

**NORTH WARREN
REGIONAL SCHOOL DISTRICT**

**North Warren Regional School District
Board of Education
Blairstown, Warren County
New Jersey**

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

Comprehensive Annual

Financial Report

of the

North Warren Regional School District

Board of Education

Blairstown, New Jersey

For the Fiscal Year Ending June 30, 2008

Prepared by

North Warren Regional School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section



NORTH WARREN REGIONAL SCHOOL DISTRICT

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October 16, 2008

Members of the Board of Education
North Warren Regional School District
10 Noe Road, P.O. Box 410
Blirstown, New Jersey 07825

Dear Board Members:

Each year the District must submit a report entitled the "Comprehensive Annual Financial Report" (CAFR) reflecting the financial status of the entity as of June 30th. This report is basically a synopsis of the "fiscal soundness" of the North Warren Regional School District. The Comprehensive Annual Financial Report is presented in four sections:

1. Introductory
2. Financial
3. Statistical
4. Single Audit

The introductory section includes this descriptive cover sheet that you are currently reading. Furthermore, this section includes the District's organizational chart and list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditors' report. The statistical section includes selected financial and demographic information which is pertinent to the District. The single audit section of this report is included as per the Single Audit Act of 1996. Additionally, the information related to this single audit, including the auditors' report have been included for your information.

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES**

North Warren Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the District are included in this report.

The District provides a full range of educational and extra-curricular activities and programs for students in grades seven through twelve. These programs and activities are designed for both regular education students as well as special education students. As of September 15, 2008, the District had a total enrollment of 1,112.

The following details the changes in the student enrollment of the District over the last several years as of October 15.

FISCAL YEAR	STUDENT ENROLLMENT	PERCENT CHANGE
1997-1998	917	+3.74%
1998-1999	910	-.76%
1999-2000	947	+4.07%
2000-2001	976	+3.10%
2001-2002	946	-3.07%
2002-2003	1009	+6.61%
2003-2004	1044	+3.5%
2004-2005	1077	+3.2%
2005-2006	1113	+3.34%
2006-2007	1115	>.01%
2007-2008	1112	>-.01%

2. **ECONOMIC CONDITION AND OUTLOOK**

The North Warren Regional School District has seen an increase in enrollment during a period of 1998-2006. Although this trend has begun to balance itself out, the NWR school district will continue to educate more students than ever before. Student enrollment and the implementation of S-1701 will continue to pose major challenges on the Board of Education and Administration over the next several years. Moreover, the local taxpayers will continue to feel an additional burden as the school district tries to balance a sound, diversified educational program while still maintaining a responsible financial base.

The following charts reflect general sources of revenue and areas of expenditures experienced by the District during the current fiscal year.

REVENUES				
SOURCE	AMOUNT	PERCENT OF TOTAL	INCREASE AMOUNT	DECREASE AMOUNT
Local	\$ 10,611,040	62.62%	\$ 740,832	7.51%
State	6,104,902	36.02%	109,912	1.83%
Federal	230,703	1.36%	(45,529)	-16.48%
TOTAL	16,946,645	100.0%	\$ 805,215	4.98%

The District's dependency on local finance was the main source of revenue to meet the increase costs of operations. Increase funding from the State was a direct result of special education needs. The minimal adjustment in state aid continues to burden the local tax base.

EXPENDITURES				
CLASSIFICATION	AMOUNT	PERCENT OF TOTAL	INCREASE AMOUNT	DECREASE PERCENT
Current Expense:				
Instruction	\$ 6,143,535	33.98%	\$ 259,249	4.41%
Undistributed	9,672,638	53.49%	605,832	6.68%
SUBTOTAL	15,816,173	87.47%	865,081	5.79%
Capital Outlay	442,022	2.44%	194,570	78.63%
Capital Projects	1,447,867	8.01%	1,447,867	
Debt Service	127,500	0.71%	(300,021)	-70.18%
Special Revenue	247,917	1.37%	(46,092)	-15.68%
TOTAL	18,081,479	100.%	2,161,405	13.58%

Expenditures increased in all areas of the general operating budget. In the instructional area, increased costs were reflected in instructional supplies, special education needs and salaries. The District increased the staff by two full-time and one part-time position which directly impacted this cost area. In the undistributed expenditures, increase costs were a result of energy costs, death benefits and general maintenance of facilities. The District was successful in addressing capital facilities' needs as bonds were retired on the middle school expansion. This is reflected in the major decrease in debt service expenditures offset by increased expenditures in capital outlay. The District addressed infusion of Smart boards in instructional area, flooring in middle school wing, science lab renovation and replacement of door units for security purposes.

3. **MAJOR INITIATIVES**

Beginning in March of 2002, students were exposed to a new assessment test entitled the High School Proficiency Assessment (HSPA). This newly designed HSPA tests student's abilities in Language Arts and Mathematics. The scores for the March 2008 administration of the HSPA were as follows:

<i>No. of Students Tested</i>	<i>Language Arts</i>	<i>Mathematics</i>
189	92.6%	80.5%

The 2007-2008 NJASK 8 scores were as follows:

<i>Language Arts Literacy</i>	<i>Mathematics</i>
81.4%	72.3%

North Warren Regional will continue an objective for the upcoming school year which will allow us to track and remediate our special needs students who fell short on the mathematics portion of the HSPA. More specifically the objective is to increase the amount of special education students scoring in the Aproficient@ range of mathematics section of the HSPA by 15% by the 2009 administration of the HSPA.

The students at NWR were recognized by The College Board for their achievement on the SAT for the 2007-2008 school year. North Warren students ranked as follows:

	<i>Verbal</i>	<i>Mathematics</i>	<i>Writing</i>	<i>Combined</i>
North Warren	523	522	505	1,550
New Jersey	Not Available	Not Available	Not Available	Not Available
District Factor Group	495	513	496	1,504

North Warren Regional School District students performed admirably on all standardized tests. We will continue to address the mathematics section of the NJASK 8 test through the implementation of a new textbook series and better articulation between ourselves and the sending districts including curriculum adjustments which are global (K-8) as opposed to local. Furthermore, we have implemented a schedule in the middle school which allows us to provide more flexibility for our students and staff. Moreover, this new schedule format has allowed us to make some adjustments such as enhancing our ability to create true interdisciplinary teams, allocating more time for core academics for the purpose of promoting more flexibility in instructional grouping. It is our belief that through the implementation of these initiatives we will continue to progress in the improvement of the HSPA and NJASK scores respectively. The North Warren Regional School District is also infusing more types of instructional technology into our classroom practice, such as digital curricular supplements and interactive computer-based testing, in order to engage our students with 21st learning tools.

The community continues to benefit from the newly established management structure. NWR continues to host summer camps and a myriad of other opportunities that our "publics" can benefit from.

The school district continues in its process of establishing a Master plan for the development of property which was recently acquired via the referendum process. This Master plan will be the basis under which the Board of Education will determine the steps necessary and monetary needs appropriate to make the plan a reality by establishing a goal to provide a facility that will allow the school to deliver a quality educational program to all students.

4. **INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (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 receipt of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5. **BUDGETARY CONTROLS**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2006.

6. **ACCOUNTING SYSTEM AND REPORTS**

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

7. **DEBT ADMINISTRATION**

As of June 30, 2008, the District's outstanding debt issues included \$330,021 of general obligation bonds. In April 2004, the District issued refunding school bonds in the amount of \$740,000. The proceeds of this bond issue were forwarded to the State of New Jersey, Department of Treasury to liquidate outstanding obligation to Division of Pension for early retirement liability. The District has entered into multiple lease purchase agreements to address needed improvements, renovations to the facility, specifically, science labs and boiler system.

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**

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP, was selected by the Board's finance 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 of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report relates specifically to the single audit included in the single audit section of this report.

11. **ACKNOWLEDGMENTS**

It is our hope that this audit report provides valuable information as it pertains to the North Warren Regional School District. Additionally, we would like to thank the Board and community members for their support and guidance in the development and direction of the finances surrounding NWR. Finally, the acknowledgment of the Business Office staff for all of the time and effort related to this endeavor must be applauded.

Respectfully submitted,



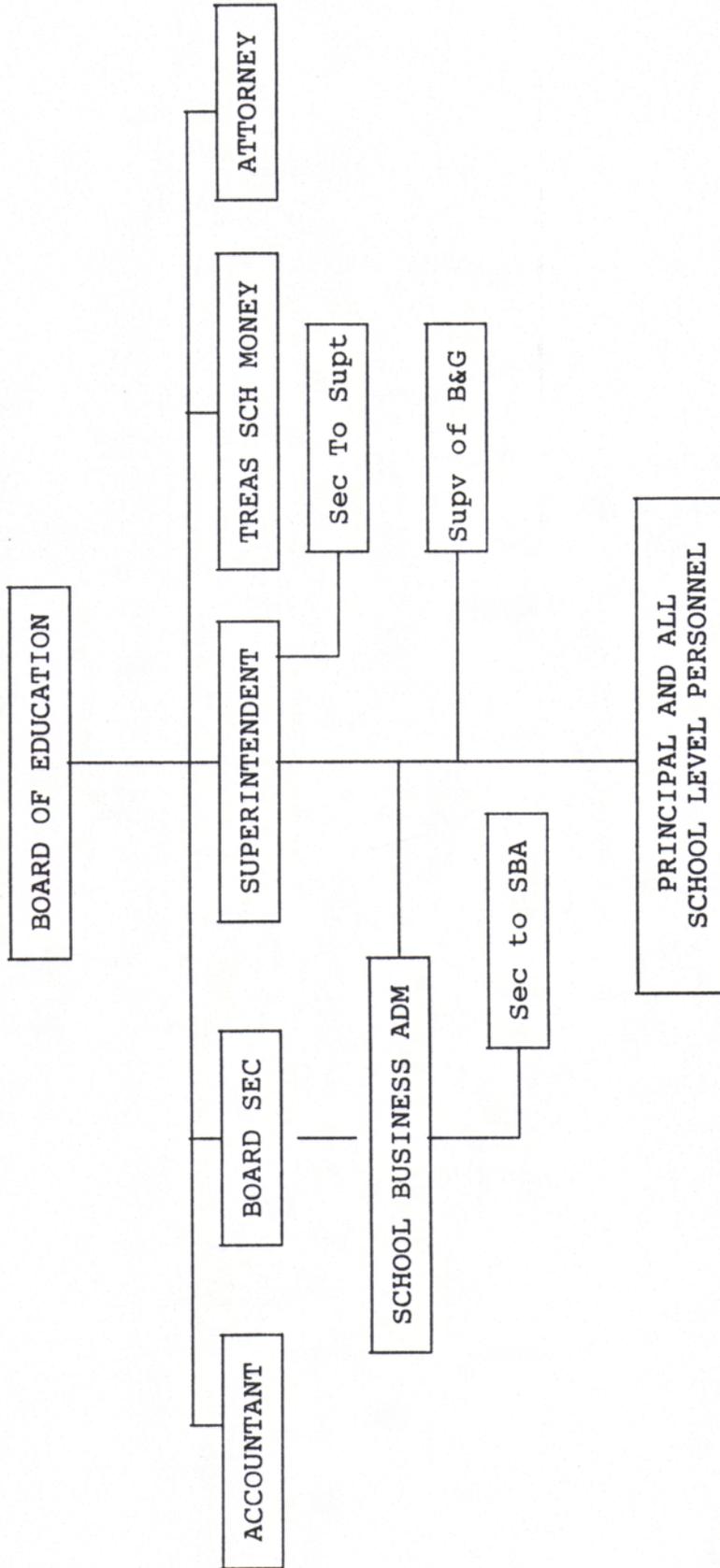
Dr. Brian D. Fogelson
Superintendent



Angela J. Moyer
Business Administrator

North Warren Regional School District
 District Office Staff Organization

UNIT CONTROL ORGANIZATIONAL PATTERN



Board Approved: April 26, 1994
 Board/LineOrg/1

**NORTH WARREN REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2008

Members of the Board of Education

Term Expires

Bruce Hanelt, President	2010
Paul Chipko, Vice President	2011
Marta S. Rivara	2011
Judith Pender	2009
Mary Alice Landis	2010
Ruby Malcolm	2010
Frederick Cook	2009
Cathy Fox	2009
Lisa Murphy	2009

