or \$98,420 of total revenue for the year.

The total cost of all business-type activities programs and services was \$403,758 for the year ended June 30, 2008. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities revenues were greater than expenses and transfers increasing net assets by \$12,212.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,050,950, an increase of \$155,472 from last year's fund balance of \$3,895,478.

Revenues for the District's governmental funds were \$24,507,172, total expenses were \$24,420,672.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

The following schedule presents a comparison of General Fund Revenues.

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

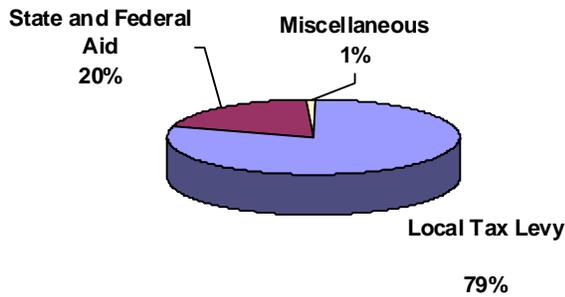
	Year Ended <u>June 30, 2008</u>	Year Ended <u>June 30, 2007</u>	Amount of Increase <u>(Decrease)</u>	<u>Percent</u>
Local Sources:				
Property Tax Levy	\$ 19,180,980	\$ 18,535,918	\$ 645,062	3.48%
Miscellaneous	380,346	314,708	65,638	20.86%
State/Federal Sources	<u>4,945,846</u>	<u>4,941,032</u>	<u>4,814</u>	0.10%
Total General Fund Revenues	<u>\$ 24,507,172</u>	<u>\$ 23,791,658</u>	<u>\$ 715,514</u>	<u>3.01%</u>

Total General Fund Revenues increased by \$715,514 or 3% over the previous year.

Local property taxes increased 3% over the previous year. State and federal aid decreased 3% predominantly due to the receipt of decrease in the federal aid.

Miscellaneous revenues increased 21% due primarily to the increase in interest earnings.

Revenues by Source - 2007-2008



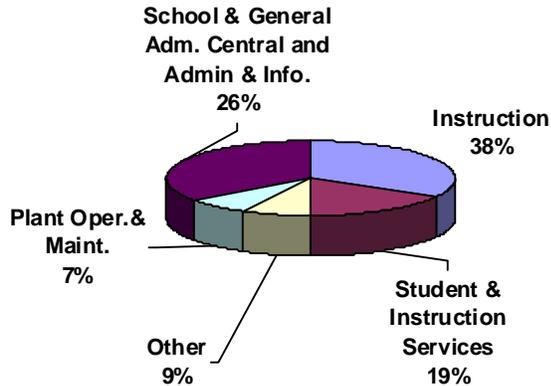
The following schedule presents a summary of General Fund Expenditures.

	Year Ended <u>June 30, 2008</u>	Year Ended <u>June 30, 2007</u>	Amount of Increase <u>(Decrease)</u>	<u>Percent</u>
Instruction	\$ 8,612,645	\$ 8,443,215	\$ 169,430	2.01%
Support Services	12,745,461	12,626,130	119,331	0.95%
Debt Service	983,271	1,009,798	(26,527)	0.00%
Capital Outlay	<u>299,474</u>	<u>328,749</u>	<u>(29,275)</u>	-8.90%
Total Expenditures	<u>\$ 22,640,851</u>	<u>\$ 22,407,892</u>	<u>\$ 232,959</u>	<u>1.04%</u>

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

Expenditures by Type- 2007-2008



Total General Fund expenditures increased \$232,959 or 1% from the previous year. The increases are primarily due to contractual salary increases and increases in the cost of health insurance premiums. The increase in debt service expenditures is due to the repayment of principal and interest on the District's sales leaseback and capital leases.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. These budget amendments fall into two categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2007 reserve for encumbrances.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$1,146,166, for the year ended June 30, 2008. Federal sources in the amount of \$638,879 accounted for the majority of Special Revenue Fund's revenue, which represented 56% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$129,633 or 13% from the previous year. State sources increased \$71,850 or 18%, while Federal sources increased by \$37,669 or 6%.

Expenditures of the Special Revenue Fund were \$1,146,166. Instructional expenditures were \$431,553 or 38%, expenditures for support services were \$714,613 or 62%.

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2008-2009 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2008-2009. Budgeted expenditures in the General Fund increased 1% in fiscal year 2008-2009. Increased special education, costs for regular instruction and plant operations and maintenance and employee benefits are the primary reasons for the increase.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$9,460,799 (net of accumulated depreciation). The capital assets consist of land, buildings and building improvements, site improvements and machinery and equipment. Depreciation charges for the fiscal year 2007-08 amounted to \$957,052 for governmental activities and \$10,740 for business-type activities. The following is a comparative analysis of capital assets at June 30, 2008 and 2007.

Capital Assets at June 30, 2008 and 2007

(Net of Accumulated Depreciation)

	<u>Governmental</u>		<u>Business- Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 661,316	\$ 670,056			\$ 661,316	\$ 670,056
Building and Building Improvements	289,363	337,651			289,363	337,651
Site Improvements	7,320,330	7,568,289			7,320,330	7,568,289
Machinery and Equipment	<u>1,122,773</u>	<u>876,195</u>	<u>\$ 67,017</u>	<u>\$ 77,757</u>	<u>1,189,790</u>	<u>953,952</u>
Total	<u>\$ 9,393,782</u>	<u>\$ 9,452,191</u>	<u>\$ 67,017</u>	<u>\$ 77,757</u>	<u>\$ 9,460,799</u>	<u>\$ 9,529,948</u>

Additional information on the District's capital assets are presented in Note 3 of the Notes to the Basic Financial Statements included in this report.

LONG TERM LIABILITIES

At June 30, 2008, the District's long-term liabilities totalling \$6,934,840 consisted of capital leases payable of \$106,870 compensated absences payable of \$628,970 and serial bonds of \$6,199,000. This is in comparison to long-term liabilities at June 30, 2007 of \$7,634,895, or a decrease of \$700,055.

Additional information on the District's long-term liabilities are presented in Note 3 of the Notes to the Basic Financial Statements included in this report.

NORTH ARLINGTON BOARD OF EDUCATION

Management Discussion and Analysis

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, North Arlington Board of Education, 222 Ridge Road, North Arlington, NJ 07031.

Basic Financial Statements

A. District Wide Statements

NORTH ARLINGTON BOARD OF EDUCATION

Exhibit A-1

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,472,339	\$ 99,468	\$ 2,571,807
Receivables, net	71,181	-	71,181
Inventory		5,932	5,932
Restricted assets:			
Cash and cash equivalents	1,383,751	-	1,383,751
Capital reserve account - Cash	1,362,174	-	1,362,174
Capital assets, net (Note 5):	9,393,782	67,017	9,460,799
Total Assets	14,683,227	172,417	14,855,644
LIABILITIES:			
Accounts payable	1,005,479		1,005,479
Intergovernmental payable:			
Federal	2,416		2,416
State	21,539		21,539
Deferred revenue	209,061		209,061
Noncurrent liabilities (Note 6):			
Due within one year	790,765		790,765
Due beyond one year	6,144,076		6,144,076
Total Liabilities	8,173,336	-	8,173,336
NET ASSETS:			
Invested in capital assets, net of related debt	3,087,911	67,017	3,154,928
Restricted for:			
Capital projects	2,229,328		2,229,328
Other purposes	948,280		948,280
Unrestricted	244,372	105,400	349,772
Total Net Assets	\$ 6,509,891	\$ 172,417	\$ 6,682,308

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

NORTH ARLINGTON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 6,778,373	\$ -	\$ 431,553	\$ -	\$ (6,346,820)	\$ -	\$ (6,346,820)
Special education	1,305,325				(1,305,325)		(1,305,325)
Other special instruction	531,680				(531,680)		(531,680)
Other instruction	428,820				(428,820)		(428,820)
Support services:							
Tuition	2,188,489				(2,188,489)		(2,188,489)
Student & instruction related services	2,298,813		714,613		(1,584,200)		(1,584,200)
School administrative services	1,060,374				(1,060,374)		(1,060,374)
General and business administrative services	5,055,602				(5,055,602)		(5,055,602)
Plant operations and maintenance	1,911,017				(1,911,017)		(1,911,017)
Pupil transportation	850,239				(850,239)		(850,239)
Unallocated depreciation	957,052				(957,052)		(957,052)
Interest on long-term debt	344,271				(344,271)		(344,271)
Total Governmental Activities	<u>23,710,055</u>	<u>-</u>	<u>1,146,166</u>	<u>-</u>	<u>(22,563,889)</u>	<u>-</u>	<u>(22,563,889)</u>
Business-type activities:							
Food Service	403,758	317,550	98,420			12,212	12,212
Total Business-type Activities	<u>403,758</u>	<u>317,550</u>	<u>98,420</u>	<u>-</u>	<u>-</u>	<u>12,212</u>	<u>12,212</u>
Total Primary Government	<u>\$ 24,113,813</u>	<u>\$ 317,550</u>	<u>\$ 1,244,586</u>	<u>\$ -</u>	<u>\$ (22,563,889)</u>	<u>\$ 12,212</u>	<u>(22,551,677)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes - Net					\$ 18,197,710	\$ -	\$ 18,197,710
Property taxes, levied for debt service					983,270		983,270
Federal and state aid not restricted					3,799,680	-	3,799,680
Investment earnings					238,582	-	238,582
Miscellaneous income					141,764	-	141,764
Total general revenues, special items, extraordinary items and transfers					<u>23,361,006</u>	<u>-</u>	<u>23,361,006</u>
Change in Net Assets -							
Net Assets - July 1					797,117	12,212	809,329
Net Assets - June 30					5,712,774	160,205	5,872,979
					<u>\$ 6,509,891</u>	<u>\$ 172,417</u>	<u>\$ 6,682,308</u>

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

B. Fund Financial Statements

Governmental Funds

NORTH ARLINGTON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

Exhibit B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 2,472,339	\$ 499,591	\$ 884,160	\$ 1	\$ 3,856,091
Accounts receivable:					-
Federal	37,234	33,098			70,332
State	268	581			849
Interfund	17,006				17,006
Capital reserve account	1,362,174				1,362,174
Total Assets	\$ 3,889,021	\$ 533,270	\$ 884,160	\$ 1	\$ 5,306,452
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 484,080	\$ 302,299	\$ -	\$ -	\$ 786,379
Intergovernmental payable:					
State		23,955			23,955
Interfund payable			17,006		17,006
Other payables	219,100				219,100
Deferred revenue		209,062			209,062
Total Liabilities	\$ 703,180	\$ 535,316	\$ 17,006	\$ -	\$ 1,255,502
FUND BALANCES:					
Reserved:					
For encumbrances	\$ 539,138	\$ -	\$ 529,677	\$ -	\$ 1,068,815
Capital reserve account	1,362,174				1,362,174
Excess surplus -- designated for Subsequent year's expenditures	354,356				354,356
Designated for subsequent year's expenditures	200,000				200,000
Excess surplus	393,924				393,924
Unreserved:					
Undesignated	336,249	(2,046)	337,477	1	671,681
Total Fund Balances	3,185,841	(2,046)	867,154	1	4,050,950
Total Liabilities and Fund Balances	\$ 3,889,021	\$ 533,270	\$ 884,160	\$ 1	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because

Capital assets used in governmental activities are no financial resources and, therefore, are not reported in the funds.
The cost of the assets is \$21,236,189 and the accumulated depreciation is \$11,842,407 (See Note 5)

9,393,782

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported as liabilities in the funds (See Note 6)

(6,934,841)

Net Assets of governmental activities (Exhibit A-1)

\$ 6,509,891

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

NORTH ARLINGTON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 18,197,710	\$ -	\$ -	\$ 983,270	\$ 19,180,980
Interest on investments	238,582				238,582
Miscellaneous	141,764				141,764
Total Revenues - Local Sources	<u>18,578,056</u>	<u>-</u>	<u>-</u>	<u>983,270</u>	<u>19,561,326</u>
Private sources	-	28,972	-	-	28,972
State sources	3,728,532	478,315	71,148	-	4,277,995
Federal sources	-	638,879	-	-	638,879
Total Revenues	<u>22,306,588</u>	<u>1,146,166</u>	<u>71,148</u>	<u>983,270</u>	<u>24,507,172</u>
EXPENDITURES:					
Current expense:					
Instruction	8,612,645	431,553	-	-	9,044,198
Support services and undistributed costs	12,745,461	714,613	-	-	13,460,074
Capital outlay	299,474	-	599,169	-	898,643
Debt service	-	-	-	983,271	983,271
Total Expenditures	<u>21,657,580</u>	<u>1,146,166</u>	<u>599,169</u>	<u>983,271</u>	<u>24,386,186</u>
Excess (deficiency) of revenues over expenditures	<u>649,008</u>	<u>-</u>	<u>(528,021)</u>	<u>(1)</u>	<u>120,986</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers	(1,051,786)	-	1,051,786	-	-
Capital leases (non-budgeted)	34,486	-	-	-	34,486
Total Other Financing Sources and Uses	<u>(1,017,300)</u>	<u>-</u>	<u>1,051,786</u>	<u>-</u>	<u>34,486</u>
Net changes in fund balances	(368,292)	-	523,765	(1)	155,472
Fund balances - July 1	3,554,133	(2,046)	343,389	2	3,895,478
Fund balances - June 30	<u>\$ 3,185,841</u>	<u>\$ (2,046)</u>	<u>\$ 867,154</u>	<u>\$ 1</u>	<u>\$ 4,050,950</u>

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

NORTH ARLINGTON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities

Exhibit B-3

For the Year Ended June 30, 2008

Total net change in fund balances - Governmental funds (from B-2) \$ 155,472

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 useful lives as depreciation expense. This is the amount by which depreciation capital outlays exceeded capital outlays in the period.

Depreciation Expense	\$ (957,052)	
Capital outlays	<u>898,643</u>	(58,409)

Repayments of bond principal and capital leases payable are expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Repayment of Bond Principal	639,000	
Payments of Capital Leases Payable	<u>44,582</u>	683,582

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Capital Lease Proceeds (34,486)

In the statement of activities, compensated absences are measured by the amount earned during the year. In the Governmental Funds, however, expenditures for these items are reported based on the amount paid. When the earned amount exceeds the paid amount, the difference is a subtraction to the reconciliation.