Other Officials

Dr. Brian Fogelson, Superintendent (Eff. 7/1/08)
Angela J. Moyer, Board Secretary/School Business Administrator
Randy Wilson, Treasurer
James Fox, Esquire, Solicitor

**NORTH WARREN REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

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FINANCIAL ADVISOR

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Capital Finance
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OFFICIAL DEPOSITORIES

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Lakeland Bank

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First Hope Bank

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Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
North Warren Regional School District
County of Warren
Blairstown, New Jersey 07825

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the North Warren Regional School District Board of Education in the County of Warren, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, 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 September 20, 2008, on our consideration of the North Warren Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 7.8, and 40 through 51 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 Warren Regional School District Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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

Date: September 20, 2008

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

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

Financial Highlights

Key financial highlights for 2008 are as follows:

- ◆ In total, net assets increased \$606,235, which represents a 10.2 percent increase from 2007.
- ◆ General revenues accounted for \$10,507,972 in revenue or 60.7 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$6,800,245 or 39.3 percent of total revenues of \$17,308,217.
- ◆ Total assets of governmental activities increased by \$1,452,576 as cash and cash equivalents increased by \$419,180, receivables decreased by \$326,002 and capital assets increased by \$1,354,222.
- ◆ The School District had \$16,701,982 in expenses; only \$6,788,668 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,507,972 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$16,544,173 in revenues and \$16,258,195 in expenditures. The General Fund's surplus balance increased \$279,571 over 2007. This increase was due to miscellaneous non-budgeted revenue related to refund of prior year expenditures.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

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

Table 1
Net Assets

	<u>2008</u>	<u>2007</u>
Assets		
Current and Other Assets	\$ 3,192,294	\$ 3,093,940
Capital Assets	<u>7,131,371</u>	<u>5,777,149</u>
Total Assets	<u>10,323,665</u>	<u>8,871,089</u>
Liabilities		
Long-Term Liabilities	2,192,089	1,307,216
Other Liabilities	<u>1,589,928</u>	<u>1,628,460</u>
Total Liabilities	<u>3,782,017</u>	<u>2,935,676</u>
Net Assets		
Invested in Capital Assets, Net of Debt	7,131,371	5,777,149
Restricted	1,765,495	1,342,155
Unrestricted	<u>(2,355,218)</u>	<u>(1,183,891)</u>
Total Net Assets	<u>\$ 6,541,648</u>	<u>\$ 5,935,413</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Total assets decreased \$1,452,576. Cash and cash equivalents increased by \$419,180, receivables decreased by \$326,002 and capital assets increased by \$1,354,222. The cash increase and related receivable decrease was due to the receipt of the 2006-2007 Hardwick and Knowlton tax levies that were unpaid as of June 30, 2007. Capital assets increased due in most part to the science lab renovation improvement.

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

Table 2
Changes in Net Assets

	<u>2008</u>	<u>2007</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 396,994	\$ 333,454
Operating Grants and Contributions	6,403,251	6,295,729
General Revenues:		
Property Taxes	9,913,265	9,647,498
Federal & State Aid on Capital Asset Projects		-
Investment Earnings	120,172	111,886
Other	<u>474,535</u>	<u>63,629</u>
Total Revenues	<u>17,308,217</u>	<u>16,452,196</u>
Program Expenses		
Instruction	8,560,010	8,199,339
Support Services:		
Pupils and Instructional Staff	2,823,345	2,817,812
General Administration, School Administration, Business	1,937,743	1,763,282
Operations and Maintenance of Facilities	1,618,815	1,401,237
Pupil Transportation	1,229,631	1,189,106
Business-Type Activities	326,293	300,644
Interest and Fiscal Charges	<u>206,145</u>	<u>220,114</u>
Total Expenses	<u>16,701,982</u>	<u>15,891,534</u>
Increase in Net Assets	<u>\$ 606,235</u>	<u>\$ 560,662</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 57.3 percent of revenues for governmental activities for the North Warren Regional School District for the fiscal year 2008.

Instruction comprises 51.2 percent of district expenses. Support services expenses make up 45.6 percent of the expenses.

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

Table 3

	<u>Total Cost of Services 2008</u>	<u>Net Cost of Services 2008</u>	<u>Total Cost of Services 2007</u>	<u>Net Cost of Services 2007</u>
Instruction	8,560,010	5,174,325	\$8,199,339	\$4,914,899
Support Services:				
Pupils and Instructional Staff	2,823,345	1,635,556	2,817,812	1,573,265
General Admin., School Admin., Business	1,937,743	1,208,170	1,763,282	1,089,221
Operation and Maintenance of Facilities	1,618,815	1,009,321	1,401,237	865,578
Pupil Transportation	1,229,631	686,413	1,189,106	693,417
Business-Type Activities	326,293	(18,193)	300,644	7,190
Interest and Fiscal Charges	<u>206,145</u>	<u>206,145</u>	<u>220,114</u>	<u>118,781</u>
Total Expenses	<u>\$16,701,982</u>	<u>\$9,901,737</u>	<u>\$15,891,534</u>	<u>\$9,262,351</u>

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

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 60.5 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 59.7 percent. The community, as a whole, is the primary support for the North Warren Regional School District.

The School District's Funds

Information about the School District's major funds starts on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$18,506,645, and expenditures of \$18,081,479. The net positive change in fund balance for the year was \$425,166. This growth shows that the School District is able to meet current operating costs with no urgent need for additional funds.

General Fund Budgeting Highlights

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

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

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$15,124,140, \$596,458 over original budgeted estimates of \$14,527,752. This difference was due primarily to increased revenue for miscellaneous income related to refund of prior year expenditures and extraordinary state aid.

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Capital Assets

At the end of the fiscal year 2008, the School District had \$7,069,267 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2008 balances compared to 2007.

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

	<u>2008</u>	<u>2007</u>
Land	\$ 435,000	\$ 435,000
Land Improvements	37,228	40,091
Buildings and Improvements	6,086,731	4,820,179
Machinery and Equipment	<u>510,308</u>	<u>423,468</u>
Totals	<u>\$ 7,069,267</u>	<u>\$ 5,718,738</u>

Overall capital assets increased \$1,350,529 from fiscal year 2007 to fiscal year 2008. Increases in capital assets (primarily buildings and improvements) were offset in part by depreciation expenses for the year.

Major capital improvements of \$1,640,326 was purchased during fiscal year 2008, and included the science lab renovation, the sewer treatment plant, and other miscellaneous equipment.

Debt Administration

At June 30, 2008, the School District had \$2,618,267 as outstanding debt. Of this amount \$942,079 is for compensated absences, \$345,000 is for early retirement obligations, and \$1,331,188 is for capital lease obligations.

At June 30, 2008, the School District's overall legal debt margin was \$53,061,639 and the unvoted debt margin was \$52,716,639.

NORTH WARREN REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

For the Future

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

North Warren Regional School District has successfully passed their school budget vote eight out of the last ten years. This past April the budget failed by a small margin in three constituent municipalities that was not offset by the passage of the budget in the other constituent municipality. The contributing factors are thought to be, the continuing problems with state funding, public understanding of budgeting constraints and the high tax rate asked for the second time in two years of the taxpayers and the change in the economy.

North Warren Regional School District is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to foot the tax burden.

During the budget process in the Spring, it was a concern to the Administration and Board of Education how future budgets would be financed, therefore for the next eight months the Board and Administration will be conducting a program review of all costs centers in the District.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Angela Moyer, School Business Administrator/Board Secretary at North Warren Regional School District, P.O. Box 410, 10 Noe Road, Blairstown, NJ 07825, or E-mail at amoyer@northwarren.org.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

June 30, 2008

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 2,365,436	\$ 116,454	\$ 2,481,890
Receivables, Net	381,703	1,294	382,997
Interfund Receivables	70,612		70,612
Inventory		4,282	4,282
Restricted Assets:			
Capital Reserve Account - Cash	2,513		2,513
Maintenance Reserve Account - Cash	250,000		250,000
Capital Assets, Net (Note 6)	7,069,267	62,104	7,131,371
Total Assets	<u>10,139,531</u>	<u>184,134</u>	<u>10,323,665</u>
LIABILITIES			
Accounts Payable	1,050,603	27,140	1,077,743
Interfund Payables	70,612		70,612
Accrued Interest	4,313		4,313
Deferred Revenue	8,832	2,250	11,082
Noncurrent Liabilities (Note 7):			
Due Within One Year	426,178		426,178
Due Beyond One Year	2,192,089		2,192,089
Total Liabilities	<u>3,752,627</u>	<u>29,390</u>	<u>3,782,017</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,069,267	62,104	7,131,371
Restricted for:			
Debt Service			
Capital Projects	418,018		418,018
Other Purposes	1,347,477		1,347,477
Unrestricted	(2,447,858)	92,640	(2,355,218)
Total Net Assets	<u>\$ 6,386,904</u>	<u>\$ 154,744</u>	<u>\$ 6,541,648</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular	\$ 6,404,286		\$ 2,574,041		\$ (3,830,245)	\$ (3,830,245)	
Special Education	1,096,965		413,014		(683,951)	(683,951)	
Other Special Instruction	280,543		105,626		(174,917)	(174,917)	
Other Instruction	778,216		293,004		(485,212)	(485,212)	
Support Services:							
Tuition	899,222	\$ 39,900	338,563		(520,759)	(520,759)	
Student & Instruction Related Serv.	1,924,123		809,326		(1,114,797)	(1,114,797)	
School Administrative Services	910,441		342,787		(567,654)	(567,654)	
General and Business Admin. Serv.	1,027,302		386,786		(640,516)	(640,516)	
Plant Operations and Maintenance	1,618,815		609,494		(1,009,321)	(1,009,321)	
Pupil Transportation	1,229,631	80,254	462,964		(686,413)	(686,413)	
Interest on Long-Term Debt	21,188				(21,188)	(21,188)	
Unallocated Depreciation	184,957				(184,957)	(184,957)	
Total Governmental Activities	16,375,689	120,154	6,335,605		(9,919,930)	(9,919,930)	
Business-Type Activities:							
Food Service	326,293	276,840	67,646		\$ 18,193	18,193	
Total Business-Type Activities	326,293	276,840	67,646		18,193	18,193	
Total Primary Government	\$ 16,701,982	\$ 396,994	\$ 6,403,251		\$ (9,919,930)	\$ 18,193	\$ (9,901,737)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes,Net				\$ 9,785,766		\$ 9,785,766	
Taxes Levied for Debt Service				127,499		127,499	
Investment Earnings				120,172		120,172	
Miscellaneous Income				457,449	\$ 17,086	474,535	
Total General Revenues, Special Items, Extraordinary Items and Transfers				10,490,886	17,086	10,507,972	
Change in Net Assets				570,956	35,279	606,235	
Net Assets—Beginning(As Restated)				5,815,948	119,465	5,935,413	
Net Assets—Ending				\$ 6,386,904	\$ 154,744	\$ 6,541,648	

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

FUND FINANCIAL STATEMENTS

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2008

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,217,706		\$ 400,243	\$ 2,617,949
Receivables from Other Governments	257,291	\$ 71,637	52,775	381,703
Interfund Receivables	70,612			70,612
TOTAL ASSETS	\$ 2,545,609	\$ 71,637	\$ 453,018	\$ 3,070,264
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,023,410	\$ 27,193		\$ 1,050,603
Interfund Payable		35,612	\$ 35,000	70,612
Deferred Revenue		8,832		8,832
Total Liabilities	1,023,410	71,637	35,000	1,130,047
Fund Balances:				
Reserved for:				
Encumbrances	13,263		370,340	383,603
Excess Surplus - Designated for Subsequent Year's Expenditures	551,748			551,748
Excess Surplus	477,264			477,264
Maintenance Reserve	250,000			250,000
Capital Reserve Account	2,513			2,513
Unreserved, Reported in:				
General Fund - Designated for Subsequent Year's Expenditures	65,952			65,952
General Fund	161,459			161,459
Debt Service Fund				-
Capital Projects Fund			47,678	47,678
Total Fund Balances	1,522,199		418,018	1,940,217
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,545,609	\$ 71,637	\$ 453,018	\$ 3,070,264

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$12,280,673 and the accumulated depreciation is \$5,211,406.	\$ 7,069,267
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 7)	(2,618,267)
Accrued Interest on 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 7)	(4,313)
Net assets of governmental activities (Exhibit A-1)	<u>\$ 6,386,904</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
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	\$ 9,785,766			\$ 127,499	\$ 9,913,265
Tuition Charges	39,900				39,900
Transportation	80,254				80,254
Interest Earned on Capital Reserve Funds	216				216
Miscellaneous	550,099	\$ 250	\$ 27,056		577,405
Total - Local Sources	10,456,235	250	27,056	127,499	10,611,040
State Sources	6,087,938	16,964		-	6,104,902
Federal Sources		230,703			230,703
Total Revenues	16,544,173	247,917	27,056	127,499	16,946,645
EXPENDITURES					
Current:					
Regular Instruction	4,529,549	153,436			4,682,985
Special Education Instruction	821,295				821,295
Other Special Instruction	210,042				210,042
Other Instruction	582,649				582,649
Support services and undistributed costs:					
Tuition	899,222				899,222
Student and Instruction Related Services	1,355,706	84,881			1,440,587
School Administrative Services	681,645				681,645
Other Administrative Services	763,656				763,656
Plant Operations and Maintenance	1,201,462				1,201,462
Pupil Transportation	1,222,354				1,222,354
Unallocated Benefits	3,502,038				3,502,038
Transfer to Charter School	46,555				46,555
Debt Service:					
Principal				105,000	105,000
Interest and Other Charges				22,500	22,500
Capital Outlay	442,022	9,600	1,447,867		1,899,489
Total Expenditures	16,258,195	247,917	1,447,867	127,500	18,081,479
Excess (Deficiency) of Revenues Over Expend.	285,978		(1,420,811)	(1)	(1,134,834)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds			1,560,000		1,560,000
Transfers - Capital Projects Fund	(6,407)		6,407		-
Total Other Financing Sources and Uses	(6,407)		1,566,407		1,560,000
Net Change in Fund Balances	279,571	-	145,596	(1)	425,166
Fund Balance—July 1	1,242,628		272,422	1	1,515,051
Fund Balance—June 30	\$ 1,522,199		\$ 418,018	\$ -	\$ 1,940,217

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-3

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 425,166

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

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

Depreciation Expense	\$ (289,797)	
Capital Outlays	<u>1,570,254</u>	1,280,457

The receipt of bond proceeds is a revenue source in the governmental funds, but the receipt increases long-term liabilities in the statement of net assets and is not reported in the statement of activities. (1,560,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 105,000

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 298,884

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 20,137

In the statement of activities, interest on long-term debt in the statement of statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 1,312

Change in Net Assets of Governmental Activities (Exhibit A-2) \$ 570,956

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS
 PROPRIETARY FUNDS

June 30, 2008

		<u>Business-Type Activities - Enterprise Funds</u>	
		<u>Food Service</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 116,454	\$ 116,454	
Accounts Receivable	1,294	1,294	
Interfund Receivables		-	
Inventories	<u>4,282</u>	<u>4,282</u>	
Total Current Assets	<u>122,030</u>	<u>122,030</u>	
Noncurrent Assets:			
Furniture, Machinery and Equipment	120,974	120,974	
Less Accumulated Depreciation	<u>(58,870)</u>	<u>(58,870)</u>	
Total Noncurrent Assets	<u>62,104</u>	<u>62,104</u>	
Total Assets	<u>184,134</u>	<u>184,134</u>	
LIABILITIES			
Current liabilities:			
Accounts Payable	27,140	27,140	
Deferred Revenue	<u>2,250</u>	<u>2,250</u>	
Total Current Liabilities	<u>29,390</u>	<u>29,390</u>	
Total Liabilities	<u>29,390</u>	<u>29,390</u>	
NET ASSETS			
Invested in Capital Assets Net of Related Debt	62,104	62,104	
Unrestricted	<u>92,640</u>	<u>92,640</u>	
Total Net Assets	<u>\$ 154,744</u>	<u>\$ 154,744</u>	

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-5

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

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 94,720	\$ 94,720
Daily Sales - Non-Reimbursable Programs	182,120	182,120
Miscellaneous Income	<u>17,086</u>	<u>17,086</u>
Total Operating Revenues	<u>293,926</u>	<u>293,926</u>
 Operating Expenses:		
Cost of Sales	166,596	166,596
Salaries	99,998	99,998
Employee Benefits	26,358	26,358
Purchased Property Service	10,212	10,212
Cleaning, Repair and Maintenance Services	4,297	4,297
General Supplies	8,454	8,454
Depreciation	<u>10,378</u>	<u>10,378</u>
Total Operating Expenses	<u>326,293</u>	<u>326,293</u>
 Operating Income (Loss)	<u>(32,367)</u>	<u>(32,367)</u>
 Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	2,213	2,213
Federal Sources:		
National School Lunch Program	25,532	25,532
Food Distribution Program	6,516	6,516
Other Sources:		
Refund of Prior Year's Expenditures	<u>33,385</u>	<u>33,385</u>
Total Nonoperating Revenues (Expenses)	<u>67,646</u>	<u>67,646</u>
 Income (Loss) Before Contributions and Transfers	35,279	35,279
 Transfers In (Out)	<u>-</u>	<u>-</u>
Change in Net Assets	35,279	35,279
Total Net Assets—Beginning	<u>119,465</u>	<u>119,465</u>
 Total Net Assets—Ending	<u>\$ 154,744</u>	<u>\$ 154,744</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 293,874	\$ 293,874
Payments to Employees	(99,998)	(99,998)
Payments for Employee Benefits	(26,357)	(26,357)
Payments to Suppliers	<u>(171,484)</u>	<u>(171,484)</u>
Net Cash Provided by (used for) Operating Activities	<u>(3,965)</u>	<u>(3,965)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,175	2,175
Federal Sources	24,983	24,983
Refund of Prior Year's Expenditures	<u>33,385</u>	<u>33,385</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>60,543</u>	<u>60,543</u>
Net Increase (Decrease) in Cash and Cash Equivalents	56,578	56,578
Balances—Beginning of Year	<u>59,876</u>	<u>59,876</u>
Balances—End of Year	<u>\$ 116,454</u>	<u>\$ 116,454</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (32,367)	\$ (32,367)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by (used for) Operating Activities:		
Depreciation and Net Amortization	10,378	10,378
Federal Commodities	6,516	6,516
(Increase) Decrease in Accounts Receivable	(586)	(586)
(Increase) Decrease in Inventories	3,904	3,904
Increase (Decrease) in Accounts Payable	<u>8,190</u>	<u>8,190</u>
Total Adjustments	<u>28,402</u>	<u>28,402</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (3,965)</u>	<u>\$ (3,965)</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2008

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 536,543	\$ 163,822
Total Assets	<u>\$ 536,543</u>	<u>\$ 163,822</u>
LIABILITIES		
Accounts Payable		\$ 2,000
Payable to Student Groups		146,731
Payroll Deductions and Withholdings		15,091
Total Liabilities	<u>-</u>	<u>\$ 163,822</u>
NET ASSETS		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 536,543</u>	

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

NORTH WARREN REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

Exhibit B-8

For the Year Ended June 30, 2008

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 12,436
Other	<u>10,000</u>
Total Contributions	<u>22,436</u>
Investment Earnings:	
Interest	<u>15,383</u>
Net Investment Earnings	<u>15,383</u>
Total Additions	<u>37,819</u>
DEDUCTIONS	
Unemployment Claims	<u>34,911</u>
Total Deductions	<u>34,911</u>
Change in Net Assets	2,908
Net Assets—Beginning of the Year	<u>533,635</u>
Net Assets—End of the Year	<u>\$ 536,543</u>

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

Notes to Financial Statements

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity:

The North Warren Regional School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades 7-12. The North Warren Regional School District had an approximate enrollment at June 30, 2008, of 1,094 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.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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.

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. In addition, transfers are also covered by changes in N.J.A.C.6A:23A-2.3, that can require approval through the state department. All budget amendments/transfers must be approved by School Board resolution and are subject to transfer limitations and approvals per P.L. 2004, c.73(S-1701). All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not recognize encumbrances as expenditures. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

D. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

Deferred Revenue:

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

Accrued Liabilities and Long-Term Obligations:

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Assets:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

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

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Checking	\$2,481,890	\$700,365	\$3,182,255
Maintenance Reserve	250,000		250,000
Capital Reserve	2,513		2,513
	<u>\$2,734,403</u>	<u>\$700,365</u>	<u>\$3,434,768</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the Board's cash and cash equivalents at June 30, 2008, was \$3,434,768 and the bank balance was \$4,074,699. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$244,000 was covered by federal depository insurances and \$3,830,699 was covered by collateral pool.

NOTE 3: RECEIVABLES

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

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$158,081	\$158,183
Federal Aid	69,442	70,634
Other	38	38
Transportation	38,522	38,522
Tax Levy Receivable - Hardwick	115,620	115,620
Gross Receivable	\$381,703	382,997
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$381,703	\$382,997

NOTE 4: INVENTORY

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

Food	\$ <u><u>4,282</u></u>
------	------------------------

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

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>		<u>Ending Balance</u>
Governmental Activities:					
<i>Capital Assets Not Being Depreciated:</i>					
Land	\$ 435,000				\$ 435,000
Total Capital Assets Not Being Depreciated	435,000				435,000
<i>Capital Assets Being Depreciated:</i>					
Land Improvements	172,854				172,854
Buildings and Building Improvements	8,913,632	\$ 1,447,867			10,361,499
Machinery and Equipment	1,118,861	192,459			1,311,320
Total at Historical Cost	10,205,347	1,640,326			11,845,673
Less Accumulated Depreciation for:					
Land Improvements	(132,763)	(2,863)			(135,626)
Building and Improvements	(4,093,453)	(181,315)			(4,274,768)
Equipment	(695,393)	(105,619)			(801,012)
Total Accumulated Depreciation	(4,921,609)	(289,797)			(5,211,406)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	5,283,738	1,350,529			6,634,267
Government Activity Capital Assets, Net	\$ 5,718,738	\$ 1,350,529			\$ 7,069,267

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 81,539
Administrative	5,483
Transportation	7,277
Operations/Maintenance	10,541
Unallocated	184,957
Total	\$ 289,797

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

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

	Balance <u>7/1/06</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/07</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$450,000		(\$105,000)	\$345,000	\$110,000
Other Liabilities:					
Capital Lease Obligations		\$1,630,072	(298,884)	1,331,188	316,178
Compensated Absences Payable	962,216	128,763	(148,900)	942,079	
Total	\$1,412,216	\$1,758,835	(\$552,784)	\$2,618,267	\$426,178

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

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

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

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

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

	Government Activities			Balance
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>6/30/08</u>
Refunding ERIP Bonds	4/15/04	5.0%	4/14/11	\$ 345,000
Total Bonds				\$ 345,000

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

B. Debt Service Requirements:

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$110,000	\$17,250	\$127,250
2009	115,000	11,750	126,750
2010	<u>120,000</u>	<u>6,000</u>	<u>126,000</u>
	<u>\$345,000</u>	<u>\$35,000</u>	<u>\$380,000</u>

As of June 30, 2008, the District had \$656,250 in authorized but not issued bonds. Subsequent to June 30, 2008, a Bond Anticipation Note was issued for \$656,250 on July 23, 2008. The proceeds will be utilized for the completion of the school facilities improvement project.