50,958

Change in net assets of governmental activities \$ 797,117

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

Proprietary Funds

NORTH ARLINGTON SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2008

Exhibit B-4

	Business-Type Activities Enterprise Funds - Food Service
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 99,468
Inventories	5,932
Total Current Assets	105,400
Fixed Assets:	
Equipment	161,100
Accumulated depreciation	(94,083)
Total Fixed Assets	67,017
Total Assets	\$ 172,417
LIABILITIES AND NET ASSETS:	
Current liabilities -	
Interfunds payable	\$ -
Total Current Liabilities	-
Net Assets -	
Unrestricted	172,417
Total Net Assets	172,417
Total Liabilities and Net Assets	\$ 172,417

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

NORTH ARLINGTON SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

Exhibit B-5

	<u>Business-Type Activities Enterprise Funds - Food Service</u>
Operating Revenues:	
Charges for services:	
Daily sales - Reimbursable programs	\$ 309,786
Daily sales - Non-reimbursable programs	<u>7,764</u>
Total Operating Revenues	<u><u>317,550</u></u>
Operating Expenses:	
Labor costs	153,411
Cost of sales	177,847
Supplies and materials	22,457
Insurance	15,325
Management fee	23,978
Depreciation	<u>10,740</u>
Total Operating Expenses	<u><u>403,758</u></u>
Operating income (loss)	<u><u>(86,208)</u></u>
Non-Operating Revenues:	
State sources:	
State school lunch program	5,395
Federal sources:	
Nutrition reimbursements	72,658
Food distribution program	<u>20,367</u>
Total Non-Operating Revenues (Expenses)	<u><u>98,420</u></u>
Net (loss) before operating transfers and other special items	12,212
Operating transfers:	
Operating transfers in - General fund	-
Change in net assets	<u>12,212</u>
Total Net Assets - July 1	<u>160,205</u>
Total Net Assets - June 30	<u><u>\$ 172,417</u></u>

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

NORTH ARLINGTON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

Exhibit B-6

	Business-Type Activities Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from customers	\$ 317,550
Payments to employees	(153,411)
Payments to suppliers	(240,252)
Net Cash (Used for) Provided by Operating Activities	<u>(76,113)</u>
 Cash Flows from Noncapital Financing Activities	
State Sources	5,395
Federal Sources	72,658
Food distribution program	20,367
Net Cash Provided by Non-capital Financing Activities	<u>98,420</u>
 Cash flows from Investing Activities:	
Interest on investments	2,764
Interest transfer	(3,059)
Net cash provided by investing activities	<u>(295)</u>
 Net increase in cash and cash equivalents	22,012
 Cash and Cash Equivalents - July 1	<u>77,456</u>
Cash and Cash Equivalents - June 30	<u>\$ 99,468</u>
 Reconciliation of operating loss to net cash (used for) provided by operating activities:	
Operating income (loss)	\$ (86,208)
Adjustments to reconcile operating (loss) to net cash (used for) provided by operating activities:	
Increase in inventories	(645)
Depreciation	10,740
Total adjustments	<u>10,095</u>
Net Cash (Used for) Provided by Operating Activities	<u>\$ (76,113)</u>

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

Fiduciary Funds

NORTH ARLINGTON SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

Exhibit B-7

	Agency Fund		
	Student Activity	Payroll	Total June 30, 2008
ASSETS -			
Cash and cash equivalents	\$ <u>268,727</u>	\$ <u>84,857</u>	\$ <u>353,584</u>
Total Assets	\$ <u><u>268,727</u></u>	\$ <u><u>84,857</u></u>	\$ <u><u>353,584</u></u>
 LIABILITIES AND FUND BALANCES:			
Liabilities:			
Payroll deductions and withholdings	\$ -	\$ 84,857	\$ 84,857
Due to student groups	<u>268,727</u>	<u>-</u>	<u>268,727</u>
Total Liabilities	<u><u>268,727</u></u>	<u><u>84,857</u></u>	<u><u>353,584</u></u>
Total Liabilities and Net Assets	\$ <u><u>268,727</u></u>	\$ <u><u>84,857</u></u>	\$ <u><u>353,584</u></u>

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

Notes to the Financial Statements

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The North Arlington School District is a Type II District located in the County of Bergen, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of five members appointed to three-year terms. The purpose of the District is to educate students in grades K-12. The North Arlington School District had an approximate enrollment at June 30, 2008 of 1,581 students.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation:

The School Board's basic financial statements consist of government-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.

1. Government-wide Financial Statements

The statements of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activity presents a comparison

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1. Government-wide Financial Statements (Cont'd)

between direct expense and program revenue for each program or function of the Board's governmental activities and for the single business-type activity of the Board. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Board. The comparison of direct expenses with program revenues identified the extent to which each Governmental function or business segment is self-financing or draws from the general revenues of the Board.

2. Fund Financial Statements

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

B. Fund Accounting:

The Board uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

1. Governmental Funds

Governmental Funds are through which most governmental functions typically are financed. Governmental Fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's major governmental funds:

a. General Fund:

The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay sub fund.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

b. Special Revenue Fund:

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

c. Capital Projects Fund:

The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

d. Debt Service Fund:

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

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service.

a. Enterprise Funds:

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the Board accounts for the financial transactions related to the food service operations of the Board.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b. Internal Service Funds:

Internal Service Funds are used to account for the financing of goods or services proved by an activity to other departments or funds on a cost-reimbursement basis. The District does not have internal service funds.

3. Fiduciary Fund

Fiduciary fund reporting focuses on net assets, and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust fund and agency funds. Trust funds are used to account for assets held by the school Board under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the Board's own programs. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurements of results of operations. The Board's agency fund accounts for those student activity programs, which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities, which consist of a student body, student president, student treasurer, and a facility advisor.

C. Measurement Focus:

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Board are included on the statement of net assets.

Fund Financial Statements:

All government funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and change in fund balances, reported on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included in the statements of net assets. The statement of changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flow provides information about how the Board finances and meets the cash flow needs for its enterprise fund.

The private purpose trust fund is reported using the economic resources measurement focus.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis arise in the recognition of revenue, the recording of deferral revenue and in the presentation of expenses versus expenditures.

Revenues Exchanges and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources 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. For the Board, available means expected to be received within sixty days of the fiscal year end.

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, including property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are 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 specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenues are considered to be both measurable and available at fiscal year-end; property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenues recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenues. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenues.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Basis of Accounting (Cont'd):

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

E. Budgetary Data:

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

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury, agency obligations and certificate of deposits with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the Board has adopted a cash management plan that 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.

N.J.S.A. 17:9-41 ET seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Restricted Assets:

Assets are reported as restricted when restrictions on their use changes the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grants or laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund represent cash and cash equivalents required to be set-aside by the Board for the acquisition or construction of capital assets.

H. Tuition Receivable:

For the year ending June 30, 2008 there were no tuition charges established by the Board of Education. The Board is not a receiving district.

I. Tuition Payable:

Tuition charges for the fiscal years 2007-2008 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditure during the year of purchase.

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

K. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Board and that are due within one year.

L. Fixed Assets:

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but not reported in the fund financial statements. Capital assets utilized by the Enterprise Fund are reported both in the business-type activities column of the government-wide statement of the net assets and in the capital fund.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Fixed Assets (Cont'd):

All capital assets and improvements are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the school year. The Board does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repair that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Estimated Life</u>	<u>Business-Type Estimated Life</u>
Land	N/A	N/A
Land Improvements	50 Years	N/A
Building and Improvements	50 Years	N/A
Furniture and Equipment	8-20 Years	8-20years
Vehicles	10 Years	N/A
Textbooks	5 Years	N/A

M. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In government and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the General Long-Term Debt Account Group.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

N. Deferred Revenue:

Deferred revenue in the Special Revenue Fund represents cash that has been received but not yet earned.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from Enterprise Fund are reported on the Enterprise Fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as liability on the fund financial statements when due.

P. Net Assets and Fund Balance:

When the Board incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt - The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted Net Assets - The component of net assets that reports the financial resources restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School Board or through external restrictions imposed by creditors, grantors or laws or regulations of other government pay debt service on capital related debt less current accrual of interest.

Unrestricted Net Assets - The component of net assets consists of the net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental funds report fund balances as either a reserve fund balance or an unreserved fund balance.

Reserved Fund Balance – That portion of fund balance, which is not available for appropriation or which has been legally segregated for a specific purpose.

Unreserved Fund Balance – Composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

All bank deposits as of the balance sheet are classified as to credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. The Board has a deposit policy for custodial credit risk. As of June 30, 2008, \$7,095,635 of the Board's bank balances of \$7,233,992 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging banks Trust departments not in the Board's name	<u>\$7,095,635</u>
Total	<u>\$7,095,635</u>

Cash and cash equivalents are comprised of the following balances:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Carrying Amount</u>
Governmental	\$6,658,324	\$5,218,267
Proprietary	399,137	368,109
Fiduciary	<u>176,531</u>	<u>84,857</u>
	<u>\$7,233,992</u>	<u>\$5,671,233</u>

NOTE 4 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the North Arlington Board of Education by inclusion of \$1.00 on October 11, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon Board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April 2004 transfers must be in compliance with P.L. 2004, C.73 (S1701). Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance – July 1, 2007	\$1,950,112
Interest earnings	63,840
Deposits	400,000
Withdrawals	<u>(1,051,786)</u>
Ending balance – June 30, 2008	<u>\$1,362,174</u>

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 4 – CAPITAL RESERVE ACCOUNT (Cont'd)

The June 30, 2008 LRF balance of local support costs of uncompleted capital projects is \$1,362,174. The withdrawals from the capital reserve were for use in DOE facilities projects, consistent with the District's Long Range Facilities Plan.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Board as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 5 to 20 years.

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

	<u>Balance at</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>June 30, 2008</u>
Governmental Activities:				
Land	\$ 648,206	\$ -	\$ -	\$ 648,206
Land improvements	174,800	-	-	174,800
Buildings	2,425,905	-	-	2,425,905
Improvements	15,954,868	599,169		16,554,037
Machinery and equipment	1,150,167	299,474	(16,400)	1,433,241
Totals at Historical Cost	<u>20,353,946</u>	<u>898,643</u>	<u>(16,400)</u>	<u>21,236,189</u>
Less: Accumulated Depreciation:				
Land improvements	(152,950)	(8,740)	-	(161,690)
Buildings	(2,088,254)	(48,518)	-	(2,136,772)
Improvements	(8,386,579)	(847,129)	-	(9,233,708)
Machinery and equipment	(273,972)	(52,665)	16,400	(310,237)
Total Accumulated Depreciation	<u>(10,901,755)</u>	<u>(957,052)</u>	<u>16,400</u>	<u>(11,842,407)</u>
Government Capital Assets, Net	<u>\$ 9,452,191</u>	<u>\$ (58,409)</u>	<u>\$ -</u>	<u>\$ 9,393,782</u>

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (Cont'd)

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2008</u>
Business-Type Activities:				
Machinery and Equipment	\$ 161,000	-	-	\$ 161,000
Total at Historical Cost	<u>161,100</u>	<u>-</u>	<u>-</u>	<u>161,100</u>
Less: Accumulated Depreciation				
Machinery and Equipment	<u>(83,343)</u>	<u>(10,740)</u>	<u>-</u>	<u>(94,083)</u>
Total Accumulated Depreciation	<u>(83,343)</u>	<u>(10,740)</u>	<u>-</u>	<u>(94,083)</u>
Business-Type Capital Assets Net	<u>\$ 77,757</u>	<u>\$ (10,740)</u>	<u>\$ -</u>	<u>\$ 67,017</u>

Depreciation expense was charged to Governmental Activities as follows:

Instruction - Regular	<u>-</u>
Total Instruction Services	<u>-</u>
Support Services	
Unallocated depreciation	<u>957,052</u>
Total Support Services	<u>957,052</u>
Total Depreciation	<u>\$ 957,052</u>

NOTE 6 – LONG-TERM DEBT

The Board's long-term debt is summarized as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>	<u>Long- Term Portion</u>
Governmental Activities:						
Capital lease obligations	\$ 116,966	\$ 34,486	\$ (44,582)	\$ 106,870	\$ 29,161	\$ 77,709
Bonds payable	6,838,000	-	(639,000)	6,199,000	745,000	5,454,000
Compensation absences	<u>679,929</u>	<u>85,701</u>	<u>(136,660)</u>	<u>628,970</u>	<u>-</u>	<u>628,970</u>
	<u>\$ 7,634,895</u>	<u>\$ 120,187</u>	<u>\$ (820,242)</u>	<u>\$ 6,934,840</u>	<u>\$ 774,161</u>	<u>\$ 6,160,679</u>

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 6 – LONG-TERM DEBT (Cont’d)

Bonds Payable: Bonds are authorized in accordance with State law by the voters of the District through referendums. All Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are General Obligation Bonds.

On May 1, 1993, the Board issued General Obligation Bonds in the amount of \$7,695,000. The proceeds of these bonds were used to finance additions and renovations to the District schools.

On March 31, 2003, the Board issued General Obligation Bonds in the amount of \$3,243,000. The proceeds of these bonds were used to refinance the District’s Early Retirement Incentive program liability that was due to the State of New Jersey.

Principal and interest due on these Serial Bonds outstanding are as follows:

Year Ending June 30,	School Bonds Series 1993			School Bonds Series 2003		
	Principal	Interest	Total	Principal	Interest	Total
2009	600,000	177,106	777,106	145,000	131,347	276,347
2010	600,000	144,856	744,856	152,000	124,459	276,459
2011	600,000	112,606	712,606	160,000	116,860	552,806
2012	600,000	80,356	680,356	169,000	108,859	277,859
2013	600,000	48,106	648,106	178,000	99,987	277,987
2014	595,000	15,991	610,991	188,000	90,642	555,846
2015				197,000	81,806	278,806
2016				207,000	72,449	279,449
2017				217,000	62,513	279,513
2018				229,000	51,988	280,988
2019				240,000	40,767	280,767
2020				254,000	27,927	281,927
2021				268,000	14,338	282,338
	<u>\$ 3,595,000</u>	<u>\$ 579,021</u>	<u>\$ 4,174,021</u>	<u>\$ 2,604,000</u>	<u>\$ 1,023,942</u>	<u>\$ 3,627,942</u>

Bonds Authorized But Not Issued: As of June 30, 2008 the District had no authorized, but not issued, bonds.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 6 – LONG-TERM DEBT (Cont'd)

Capital Leases: The District is leasing copy equipment totaling \$190,370 under capital leases. All capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2008.

<u>Year</u>	<u>Amount</u>
2009	\$ 33,568
2010	33,568
2011	35,450
2012	7,997
2013	<u>4,000</u>
Total minimum lease payments	114,583
Less: Amount representing interest	<u>7,712</u>
Present value of net minimum lease payments	<u>\$106,871</u>

NOTE 7 - PENSION PLANS

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

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

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement Systems 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 of local jurisdiction.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 7 - PENSION PLANS (Cont'd)

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Member may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

Three-Year Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$100,482	100%	\$ -
6/30/07	54,339	100%	-
6/30/06	28,886	100%	-

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

<u>Year Annual Pension Funding</u>	<u>Percentage of APC Cost (APC)</u>	<u>Net Pension Contributed</u>	<u>Obligation</u>
6/30/08	\$1,365,416	100%	\$ -
6/30/07	1,351,412	100%	-
6/30/06	610,330	100%	-

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 7 - PENSION PLANS (Cont'd)

During the fiscal year ended June 30, 2008 the State of New Jersey contributed \$1,365,416 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$647,941 during the year ended June 30, 2008, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the Budgetary Comparison Schedule – General Fund, the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds, and the Statement of Activities as a revenue and expenditure in accordance with GASB 27.

NOTE 8 - POST –EMPLOYMENT BENEFITS

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

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

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of services. The State paid \$110.3 million toward Chapter 126 benefits for 10,777 eligible retired members in fiscal year 2007.

Information regarding payments and liabilities can be obtained from the State of New Jersey, Division of Pensions and Benefits.

NOTE 9 - COMPENSATED ABSENCES

District employees who are employed for ten months are entitled up to 11 paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to 13 paid sick leave days per fiscal school year. A maximum of 15 unused sick leave days may be accumulated and carried forward to the subsequent years. Upon retirement, the District shall pay the employee for unused sick leave in accordance with the District agreement. Vacation days not used during the year may only be carried forward with the approval from the Superintendent.

In the District-Wide Statement of Net Assets, the liability for vested compensated absences of the governmental fund types is recorded in long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities and, therefore, is not shown separately from the long-term liability balance of compensated absences.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 9 - COMPENSATED ABSENCES (Cont'd)

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

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

NOTE 10 – DEFERRED COMPENSATION

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

Great American Life Insurance Co.	Security Benefit Life Insurance Co.
Lincoln National Life Insurance Co.	Equitable Life
Metropolitan Life Insurance Co.	Thomas Seely Agency, Inc.
VALIC (Variable Annuity Life Insurance Co.)	Penn Mutual Life Insurance Co.

NOTE 11 - RISK MANAGEMENT

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the normal State of New Jersey plan. The District files quarterly unemployment and disability payroll tax returns. These returns include employees’ withholding tax for unemployment and disability and the District’s share based upon the total tax rate determined by the State.

NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2008:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 17,006	\$ -
Capital projects	<u>-</u>	<u>17,006</u>
Total	<u>\$ 17,006</u>	<u>\$ 17,006</u>

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES (Cont'd)

There were no significant interfund transfers during the year ended June 30, 2008.

NOTE 13 – INVENTORY

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

Food	\$ 5,215
Supplies	<u>717</u>
	<u>\$ 5,932</u>

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 nonoperating revenue in the financial statements.

NOTE 14 – DEFICIT FUND BALANCES

The District has a deficit fund balance of \$2,046 in the Special Revenue Fund as of June 30, 2008 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e. if one government recognized as asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing differences of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

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

NOTE 15 – FUND BALANCE APPROPRIATED

General Fund – Of the \$3,185,841 General Fund fund balance at June 30, 2008, \$539,138 is reserved for encumbrances; \$554,356 has been legally restricted for subsequent years' expenditures and has been appropriated and included as anticipated revenue for the year ending June 30, 2008; \$393,924 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$1,362,174 has been reserved in the Capital Reserve Account; and \$336,249 is unreserved and undesignated.

Debt Service Fund – The Debt Service Fund fund balance at June 30, 2008 of \$1.00 is unreserved and undesignated.

NORTH ARLINGTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

NOTE 16 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2008, is \$393,924.

NOTE 17 – CONTINGENT LIABILITIES

The Board is not involved in any claims or lawsuits incidental to its operations. In the opinion of the administration and legal counsel, there are no other matters which will have a material adverse effect on the financial position of the district.

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the District for disallowed costs due to noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 18 - RECONCILIATION OF FUND BALANCE (GAAP vs. BUDGETARY)

The Fund Balance of the General Fund and the Special Revenue Fund differ on a GAAP Basis vs. the Budgetary Basis. The following reconciliation shows that the difference occurred as a result of the final state aid payment pursuant to P.L. 2003, c.97.

	<u>2007 – 2008</u>
Total Revenues – Budgetary Basis	\$1,206,223
Adjustments:	
Add: Prior year encumbrances	149,005
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	2,046
Less: Current year encumbrances	(209,062)
State aid payment recognized for budgetary purposes not recognized for GAAP statements	<u>(2,046)</u>
Total Revenues – GAAP Basis	<u>\$1,146,166</u>

Required Supplementary Information Part II

C. Budgetary Comparison Schedule

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

	2008				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 18,197,710	\$ -	\$ 18,197,710	\$ 18,197,710	\$ -
Interest on investments	30,000	-	30,000	238,582	208,582
Miscellaneous	12,000	5,396	17,396	141,764	124,368
Total Revenue - Local Sources	<u>18,239,710</u>	<u>5,396</u>	<u>18,245,106</u>	<u>18,578,056</u>	<u>332,950</u>
State Sources:					
Transportation Aid	134,920	-	134,920	134,920	-
Special Education Aid	1,194,232	-	1,194,232	1,194,232	-
Bilingual education	120,304	-	120,304	120,304	-
Consolidated aid	160,411	-	160,411	160,411	-
Additional formula aid	100,534	-	100,534	100,534	-
Extraordinary aid	-	-	-	-	-
On-behalf TPAF pension contributions (non budgeted)	-	-	-	1,365,416	1,365,416
Reimbursement TPAF Social Security contributions (non budgeted)	-	-	-	647,941	647,941
Total State Sources	<u>1,710,401</u>	<u>-</u>	<u>1,710,401</u>	<u>3,723,758</u>	<u>2,013,357</u>
Total Revenues	<u>\$ 19,950,111</u>	<u>\$ 5,396</u>	<u>\$ 19,955,507</u>	<u>\$ 22,301,814</u>	<u>\$ 2,346,307</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of teachers:	\$ 355,946	(2,001)	\$ 353,945	\$ 353,945	\$ -
Preschool/kindergarten	1,938,322	(38,394)	1,899,928	1,899,765	163
Grades 1-5	1,298,009	(130,583)	1,167,426	1,167,426	-
Grades 6-8	2,315,634	(138,878)	2,176,756	2,174,940	1,816
Grades 9-12	5,907,911	(309,856)	5,598,055	5,596,076	1,979
Total Regular Programs - Instruction					

Continued on next page

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

	2008				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
Regular Programs - Home Instruction					
Other salaries for instruction	\$ 23,000	\$ (13,441)	\$ 9,559	\$ 9,559	\$ -
Purchased professional - Education services	7,000	18	7,018	3,861	3,157
Total Regular Programs - Home Instruction	30,000	(13,423)	16,577	13,420	3,157
Regular Programs - Undistributed Instructional					
Other Salaries for Instruction	142,466	27,732	170,198	170,198	-
Purchased professional - Education services	69,000	(18,067)	50,933	50,932	1
Purchased technical services	109,887	10,554	120,441	104,280	16,161
Other professional services	62,500	(14,707)	47,793	46,644	1,149
General supplies	179,303	34,764	214,067	174,666	39,401
Textbooks	36,000	195,451	231,451	190,037	41,414
Other objects	850	(24)	826	567	259
Total Regular Programs - Undistributed Instruction	600,006	235,703	835,709	737,324	98,385
Total regular programs	6,537,917	(87,576)	6,450,341	6,346,820	103,521
Learning and language disability:					
Salaries of teachers	121,125	-	121,125	121,125	-
Other salaries for instruction	32,940	-	32,940	32,940	-
General supplies	4,800	269	5,069	5,060	9
Textbooks	4,600	(269)	4,331	4,331	-
Total Learning and Language Disabilities	163,465	-	163,465	163,456	9
Resource room:					
Salaries of teachers	723,772	(27,000)	696,772	696,772	-
Other salaries for instruction	44,881	(31,691)	13,190	13,190	-
General supplies	4,000	41,496	45,496	45,478	18
Textbooks	3,127	(1,137)	1,990	1,990	-
Total Resource Room	775,780	(18,332)	757,448	757,430	18

Continued on next page

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

	2008				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
Multiple disabilities:					
Salaries of teachers	\$ 231,510	\$ (4,371)	\$ 227,139	\$ 223,795	\$ 3,344
Other salaries for instruction	148,230	(231)	147,999	147,700	299
General supplies	3,300	7,946	11,246	9,465	1,781
Textbooks	3,600	-	3,600	3,479	121
Total Preschool Handicapped	<u>386,640</u>	<u>3,344</u>	<u>389,984</u>	<u>384,439</u>	<u>5,545</u>
Total Special Education	<u>1,325,885</u>	<u>(14,988)</u>	<u>1,310,897</u>	<u>1,305,325</u>	<u>5,572</u>
Autism:					
Salaries of teachers	141,189	(80,565)	60,624	60,311	313
Other salaries for instruction	30,744	(18,103)	12,641	12,641	-
General supplies	10,000	-	10,000	3,123	6,877
Total Autism	<u>181,933</u>	<u>(98,668)</u>	<u>83,265</u>	<u>76,075</u>	<u>7,190</u>
Basic skills/remedial:					
Salaries of teachers	314,529	(1,777)	312,752	312,752	-
General supplies	2,000	488	2,488	2,479	9
Total Basic Skills/Remedial	<u>316,529</u>	<u>(1,289)</u>	<u>315,240</u>	<u>315,231</u>	<u>9</u>
Bilingual education:					
Salaries of teachers	195,205	(67,955)	127,250	127,250	-
General supplies	1,000	50,408	51,408	13,124	38,284
Total Bilingual Education	<u>196,205</u>	<u>(17,547)</u>	<u>178,658</u>	<u>140,374</u>	<u>38,284</u>
Other Instructional:					
School sponsored co-curricular activities:					
Salaries	73,777	-	73,777	63,022	10,755
General supplies	10,150	-	10,150	5,239	4,911
Other objects	12,800	(1,800)	11,000	4,106	6,894
Transfers to cover deficit	3,200	-	3,200	3,200	-
Total School Sponsored Co-Curricular Activities	<u>99,927</u>	<u>(1,800)</u>	<u>98,127</u>	<u>75,567</u>	<u>22,560</u>

Continued on next page

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

	2008				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
School sponsored athletics:					
Salaries	\$ 162,670	\$ (12,800)	\$ 149,870	\$ 149,870	\$ -
Purchased services	32,000	56,054	88,054	92,561	(4,507)
General supplies	87,871	21,373	109,244	90,717	18,527
Other expenditures	4,605	120	4,725	4,725	-
Total School Sponsored Athletics	<u>287,146</u>	<u>64,747</u>	<u>351,893</u>	<u>337,873</u>	<u>14,020</u>
Community services program:					
Salaries	15,000	-	15,000	15,380	(380)
Total Community Services Program	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,380</u>	<u>(380)</u>
Total Instruction	<u>8,960,542</u>	<u>(157,121)</u>	<u>8,803,421</u>	<u>8,612,645</u>	<u>190,776</u>
Undistributed Expenditures:					
Instruction:	\$	\$	\$	\$	\$
Tuition - Other LEA's win State-Special	1,439,765	(201,346)	1,238,419	1,007,868	230,551
Tuition - County voc. Reg.	153,400	-	153,400	113,243	40,157
Tuition - County voc. Sp.	302,780	(5,000)	297,780	193,729	104,051
Tuition to private schools for the handicapped and other	570,256	-	674,923	643,733	31,190
Leas - special, with the State	237,440	(27,084)	210,356	201,641	8,715
Tuition - CSSD and reg. day schools	28,275	-	28,275	28,275	-
Tuition - State facilities	2,731,916	(128,763)	2,603,153	2,188,489	414,664
Total Undistributed Expenditures - Instruction					
Health Services:					
Salaries	196,249	1,010	197,259	197,259	-
Purchased professional services	34,300	(1,881)	32,419	29,038	3,381
General supplies	3,200	990	4,190	4,101	89
Total Health Services	<u>233,749</u>	<u>119</u>	<u>233,868</u>	<u>230,398</u>	<u>3,470</u>
Related Ser vices:					
Salaries of professional staff	197,125	-	197,125	197,125	-
Purchased professional services	1,140	4,937	4,937	1,400	3,537
General supplies	1,140	-	1,140	1,140	-
Total Related Services	<u>198,265</u>	<u>4,937</u>	<u>203,202</u>	<u>199,665</u>	<u>3,537</u>

Continued on next page

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

	2008				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
Extraordinary Services:					
Purchased professional services	\$ 45,000	\$ 59,397	\$ 104,397	\$ 103,052	\$ 1,345
Total Extraordinary Services	<u>45,000</u>	<u>59,397</u>	<u>104,397</u>	<u>103,052</u>	<u>1,345</u>
Other Support Services - Students - Regular:					
Salaries of other professional staff	276,624	(4,454)	272,170	272,170	-
Secretarial salaries	76,751	-	76,751	76,751	-
Purchased professional services	35,545	(1,535)	34,010	34,009	1
Other purchased services	1,100	254	1,354	1,354	-
Supplies	5,025	2,121	7,146	6,934	212
Total Other Support Services - Students - Regular	<u>395,045</u>	<u>(3,614)</u>	<u>391,431</u>	<u>391,218</u>	<u>213</u>
Other Support Services - Students - Special Services:					
Salaries of other professional staff	452,612	(2,000)	450,612	450,612	-
Secretarial salaries	52,703	-	52,703	52,703	-
General supplies	6,800	5,825	12,625	12,470	155
Other objects	1,400	(296)	1,104	1,104	-
Total Support Services - Students - Special Services	<u>513,515</u>	<u>3,529</u>	<u>517,044</u>	<u>516,889</u>	<u>155</u>
Improvement of Instruction Services/Other Support Services - Instructional Staff:					
Purchased professional services	950	-	950	306	644
General supplies	35,892	23,879	59,771	30,417	29,354
Total Improve. of Instr. Serv./Other Support Serv. - Instructional Staff	<u>36,842</u>	<u>23,879</u>	<u>60,721</u>	<u>30,723</u>	<u>29,998</u>
Educational Media Services/School Library:					
Salaries	64,935	-	64,935	64,935	-
Purchased professional services	8,900	(5,035)	3,865	3,865	-
Supplies and materials	5,225	5,253	10,478	5,156	5,322
Total Educational Media Services/School Library	<u>79,060</u>	<u>218</u>	<u>79,278</u>	<u>73,956</u>	<u>5,322</u>