The District has commitments to lease copying equipment under capital leases which expire on September 25, 2010. Total lease payments made during the year ended June 30, 2008, were \$19,266. This amount was liquidated in the General Fund. Future minimum lease payments are as follows and include interest at 6.1%:

<u>Year Ended</u>	<u>Amount</u>
6/30/09	\$19,266
6/30/10	19,266
6/30/11	<u>19,266</u>
Total Minimum Lease Payments	<u>\$57,798</u>

The District entered into a lease purchase agreement on July 24, 2007 for science lab renovations, which expire on June 15, 2012. Total lease payments made during the year ended June 30, 2008, were \$280,000. This amount was liquidated in the General Fund. Future minimum lease payments are as follows and include interest at 4.24%:

<u>Year Ended</u>	<u>Amount</u>
6/30/09	\$351,275
6/30/10	351,275
6/30/11	351,275
6/30/12	<u>351,275</u>
Total Minimum Lease Payments	<u>\$1,405,100</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8: PENSION PLANS

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

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

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

Vesting and Benefit Provisions The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek 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 provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8: PENSION PLANS (Continued)

Significant Legislation Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

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

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$52,547	100 %	-0-
6/30/2007	\$27,038	100 %	-0-
6/30/2006	\$15,577	100 %	-0-

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

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

During the fiscal year ended June 30, 2008, the State of New Jersey did contribute \$937,241 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$492,488 during the year ended June 30, 2008, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9: POST-RETIREMENT BENEFITS

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

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

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

NOTE 10: EARLY RETIREMENT INCENTIVES PROGRAMS

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

NOTE 11: DEFERRED COMPENSATION

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

American Express Financial
American United Life
Fidelity Group Retiree Plan
Kemper Systems
Lincoln Financial

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 12: ACCRUED SALARIES AND WAGES

Under contractual provisions between the District and the North Warren Regional Education Association, district personnel covered by this agreement are to be paid salaries on a bi-weekly basis over a twelve month period. As of June 30, 2008, the amount earned, but not disbursed, including payroll matching taxes, by ten month employees, was \$944,316.

NOTE 13: COMPENSATED ABSENCES

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

District employees are granted sick leave in varying amounts under the District's personnel agreement. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and amounts are payable at predetermined values upon retirement in the state pension system.

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

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$70,612	
Special Revenue Fund		\$35,612
Capital Projects Fund		35,000
	\$70,612	\$70,612

The interfund payable in the special revenue fund is due to the general fund for cash advances to cover cash deficit caused by late NCLB receipts through lead agency school.

The interfund payable in the capital projects fund is due to the general fund for cash advances which will be liquidated in the subsequent year.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 15: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$25,383	\$12,436	\$34,911	\$536,543
2006-2007	\$27,506	\$11,347	\$11,989	\$533,635
2005-2006	\$21,075	\$11,193	\$5,798	\$506,771

NOTE 16: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the North Warren Regional School District Board of Education on October 16, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance July 1, 2007	\$ 2,297
Interest earnings	216
Deposits	
Withdrawals (Budget)	
Ending balance June 30, 2008	<u>\$ 2,513</u>

NOTE 18: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,522,199 General Fund fund balance at June 30, 2008, \$1,029,012 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$551,748 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2009); \$65,952 is reserved and has been appropriated and included as anticipated revenue for the year ending June 30, 2009; \$2,513 is reserved in the Capital Reserve Account; \$250,000 is reserved in the Maintenance Reserve Account; \$13,263 is reserved for encumbrances; and \$161,459 is unreserved and undesignated.

NOTE 19: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended, 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 \$477,264.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 20: RETROACTIVE RESTATEMENT OF NET ASSETS

Restatement of Prior Period:

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2007. The appraisal revealed minor asset activity that should be recorded as of June 30, 2007. Accordingly, a restatement of net assets as of June 30, 2007 was necessary.

<u>Governmental Activities Net Assets:</u>	
Net Assets (per A-1), June 30, 2007	\$ 6,014,856
Restatement of Capital Assets	<u>(198,908)</u>
Fund balance (per A-1), June 30, 2007, as Restated	<u>\$ 5,815,948</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,785,766		\$ 9,785,766	\$ 9,785,766	
Tuition	30,000		30,000	39,900	\$ 9,900
Transportation	41,300		41,300	80,254	38,954
Interest Earned on Capital Reserve Funds	100		100	216	116
Miscellaneous	87,300		87,300	550,099	462,799
Total - Local Sources	9,944,466		9,944,466	10,456,235	511,769
State Sources:					
Core Curriculum Standards Aid	3,033,417		3,033,417	3,033,417	
Transportation Aid	448,471		448,471	448,471	
Special Education Aid	668,416		668,416	668,416	
Bilingual Education	1,186		1,186	1,186	
Consolidated Aid	112,573		112,573	112,573	
Additional Formula Aid	261,416		261,416	261,416	
Extra-Ordinary Aid				73,042	73,042
Non-Public Transportation Aid				11,577	11,577
Above Average Enrollment Growth	57,807		57,807	57,807	
TPAF Pension (On-Behalf - Non-Budgeted)				937,241	937,241
TPAF Social Security (Reimbursed - Non-Budgeted)				492,488	492,488
Total State Sources	4,583,286		4,583,286	6,097,634	1,514,348
TOTAL REVENUES	14,527,752		14,527,752	16,553,869	2,026,117

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	1,423,045	(118,250)	1,304,795	1,299,961	4,834
Grades 9-12 - Salaries of Teachers	2,763,885	40,500	2,804,385	2,785,492	18,893
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	2,200	7,200	7,161	39
Purchased Professional-Educational Services	13,000	8,800	21,800	21,745	55
Other Purchased Services (400-500 series)	300	500	800	728	72
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	2,000	1,025	3,025	2,982	43
Purchased Technical Services	49,968	24,000	73,968	73,765	203
Other Purchased Services (400-500 series)	32,250	(4,450)	27,800	25,493	2,307
General Supplies	252,165	14,700	266,865	266,700	165
Textbooks	52,987	(9,200)	43,787	43,194	593
Other Objects	3,000		3,000	2,328	672
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,597,600	(40,175)	4,557,425	4,529,549	27,876
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	102,775	(21,500)	81,275	81,051	224
Other Salaries for Instruction	19,900	(16,000)	3,900	650	3,250
General Supplies	3,800		3,800	2,707	1,093
Textbooks	1,500		1,500	1,191	309
Other Objects	200		200	164	36
Total Learning and/or Language Disabilities	128,175	(37,500)	90,675	85,763	4,912
Resource Room/Resource Center:					
Salaries of Teachers	661,775	6,900	668,675	668,211	464
Other Salaries for Instruction	50,000	6,000	56,000	55,911	89
General Supplies	10,000	(4,000)	6,000	4,836	1,164
Textbooks	2,000		2,000	1,870	130
Total Resource Room/Resource Center	723,775	8,900	732,675	730,828	1,847

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Home Instruction:					
Salaries of Teachers	2,000	2,000	4,000	3,894	106
Purchased Professional-Educational Services	1,000		1,000	810	190
Total Home Instruction	3,000	2,000	5,000	4,704	296
TOTAL SPECIAL EDUCATION - INSTRUCTION	854,950	(26,600)	828,350	821,295	7,055
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	134,200	14,750	148,950	148,594	356
Other Salaries for Instruction	31,100	10,000	41,100	40,743	357
General Supplies	3,500		3,500	3,014	486
Total Basic Skills/Remedial - Instruction	168,800	24,750	193,550	192,351	1,199
Bilingual Education - Instruction:					
Salaries of Teachers	4,400	8,100	12,500	12,500	
Purchased Professional - Educational Services		5,500	5,500	4,631	869
General Supplies	430		430	280	150
Textbooks	400		400	280	120
Total Bilingual Education - Instruction	5,230	13,600	18,830	17,691	1,139
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	75,850		75,850	74,285	1,565
Purchased Services (300-500 series)	18,670	(1,178)	17,492	15,505	1,987
Supplies and Materials	16,378	(3,017)	13,361	13,267	94
Other Objects	3,000	2,820	5,820	5,275	545
Total School-Spon. Cocurricular Actvts. - Inst.	113,898	(1,375)	112,523	108,332	4,191

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
School-Spon. Athletics - Instruction:					
Salaries	298,058	6,700	304,758	300,857	3,901
Purchased Services (300-500 series)	94,200	(4,750)	89,450	87,226	2,224
Supplies and Materials	68,650	3,680	72,330	69,141	3,189
Other Objects	9,200	11,570	20,770	17,093	3,677
Total School-Spon. Athletics - Inst.	470,108	17,200	487,308	474,317	12,991
TOTAL INSTRUCTION	6,210,586	(12,600)	6,197,986	6,143,535	54,451
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEA's Within the State - Regular	54,375	6,500	60,875	60,875	
Tuition to Other LEA's Within the State - Special	238,470	3,500	241,970	241,720	250
Tuition to CSSD & Regional Day Schools	270,100	(70,060)	200,040	200,033	7
Tuition to Private Schools for the Disabled-Within State	340,126	23,360	363,486	356,174	7,312
Tuition to Private Schools for the Disabled & Oth LEAs-Spl,O/S State	30,000	10,500	40,500	40,420	80
Total Instruction	933,071	(26,200)	906,871	899,222	7,649
Attendance and Social Work:					
Salaries	36,930		36,930	36,711	219
Supplies and Materials	500		500	200	300
Total Attendance and Social Work	37,430		37,430	36,911	519
Health Services:					
Salaries	59,145	(12,750)	46,395	43,889	2,506
Purchased Professional and Technical Services	22,500	(4,000)	18,500	17,583	917
Other Purchased Services (400-500 series)	400		400	160	240
Supplies and Materials	2,000	1,000	3,000	2,143	857
Total Health Services	84,045	(15,750)	68,295	63,775	4,520

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Related Services:					
Salaries	57,330		57,330	44,837	12,493
Purchased Professional - Educational Services	61,500	(21,000)	40,500	36,461	4,039
Supplies and Materials	950		950	786	164
Total Other Supp. Services Students-Related Services	119,780	(21,000)	98,780	82,084	16,696
Other Supp. Services Students-Extra Services:					
Purchased Professional - Educational Services	416,600	(25,000)	391,600	358,867	32,733
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	275,340	21,155	296,495	291,479	5,016
Salaries of Secretarial and Clerical Assistants	26,445		26,445	25,445	1,000
Other Salaries	43,155	(43,155)			
Other Purchased Prof. and Tech. Services	16,425		16,425	10,961	5,464
Supplies and Materials	11,275	1,000	12,275	11,233	1,042
Total Other Supp. Services Students-Regular	372,640	(21,000)	351,640	339,118	12,522
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	188,235	7,750	195,985	193,662	2,323
Salaries of Secretarial and Clerical Assistants	37,970		37,970	33,574	4,396
Purchased Professional - Educational Services	7,500	4,000	11,500	7,705	3,795
Other Purchased Prof. and Tech. Services	3,000		3,000	3,000	
Supplies and Materials	5,000		5,000	4,318	682
Total Other Supp. Services Students-Special	241,705	11,750	253,455	242,259	11,196
Improvement of Instruction Services :					
Salaries of Other Professional Staff	73,000	18,000	91,000	84,277	6,723
Purchased Professional-Educational Services	8,300	(1,300)	7,000	6,694	306
Supplies and Materials	2,400		2,400	1,902	498
Other Objects	6,500		6,500	6,074	426
Total Improvement of Instruction Services	90,200	16,700	106,900	98,947	7,953

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Educational Media Services/School Library:					
Salaries	100,020	(11,200)	88,820	87,148	1,672
Other Purchased Services (400-500 series)	1,400		1,400	1,226	174
Supplies and Materials	30,745	(1,300)	29,445	29,305	140
Total Educational Media Services/School Library	132,165	(12,500)	119,665	117,679	1,986
Instructional Staff Training Services:					
Purchased Professional-Educational Services	3,000	3,400	6,400	6,400	
Other Purchased Services (400-500 series)	21,500	(10,900)	10,600	9,666	934
Supplies and Materials	2,500	(2,500)			
Total Instructional Staff Training Services	27,000	(10,000)	17,000	16,066	934
Supp. Services - General Administration:					
Salaries	196,290	41,000	237,290	232,738	4,552
Legal Services	40,000	(1,500)	38,500	38,294	206
Audit Fees	14,500		14,500	14,353	147
Other Purchased Professional Services	35,000	28,500	63,500	59,950	3,550
Purchased Technical Services	2,475	(2,000)	475	109	366
Communications/Telephone	42,000		42,000	40,039	1,961
BOE Other Purchased Services	4,750		4,750	4,309	441
Other Purchased Services (400-500 series)	45,750	6,000	51,750	48,260	3,490
General Supplies	5,000		5,000	4,835	165
BOE In-House Training/Meeting Supplies	1,300		1,300	768	532
Miscellaneous Expenditures	9,500	(6,500)	3,000	2,606	394
BOE Membership Dues and Fees	19,000	(5,000)	14,000	11,930	2,070
Total Supp. Services - General Administration	415,565	60,500	476,065	458,191	17,874
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	215,375	2,600	217,975	217,423	552
Salaries of Other Professional Staff	383,580	(33,600)	349,980	347,643	2,337
Salaries of Secretarial and Clerical Assistants	79,300	5,000	84,300	79,656	4,644
Purchased Professional and Technical Services	13,500	(4,500)	9,000	8,967	33
Other Purchased Services (400-500 series)	16,500	(3,100)	13,400	13,233	167
Supplies and Materials	8,500	1,500	10,000	9,922	78
Other Objects	5,500		5,500	4,801	699
Total Support Services - School Administration	722,255	(32,100)	690,155	681,645	8,510