Continued on next page

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Instruction Staff Training:					
Salaries of other professional staff	\$ 9,000	\$ 7,000	\$ 16,000	\$ 16,000	\$ -
Purchased professional services	35,500	-	35,500	21,999	13,501
General supplies	500	-	500	300	200
Other expenses	800	-	800	-	800
Total Instruction Staff Training	45,800	7,000	52,800	38,299	14,501
Support Services General Administration:					
Salaries	269,095	(4,999)	264,096	264,095	1
Legal services	70,000	1,463	71,463	70,786	677
Audit fees	22,000	1,000	23,000	-	23,000
Other purchased professional services	15,500	181,942	197,442	82,420	115,022
Communications/telephone	101,900	19,572	121,472	110,005	11,467
Other purchased services	24,500	(2,405)	22,095	22,095	-
General supplies	8,065	(1,526)	6,539	6,539	-
Miscellaneous expenses	32,175	(7,251)	24,924	24,816	108
Membership dues and fees					
Total Support Services General Administration	543,235	187,796	731,031	580,756	150,275
Support Services School Administration:					
Salaries of principals/assistant principals	765,868	(19,380)	746,488	746,488	-
Salaries of secretarial assistants	300,460	(5,697)	294,763	286,212	8,551
Other purchased services	800	-	800	380	420
Supplies and materials	15,200	(957)	14,243	13,345	898
Other objects	15,540	2,134	17,674	13,949	3,725
Total Support School Administration	1,097,868	(23,900)	1,073,968	1,060,374	13,594
Central Services:					
Salaries	333,567	-	333,567	315,420	18,147
Purchased professional services	25,000	31,350	56,350	47,984	8,366
Purchased technical services	29,760	3,850	33,610	24,151	9,459
Miscellaneous purchased services	26,250	(2,200)	24,050	5,324	18,726
Supplies and materials	10,495	4,561	15,056	8,485	6,571
Miscellaneous expenditures	8,000	-	8,000	5,950	2,050
Total Central Services	433,072	37,561	470,633	407,314	63,319

Continued on next page

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	\$ 55,524	\$ -	\$ 55,524	\$ 55,523	\$ 1
Other purchased professional services		24,275	24,275	24,000	275
Cleaning, repair and maintenance services	300,000	365,898	665,898	467,467	198,431
General supplies	29,700	325	30,025	28,248	1,777
Total Required Maintenance for School Facilities	385,224	390,498	775,722	575,238	200,484
Other Operation and Maintenance of Plant:					
Salaries	747,635	(33,768)	713,867	701,606	12,261
Other purchased property services	130,535	(8,828)	121,707	106,380	15,327
Insurance	110,000	(17,047)	92,953	92,953	-
General supplies	57,000	1,655	58,655	58,191	464
Energy	427,000	(5,901)	421,099	415,551	5,548
Other objects	9,500	(1,130)	8,370	5,680	2,690
Total Operation and Maintenance of Plant	1,481,670	(65,019)	1,416,651	1,380,361	36,290
Student Transportation Services:					
Salary for pupil transportation (between home and school) - Regular	50,000	(4,500)	45,500	45,500	-
Salary for pupil transportation (between home and school) - Special	56,066	(9,144)	46,922	46,921	1
Cleaning, repair and maintenance services	11,900	7,784	19,684	19,684	-
Contracted services (between home and school) - Joint agreement	75,000	16,891	91,891	91,891	-
Contracted services spec. ed. joint agreement	549,000	84,685	633,685	633,605	80
Supplies and materials	6,000	4,915	10,915	10,701	214
Miscellaneous expenditures	1,100	837	1,937	1,937	-
Total Student Transportation Services	749,066	101,468	850,534	850,239	295
Employee Benefits:					
Social Security contribution	220,000.00	-	220,000.00	214,149.00	5,851
Other retirement contribution - Regular	87,624.00	12,858	100,482.00	100,482.00	-
Unemployment compensation	31,000	-	31,000	29,234	1,766
Workmen's compensation	68,000	-	68,000	68,000	-
Health benefits	1,901,751	(168,858)	1,732,893	1,640,165	92,728
Tuition reimbursement	16,000	-	16,000	16,000	-
Other employee benefits	35,630	1,473	37,103	37,103	-
Total Employee Benefits	\$ 2,360,005	\$ (154,527)	\$ 2,205,478	\$ 2,105,133	\$ 100,345

Continued on next page

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

Exhibit C-1

	2008				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
On-behalf TPAF Pension Contributions (Non-budgeted)	\$	\$	\$	\$	\$
Reimbursed TPAF Social Security contributions (Non-budgeted)					
Total Undistributed Expenditures	11,329,332	440,579	11,769,911	12,745,461	(975,550)
TOTAL EXPENDITURES - CURRENT EXPENSE	20,289,874	283,458	20,573,332	21,358,106	(784,774)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Instruction		9,275	9,275	9,275	-
Support services - Students		62,266	62,266	56,569	5,697
Operation and maintenance of plant services		6,467	6,467	6,467	-
Student transportation		191,592	191,592	191,592	-
Total Equipment	-	269,600	269,600	263,903	5,697
Facilities Acquisition and Construction Services:					
Other purchased professional services - Regular	794,000		3,696	1,085	2,611
Construction services - Regular	794,000	(790,304)	3,696	1,085	2,611
Total Facilities Acquisition and Construction Services					
Assets acquired under capital leases (non budgeted)				34,486	34,486
TOTAL CAPITAL OUTLAY	794,000	(520,704)	273,296	299,474	42,794
Total Expenditures	\$ 21,083,874	\$ (237,246)	\$ 20,846,628	\$ 21,657,580	\$ (741,980)

Continued on next page

NORTH ARLINGTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2008

	2008				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,133,763)	\$ 242,642	\$ (891,121)	\$ 644,234	\$ 3,088,287
Other financial sources (uses):					
Operating transfers out:					
Transfer to food service fund board contribution	(8,000)	8,000	-		
Capital reserve transfer to capital projects	(650,000)	(794,000)	(1,444,000)	(1,051,786)	(392,214)
Capital leases (non budgeted)		-		34,486	34,486
Total Other Financing Sources (Uses)	(658,000)	(786,000)	(1,444,000)	(1,017,300)	(357,728)
Excess (deficiency) of Revenues and other Financial Sources over (Under) Expenditures and Other Financing Uses	(1,791,763)	(543,358)	(2,335,121)	(373,066)	2,730,559
Fund Balance - July 1	3,635,903	-	3,635,903	3,635,903	-
Fund Balance - June 30	<u>\$ 1,844,140</u>	<u>\$ (543,358)</u>	<u>\$ 1,300,782</u>	<u>\$ 3,262,837</u>	<u>\$ 2,730,559</u>
Recapitulation:					
Reserve for Encumbrances				\$ 539,138	
Designated for Subsequent Year's Expenditures				200,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				354,356	
Reserve for Excess Surplus				393,924	
Capital Reserve				1,362,174	
Unrestricted Fund Balance				413,245	
				<u>3,262,837</u>	
Reconciliation to Governmental Funds Statements (GAAP)				(76,996)	
Less State Aid Payment not recognized on GAAP basis				<u>3,185,841</u>	
Fund Balance per Governmental Funds (GAAP)					

NORTH ARLINGTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

Exhibit C-2

2007-2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 655,908	\$ 72,169	\$ 728,077	\$ 725,660	\$ 2,417
State Sources	482,138	(6,696)	475,442	453,903	21,539
Local Sources	1,000	25,660	26,660	26,660	-
Total Revenues	1,139,046	91,133	1,230,179	1,206,223	23,956
EXPENDITURES:					
Instruction					
Salaries of Teachers	139,929	2,997	142,926	142,926	-
Purchased Professional and Technical Services	284,640	(9,215)	275,425	27,155	248,270
Other Purchased Services (400-500 series)	301,761	(96,033)	205,728	205,728	-
General Supplies	33,061	17,447	50,508	50,508	-
Textbooks	58,209	1,928	60,137	60,137	-
Other Objects	800	2,592	3,392	3,392	-
Total Instruction	818,400	(80,284)	738,116	489,846	248,270
Support Services					
Salaries of Supervisor of Instruction	5,000	55,946	60,946	54,466	6,480
Personal Services - Employee Benefits	17,440	10,216	27,656	31,715	(4,059)
Purchased Professional - Educational Services	212,144	69,346	281,490	326,349	(44,859)
Other Purchased Professional Services	10,000	41,900	51,900	187,889	(135,989)
Supplies & Materials	71,653	(6,226)	65,427	96,089	(30,662)
Other Objects	2,086	66	2,152	17,377	(15,225)
Indirect costs	2,323	169	2,492	2,492	(0)
Total Support Services	320,646	171,417	492,063	716,377	(224,314)
Total Expenditures	1,139,046	91,133	1,230,179	1,206,223	23,956
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	-
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

Note to the Required Supplemental Information

NORTH ARLINGTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2008

Exhibit C-3

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 22,301,814	[C-2] \$ 1,206,223
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(60,057)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	81,774	2,046
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	<u>(76,996)</u>	<u>(2,046)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ <u><u>22,306,592</u></u>	[B-2] \$ <u><u>1,146,166</u></u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 21,657,580	[C-2] \$ 1,206,223
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	<u>(60,057)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2] \$ <u><u>21,657,580</u></u>	[B-2] \$ <u><u>1,146,166</u></u>

Other Supplementary Information

E. Special Revenue Fund

NORTH ARLINGTON SCHOOL DISTRICT
Special Revenue Fund

Exhibit E-1

Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2008

	Brought Forward (Ex E-1a)	Title I Part A	Title II Part A	Title II Part D	Title III Part A	Title IV Part A	Total
REVENUES:							
State sources	\$ 453,903						\$ 453,903
Federal sources	555,309	\$ 75,036	\$ 57,997	\$ 311	\$ 32,306	\$ 4,701	725,660
Local sources	26,660						26,660
Total Revenues	<u>1,035,872</u>	<u>75,036</u>	<u>57,997</u>	<u>311</u>	<u>32,306</u>	<u>4,701</u>	<u>1,206,223</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	68,515	29,000	26,011		19,400		142,926
Purchased professional and technical services	27,155						27,155
Other purchased services	205,728						205,728
General supplies and equipment	10,715	32,537			7,256		50,508
Textbooks	60,137						60,137
Other	3,392						3,392
Total Instruction	<u>375,642</u>	<u>61,537</u>	<u>26,011</u>	<u>-</u>	<u>26,656</u>	<u>-</u>	<u>489,846</u>
Support services:							
Salaries of supervisors of instruction	54,466						54,466
Personal services - Employee benefits	10,944	7,250	8,671		4,850		31,715
Purchased professional - Educational services	295,674	6,249	23,315	311	800		326,349
Other purchased services	187,889						187,889
General supplies	91,388					4,701	96,089
Other objects	17,377						17,377
Indirect costs	2,492						2,492
Total Support Services	<u>660,230</u>	<u>13,499</u>	<u>31,986</u>	<u>311</u>	<u>5,650</u>	<u>4,701</u>	<u>716,377</u>
Total Expenditures	<u>1,035,872</u>	<u>75,036</u>	<u>57,997</u>	<u>311</u>	<u>32,306</u>	<u>4,701</u>	<u>1,206,223</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH ARLINGTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2008

	Brought Forward (Ex E-1b)	Title V Federal Part A	IDEA- Part B-Basic Reg. Prog.	IDEA Part Pre-School	Nonpublic Exam and Class	Nonpublic Textbooks	Total Carried Forward
REVENUES:							
State sources	\$ 354,330				\$ 39,436	\$ 60,137	\$ 453,903
Federal sources	64,641	\$ 2,411	\$ 471,360	\$ 16,897			555,309
Local sources	26,660						26,660
Total Revenues	<u>445,631</u>	<u>2,411</u>	<u>471,360</u>	<u>16,897</u>	<u>39,436</u>	<u>60,137</u>	<u>1,035,872</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	47,965		20,550				68,515
Purchased professional and technical services	27,155						27,155
Other purchased services	-		194,282	11,446			205,728
General supplies and equipment	10,715						10,715
Textbooks	-					60,137	60,137
Other	117		3,275				3,392
Total Instruction	<u>85,952</u>	<u>-</u>	<u>218,107</u>	<u>11,446</u>	<u>-</u>	<u>60,137</u>	<u>375,642</u>
Support services:							
Salaries of supervisors of instruction	54,466						54,466
Personal services - Employee benefits	4,464		6,480				10,944
Purchased professional - Educational services	253,817		2,421		39,436		295,674
Other purchased services	1,400	2,411	178,627	5,451			187,889
General supplies	40,888		50,500				91,388
Other objects	2,152		15,225				17,377
Indirect costs	2,492						2,492
Total Support Services	<u>359,679</u>	<u>2,411</u>	<u>253,253</u>	<u>5,451</u>	<u>39,436</u>	<u>-</u>	<u>660,230</u>
Total Expenditures	<u>445,631</u>	<u>2,411</u>	<u>471,360</u>	<u>16,897</u>	<u>39,436</u>	<u>60,137</u>	<u>1,035,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH ARLINGTON SCHOOL DISTRICT
Special Revenue Fund

Exhibit E-1b

Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2008

	Brought Forward (Ex E-1c)	Nonpublic Hand. Correct. Speech	Nonpublic Supplemental Aid	English As A Second Language	Nonpublic Technology Aid	Nonpublic Nursing Aid	Total Carried Forward
REVENUES:							
State sources	\$ 140,443	\$ 54,126	\$ 17,759	\$ 16,240	\$ 43,040	\$ 82,722	\$ 354,330
Federal sources	64,641						64,641
Local sources	26,660						26,660
Total Revenues	<u>231,744</u>	<u>54,126</u>	<u>17,759</u>	<u>16,240</u>	<u>43,040</u>	<u>82,722</u>	<u>445,631</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$ 47,965						47,965
Purchased professional and technical services	13,903					13,252	27,155
Other purchased services	-						-
General supplies and equipment	9,915					800	10,715
Textbooks	-						-
Other	117						117
Total Instruction	<u>71,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,052</u>	<u>85,952</u>
Support services:							
Salaries of supervisors of instruction	54,466						54,466
Personal services - Employee benefits	4,464						4,464
Purchased professional - Educational services	99,514	54,126	17,759	16,240		66,178	253,817
Other purchased services	1,400						1,400
General supplies	-				40,888		40,888
Other objects	-				2,152		2,152
Indirect costs	-					2,492	2,492
Total Support Services	<u>159,844</u>	<u>54,126</u>	<u>17,759</u>	<u>16,240</u>	<u>43,040</u>	<u>68,670</u>	<u>359,679</u>
Total Expenditures	<u>231,744</u>	<u>54,126</u>	<u>17,759</u>	<u>16,240</u>	<u>43,040</u>	<u>82,722</u>	<u>445,631</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH ARLINGTON SCHOOL DISTRICT
Special Revenue Fund

Exhibit E-1c

Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2008

	Nonpublic Compens. Education	Nonpublic Home Instruction	Teacher Mentoring	Instructional Supplemental Aid	JTPA - GED	Local Grants	Total Carried Forward
REVENUES:							
State sources	\$ 99,234	\$ 280	\$ 4,311	\$ 40,929	\$ 60,330		\$ 140,443
Federal sources						\$ 26,660	64,641
Local sources						26,660	26,660
Total Revenues	<u>99,234</u>	<u>280</u>	<u>4,311</u>	<u>40,929</u>	<u>60,330</u>	<u>26,660</u>	<u>231,744</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers			4,311	40,929		2,725	47,965
Purchased professional and technical services						13,903	13,903
Other purchased services						9,915	-
General supplies and equipment							9,915
Textbooks							-
Other						117	117
Total Instruction	<u>-</u>	<u>-</u>	<u>4,311</u>	<u>40,929</u>	<u>-</u>	<u>26,660</u>	<u>71,900</u>
Support services:							
Salaries of supervisors of instruction					54,466		54,466
Personal services - Employee benefits					4,464		4,464
Purchased professional - Educational services	99,234	280			1,400		99,514
Other purchased services							1,400
General supplies							-
Other objects							-
Indirect costs							-
Total Support Services	<u>99,234</u>	<u>280</u>	<u>-</u>	<u>-</u>	<u>60,330</u>	<u>-</u>	<u>159,844</u>
Total Expenditures	<u>99,234</u>	<u>280</u>	<u>4,311</u>	<u>40,929</u>	<u>60,330</u>	<u>26,660</u>	<u>231,744</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH ARLINGTON SCHOOL DISTRICT
Special Revenue Fund
Instructional Supplemental Aid Statement of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

Exhibit E-5

	Budget	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 40,929	\$ 40,929	\$ -
Total Expenditures	40,929	40,929	-

CALCULATION OF BUDGET AND CARRYOVER

Total revised 2007-08 Instruction Supplemental Aid allocation	
Actual Instructional Supplemental Aid carryover (June 30, 2007)	\$ 40,929
Total Instructional Supplemental Aid available for 2007-08 budget	40,929
Less: 2007-2008 budgeted Instructional Supplemental Aid (including prior year budgeted carryover)	(40,929)
Available and unbudgeted Instructional Supplemental Aid funds as of June 30, 2008	
Add: 2007-2007 unexpended Instructional Supplemental Aid	\$ -
2007-2008 actual carryover - Instructional Supplemental Aid	-
 2007-2008 Supplemental Instructional Aid carryover budgeted in 2008-2009	 \$ -

F. Capital Projects Funds

NORTH ARLINGTON SCHOOL DISTRICT

Exhibit F-1

Capital Projects Fund

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis

For the Fiscal Year ended June 30, 2008

Revenues and Other Financing Sources:

State sources - SCC Grant	\$ 71,148
Transfer from capital reserve	1,051,786

Total Revenues	<u>1,122,934.00</u>
-----------------------	---------------------

Expenditures and Other Financing Uses:

Purchased professional and technical services	35,143
Construction services	564,026

Total Expenditures	<u>599,169</u>
---------------------------	----------------

Excess (deficiency) of revenues over (under) expenditures	523,765
---	---------

Fund Balance - Beginning	<u>343,389</u>
--------------------------	----------------

Fund Balance - Ending	<u><u>\$ 867,154</u></u>
------------------------------	--------------------------

NORTH ARLINGTON SCHOOL DISTRICT
Capital Projects Fund

Exhibit F-1a

Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Improvements, Renovations and Additions to the School District Facilities and Acquisition of Equipment
from Inception for the Fiscal Year ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 544,673	\$ 71,148	\$ 615,821	\$ 615,821
Bond Proceeds and transfers	7,700,000	-	7,700,000	7,700,000
Transfer from capital reserve	1,002,030.00	1,051,786	2,053,816	2,053,816
Transfer from capital outlay	426,250	-	426,250	426,250
Total Revenues	9,672,953	1,122,934	10,795,887	10,795,887
 Expenditures and Other Financing Uses:				
Purchased professional and technical services	255,495	35,143	290,638	290,638
Construction services	9,074,069	564,026	9,638,095	9,638,095
Total Expenditures	9,329,564	599,169	9,928,733	9,928,733
 expenditures	 \$ 343,389	 \$ 523,765	 \$ 867,154	 \$ 867,154
 Additional Project Information:				
Project number	N/A			
Grant date	N/A			
Bond authorization date	5/1/1993			
Bonds authorized	\$ 7,700,000			
Bonds issued	\$ 7,700,000			
Original Authorized Cost	\$ 7,700,000			
Additional authorized cost	\$ -			
Revised authorization cost	\$ 7,700,000			
 Percentage increase over original authorized cost	 N/A			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

NORTH ARLINGTON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year ended June 30, 2008

Exhibit F-2

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Prior Year's</u>	<u>Expenditures to Date</u>	<u>Unexpended</u>
				<u>Current Year</u>	<u>Balance</u>
Improvements, renovations and additions to the School District facilities and the acquisition of equipment.		\$ 10,795,887	\$ 9,329,564	\$ 599,169	\$ 867,154

G. Proprietary Funds

NORTH ARLINGTON SCHOOL DISTRICT

Exhibit G-1

Enterprise Fund
Statement of Net Assets
June 30, 2008

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 99,468
Inventory	5,932
Total Current Assets	<u>105,400</u>
Fixed Assets:	
Equipment	161,100
Accumulated depreciation	(94,083)
Total Fixed Assets	<u>67,017</u>
Total Assets	<u>172,417</u>
 LIABILITIES AND NET ASSETS:	
Current Liabilities:	
Interfund payable	-
Total Current Liabilities	<u> </u>
 NET ASSETS:	
Unrestricted	172,417
Total Net Assets	<u><u>172,417</u></u>

NORTH ARLINGTON SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2008

Exhibit G-2

	Food Service
Operating Revenues:	
Local Sources:	
Daily sales - Reimbursable programs:	-
School lunch program	\$ 309,786
Total Daily Sales - Reimbursable Programs	309,786
Daily sales non-reimbursable programs:	
Special functions	7,764
Total Operating Revenues	317,550
Operating Expenses:	
Labor costs	153,411
Cost of sales	177,847
Supplies and materials	22,457
Insurance	15,325
Management Fees	23,978
Depreciation	10,740
Total Operating Expenses	403,758
Operating Loss	(86,208)
Nonoperating Revenues:	
State sources:	
State school lunch program	5,395
Federal sources:	
National school lunch program	72,658
Food distribution program	20,367
Total Nonoperating Revenues	98,420
Net (loss) before operating transfers and other special items	12,212
Operating transfers in - General Fund	-
Net Income	12,212
Total Net Assets - July 1	160,205
Total Net Assets - June 30	\$ 172,417

NORTH ARLINGTON SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2008

Exhibit G-3

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 317,550
Payments to employees	(153,411)
Payments to suppliers	<u>(240,252)</u>
Net Cash (Used for) Provided by Operating Activities	<u>(76,113)</u>
 Cash Flows from Noncapital Financing Activities:	
State Sources	5,395
Federal Sources	72,658
Food distribution program	<u>20,367</u>
Net Cash Provided by Non-capital Financing Activities	<u>98,420</u>
 Cash flows from Investing Activities:	
Interest on investments	2,764
Interest transfers	<u>(3,059)</u>
Net Cash Provided by Investing Activities	<u>(295)</u>
 Net increase (decrease) in cash and cash equivalents	 22,012
 Balances - July 1	 <u>77,456</u>
Balances - June 30	\$ <u><u>99,468</u></u>
 Reconciliation of Operating Loss to Net Cash (Used For)	
Provided by Operating Activities:	
Operating income (loss)	\$ (86,208)
 Adjustments to reconcile operating loss) to net cash (used for) provided by operating activities:	
Decrease in inventories	(645)
Depreciation	<u>10,740</u>
Total Adjustments	<u>10,095</u>
 Net Cash (Used for) Provided by Operating Activities	 \$ <u><u>(76,113)</u></u>

H. Fiduciary Funds:

NORTH ARLINGTON SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2008

Exhibit H-1

	Agency Funds		
	Student Activity	Payroll	Total June 30, 2008
Assets			
Cash and cash equivalents	\$ <u>268,727</u>	\$ <u>84,857</u>	\$ <u>353,584</u>
Total assets	<u>268,727</u>	<u>84,857</u>	<u>353,584</u>
 Liabilities:			
Payroll deductions and withholdings		84,857	84,857
Due to student groups	268,727		268,727
Total liabilities	<u>268,727</u>	<u>84,857</u>	<u>353,584</u>
 Net Assets	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

NORTH ARLINGTON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
June 30, 2008

Exhibit H-3

	<u>Balance</u> <u>July 1, 2007</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2008</u>
ELEMENTARY SCHOOLS:				
Jefferson	\$ 3,336	\$ 6,266	\$ 6,611	\$ 2,991
Roosevelt	12,454	5,780	4,034	14,200
Washington	498	5,825	5,726	597
Total Elementary Schools	<u>\$ 16,288</u>	<u>\$ 17,871</u>	<u>\$ 16,371</u>	<u>\$ 17,788</u>
MIDDLE SCHOOLS:				
Middle School	17,904	101,286	98,621	20,569
Total Middle School	<u>\$ 17,904</u>	<u>\$ 101,286</u>	<u>\$ 98,621</u>	<u>\$ 20,569</u>
SENIOR HIGH SCHOOL:				
Organization Fund	143,994	199,338	231,113	112,219
Athletic Fund	99,590	61,703	43,142	118,151
Total Senior High School	<u>243,584</u>	<u>261,041</u>	<u>274,255</u>	<u>230,370</u>
TOTAL ALL SCHOOLS	<u>\$ 277,776</u>	<u>\$ 380,198</u>	<u>\$ 389,247</u>	<u>\$ 268,727</u>

NORTH ARLINGTON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
June 30, 2008

Exhibit H-4

	<u>Balance</u> <u>July 1, 2007</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2008</u>
General payroll, deductions and withholdings (Payroll Agency Account)	\$ 72,111	\$ 5,879,549	\$ 5,868,141	\$ 83,519
Accrued salaries and wages (Net Payroll Account)	<u>1,827</u>	<u>6,891,437</u>	<u>6,891,926</u>	<u>1,338</u>
	<u>\$ 73,938</u>	<u>\$ 12,770,986</u>	<u>\$ 12,760,067</u>	<u>\$ 84,857</u>

I. Long-Term Debt

NORTH ARLINGTON SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations under Capital Leases
For the Fiscal Year Ended June 30, 2008

Exhibit I-2

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2007</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2008</u>
Ricoh Copiers	\$ 75,397	\$ 20,696	\$ -	\$ 13,254	\$ 7,442
Xerox Copiers	115,333	96,270	-	28,324	67,946
Ricoh Copiers	34,486	-	34,486	3,004	31,482
		<u>\$ 116,966</u>	<u>\$ 34,486</u>	<u>\$ 44,582</u>	<u>\$ 106,870</u>

NORTH ARLINGTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2008

Exhibit I-3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES:					
Local sources -					
Local tax levy	\$ 983,270	\$ -	\$ 983,270	\$ 983,270	\$ -
Total Revenues	983,270	-	983,270	983,270	-
EXPENDITURES:					
Regular debt service:					
Interest	344,271		344,271	344,271	-
Redemption of principal	639,000		639,000	639,000	-
Total Regular Debt Services	983,271	-	983,271	983,271	-
TOTAL EXPENDITURES	983,271	-	983,271	983,271	-
Excess (deficiency) of revenues over (under) expenditures	(1)	-	(1)	(1)	-
Other financing sources (uses)					
Operating Transfers	-	-	-	-	-
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing source	(1)	-	(1)	(1)	-
Fund Balances - July 1	2	-	2	2	-
Fund Balances - June 30	\$ 1	\$ -	\$ 1	\$ 1	\$ -

**J. Statistical Section
(Unaudited)**

NORTH ARLINGTON SCHOOL DISTRICT
Net Assets by Component
Last Six Fiscal Years
Unaudited

Exhibit J-1

	2003	2004	2005	2006	2007	2008
Governmental Activities:						
Invested in capital assets, net of related debt	\$ 923,892	\$ 1,334,939	\$ 1,695,193	\$ 2,490,169	\$ 2,497,225	\$ 3,087,911
Restricted	1,496,554	2,835,106	2,868,280	2,582,065	3,045,620	3,177,608
Unrestricted	<u>1,149,646</u>	<u>688,671</u>	<u>182,109</u>	<u>275,540</u>	<u>169,929</u>	<u>244,372</u>
Total Governmental Activities Net Assets	<u><u>\$ 3,570,092</u></u>	<u><u>\$ 4,858,716</u></u>	<u><u>\$ 4,745,582</u></u>	<u><u>\$ 5,347,774</u></u>	<u><u>\$ 5,712,774</u></u>	<u><u>\$ 6,509,891</u></u>
Business-type Activities:						
Invested in capital assets, net of related debt	\$ 59,080	\$ 60,176	\$ 68,479	\$ 53,975	\$ 77,757	\$ 67,017
Restricted	37,417	47,389	47,077	65,312	82,448	105,400
Unrestricted	<u>96,497</u>	<u>107,565</u>	<u>115,556</u>	<u>119,287</u>	<u>160,205</u>	<u>172,417</u>
Total Business-type Activities Net Assets	<u><u>\$ 96,497</u></u>	<u><u>\$ 107,565</u></u>	<u><u>\$ 115,556</u></u>	<u><u>\$ 119,287</u></u>	<u><u>\$ 160,205</u></u>	<u><u>\$ 172,417</u></u>
District-Wide:						
Invested in capital assets, net of related debt	\$ 982,972	\$ 1,395,115	\$ 1,763,672	\$ 2,544,144	\$ 2,574,982	\$ 3,154,928
Restricted	1,496,554	2,835,106	2,868,280	2,582,065	3,045,620	3,177,608
Unrestricted	<u>1,187,063</u>	<u>736,060</u>	<u>229,186</u>	<u>340,852</u>	<u>252,377</u>	<u>349,772</u>
Total District Net Assets	<u><u>\$ 3,666,589</u></u>	<u><u>\$ 4,966,281</u></u>	<u><u>\$ 4,861,138</u></u>	<u><u>\$ 5,467,061</u></u>	<u><u>\$ 5,872,979</u></u>	<u><u>\$ 6,682,308</u></u>