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	172,462	6,100	178,562	178,380	182
Purchased Professional Services	10,000	500	10,500	10,394	106
Purchased Technical Services	6,500		6,500	2,848	3,652
Misc. Purchased Services (400-500 series)	1,500		1,500	460	1,040
Supplies and Materials	11,000	(1,000)	10,000	9,182	818
Interest for Lease Purchase Agreement	62,050	(6,000)	56,050	56,010	40
Miscellaneous Expenditures	5,000	(2,000)	3,000	1,371	1,629
Central Services	268,512	(2,400)	266,112	258,645	7,467
Admin. Information Technology:					
Salaries	15,600		15,600	12,470	3,130
Purchased Professional Services	13,000		13,000	13,000	
Purchased Technical Services	11,000	6,000	17,000	16,459	541
Supplies and Materials	5,000		5,000	4,891	109
Admin. Information Technology	44,600	6,000	50,600	46,820	3,780
Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	175,500	115,000	290,500	288,443	2,057
General Supplies	24,000		24,000	19,085	4,915
Other Objects	1,500		1,500	1,447	53
Total Required Maintenance for School Facilities	201,000	115,000	316,000	308,975	7,025
Other Operations and Maintenance of Plant:					
Salaries	406,531	(10,000)	396,531	394,501	2,030
Cleaning, Repair and Maintenance Services	38,600	12,000	50,600	48,538	2,062
Other Purchased Property Services	10,000		10,000	9,353	647
Insurance	32,500	(3,000)	29,500	28,658	842
Miscellaneous Purchased Services	3,000		3,000	2,268	732
General Supplies	37,500	(5,000)	32,500	30,768	1,732
Energy (Heat and Electricity)	287,000	89,500	376,500	376,002	498
Other Objects	2,500		2,500	2,399	101
Total Other Operations and Maintenance of Plant	817,631	83,500	901,131	892,487	8,644

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Management Fees - ESC & CTSA Transportation Programs	25,000		25,000	24,467	533
Contract Services - (Between Home and School) - Vendors	498,500	(1,500)	497,000	496,687	313
Contract Services (Other than Between Home & School)-Vendors	103,048	(600)	102,448	102,210	238
Contract Services - (Between Home and School) - Joint Agreements	15,000	(9,000)	6,000	2,698	3,302
Contract Services - (Regular Students) - ESCs & CTSA's	25,000	11,500	36,500	35,833	667
Contract Services - (Special Ed. Students) - ESCs & CTSA's	400,000	95,000	495,000	489,186	5,814
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	62,400	10,000	72,400	71,273	1,127
Total Student Transportation Services	1,128,948	105,400	1,234,348	1,222,354	11,994
UNALLOCATED BENEFITS					
Social Security Contributions	130,000		130,000	129,690	310
Other Retirement Contributions - Regular	48,500	4,050	52,550	52,547	3
Unemployment Compensation	10,000		10,000	10,000	
Workmen's Compensation	70,850		70,850	69,364	1,486
Health Benefits	1,912,220	(254,850)	1,657,370	1,656,256	1,114
Tuition Reimbursement	27,500		27,500	27,308	192
Other Employee Benefits	88,481	39,000	127,481	127,144	337
TOTAL UNALLOCATED BENEFITS	2,287,551	(211,800)	2,075,751	2,072,309	3,442
On-behalf TPAF pension Contributions (non-budgeted)				937,241	(937,241)
Reimbursed TPAF Social Security Contributions (non-budgeted)				492,488	(492,488)
TOTAL ON-BEHALF CONTRIBUTIONS				1,429,729	(1,429,729)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,287,551	(211,800)	2,075,751	3,502,038	(1,426,287)
TOTAL UNDISTRIBUTED EXPENDITURES	8,340,698	21,100	8,361,798	9,626,083	(1,264,285)

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	14,551,284	8,500	14,559,784	15,769,618	(1,209,834)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures-Instruction		38,300	38,300	38,281	19
Grades 6-8	28,000	(28,000)			
Undistributed Expenditures-Operations & Maint. Of Plant Serv.	87,500	(3,300)	84,200	84,106	94
Total Equipment	115,500	7,000	122,500	122,387	113
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services	50,000	(407)	49,593	39,635	9,958
Lease Purchase Agreements - Principal	280,000		280,000	280,000	
Total Facilities Acquisition and Construction Services	330,000	(407)	329,593	319,635	9,958
TOTAL CAPITAL OUTLAY	445,500	6,593	452,093	442,022	10,071
Transfer of Funds to Charter Schools	46,655		46,655	46,555	100
TOTAL EXPENDITURES	15,043,439	15,093	15,058,532	16,258,195	(1,199,663)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(515,687)	(15,093)	(530,780)	295,674	826,454
Transfer to Capital Projects		(6,407)	(6,407)	(6,407)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(515,687)	(21,500)	(537,187)	289,267	826,454
Fund Balance, July 1	1,452,789		1,452,789	1,452,789	
Fund Balance, June 30	\$ 937,102	(21,500)	\$ 915,602	\$ 1,742,056	\$ 826,454

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Encumbrances				\$ 13,263	
Excess Surplus				477,264	
Excess Surplus - Designated for Subsequent Year's Expenditures				551,748	
Designated for Subsequent Year's Expenditures				65,952	
Capital Reserve				2,513	
Maintenance Reserve				250,000	
Unrestricted Fund Balance				<u>381,316</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				1,742,056	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(219,857)</u>	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 1,522,199</u>	

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 250	\$ 250	\$ 250	-
State Sources	\$ 9,600	15,164	24,764	16,964	\$ (7,800)
Federal Sources	267,836	(36,101)	231,735	230,703	(1,032)
Total Revenues	277,436	(20,687)	256,749	247,917	(8,832)
EXPENDITURES:					
Instruction					
Salaries of Teachers	98,288	\$ (7,773)	90,515	90,515	
Other Salaries		4,000	4,000	4,000	
Purchased Prof. & Technical Serv.	15,000	-	15,000	15,000	
Tuition	18,000	-	18,000	18,000	
General Supplies	28,917	(9,271)	19,646	18,614	1,032
Textbooks		7,307	7,307	7,307	
Total Instruction	160,205	(5,737)	154,468	153,436	1,032
Support Services					
Salaries of Other Professional Staff	28,600	-	28,600	28,600	
Salaries of Secretarial and Clerial Staff	3,000	-	3,000	3,000	
Personal Services - Employee Benefits	25,023	4,987	30,010	30,010	
Purchased Professional - Ed. Serv.	5,000	1,126	6,126	6,126	
Other Purchased Professional Services	19,369	(2,224)	17,145	17,145	
Supplies and Materials	1,403	(1,403)			
Other Objects	25,236	(25,236)			
Total Support Services	107,631	(22,750)	84,881	84,881	-
Facilities Acqui. & Construc. Serv.:					
Instructional Equipment	9,600	7,800	17,400	9,600	7,800
Total Facilities Acqui. & Construc. Serv.	9,600	7,800	17,400	9,600	7,800
Total Expenditures	277,436	(20,687)	256,749	247,917	8,832
Total Outflows	\$ 277,436	\$ (20,687)	\$ 256,749	\$ 247,917	\$ 8,832
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				NONE	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				NONE	
Fund Balance per Governmental Funds(GAAP Basis)				<u>NONE</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2008

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$16,553,869	\$247,917
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	210,161	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(219,857)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$16,544,173</u>	<u>\$ 247,917</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$16,258,195	\$247,917
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$16,258,195</u>	<u>\$ 247,917</u>

OTHER SUPPLEMENTARY INFORMATION

<p style="text-align: center;">SPECIAL REVENUE FUND DETAIL STATEMENTS</p>
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The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2008

	Title I	Title II (A)	Title II (D)	Title IV	Title V	IDEA Part B	Non- Public Tech Aid	Teacher Quality Mentor	Rebel	Local Band	Totals 2007
REVENUES											
Local Sources										\$250	\$ 250
State Sources							\$ 9,600	\$1,364	\$6,000		16,964
Federal Sources	\$15,763	\$22,534	\$ 113	\$1,188	\$2,286	\$ 188,819					230,703
TOTAL REVENUES	15,763	22,534	113	1,188	2,286	188,819	9,600	1,364	6,000	\$250	247,917
EXPENDITURES:											
Instruction:											
Salaries of Teachers	11,364	17,126				62,025					90,515
Other Salaries									4,000		4,000
Purchased Prof. & Technical Serv.						15,000					15,000
Tuition						18,000					18,000
General Supplies						15,000		1,364	2,000	250	18,614
Textbooks						7,307					7,307
Total Instruction	11,364	17,126				117,332		1,364	6,000	250	153,436
Support Services:											
Salaries of Other Professional Staff						28,600					28,600
Salaries of Secretarial and Clerial Staff						3,000					3,000
Personal Services - Employee Benefits	2,841	4,282				22,887					30,010
Purchased Professional - Ed. Serv.		1,126				5,000					6,126
Other Purchased Professional Services	1,558		113	1,188	2,286	12,000					17,145
Total Support Services	4,399	5,408	113	1,188	2,286	71,487					84,881
Facilities Acquisition & Const. Serv.:											
Instructional Equipment							9,600				9,600
Total Facilities Acq. & Const. Serv.							9,600				9,600
TOTAL EXPENDITURES	15,763	22,534	113	1,188	2,286	188,819	9,600	1,364	6,000	250	247,917
Total Outflows	15,763	22,534	113	1,188	2,286	188,819	9,600	1,364	6,000	250	247,917
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)											

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2

**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

Bond Proceeds	\$ 1,560,000
Interest Income	27,056
Transfer from Capital Outlay	<u>6,407</u>
Total Revenues	<u>1,593,463</u>

Expenditures and Other Financing

Uses

Legal fees	28,970
Purchased Professional Services	172,440
Construction Services	<u>1,246,457</u>
Total Expenditures	<u>1,447,867</u>

Excess(deficiency) of revenues over(under) expenditures	145,596
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Fund Balance - Beginning	<u>272,422</u>
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Fund Balance - Ending	<u><u>\$ 418,018</u></u>
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NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
LAND PURCHASE (58 ACRES)

From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from capital outlay	\$ 435,000		\$ 435,000	\$ 435,000
Total Revenues	<u>435,000</u>		<u>435,000</u>	<u>435,000</u>
Expenditures and Other Financing Sources				
Construction services	434,382		434,382	435,000
Total Expenditures	<u>434,382</u>		<u>434,382</u>	<u>435,000</u>
Excess(deficiency) of revenues over(under) expenditures	<u>618</u>		<u>618</u>	

Project Fund Balance, 6/30/07 \$ 618

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	9/18/2001
Bonds Authorized	\$391,500
Bonds Issued	\$391,500
Original Authorized Cost	\$435,000
Additional Authorized Cost	N/A
Revised Authorized Cost	\$435,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2003
Revised Target Completion Date	6/30/2003

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2b

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS -
CHILLER PROJECT

From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Prior</u>	<u>Current</u>	<u>Totals</u>	<u>Revised</u>
	<u>Periods</u>	<u>Year</u>		<u>Authorized</u>
				<u>Costs</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 52,738		\$ 52,738	\$ 62,200
Interest Revenue	559		559	
Transfer from capital outlay	80,000		80,000	93,300
Total Revenues	<u>133,297</u>	<u>-</u>	<u>133,297</u>	<u>155,500</u>
Expenditures and Other Financing Sources				
Construction services	131,844		131,844	155,500
Total Expenditures	<u>131,844</u>	<u>-</u>	<u>131,844</u>	<u>155,500</u>
Excess(deficiency) of revenues over(under) expenditures	<u>1,453</u>	<u>-</u>	<u>1,453</u>	

Additional project information:

Project number	SP#3675-050-03-1047	Prior Period Costs Charged to General Fund	<u>\$ 17,344</u>
Grant Date	2/4/05		
Bond Authorization Date	N/A	Project Fund Balance, 6/30/08	<u>\$ 18,797</u>
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$155,500		
Additional Authorized Cost	N/A		
Revised Authorized Cost	\$131,844		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	100%		
Original Target Completion Date	6/30/2005		
Revised Target Completion Date	11/30/2005		

**CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS -
SEWER TREATMENT PLANT**

From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Prior</u>	<u>Current</u>	<u>Totals</u>	<u>Revised</u>
	<u>Periods</u>	<u>Year</u>		<u>Authorized</u>
				<u>Costs</u>
Revenues and Other Financing Sources				
Transfer from capital outlay	\$ 253,000	\$ 6,407	\$ 259,407	\$ 253,000
Total Revenues	<u>253,000</u>	<u>6,407</u>	<u>259,407</u>	<u>253,000</u>
Expenditures and Other Financing Sources				
Construction services		259,407	259,407	253,000
Total Expenditures	-	<u>259,407</u>	<u>259,407</u>	<u>253,000</u>
Excess(deficiency) of revenues over(under) expenditures	<u>253,000</u>	<u>(253,000)</u>	<u>-</u>	

Additional project information:

Project number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A	Project Fund Balance, 6/30/2008	\$ <u>-</u>
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$253,000		
Additional Authorized Cost	\$6,407		
Revised Authorized Cost	\$259,407		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	-0-		
Original Target Completion Date	6/30/2008		
Revised Target Completion Date	6/30/2008		

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2d

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS -
SCHOOL FACILITIES IMPROVEMENT - BOILER, HOT WATER, GENERATOR

From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Temporary Note Proceeds			-	\$ 656,250
Total Revenues	-	-	-	656,250
Expenditures and Other Financing Sources				
Construction services			-	656,250
Total Expenditures	-	-	-	656,250
Excess(deficiency) of revenues over(under) expenditures	-	-	-	

Additional project information:

Project number	N/A		
Grant Date	N/A		
Bond Authorization Date	3/27/2008	Project Fund Balance, 6/30/2008	\$ <u> -</u>
Bonds Authorized	\$656,250		
Bonds Issued	N/A		
Original Authorized Cost	\$656,250		
Additional Authorized Cost	N/A		
Revised Authorized Cost	\$656,250		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	-0-		
Original Target Completion Date	12/31/2008		
Revised Target Completion Date	12/31/2008		

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2e

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS -
SCIENCE LAB RENOVATION

From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Bond Proceeds		\$ 1,560,000	\$ 1,560,000	\$ 1,560,000
Total Revenues	-	1,560,000	1,560,000	1,560,000
Expenditures and Other Financing Sources				
Construction services		1,188,460	1,188,460	1,560,000
Total Expenditures	-	1,188,460	1,188,460	1,560,000
Excess(deficiency) of revenues over(under) expenditures	-	371,540	371,540	

Additional project information:

Project number	N/A		
Grant Date	N/A		
Bond Authorization Date	7/24/2007	Project Fund Balance, 6/30/2008	\$ <u>371,540</u>
Bonds Authorized	\$1,560,000		
Bonds Issued	\$1,560,000		
Original Authorized Cost	\$1,560,000		
Additional Authorized Cost	N/A		
Revised Authorized Cost	\$1,560,000		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	-0-		
Original Target Completion Date	9/30/2008		
Revised Target Completion Date	9/30/2008		

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

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

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

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

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

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

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

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

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

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

	UNEMPLOYMENT COMPENSATION			AGENCY FUNDS		<u>TOTALS</u>
	<u>INSURANCE TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>			
ASSETS:						
Cash and Cash Equivalents	\$536,543	\$ 146,731	\$ 17,091			\$ 700,365
TOTAL ASSETS	\$536,543	\$ 146,731	\$ 17,091			\$ 700,365
LIABILITIES:						
Liabilities:						
Accounts Payable			\$ 2,000			\$ 2,000
Payroll Deductions and Withholdings			15,091			15,091
Payable to Student Groups		\$ 146,731				146,731
Total Liabilities		146,731	17,091			163,822
NET ASSETS						
Held in Trust for Unemployment						
Claims and Other Purposes	\$536,543					536,543
TOTAL LIABILITIES AND NET ASSETS	\$536,543	\$ 146,731	\$ 17,091			\$ 700,365

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-2

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$12,436	\$12,436
Employer	10,000	10,000
Total Contributions	<u>22,436</u>	<u>22,436</u>
Investment Earnings:		
Interest	15,383	15,383
Net Investment Earnings	<u>15,383</u>	<u>15,383</u>
Total Additions	<u>37,819</u>	<u>37,819</u>
DEDUCTIONS		
Unemployment Claims	34,911	34,911
Total Deductions	<u>34,911</u>	<u>34,911</u>
Change in Net Assets	2,908	2,908
Net Assets—Beginning of the Year	\$533,635	533,635
Net Assets—End of the Year	<u>\$536,543</u>	<u>\$536,543</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-3

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

ACTIVITY	BALANCE	TRANSFERS		CASH	CASH	BALANCE
	July 1, 2007	TO	FROM	RECEIPTS	DISBURSEMENTS	June 30, 2008
NWR - Clubs	\$ 879	\$ 14		\$ 754	\$ 125	\$ 1,522
Interest Reserve	24,612		\$ 1,547	1,547		24,612
Exchange				4,245	4,745	(500)
B.O.E. - Fines and Charges		3		1,005	43	965
B.O.E. - Test Holding				6,283	6,283	-
B.O.E. Athletics		46		10,014	300	9,760
Class of 2000	1,032	14				1,045
Class of 2001	456	6				462
Class of 2002	59					59
Class of 2003	563	8				571
Class of 2005	1,129	15				1,145
Class of 2006	1,716	23				1,739
Class of 2007	2,067	17			1,200	884
Class of 2008	4,220	826		27,282	30,211	2,118
Class of 2009	4,990	21		1,000	1,260	4,751
Class of 2010	1,658		22	1,776	1,189	2,223
Class of 2011	4,539		598	3,777	4,590	3,128
Class of 2012	2,108	21		2,090	3,188	1,031
Class of 2013		8		24,798	19,981	4,825
Student Council-High School	941		67	945	1,566	253
S.A.D.D.	508	7		230	502	242
Student Council-Middle School			104	2,493	2,349	40
National Honor Society	137	2				139
Peer Leadership	28					28
Rebel		4		3,611	3,521	94
Marching Band	142	2		200	48	296
Chorus - Musical	10,014	5		12,421	14,753	7,686
Stage Lights	580	8		566		1,154
Drama Club - Fall Play	5,020		37	3,635	2,745	5,874
M. S. Play	4,220	59		1,347	538	5,089
Athletics	(2,757)	21		46,716	43,393	588
Patriot Duals	229		87	2,100	447	1,795
Holiday Tournament	4	103		600	199	508
Sports Camp	6,649	53		1,230	6,293	1,640
Football Club	300	4	-	3,745	4,000	49
	<u>\$ 76,042</u>	<u>\$ 1,291</u>	<u>\$ 2,461</u>	<u>\$ 164,410</u>	<u>\$ 153,468</u>	<u>\$ 85,814</u>

-Continued on Next Page-

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-3

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

ACTIVITY	BALANCE	TRANSFERS		CASH	CASH	BALANCE
	July 1, 2007	TO	FROM	RECEIPTS	DISBURSEMENTS	June 30, 2008
Baseball Club	\$ 720	\$ 13		\$ 7,236	\$ 5,341	\$ 2,629
Softball Club	192	3				194
Lacrosse Club	169	2			154	16
Cheerleaders H.S.	31					31
Field Hockey	101	5		4,111	3,414	803
Girls Lacrosse				174	160	14
Patriot Varsity C	139	1		150	244	46
School Store	496	6		430	635	297
Home Economics						-
Wood Shop	291	4				295
Future Business Leaders of America	982	14		3,991	4,374	613
JSA	34					34
Future Farmers of America	1,639	411		3,344	3,844	1,550
FFA - Devin Yurka Fund	10,208	139		467		10,815
Press Club	219	3				222
Literary Magazine	18					18
Chess Club	194	2			133	63
Ski Club	1,134	27		12,392	12,448	1,106
Interact Club	1,795	23			337	1,481
Leo	486	6		1,263	1,088	667
Memorial Brick Fund	292	4				296
Yearbook	6,692	151		35,832	33,355	9,320
Library	399	5			15	389
Prom Committee	9,785	100		29,153	30,907	8,131
Project Graduation	18,588	242		22,340	19,419	21,751
Alumi Basketball	105	1				107
Poecker Memorial Fund	162	2			164	-
Relay For Life	396	5	-	-	370	31
	<u>\$ 55,265</u>	<u>\$ 1,170</u>	<u>\$ -</u>	<u>\$ 120,882</u>	<u>\$ 116,400</u>	<u>\$ 60,918</u>
TOTALS	<u>\$ 131,308</u>	<u>\$ 2,461</u>	<u>\$ 2,461</u>	<u>\$ 285,292</u>	<u>\$ 269,868</u>	<u>\$ 146,731</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-4

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

	<u>BALANCE</u> July 1, 2007	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2008
ASSETS:				
Cash and Cash Equivalents	\$ 17,442	\$ 8,738,057	\$ 8,738,408	\$ 17,091
Total Assets	\$ 17,442	\$ 8,738,057	\$ 8,738,408	\$ 17,091
LIABILITIES:				
Accrued Salaries and Wages		\$ 5,227,860	\$ 5,227,860	
Accounts Payable	\$ 5,659		3,659	\$ 2,000
Payroll Deductions and Withholdings	11,783	3,510,197	3,506,889	15,091
Total Liabilities	\$ 17,442	\$ 8,738,057	\$ 8,738,408	\$ 17,091

LONG-TERM DEBT SCHEDULES

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2007</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2008</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding ERIP Bonds	4/15/04	740,000	4/14/08	\$ 105,000	5.0%	\$ 450,000	\$ 105,000	\$ 345,000
			4/14/09	110,000				
			4/14/10	115,000				
			4/14/11	120,000				
Total						\$ 450,000	\$ 105,000	\$ 345,000

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit I-2

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>LEASE TERM</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>RETIRED CURRENT YEAR PRINCIPAL PAYMENTS</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2008</u>
Science Lab Flooring	4.24%	5 Years	\$ 1,560,000	- \$	1,560,000	\$ 280,000	\$ 1,280,000
Copier Equipment	6.10%	4 Years	\$ 70,072		70,072	18,884	51,188
Total					- \$ 1,630,072	\$ 298,884	\$ 1,331,188

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 127,499		\$ 127,499	\$ 127,499	
State Sources:					
Debt Service Aid Type II					
Total - State Sources					
TOTAL REVENUES	127,499		127,499	127,499	
EXPENDITURES:					
Regular Debt Service:					
Interest	22,500		22,500	22,500	-
Redemption of Principal	105,000		105,000	105,000	-
Total Regular Debt Service	127,500		127,500	127,500	
TOTAL EXPENDITURES	127,500		127,500	127,500	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	(1)	-
Fund Balance, July 1	(1) 1		(1) 1	(1) 1 \$	-
Fund Balance, June 30					
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-	-	-	-	-

North Warren Regional School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	69-74
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	75-87
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	88-91
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	92-93
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	94-98

Sources:

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

**North Warren Regional School District
Net Assets by Component,
Last Six Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 6,571,587	\$ 7,025,247	\$ 7,371,099	\$ 5,665,355	\$ 5,917,646	\$ 7,069,267
Restricted	43,178	589,680	1,046,333	1,136,211	1,342,155	1,765,495
Unrestricted	<u>(1,646,056)</u>	<u>(1,684,249)</u>	<u>(1,635,835)</u>	<u>(1,337,250)</u>	<u>(1,244,945)</u>	<u>(2,447,858)</u>
Total governmental activities net assets	<u>\$ 4,968,709</u>	<u>\$ 5,930,678</u>	<u>\$ 6,781,597</u>	<u>\$ 5,464,316</u>	<u>\$ 6,014,856</u>	<u>\$ 6,386,904</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 16,811	\$ 20,412	\$ 46,697	\$ 38,764	\$ 58,411	\$ 62,104
Restricted						-
Unrestricted	<u>46,444</u>	<u>49,240</u>	<u>45,863</u>	<u>70,579</u>	<u>61,054</u>	<u>92,640</u>
Total business-type activities net assets	<u>\$ 63,255</u>	<u>\$ 69,652</u>	<u>\$ 92,560</u>	<u>\$ 109,343</u>	<u>\$ 119,465</u>	<u>\$ 154,744</u>
District-wide						
Invested in capital assets, net of related debt	\$ 6,588,398	\$ 7,045,659	\$ 7,417,796	\$ 5,704,119	\$ 5,976,057	\$ 7,131,371
Restricted	43,178	589,680	1,046,333	1,136,211	1,342,155	1,765,495
Unrestricted	<u>(1,599,612)</u>	<u>(1,635,009)</u>	<u>(1,589,972)</u>	<u>(1,266,671)</u>	<u>(1,183,891)</u>	<u>(2,355,218)</u>
Total district net assets	<u>\$ 5,031,964</u>	<u>\$ 6,000,330</u>	<u>\$ 6,874,157</u>	<u>\$ 5,573,659</u>	<u>\$ 6,134,321</u>	<u>\$ 6,541,648</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities						
Instruction						
Regular	\$ 5,414,675	\$ 5,725,840	\$ 5,719,429	\$ 5,930,026	\$ 6,328,098	\$ 6,404,286
Special education	676,644	767,709	848,070	964,346	1,000,114	1,096,965
Other special education	137,956	219,261	195,501	163,801	136,932	280,543
Other instruction	629,328	644,375	740,328	675,784	734,195	778,216
Support Services:						
Tuition	648,931	564,525	749,928	757,049	884,703	899,222
Student & instruction related services	1,456,660	1,637,291	1,808,068	1,741,462	1,933,109	1,924,123
General administrative services	528,200	682,167	660,879	779,547	866,980	1,027,302
School administrative services	404,845	557,283	531,467	994,870	896,302	910,441
Plant operations and maintenance	1,001,028	1,049,201	1,114,808	1,241,650	1,401,237	1,618,815
Pupil transportation	1,005,622	875,856	874,102	1,021,472	1,189,106	1,229,631
Interest on long-term debt	118,405	90,581	99,715	55,163	32,010	21,188
Unallocated depreciation	19,014	17,170	16,985	188,104	188,104	184,957
Total governmental activities expenses	<u>12,041,308</u>	<u>12,831,259</u>	<u>13,359,280</u>	<u>14,513,274</u>	<u>15,590,890</u>	<u>16,375,689</u>
Business-type activities:						
Food service	270,996	283,817	298,356	301,463	300,644	326,293
Total business-type activities expense	<u>270,996</u>	<u>283,817</u>	<u>298,356</u>	<u>301,463</u>	<u>300,644</u>	<u>326,293</u>
Total district expenses	<u>\$ 12,312,304</u>	<u>\$ 13,115,076</u>	<u>\$ 13,657,636</u>	<u>\$ 14,814,737</u>	<u>\$ 15,891,534</u>	<u>\$ 16,701,982</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Instruction (regular & special education)			\$ 41,952	\$ 39,881	\$ 64,507	\$ 120,154
Business and other support services						
Operating grants and contributions	\$ 4,817,588	\$ 5,562,628	5,615,125	5,810,839	6,271,222	6,335,605
Capital grants and contributions	170,511					
Total governmental activities program revenues	<u>4,988,099</u>	<u>5,562,628</u>	<u>5,657,077</u>	<u>5,850,720</u>	<u>6,335,729</u>	<u>6,455,759</u>

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

Exhibit J-2

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
Business-type activities:						
Charges for services						
Food service	260,507	270,358	289,738	274,572	268,947	276,840
Operating grants and contributions	23,411	20,759	28,303	26,856	24,507	67,646
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	<u>283,918</u>	<u>291,117</u>	<u>318,041</u>	<u>301,428</u>	<u>293,454</u>	<u>344,486</u>
Total district program revenues	<u>\$ 5,272,017</u>	<u>\$ 5,853,745</u>	<u>\$ 5,975,118</u>	<u>\$ 6,152,148</u>	<u>\$ 6,629,183</u>	<u>\$ 6,800,245</u>
Net (Expense)/Revenue						
Governmental activities	\$ (7,053,209)	\$ (7,268,631)	\$ (7,702,203)	\$ (8,662,554)	\$ (9,255,161)	\$ (9,919,930)
Business-type activities	12,922	7,300	19,685	(35)	(7,190)	18,193
Total district-wide net expense	<u>\$ (7,040,287)</u>	<u>\$ (7,261,331)</u>	<u>\$ (7,682,518)</u>	<u>\$ (8,662,589)</u>	<u>\$ (9,262,351)</u>	<u>\$ (9,901,737)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 6,779,706	\$ 7,470,210	\$ 7,982,340	\$ 8,626,308	\$ 9,322,313	\$ 9,785,766
Taxes levied for debt service	471,916	396,941	503,058	477,123	325,185	127,499
Tuition Received	10,000	509				
Investment earnings	23,711	24,461	32,069	79,052	111,886	120,172
Miscellaneous income	78,974	83,659	115,620	133,898	46,317	457,449
Federal/State Aid for Capital Assets Projects	54,251		62,200	(9,462)	-	
Transfers						
Total governmental activities	<u>7,418,558</u>	<u>7,975,780</u>	<u>8,695,287</u>	<u>9,306,919</u>	<u>9,805,701</u>	<u>10,490,886</u>
Business-type activities:						
Miscellaneous Income	-	1,622	698	16,818	17,312	17,086
Transfers						
Total business-type activities	<u>-</u>	<u>1,622</u>	<u>698</u>	<u>16,818</u>	<u>17,312</u>	<u>17,086</u>
Total district-wide	<u>\$ 7,418,558</u>	<u>\$ 7,977,402</u>	<u>\$ 8,695,985</u>	<u>\$ 9,323,737</u>	<u>\$ 9,823,013</u>	<u>\$ 10,507,972</u>
Change in Net Assets						
Governmental activities	\$ 365,349	\$ 707,149	\$ 993,084	\$ 644,365	\$ 550,540	\$ 570,956
Business-type activities	12,922	8,922	20,383	16,783	10,122	35,279
Total district	<u>\$ 378,271</u>	<u>\$ 716,071</u>	<u>\$ 1,013,467</u>	<u>\$ 661,148</u>	<u>\$ 560,662</u>	<u>\$ 606,235</u>

Source: CAFR Schedule A-2

**North Warren Regional School District
Fund Balances, Governmental Funds,
Last Six Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	2003		2004		Fiscal Year Ending June 30,		2005		2006		2007		2008	
General Fund														
Reserved	\$	455,917	\$	509,060	\$	716,748	\$	1,146,242	\$	1,091,232	\$	1,294,788		
Unreserved		183,046		236,196		424,627		127,034		151,396		227,411		
Total general fund	\$	<u>638,963</u>	\$	<u>745,256</u>	\$	<u>1,141,375</u>	\$	<u>1,273,276</u>	\$	<u>1,242,628</u>	\$	<u>1,522,199</u>		
All Other Governmental Funds														
Reserved													370,340	
Unreserved, reported in:														
Special revenue fund	\$	(2,189)			\$		\$		\$		\$			-
Capital projects fund		618	\$	80,618	\$	25,368	\$	19,415	\$	272,422		47,678		
Debt service fund		44,749		2		1,004		1,004		1				
Total all other governmental funds	\$	<u>43,178</u>	\$	<u>80,620</u>	\$	<u>26,372</u>	\$	<u>20,419</u>	\$	<u>272,423</u>	\$	<u>418,018</u>		

Source: CAFR Schedule B-1

**North Warren Regional School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 5,421,883	\$ 5,536,957	\$ 6,003,190	\$ 6,386,887	\$ 7,251,622	\$ 7,867,151	\$ 8,485,398	\$ 9,103,431	\$ 9,647,498	\$ 9,913,265
Tuition charges	19,000	9,500	9,500		10,000	509	9,000	2,917	23,385	39,900
Transportation							32,952	36,964	41,122	80,254
Interest earnings				532	285	126	738	144	372	216
Miscellaneous	130,301	193,334	335,220	177,139	102,400	107,994	146,951	212,806	157,831	577,405
State sources	4,596,947	4,404,427	4,514,196	4,510,774	4,887,135	5,369,541	5,456,518	5,558,741	5,994,990	6,104,902
Federal sources					155,215	193,087	220,807	242,636	276,232	230,703
Total revenue	10,168,131	10,144,218	10,862,106	11,075,332	12,406,657	13,538,408	14,352,364	15,157,639	16,141,430	16,946,645
Expenditures										
Instruction										
Regular Instruction	3,804,655	3,948,454	4,053,438	4,081,410	4,380,627	4,392,698	4,402,962	4,570,949	4,629,905	4,682,985
Special education instruction	424,045	432,581	487,693	530,895	550,364	609,683	675,532	757,482	745,478	821,295
Other special instruction	126,029	139,152	138,604	87,872	112,210	174,128	155,727	128,664	102,068	210,042
Other instruction	401,657	431,871	498,434	493,982	511,879	511,736	517,067	530,820	547,264	582,649
Support Services:										
Tuition	203,181	216,881	345,636	435,553	527,823	564,525	749,928	757,049	884,703	899,222
Student & instruction related services	915,880	982,328	1,115,487	1,116,703	1,184,809	1,300,269	1,308,087	1,367,897	1,440,926	1,440,587
School Administrative services	266,719	298,434	316,677	439,141	329,290	442,571	628,118	781,458	668,097	681,645
General administrative services	262,800	279,343	312,394	317,017	429,624	525,825	526,425	602,941	643,265	763,656
Plant operations and maintenance	762,846	796,188	756,468	837,960	814,210	833,232	888,003	964,912	1,034,083	1,201,462
Pupil transportation	534,921	568,743	649,282	734,006	817,946	875,856	874,102	1,014,195	1,181,829	1,222,354
Business and other support services	138,733	160,778	158,743	181,320						
Unallocated employee benefits	1,824,107	1,623,912	1,672,869	1,725,260	2,213,804	2,467,403	2,407,735	2,743,037	3,289,784	3,502,038
Charter Schools		10,688	19,201		7,776			76,489	68,099	46,555
Capital outlay	422,702	321,748	201,841	123,007	509,538	92,924	167,222	113,292	257,052	1,899,489
Debt service:										
Principal					476,242	507,131	608,785	558,395	391,000	105,000
Interest and other charges					121,436	96,692	100,800	64,111	36,521	22,500
Total expenditures	10,088,275	10,211,101	10,726,767	11,104,126	12,987,578	13,394,673	14,010,493	15,031,691	15,920,074	18,081,479
Excess (Deficiency) of revenues over (under) expenditures	79,856	(66,883)	135,339	(28,794)	(580,921)	143,735	341,871	125,948	221,356	(1,134,834)
Other Financing Sources (uses)										
Bond proceeds					391,500					1,560,000
Transfers in/(out)	(16,000)	(10,000)	(4,000)	(43,500)						
Total other financing sources (uses)	(16,000)	(10,000)	(4,000)	(43,500)	391,500	-	-	-	-	1,560,000
Net change in fund balances	\$ 63,856	\$ (76,883)	\$ 131,339	\$ (72,294)	\$ (189,421)	\$ 143,735	\$ 341,871	\$ 125,948	\$ 221,356	\$ 425,166
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	4.8%	4.5%	5.1%	4.2%	2.7%	0.8%

Source: CAFR Schedule B-2

NORTH WARREN REGIONAL SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest</u> <u>Earned</u> <u>on Capital</u> <u>Reserve</u> <u>Funds</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Transportation</u> <u>Fees</u>	<u>Rentals</u>	<u>Claim</u> <u>Settlements</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
1999	\$ 69,445			\$ 31,988			\$ 19,000	\$ 28,868	\$ 149,301
2000	\$ 76,261		\$ 28,738	\$ 41,896	\$ 3,745		\$ 9,500	\$ 42,694	\$ 202,834
2001	\$ 106,316		\$ 175,880	\$ 39,353	\$ 2,420		\$ 9,500	\$ 11,251	\$ 344,720
2002	\$ 52,978	\$ 532	\$ 62,672	\$ 40,790				\$ 20,699	\$ 177,671
2003	\$ 23,426	\$ 285	\$ 34,837	\$ 40,876	\$ 600		\$ 10,000	\$ 2,661	\$ 112,685
2004	\$ 24,335	\$ 126	\$ 8,372	\$ 41,915	\$ 1,105		\$ 509	\$ 32,267	\$ 108,629
2005	\$ 31,331	\$ 738	\$ 63,198	\$ 32,952		\$ 30,030	\$ 9,000	\$ 21,842	\$ 189,091
2006	\$ 78,908	\$ 144	\$ 102,718	\$ 36,964	\$ 1,030		\$ 2,917	\$ 30,141	\$ 252,822
2007	\$ 111,507	\$ 372	\$ 5,735	\$ 41,122	\$ 1,945		\$ 23,385	\$ 38,637	\$ 222,703
2008	\$ 92,900	\$ 216	\$ 426,156	\$ 80,254	\$ 2,977		\$ 39,900	\$ 28,066	\$ 670,469