Source: School records

NORTH ARLINGTON SCHOOL DISTRICT
Changes in Net Assets
Last Six Fiscal Years

Exhibit J-2
1 of 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses						
Governmental Activities:						
Instruction:						
Regular	\$ 5,750,448	\$ 6,229,979	\$ 6,421,465	\$ 6,627,959	\$ 6,975,761	\$ 6,778,373
Special education	891,029	864,023	1,031,706	1,052,289	1,173,917	1,305,325
Other special education	462,899	477,166	531,966	503,246	475,603	531,680
Other instruction	292,166	280,466	333,008	355,247	385,816	428,820
Support Services:						
Tuition	1,129,235	870,669	1,753,167	1,734,447	2,199,629	2,188,489
Student and instruction related services	1,929,948	1,954,596	1,947,969	1,918,225	1,908,864	2,298,813
School administrative services	871,731	866,995	981,397	1,021,671	1,016,157	1,060,374
General and business administrative services	3,165,720	3,764,744	3,968,547	4,370,938	5,127,342	5,055,602
Plant operation and maintenance	1,486,694	1,588,338	1,784,606	1,829,153	2,148,014	1,911,017
Pupil transportation	354,240	482,354	599,135	538,469	705,754	850,239
Food service operations	-	-	1,464	-	-	-
Unallowed depreciation	778,760	814,142	809,941	897,407	924,236	957,052
Interest on long-term debt	314,169	447,831	432,446	406,065	376,798	344,271
Total Governmental Activities Expenses	<u>17,427,039</u>	<u>18,641,303</u>	<u>20,596,817</u>	<u>21,255,116</u>	<u>23,417,891</u>	<u>23,710,055</u>
Business-type Activities:						
Food service	291,732	331,695	350,219	359,718	387,704	403,758
Total Business type activities expense	<u>291,732</u>	<u>331,695</u>	<u>350,219</u>	<u>359,718</u>	<u>387,704</u>	<u>403,758</u>
Total District Expenses	<u>\$ 17,718,771</u>	<u>\$ 18,972,998</u>	<u>\$ 20,947,036</u>	<u>\$ 21,614,834</u>	<u>\$ 23,805,595</u>	<u>\$ 24,113,813</u>
Program Revenue						
Governmental Activities:						
Charges for services:						
Operating grants and contributions	\$ 1,035,758	\$ 1,151,368	\$ 1,139,745	\$ 1,106,597	\$ 1,016,533	\$ 1,146,166
Total Governmental Activities Program Revenues	<u>\$ 1,035,758</u>	<u>\$ 1,151,368</u>	<u>\$ 1,139,745</u>	<u>\$ 1,106,597</u>	<u>\$ 1,016,533</u>	<u>\$ 1,146,166</u>
Business-type Activities						
Charges for services:						
Food service	\$ 240,495	284,621	291,687	296,385	313,130	317,550
Operating grants and contributions	54,579	52,473	59,161	59,684	72,203	98,420
Total Business-type Activities	<u>295,074</u>	<u>337,094</u>	<u>350,848</u>	<u>356,069</u>	<u>385,333</u>	<u>415,970</u>
Total District Program Revenues	<u>\$ 1,330,832</u>	<u>\$ 1,488,462</u>	<u>\$ 1,490,593</u>	<u>\$ 1,462,666</u>	<u>\$ 1,401,866</u>	<u>\$ 1,562,136</u>
Net (Expense)/ Revenue						
Governmental activities	\$ (16,391,281)	\$ (17,489,935)	\$ (19,457,072)	\$ (20,148,519)	\$ (22,401,358)	\$ (22,563,889)
Business-type activities	3,342	5,399	629	(3,649)	(2,371)	12,212
Total District-wide Net Expense	<u>\$ (16,387,939)</u>	<u>\$ (17,484,536)</u>	<u>\$ (19,456,443)</u>	<u>\$ (20,152,168)</u>	<u>\$ (22,403,729)</u>	<u>\$ (22,551,677)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes - Net	\$ 14,206,984	\$ 14,794,536	\$ 15,229,630	\$ 16,462,475	\$ 17,526,121	\$ 18,197,710
Taxes levied for debt service	614,169	872,799	947,480	933,066	1,009,797	983,270
Federal and State aid not restricted	2,391,238	2,897,329	2,904,012	3,066,195	3,924,499	3,799,680
Investment earnings	42,115	42,798	95,303	175,561	261,147	238,582
Miscellaneous income	130,117	176,766	174,875	120,794	53,561	141,764
Special Item- Gain on refinancing of Early Retirement Incentive Program	-	-	-	-	-	-
Transfers	3,894,493	-	-	-	-	-
	(5,669)	(5,669)	(7,362)	(7,380)	(8,767)	-
Total Governmental Activities	<u>21,273,447</u>	<u>18,778,559</u>	<u>19,343,938</u>	<u>20,750,711</u>	<u>22,766,358</u>	<u>23,361,006</u>

NORTH ARLINGTON SCHOOL DISTRICT
Changes in Net Assets
Last Six Fiscal Years

Exhibit J-2
2 of 2

	2003	2004	2005	2006	2007	2008
Expenses						
Business-type activities:						
Special item - Appraisal of capital asset adjustment					34,522	
Transfers	5,128	5,699	7,362	7,380	8,767	-
Total business-type activities	5,128	5,699	7,362	7,380	43,289	-
Total district wide	\$ 21,278,575	\$ 18,784,258	\$ 19,351,300	\$ 20,758,091	\$ 22,809,647	\$ 23,361,006
 Changes in Net Assets						
Governmental activities	\$ 4,882,166	\$ 1,288,624	\$ (113,134)	\$ 602,192	\$ 365,000	\$ 797,117
Business-type activities	8,470	11,098	7,991	3,731	40,918	12,212
Total District	\$ 4,890,636	\$ 1,299,722	\$ (105,143)	\$ 605,923	\$ 405,918	\$ 809,329

Source: District+A36 records

NORTH ARLINGTON SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Six Fiscal Years
(Unaudited)

Exhibit J-3

	2003	2004	2005	2006	2007	2008
General Fund:						
Reserved	\$ 2,099,905	\$ 3,359,275	\$ 2,893,053	\$ 2,947,521	\$ 3,250,990	\$ 2,849,592
Unreserved	810,556	384,585	325,125	290,348	303,143	336,249
Total General Fund	\$ 2,910,461	\$ 3,743,860	\$ 3,218,178	\$ 3,237,869	\$ 3,554,133	\$ 3,185,841
 All Other Governmental Funds:						
Reserved	\$ -	\$ 190,571	\$ 304,000	\$ 183,470	\$ 81,682	\$ 529,677
Unreserved reported in:						
Special revenue fund	(5,321)	(2,046)	(2,046)	(2,046)	(2,046)	(2,046)
Capital projects fund	93,707	2,158	2,383	2,383	261,707	337,477
Debt service fund	-	6,968	2	3	2	1
Total All Other Governmental Funds	\$ 88,386	\$ 197,651	\$ 304,339	\$ 183,810	\$ 341,345	\$ 865,109

Source: District records

NORTH ARLINGTON SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
For the Last Ten Fiscal Years
Unaudited

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Tax levy	\$ 11,269,969	12,047,505	13,356,345	13,761,676	14,821,153	15,667,335	16,177,110	17,395,541	18,535,918	19,180,980
Tuition charges	53,326	56,128	21,622	7,900	-	-	-	-	-	-
Interest earnings	106,562	117,859	186,544	65,512	42,115	42,798	95,303	175,561	261,147	238,582
Miscellaneous	27,826	50,384	104,021	59,896	187,220	187,220	192,226	133,899	62,419	170,736
State sources	2,809,649	2,600,519	2,216,233	2,478,824	2,850,779	3,365,486	3,359,778	3,499,255	4,330,964	4,277,995
Federal sources	597,429	526,272	57,871	744,910	572,658	672,737	666,628	660,432	601,210	638,879
Total Revenue	14,864,761	15,398,667	15,942,636	17,118,318	18,420,381	19,935,596	20,491,045	21,864,688	23,791,658	24,507,172
Expenditures										
Instruction:										
Regular	4,459,770	4,833,444	5,108,092	5,402,285	5,440,714	5,673,308	5,902,353	6,018,855	6,407,879	6,346,819
Special education instruction	602,223	665,396	729,690	770,115	891,029	864,023	1,031,706	1,052,289	1,173,917	1,305,325
Other	364,450	430,545	454,801	417,985	462,899	477,166	531,966	503,246	475,603	531,680
School sponsored/other instructional	257,278	284,355	294,790	333,859	292,166	280,466	333,008	355,247	385,816	428,820
Undistributed:										
Instruction	768,282	911,684	1,042,950	1,097,696	1,129,235	870,669	1,753,167	1,734,447	2,199,629	2,188,489
Health services	141,125	144,614	164,106	163,756	166,816	235,916	178,625	223,389	221,525	230,398
Support services - Students	803,626	798,820	789,875	876,052	918,059	1,017,204	1,028,560	1,055,530	1,106,131	1,210,825
Support services - Instructional staff	75,291	113,525	125,923	154,865	113,728	110,054	126,364	141,813	132,557	142,978
General administration	368,760	361,758	434,042	392,207	403,852	460,000	465,742	481,305	475,937	580,756
School administration	721,631	743,336	712,755	899,435	871,731	866,995	981,397	1,021,671	1,016,157	1,060,374
Operations and maintenance	1,338,863	1,491,582	1,573,744	1,495,274	1,571,991	1,649,334	1,840,327	1,890,682	2,232,891	1,955,599
Student transportation	316,032	343,723	405,701	426,602	354,240	482,354	599,135	538,469	705,754	850,239
Business and other support services:										
Employee benefits	1,395,323	1,389,903	1,641,797	1,616,474	1,480,105	1,747,173	1,876,178	2,037,071	2,164,781	2,105,133
Other	308,974	336,419	323,095	352,793	360,548	394,872	430,692	411,376	401,915	407,314
On-behalf TPAF pension contributions	444,725	163,099	219,112	342,030	342,030	503,414	554,795	610,330	1,351,412	1,365,416
Reimbursed TPAF Social Secur. contrib.	479,634	505,796	541,264	559,711	581,681	584,198	596,747	738,911	617,441	647,941
Food service operations							1,464			
Capital outlay	765,442	334,085	326,099	374,859	659,067	782,761	586,260	1,103,853	328,749	898,643
Special schools										
Special revenue:										
Federal	597,429	521,859	534,328	711,715	606,150	633,265	666,628	660,432	601,210	638,879
State	506,842	447,969	371,731	458,157	431,144	504,883	455,766	433,060	406,465	478,315
Other	8,016	4,413	37,543	33,195	3,785	9,945	17,351	13,105	8,858	28,972
Debt service:										
Principal	250,000	250,000	300,000	300,000	300,000	418,000	522,000	527,000	633,000	639,000
Interest and other charges	374,637	361,200	346,419	330,294	314,169	447,831	432,446	406,065	376,798	344,271
Total Expenditures	15,348,353	15,437,525	16,477,857	17,167,329	17,695,139	19,013,831	20,912,677	21,958,146	23,424,425	24,386,186

NORTH ARLINGTON SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
For the Last Ten Fiscal Years
Unaudited

Exhibit J-4
2 of 2

Excess (Deficiency) of revenues over (under) expenditures	(483,592)	(38,858)	(535,221)	(49,011)	725,242	921,765	(421,632)	(93,458)	367,233	120,986
Other Financing Sources (Uses)										
Proceeds from borrowing	-				303,331	36,568			115,333	34,486
Capital leases (non-budgeted)	-				(5,128)	(5,669)			(8,767)	-
Transfers in	-				(6,437)	(5,669)				
Transfers out	(20,273)	(1,250)	(5,562)	(6,437)	298,203	30,899	(7,362)	(7,380)	106,566	34,486
Total other financing sources (uses)	(20,273)	(1,250)	(5,562)	(6,437)	298,203	30,899	(7,362)	(7,380)	106,566	34,486
Net change in fund balances	\$ (503,865)	\$ (40,108)	\$ (540,783)	\$ (55,448)	\$ 1,023,445	\$ 952,664	\$ (428,994)	\$ (100,838)	\$ 473,799	\$ 155,472
Debt service as a percentage of noncapital expenditures	4.28%	4.05%	4.00%	3.75%	3.61%	4.75%	4.70%	4.47%	4.37%	4.19%

Note: Noncapital expenditures are total expenditures less capital outlay.

Source: District records

NORTH ARLINGTON SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Description	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund:										
Interest on Investments	\$ 238,582	\$ 261,147	\$ 175,561	\$ 95,303	\$ 42,798	\$ 42,115	\$ 65,512	\$ 186,544	\$ 117,859	\$ 106,562
Sales of equipment	-	-	-	-	-	-	-	-	-	250
Donations	-	-	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-	-	1,000
Insurance refunds	12,583	-	33,062	10,490	28,029	-	-	-	-	692
Accounts payable cancelled	56,168	43,339	57,304	114,067	41,675	127	-	-	-	-
Prior year refunds	5,280	-	6,146	-	-	-	-	-	10,992	9,993
Miscellaneous	67,733	10,222	24,282	39,628	96,372	129,990	59,896	104,021	16,303	7,875
Local grant	28,972	8,858	13,105	17,351	10,454	3,559	-	-	-	-
Total Miscellaneous	409,318	323,566	309,460	276,839	219,328	175,791	125,408	290,565	168,243	126,372
Tuition	-	-	-	10,690	10,690	-	7,900	21,622	56,128	53,326
Total General Fund	\$ 409,318	\$ 323,566	\$ 309,460	\$ 287,529	\$ 230,018	\$ 175,791	\$ 133,308	\$ 312,187	\$ 224,371	\$ 179,698

Source: District records

NORTH ARLINGTON SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
For the Last Ten Fiscal Years
Unaudited

Exhibit J-6

Year Ended December 31,	Net Valuations Taxable	Estimated Full Cash Valuations	Total Direct School Tax Rate
1998	\$ 787,581,960	\$ 796,358,754	\$ 1.429
1999	789,162,389	837,285,596	1.477
2000	789,336,697	886,834,110	1.612
2001	790,868,300	927,269,668	1.713
2002	793,502,800	978,425,154	1.799
2003	795,902,000	996,746,400	1.906
2004	798,549,999	1,128,321,630	2.000
2005	805,764,000	1,325,517,358	2.084
2006	804,453,350	1,558,928,482	2.223
2007	812,629,529	1,720,997,978	2.320

Source: Abstract of Ratables, County Board of Taxation.

NORTH ARLINGTON SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Per \$100.00 of Assessed Valuation
Last Ten Fiscal Years

Exhibit J-7

Assessment Year	North Arlington School District	North Arlington Borough	Bergen County	Total
1998	\$ 1.429	\$ 0.870	\$ 0.261	\$ 2.56
1999	1.477	0.886	0.267	2.63
2000	1.612	0.925	0.263	2.80
2001	1.713	0.970	0.257	2.94
2002	1.799	1.065	0.276	3.14
2003	1.906	1.196	0.268	3.37
2004	2.000	1.190	0.300	3.49
2005	2.084	1.248	0.323	3.66
2006	2.223	1.172	0.360	3.76
2007	2.320	1.576	0.364	4.26

Source: Tax Collector

NORTH ARLINGTON SCHOOL DISTRICT
Principal Property Taxpayers
Current Years and Nine Years Age

Exhibit J-8

<u>Taxpayers</u>	<u>2008</u>		<u>Taxpayers</u>	<u>1999</u>	
	<u>Taxable Assessed Value</u>	<u>As a % of District's Net Assessed Valuation</u>		<u>Taxable Assessed Value</u>	<u>As a % of District's Net Assessed Valuation</u>
1	\$ 11,645,100	\$ 1.5	1	\$ 11,645,600	\$ 1.49
2	11,187,900	1.4	2	5,779,800	0.74
3	4,410,200	0.6	3	5,492,100	0.71
4	4,100,200	0.5	4	3,226,200	0.41
5	2,900,000	0.4	5	2,775,300	0.36
6	2,775,300	0.3	6	2,161,500	0.28
7	2,157,000	0.3	7	2,038,400	0.26
8	2,097,800	0.3	8	2,030,100	0.26
9	1,809,600	0.2	9	1,800,000	0.23
10	1,750,000	0.2	10	1,749,600	0.23
	<u>\$ 44,833,100</u>	<u>5.7</u>		<u>\$ 38,698,600</u>	<u>4.97</u>

Source: Tax Collector

**NORTH ARLINGTON SCHOOL DISTRICT
Municipal Property Tax Levies and Collections
Last Ten Fiscal Years**

Exhibit J-9

<u>Year Ended December 31,</u>	<u>Taxes Levied For the Fiscal Year</u>	<u>Amount</u>	<u>Percent of Tax Levy Collected</u>	<u>Collected in Subsequent Years</u>
1999	\$ 11,269,969	\$ 11,269,969	100.00%	-
2000	12,047,505	12,047,505	100.00%	-
2001	13,356,345	13,356,345	100.00%	-
2002	13,761,676	13,761,676	100.00%	-
2003	14,821,153	14,821,153	100.00%	-
2004	15,667,335	15,667,335	100.00%	-
2005	16,177,110	16,177,110	100.00%	-
2006	17,395,541	17,395,541	100.00%	-
2007	18,535,918	18,535,918	100.00%	-
2008	<u>19,180,980</u>	<u>19,180,980</u>	<u>100.00%</u>	<u>-</u>

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.

NORTH ARLINGTON SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
For General Bonded Debt to Total Governmental Fund Expenditures
Last Ten Fiscal Years

Exhibit J-10

Governmental Activities						
Fiscal Year Ended June 30,	General Obligation Bonds	Early Retirement Program	Capital Leases	Total District	Percentage of Personal Income (a)	Per Capita (a)
1999	\$ 6,845,000	\$ 8,049,720	\$ 141,340	\$ 15,036,060	2.33	1,065
2000	6,595,000	7,745,855	101,258	14,442,113	2.18	1,024
2001	6,295,000	7,441,783	57,634	13,794,417	1.77	908
2002	5,995,000	7,137,493	10,154	13,142,647	1.66	864
2003	8,938,000	-	228,188	9,166,188	1.17	603
2004	8,520,000	-	203,760	8,723,760	1.14	573
2005	7,998,000	-	148,039	8,146,039	1.01	535
2006	7,471,000	-	86,510	7,557,510	0.88	498
2007	6,838,000	-	116,966	6,954,966	UA	461
2008	6,199,000	-	106,870	6,305,870	UA	450

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.

NORTH ARLINGTON SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
1999	\$ 6,245,000	-	\$ 6,245,000	0.87%	\$ 442
2000	6,595,000	-	6,595,000	0.84%	468
2001	6,295,000	-	6,295,000	0.80%	414
2002	5,995,000	-	5,995,000	0.76%	394
2003	8,938,000	-	8,938,000	1.13%	588
2004	8,520,000	-	8,520,000	1.07%	560
2005	7,998,000	-	7,998,000	1.00%	525
2006	7,471,000	-	7,471,000	0.93%	492
2007	6,838,000	-	6,838,000	0.85%	453
2008	6,199,000	-	6,199,000	0.99%	452

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

NORTH ARLINGTON SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Exhibit J-12

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Net Debt</u>
Debt repaid with property taxes:			
North Arlington Municipality (1)	\$ 20,029,772	100.00%	\$ 20,029,772
County of Bergen (2)	628,515,768	2.37%	14,895,824
			<u>\$ 34,925,596</u>

Sources:

- (1) North Arlington Municipality's Chief Financial Officer and Annual Debt Statement - December 31, 2007.
- (2) Bergen County Treasurer's Office. The County Debt was apportioned in North Arlington Municipality by dividing the Municipality's 2007 equalized value by the total 2007 equalized value for Bergen County, which results in an apportionment rate of 2.37%*.

* The source for this computation was the 2007 Table of Equalized Value, which is supplied by the New Jersey Division of Taxation.

NORTH ARLINGTON SCHOOL DISTRICT
Computation of Legal Debt Margin
Last Ten Fiscal Years

Legal Debt Margin Calculation for 2008:	<u>Year</u>	<u>Equalized Valuation Basis</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	2005	\$ 1,541,376,389									
	2006	1,707,347,290									
	2007	1,518,691,937									
		<u>\$ 4,767,415,616</u>									
Average equalized valuation of taxable property					<u>\$ 1,589,138,539</u>						
School borrowing margin (4% of \$ 1,589,138,539)		\$ 63,565,542									
Net bonded school debt as of June 30, 2008		<u>6,199,000</u>									
School borrowing margin available		<u>\$ 57,366,542</u>									
Debt limit	\$ 32,970,908	\$ 33,167,987	\$ 34,045,340	\$ 35,418,508	\$ 37,302,371	\$ 40,538,980	\$ 45,606,747	\$ 52,908,542	\$ 60,747,677	\$ 63,565,542	
Total net debt applicable to limit	6,845,000	6,595,000	6,295,000	5,995,000	8,938,000	8,520,000	7,998,000	7,471,000	6,838,000	6,199,000	
Legal Debt Limit	\$ 26,125,908	<u>\$ 26,572,987</u>	<u>\$ 27,750,340</u>	<u>\$ 29,423,508</u>	<u>\$ 28,364,371</u>	<u>\$ 32,018,980</u>	<u>\$ 37,608,747</u>	<u>\$ 45,437,542</u>	<u>\$ 53,909,677</u>	<u>\$ 57,366,542</u>	
Total net debt applicable to the limit as a percentage of debt limit	20.76%	19.88%	18.49%	16.93%	23.96%	21.02%	17.54%	14.12%	11.26%	9.75%	

Source: Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of the Treasury, Division of Taxation

NORTH ARLINGTON SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit J-14

Year Ended December 31,	Population**	Personal Income*** (1)	Per Capita Personal Income**** (1)	Unemployment Rate****
1998	14,114	\$ 646,892,972	\$ 45,798	3.9%
1999	14,104	661,378,872	46,893	3.3%
2000	15,192	778,240,584	51,227	3.9%
2001	15,205	791,602,710	52,062	4.9%
2002	15,210	781,413,750	51,375	5.3%
2003	15,216	764,147,520	50,220	5.2%
2004	15,233	809,344,523	53,131	4.3%
2005	15,179	861,028,775	56,725	3.8%
2006	15,077	UA	61,264	4.0%
2007	15,181	UA	UA	4.0%

Sources:

** Population information provided by the NJ Department of Labor and Workforce Development

*** Personal income has been estimated based upon the municipal population and per capita personal income presented

Per capita personal income by county estimate based upon the 2000 Census published by the US Bureau of Economic Analysis

**** Unemployment data provided by the NJ Department of Labor and Workforce Development

(1) County information

UA Information Unavailable

NORTH ARLINGTON SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

Exhibit J-15

2008			1999		
Employer	Employees	Percentage of Total Municipal Employment	Employer	Employees	Percentage of Total Municipal Employment

Note: This information was unavailable for the year's 2008 and 1999.

NORTH ARLINGTON SCHOOL DISTRICT
Full-Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction										
Regular	84	84	86	87	88	86	86	86	85	105
Special Education	14	14	15	15	15	20	17	17	19	22
Vocational-Business/Technical office	6	6	6	6	6	6	6	6	6	43
Other instruction										
Support Services:										
Student & instruction related services	9	9	9	9	9	9	10	10	10	20
General administration	8	8	8	8	8	8	8	8	8	3
School administrative services	6	6	6	7	7	6	6	6	6	12
Other administrative services	5	5	5	5	5	5	5	5	5	-
Central services	17	17	17	17	17	16	16	16	17	5
Plant operations and maintenance	16	16	16	16	16	16	16	16	17	16
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Other support services	9	9	9	11	12	15	16	15	46	-
Total	<u>175</u>	<u>175</u>	<u>178</u>	<u>182</u>	<u>184</u>	<u>188</u>	<u>187</u>	<u>186</u>	<u>220</u>	<u>227</u>

Source: District records

NORTH ARLINGTON SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Elementary School			Middle School	High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School						
1999	1,590	13,958,274	8,779	n/a	125	25.3:1	16.8:1	17.7:1	1,590	1,502	-8.43%	94.47%		
2000	1,602	14,492,240	9,046	3.05%	126	24.3:1	16.4:1	185.7:1	1,567	1,457	-1.45%	92.98%		
2001	1,564	15,505,339	9,914	9.59%	134	22.1:1	16.3:1	13.3:1	1,541	1,449	-1.66%	94.03%		
2002	1,555	16,132,176	10,374	4.64%	134	20.3:1	16.5:1	12.7:1	1,532	1,448	-0.58%	94.52%		
2003	1,553	16,421,903	10,574	1.93%	127	19.3:1	16.1:1	11.9:1	1,533	1,457	0.07%	95.04%		
2004	1,580	17,365,239	10,991	3.94%	149	15.2:1	15.3:1	9.5:1	1,514	1,435	-1.24%	94.78%		
2005	1,594	19,371,971	12,153	10.58%	131	19.0:1	15.4:1	12.1:1	1,556	1,472	2.77%	94.60%		
2006	1,579	19,921,228	12,616	3.81%	142	13.1:1	11.0:1	9.6:1	1,571	1,492	0.96%	94.97%		
2007	1,567	22,085,878	14,094	11.72%	141	13.1:1	14.0:1	10.3:1	1,571	1,484	0.00%	94.46%		
2008	1,597	22,504,272	14,092	-0.02%	121	14.6:1	11.9:1	10.02:1	1,595	1,510	1.53%	94.67%		

Source:
 District Records
 District Summary ADE/ADA

NORTH ARLINGTON SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

Exhibit J-18

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
District Buildings:										
Elementary:										
Washington School	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274
Square feet	236	236	236	236	236	236	236	236	236	236
Capacity (students)	251	244	238	216	216	223	219	248	248	253
Enrollment										
Roosevelt School	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024
Square feet	189	189	189	189	189	189	189	189	189	189
Capacity (students)	176	183	171	168	163	166	166	169	169	186
Enrollment										
Jefferson School	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836
Square feet	250	250	250	250	250	250	250	250	250	250
Capacity (students)	332	314	319	310	316	315	325	282	282	299
Enrollment										
Middle School:										
North Arlington Middle School	52,039	52,039	52,039	52,039	52,039	52,039	52,039	52,039	52,039	52,039
Square feet	260	260	260	260	260	260	260	260	260	260
Capacity (students)	350	363	371	380	385	374	365	331	331	337
Enrollment										
High School:										
North Arlington High School	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623
Square feet	510	510	510	510	510	510	510	510	510	510
Capacity (students)	457	430	429	435	472	471	495	540	540	522
Enrollment										

Number of Schools at June 30, 2008:

Elementary = 3
Middle School = 1
High School = 1

Source: District Records

NORTH ARLINGTON SCHOOL DISTRICT

Exhibit J-19

General Fund

Schedule of Required Maintenance Expenditures by School Facility

Last Six Fiscal Years

Unaudited

School Facilities	Project # (s)	2008	2007	2006	2005	2004	2003
Jefferson		\$ 104,786	87,648	57,660	42,554	32,589	35,265
Roosevelt		59,476	121,926	80,210	59,197	32,826	35,522
Washington		54,292	152,446	100,288	74,015	44,973	48,667
Middle school		231,699	198,298	130,452	96,276	68,289	73,898
High school		124,985	351,969	231,546	170,886	117,587	127,244
Total School Facilities		575,238	912,287	600,156	442,928	296,264	320,596
Other Facilities							
Grand Total		\$ 575,238	\$ 912,287	\$ 600,156	\$ 442,928	\$ 296,264	\$ 320,596

* School facilities as defined under EFCFA.
(NJAC 6A:26-1, 2 and NJAC 624-1.3)

Source: School Records

NORTH ARLINGTON SCHOOL DISTRICT
Insurance Schedule
June 30, 2008

Exhibit J-20
1 of 2

	<u>Coverage</u>	<u>Deductible</u>
Package Policy		
School Alliance Insurance Fund		
Effective: 7/1/07-7/1/08, Premium: \$547,010		
PROPERTY:		
Building and contents blanket limit	44,602,928	1,000
Extra expense replacement cost	Agreed Amount	
CRIME:		
Employee dishonesty - Per employee	100,000	1,000
Employee dishonesty - Each loss	400,000	1,000
Forgery and alteration	50,000	1,000
Money and securities - inside and out	50,000	1,000
Computer fraud	50,000	1,000
		Subject to FEMA
FLOOD/EARTHQUAKE	10,000,000	Deductible
BOILER AND MACHINERY		
Equipment breakdown	1,500,000	1,000
GENERAL LIABILITY		
Commercial General Liability:		
Each occurrence	5,000,000	N/A
General aggregate	5,000,000	N/A
Products - Completed operations	5,000,000	N/A
Personal injury	5,000,000	N/A
Fire damage	100,000	N/A
Medical expense limit	5,000	N/A
General aggregate limit	400,000	N/A
EMPLOYEE BENEFITS LIABILITY	5,000,000	1,000
BUSINESS AUTO		
Combined single limit	5,000,000	N/A
Hired/non owned	5,000,000	N/A
Personal injury protection	Basic	N/A
Uninsured/underinsured motorists	5,000,000	N/A
Medical payments	10,000	N/A
Collision	Actual Cash Value	500
Comprehensive	Actual Cash Value	500
Garage keepers legal liability	100,000	1,000
School Leaders Liability and Employment Practices		
Ace American Insurance		
Effective: 7/1/07 - 7/1/08, Premium: \$19,389		
Each claim/each insured	5,000,000	
Aggregate/each insured	5,000,000	
Each claim/all insured	10,000,000	
Maximum policy aggregate	20,000,000	25,000

NORTH ARLINGTON SCHOOL DISTRICT
Insurance Schedule
June 30, 2008

Exhibit J-20
2 of 2

**EXCESS LIABILITY AND EXCESS SCHOOL
LEADERS ERRORS AND OMISSIONS**

School Alliance Insurance Fund

Effective: 7/1/07 - 7/1/08, Premium: \$5,644

Each loss	5,000,000	N/A
Aggregate	5,000,000	N/A

Environmental Impairment Liability Policy

Ace Insurance Co.

Effective: 7/1/07 - 7/1/08, Premium: \$2,814

Pollution liability is site specific

Per accident	1,000,000	15,000
Aggregate per insured	3,000,000	
Policy aggregate limit	20,000,000	

Excess Liability Policy (Shared Limits)

Fireman's Fund Insurance Co.

Effective: 7/1/07 - 7/1/08, Premium: \$6,039

Each occurrence limit	50,000,000	
Aggregate limit	50,000,000	

Accidental Death & Dismemberment Policy

Gerber Insurance Co.

Effective: 7/1/07 - 7/1/08, Premium: \$175

Principal sum	100,000	
Aggregate limit	500,000	

Public Officials Bonds

Hartford Fire Insurance Company

Effective: 7/1/07 - 7/1/08, Premiums: \$376 and \$440

Bus. Admin/Bd. Secretary - Kathleen McEwin-Marano	94,000	
Treasurer of School Monies - Robert Brown	110,000	

Student Accident Voluntary Policy

Life Insurance Co. of North America

Policy period: 9/1/07 - 8/1/08

Premium: Varies	500,000	
-----------------	---------	--

Student Accident Compulsory Policy

Life Insurance Co. of North America

Policy period: 8/1/07 - 8/1/08

Premium: \$14,800	25,000	
-------------------	--------	--

Student Accident Catastrophic Policy

Life Insurance Co. of North America

Policy period: 8/1/07 - 8/1/08

Premium: \$3,100	2,000,000	25,000
------------------	-----------	--------

K. Single Audit

CARR, DALEY, SULLIVAN & WEIR, PC

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

220 SOUTH ORANGE AVENUE, SUITE 100
LIVINGSTON, NEW JERSEY 07039

TEL (973) 740-9100
FAX (973) 740-9102

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

Honorable President and Members
of the Board of Trustees
North Arlington Board of Education
North Arlington, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Arlington School District as of and for the fiscal year ended June 30, 2008, which collectively comprise the North Arlington School District's basic financial statements and have issued our report thereon dated October 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Arlington School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Arlington School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Arlington School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the North Arlington School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the North Arlington School District's financial statements that is more than inconsequential will not be prevented or detected by the North Arlington School District's internal control.

Exhibit K-1

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Arlington School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by Division of Finance, Department of Education, State of New Jersey.

We also noted certain matters that we reported to management of the North Arlington School District in a separate report entitled, Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance dated October 23, 2008.

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



Carr, Daley, Sullivan & Weir, PC
Certified Public Accountants
Public School Accountants



Judith Tutela
Public School Accountant
PSA Number CS002372

Livingston, New Jersey
October 23, 2008

CARR, DALEY, SULLIVAN & WEIR, PC

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

220 SOUTH ORANGE AVENUE, SUITE 100
LIVINGSTON, NEW JERSEY 07039

TEL (973) 740-9100
FAX (973) 740-9102

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

Honorable President and Members
of the Board of Trustees
North Arlington Board of Education
North Arlington, New Jersey

Compliance

We have audited the compliance of the North Arlington School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. North Arlington 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 requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the North Arlington School District's management. Our responsibility is to express an opinion on North Arlington School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about North Arlington 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 North Arlington School District's compliance with those requirements.

In our opinion, North Arlington 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 fiscal year ended June 30, 2008.

Internal Control Over Compliance

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

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

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



Carr, Daley, Sullivan & Weir, PC
Certified Public Accountants
Public School Accountants



Judith Tutela
Public School Accountant
PSA Number CS002372

Livingston, New Jersey
October 23, 2008

**NORTH ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal/Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Grant or State Project Number	Award Amount	Grant Period	Balance July 1, 2007	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2008	
									(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture										
Passed-through State Department of Education										
Enterprise Fund:										
Food Distribution Program	10.550	N/A	20,367	7/1/07-6/30/08		\$ 20,367	\$ 20,367		\$ -	
National School Lunch Program	10.555	N/A	43,600	7/1/06-6/30/07	\$ (4,261)	4,261				
National School Lunch Program	10.555	N/A	72,658	7/1/07-6/30/08	-	69,008	72,658		\$ (3,650)	-
Total Enterprise Fund					(4,261)	93,636	93,025		(3,650)	-
U.S. Department of Education Passed-Through State Department of Education										
Special Revenue Fund:										
Title I	84.010A	NCLB-08	75,036	9/1/07-8/31/08		75,036	75,036			
Title II Part A	84.281A	NCLB-08	57,997	9/1/07-8/31/08		57,997	57,997			
Title II, Part D	84.318D	NCLB-08	525	9/1/07-8/31/08		525	311			214
Title III, Part A	84.365A	NCLB-08	32,307	9/1/07-8/31/08		32,307	32,307			
Title IV	84.186A	NCLB-08	6,369	9/1/07-8/31/08		6,368	4,701			1,667
Title V	84.298A	NCLB-08	2,946	9/1/07-8/31/08		2,946	2,411			535
IDEA Basic	84.027	FT08	471,360	9/1/07-8/31/08		471,360	471,360			
I.D.E.A. Part B, Preschool	84.173	FT08	16,897	9/1/07-8/31/08		16,897	16,897			
United States Department of Labor										
Pass-Through Bergen County, NJ										
Job Training Partnership Act-Graduate Equivalency Diploma	17.25	IASA07	69,902	7/1/06-6/30/07	(34,166)	34,166				
Job Training Partnership Act-Graduate Equivalency Diploma	17.25	IASA08	60,330	7/1/07-6/30/08		27,232	60,330		(33,098)	
Total Special Revenue Fund					(34,166)	724,834	721,350		(33,098)	2,416
Total Federal Financial Assistance					(38,427)	818,470	814,375		(36,748)	2,416

NORTH ARLINGTON SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2008

State Grantor/Program Title State Department of Education General Fund	Grant or State Project Number	Award Amount	Grant Period	Balance at June 30, 2007	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2008		GAAP Receivable	Cumulative Total Receivable Expenditures
								(Accounts Receivable)	Deferred Revenue		
Transportation Aid	08-495-034-5120-014	134,920	7/1/07-6/30/08	\$ -	\$ 134,920	\$ 134,920	\$ -	\$ -	\$ -	\$ 6,074	\$ 134,920
Transportation Aid	06-495-034-5120-014	134,920	7/1/06-6/30/07	(6,648)	6,648	-	-	-	-	*	*
Special Education Aid	08-495-034-5120-011	1,194,232	7/1/07-6/30/08	(58,849)	1,194,232	1,194,232	-	-	-	53,760	1,194,232
Special Education Aid	06-495-034-5120-011	1,194,232	7/1/06-6/30/07	(58,849)	58,849	-	-	-	-	*	*
Bilingual Aid	08-495-034-5120-008	120,304	7/1/07-6/30/08	(5,928)	120,304	120,304	-	-	-	5,416	120,304
Bilingual Aid	06-495-034-5120-008	120,304	7/1/06-6/30/07	(5,928)	5,928	-	-	-	-	*	*
Consolidated Aid	08-100-034-5120-057	160,411	7/1/07-6/30/08	(7,905)	160,411	160,411	-	-	-	7,221	160,411
Consolidated Aid	06-100-034-5120-057	160,411	7/1/06-6/30/07	(7,905)	7,905	-	-	-	-	*	*
Additional Formula Aid	08-495-034-5120-058	100,534	7/1/07-6/30/08	(2,440)	100,534	100,534	-	-	-	4,526	100,534
Additional Formula Aid	06-495-034-5120-058	49,524	7/1/06-6/30/07	(2,440)	2,440	-	-	-	-	*	*
Extraordinary Aid	07-100-034-5120-473	60,581	7/1/06-6/30/07	(60,581)	60,581	-	-	-	-	*	*
TPAF Pension Cost Contributions	08-495-034-5095-006	1,365,416	7/1/07-6/30/08		1,365,416	1,365,416	-	-	-	*	1,365,416
Reimbursed TPAF Social Security Contributions	08-495-034-5095-002	647,530	7/1/07-6/30/08		614,356	647,941		(33,585)		*	647,941
Reimbursed TPAF Social Security Contributions	07-495-034-5095-002	617,441	7/1/06-6/30/07	(31,158)	31,158	-	-	-	-	*	*
Total General Fund				(173,509)	3,863,682	3,723,758	-	(33,585)	-	76,997	3,723,758
Special Revenue											
New Jersey Nonpublic Aid:											
Technology Aid	08-100-034-5120-373	43,040	7/1/07-6/30/08		43,040	43,040				*	43,040
Textbooks	08-100-034-5120-064	60,137	7/1/07-6/30/08		60,137	60,137				*	*
Textbooks	07-100-034-5120-373	58,209	7/1/06-6/30/07	40			40			*	*
Nursing	08-100-034-5120-070	83,067	7/1/07-6/30/08		83,067	82,722			\$ 345	*	82,722
Auxiliary Services:											
Compensatory Education	08-100-034-5120-067	101,823	7/1/07-6/30/08		101,823	99,234			2,589	*	99,234
Compensatory Education	07-100-034-5120-067	87,790	7/1/06-6/30/07	4,181			4,181			*	*
Home Instruction	08-100-034-5120-067	280	7/1/07-6/30/08		280	280				*	*
English as a Second Language	08-100-034-5120-067	20,402	7/1/07-6/30/08		20,402	16,240		(280)	4,162	*	16,240
English as a Second Language	07-100-034-5120-067	18,270	7/1/06-6/30/07	3,857			3,857			*	*
Handicapped Services:											
Supplemental Instruction	08-100-034-5120-066	24,451	7/1/07-6/30/08		24,451	17,759			6,692	*	17,759
Supplemental Instruction	07-100-034-5120-066	28,910	7/1/06-6/30/07	12,885			12,885			*	*
Examination and Classification	08-100-034-5120-066	40,956	7/1/07-6/30/08		40,956	39,436			1,520	*	39,436
Examination and Classification	07-100-034-5120-066	69,145	7/1/06-6/30/07	24,795			24,795			*	*
Corrective Speech	08-100-034-5120-066	60,357	7/1/07-6/30/08		60,357	54,126			6,231	*	54,126
Corrective Speech	07-100-034-5120-066	66,867	7/1/06-6/30/07	12,648			12,648			*	*

Continued

NORTH ARLINGTON SCHOOL DISTRICT
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2008

State Grantor/Program Title Special Revenue (Continued)	Grant or State Project Number	Award Amount	Grant Period	Balance at June 30, 2007	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2008		Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
								(Accounts Receivable)	Deferred Revenue			
Quality Teacher Mentor Program	08-100-034-5095-052	4,311	7/1/07-6/30/08	\$ -	\$ 4,311	\$ 4,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,311
Instructional Supplemental Aid	08-495-034-5120-029	40,929	7/1/07-6/30/08	(2,046)	40,929	40,929	-	-	-	-	2,046	40,929
Instructional Supplemental Aid	07-495-034-5120-029	40,929	7/1/06-6/30/07	-	2,046	-	-	-	-	-	-	-
Total Special Revenue Fund				56,360	481,519	458,214	58,406	(280)	-	21,539	2,046	397,797
State Department of Agriculture												
Enterprise Fund												
National School Lunch Program (State Share)	07-100-010-3350-023	4,288	7/1/06-6/30/07	(328)	328	-	-	-	-	-	-	-
National School Lunch Program (State Share)	08-100-010-3350-023	5,395	7/1/07-6/30/08	-	5,127	5,395	-	(268)	-	-	-	-
Total Enterprise Fund				(328)	5,455	5,395	-	(268)	-	-	-	-
Total State Financial Assistance				(117,477)	4,350,656	4,187,367	58,406	(34,133)	-	21,539	79,043	4,181,401

N/A - Not Available

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

**NORTH ARLINGTON SCHOOL DISTRICT
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2008**

NOTE 1 - GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the North Arlington School District. The School District is defined in Note 1(A) to the District's basic financial statements. All federal financial assistance received directly from federal 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 are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the District's 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 schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,778 for the general fund and \$(60,057) for the special revenue fund. See the Notes to Required Supplementary Information Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$3,728,532	\$3,728,532
Special Revenue Fund	367,122	750,072	1,117,194
Food Service Fund	<u>72,658</u>	<u>5,395</u>	<u>78,053</u>
 Total Financial Assistance	 <u>\$439,780</u>	 <u>\$4,483,999</u>	 <u>\$4,923,779</u>

**NORTH ARLINGTON SCHOOL DISTRICT
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2008**

NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 - OTHER

Revenues and expenditures reported under the U.S.D.A. Commodities 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, 2008. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2008.

**NORTH ARLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditors' report issued: Unqualified
- B) Internal control over financial reporting:
- 1) Material weakness (es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X no
- C) Noncompliance material to the basic financial statements noted? _____ yes X no

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$ 300,000
- E) Auditee qualified as low-risk auditee? _____ yes _____ no X n/a
- F) Type of auditors' report on compliance for major programs: Unqualified
- G) Internal Control over compliance:
- 1) Material weakness (es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? _____ yes X no

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA - Part B, Basic

**NORTH ARLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section – Summary of Auditor’s Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: \$ 300,000
- K) Auditee qualified as low-risk auditee? yes no X n/a
- L) Type of auditors' report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
- 1) Material weakness (es) identified? yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? yes X no
- O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
08-495-034-5120-014	Transportation
08-495-034-5120-011	Special Education Aid
08-100-034-5095-002	Reimbursed TPAF Social Security Contributions
08-495-034-5120-008	Bilingual
08-495-034-5120-057	Consolidated Aid

**NORTH ARLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section II - Schedule of Financial Statement Findings

[This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 6.33 of *Government Auditing Standards*.]

None

**NORTH ARLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section III – Schedule of Federal and State Award Findings and Questioned Cost

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

None

**NORTH ARLINGTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section III – Schedule of Federal and State Award Findings and Questioned Cost

This section identifies the status of prior-year finding related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 4.09 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

None