SOURCE: District Records

**North Warren Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Blairstown Township**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
1999	17,396,900	329,908,000	22,622,400	1,926,018	33,558,100	6,232,700	0	465,843,669	52,082,000	2,117,551	413,761,669	0.540	406,480,129
2000	16,615,350	334,356,900	22,682,900	2,007,418	33,341,250	6,232,700	0	470,298,760	52,795,270	2,266,972	417,503,490	0.602	417,211,142
2001	14,165,050	329,727,300	32,742,600	2,044,395	34,979,950	6,232,700	0	475,158,682	53,069,670	2,197,017	422,089,012	0.656	431,532,755
2002	12,587,950	335,683,500	35,581,500	2,201,940	35,697,950	6,232,700	0	482,551,633	52,266,970	2,299,123	430,284,663	0.674	453,273,751
2003	11,979,550	343,582,600	37,672,900	2,237,310	37,056,150	6,664,700	0	494,243,615	52,879,470	2,170,935	441,364,145	0.733	501,881,824
2004	10,319,050	349,149,400	41,522,700	2,224,753	35,415,825	6,854,400	0	501,927,356	54,246,395	2,194,833	447,680,961	0.808	542,963,755
2005	8,969,150	354,936,500	44,593,600	2,328,262	35,698,525	6,845,900	0	509,509,703	54,196,195	1,941,571	455,313,508	0.882	617,008,129
2006	8,851,850	357,848,500	45,794,100	2,214,789	38,780,125	6,845,900	0	519,626,461	57,571,820	1,719,377	462,054,641	0.951	700,816,547
2007	9,373,550	358,634,694	48,486,200	2,107,600	41,050,750	6,845,900	0	524,834,152	56,895,595	1,439,863	467,938,557	0.968	792,859,299
2008	26,456,500	687,372,600	94,238,400	2,120,200	80,708,800	16,024,600	0	1,025,509,073	116,145,542	2,442,431	909,363,531	0.512	893,383,234

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**North Warren Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Frelinghuysen Township**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
1999	6,713,900	92,623,600	32,582,900	2,172,900	5,963,200	0	0	153,229,262	12,264,400	908,362	140,964,862	0.680	148,638,660
2000	5,649,600	98,308,700	31,686,000	2,160,900	5,895,400	0	0	156,807,978	12,264,400	842,978	144,543,578	0.706	151,770,429
2001	5,457,000	105,726,500	34,748,300	2,326,000	5,770,500	0	0	166,565,128	11,551,340	985,488	155,013,788	0.743	157,642,310
2002	5,259,100	107,056,200	37,352,700	2,402,000	5,770,500	0	0	170,846,557	12,081,140	924,917	158,765,417	0.787	164,374,836
2003	4,862,200	109,580,200	37,114,900	2,484,200	6,145,500	0	0	174,717,282	13,621,140	909,142	161,096,142	0.796	178,735,447
2004	5,017,400	109,678,900	38,648,900	2,495,900	6,254,500	0	0	177,071,062	14,305,540	669,922	162,765,522	0.817	196,229,007
2005	7,638,800	178,530,800	64,329,200	2,632,030	8,425,778	0	0	283,941,009	21,539,440	844,961	262,401,569	0.548	223,259,836
2006	7,422,700	180,493,500	65,710,900	2,488,600	8,159,478	0	0	287,397,687	22,321,040	801,469	265,076,647	0.588	252,571,303
2007	8,169,000	182,259,100	66,522,800	2,378,200	8,159,478	0	0	291,672,682	23,460,640	723,464	268,212,042	0.608	278,032,265
2008	7,533,700	186,195,600	69,599,100	2,350,000	8,171,878	0	0	299,278,753	24,775,340	653,135	274,503,413	0.613	314,116,799

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**North Warren Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Hardwick Township**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
1999	10,678,600	67,999,500	16,213,200	983,400	3,791,500	523,600	0	128,331,405	27,376,320	765,285	100,955,085	0.680	105,295,981
2000	9,451,000	70,487,500	16,260,900	914,500	1,385,400	523,600	0	129,914,554	30,091,020	800,634	99,823,534	0.701	103,764,694
2001	9,136,400	71,448,300	18,231,700	986,700	1,385,400	523,600	0	132,576,915	30,091,020	773,795	102,485,895	0.632	111,899,027
2002	7,748,900	75,661,000	20,044,000	987,100	1,385,400	523,600	0	140,569,826	33,410,320	809,506	107,159,506	0.682	120,490,958
2003	9,105,800	100,503,500	26,612,800	1,096,900	1,506,200	627,000	0	185,388,061	45,041,100	894,761	140,346,961	0.617	129,765,116
2004	8,193,200	103,134,900	28,238,300	1,086,200	1,506,200	627,000	0	188,478,516	45,118,700	574,016	143,359,816	0.658	148,986,482
2005	8,228,700	104,392,100	29,720,800	1,148,600	1,506,200	627,000	0	191,268,067	45,118,700	525,967	146,149,367	0.716	169,301,396
2006	7,246,100	107,392,600	31,035,800	1,093,600	1,506,200	627,000	0	195,297,690	45,950,600	445,790	149,347,090	0.840	195,059,295
2007	7,008,700	108,637,000	32,495,200	1,074,150	1,506,200	627,000	0	197,703,048	45,976,800	377,998	151,726,248	0.890	214,452,259
2008	6,877,000	110,028,500	33,737,400	1,056,100	1,506,200	627,000	0	200,788,726	46,633,300	323,226	154,155,426	0.902	235,659,901

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**North Warren Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Knowlton Township**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
1999	11,802,700	112,810,400	19,311,300	2,063,684	17,558,500	0	498,900	180,510,426	15,286,400	1,178,542	165,224,026	0.670	179,695,716
2000	11,708,300	114,467,600	19,001,100	1,992,222	17,799,000	0	498,900	183,961,131	17,223,000	1,271,009	166,738,131	0.659	181,997,676
2001	10,773,600	116,613,900	19,448,500	1,994,720	17,720,900	0	498,900	185,363,121	17,121,700	1,190,901	168,241,421	0.712	193,475,310
2002	9,681,400	119,967,400	20,360,300	1,970,600	17,681,100	0	498,900	188,685,839	17,357,300	1,168,839	171,328,539	0.736	198,446,776
2003	11,430,000	168,604,500	28,763,400	2,771,800	20,416,000	0	743,600	255,223,514	21,138,500	1,355,714	234,085,014	0.597	213,196,852
2004	10,078,300	169,536,900	29,955,900	2,978,500	20,516,600	0	665,700	257,796,937	22,850,700	1,214,337	234,946,237	0.681	239,314,516
2005	10,090,200	170,723,800	30,709,900	2,905,500	20,357,200	0	665,700	260,797,337	24,130,700	1,214,337	236,666,637	0.764	268,768,026
2006	9,306,100	176,446,500	31,166,700	2,990,340	20,910,100	0	665,700	266,621,798	24,201,700	934,658	242,420,098	0.784	307,433,521
2007	8,668,400	179,653,700	34,141,300	2,882,540	20,910,100	0	665,700	272,130,042	24,388,300	820,002	247,741,742	0.863	343,622,549
2008	7,542,800	188,221,300	33,892,600	2,861,540	21,066,700	0	665,700	280,198,580	25,222,900	725,040	254,975,680	0.860	393,172,896

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**North Warren Regional School District
Direct and Overlapping Property Tax Rates - Blairstown Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Blairstown Township School District	Blairstown Township	Library	Warren County	
1999	\$0.397	\$0.143	\$0.540	\$0.530	\$0.000	\$0.061	\$0.709	\$1.840
2000	\$0.511	\$0.091	\$0.602	\$0.570	\$0.000	\$0.062	\$0.726	\$1.960
2001	\$0.550	\$0.106	\$0.656	\$0.610	\$0.000	\$0.065	\$0.759	\$2.090
2002	\$0.579	\$0.095	\$0.674	\$0.674	\$0.021	\$0.066	\$0.745	\$2.180
2003	\$0.642	\$0.091	\$0.733	\$0.735	\$0.021	\$0.068	\$0.743	\$2.300
2004	\$0.687	\$0.121	\$0.808	\$0.798	\$0.020	\$0.064	\$0.750	\$2.440
2005	\$0.783	\$0.099	\$0.882	\$0.833	\$0.040	\$0.072	\$0.833	\$2.660
2006	\$0.826	\$0.125	\$0.951	\$0.902	\$0.040	\$0.079	\$0.898	\$2.870
2007	\$0.956	\$0.012	\$0.968	\$0.920	\$0.040	\$0.087	\$0.975	\$2.990
2008	\$0.505	\$0.007	\$0.512	\$0.501	\$0.035	\$0.052	\$0.550	\$1.650

Source: District Records and Municipal Tax Collector

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

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

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

**North Warren Regional School District
Direct and Overlapping Property Tax Rates - Frelinghuysen Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Frelinghuysen Township School District	Frelinghuysen Township	Library	Warren County	
1999	\$0.279	\$0.401	\$0.680	\$1.030	\$0.020	\$0.061	\$0.769	\$2.560
2000	\$0.454	\$0.252	\$0.706	\$1.068	\$0.029	\$0.065	\$0.762	\$2.630
2001	\$0.469	\$0.274	\$0.743	\$1.068	\$0.093	\$0.063	\$0.753	\$2.720
2002	\$0.541	\$0.246	\$0.787	\$1.051	\$0.093	\$0.064	\$0.735	\$2.730
2003	\$0.557	\$0.239	\$0.796	\$1.073	\$0.093	\$0.065	\$0.723	\$2.750
2004	\$0.498	\$0.319	\$0.817	\$1.112	\$0.109	\$0.063	\$0.749	\$2.850
2005	\$0.383	\$0.165	\$0.548	\$0.702	\$0.141	\$0.045	\$0.524	\$1.960
2006	\$0.380	\$0.208	\$0.588	\$0.713	\$0.139	\$0.049	\$0.561	\$2.050
2007	\$0.395	\$0.213	\$0.608	\$0.730	\$0.143	\$0.053	\$0.596	\$2.130
2008	\$0.606	\$0.007	\$0.613	\$0.711	\$0.145	\$0.061	\$0.640	\$2.170

Source: District Records and Municipal Tax Collector

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

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

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

**North Warren Regional School District
Direct and Overlapping Property Tax Rates - Hardwick Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hardwick Township School District	Hardwick Township	Library		Warren County
1999	\$0.210	\$0.470	\$0.680	\$0.740	\$0.150	\$0.061	\$0.739	\$2.370
2000	\$0.221	\$0.480	\$0.701	\$0.870	\$0.160	\$0.065	\$0.734	\$2.530
2001	\$0.087	\$0.545	\$0.632	\$1.045	\$0.155	\$0.068	\$0.810	\$2.710
2002	\$0.190	\$0.492	\$0.682	\$1.097	\$0.165	\$0.070	\$0.796	\$2.810
2003	\$0.246	\$0.371	\$0.617	\$0.856	\$0.148	\$0.056	\$0.603	\$2.280
2004	\$0.175	\$0.483	\$0.658	\$0.825	\$0.166	\$0.055	\$0.646	\$2.350
2005	\$0.321	\$0.395	\$0.716	\$0.809	\$0.183	\$0.061	\$0.711	\$2.480
2006	\$0.347	\$0.493	\$0.840	\$0.948	\$0.182	\$0.067	\$0.773	\$2.810
2007	\$0.439	\$0.451	\$0.890	\$0.958	\$0.195	\$0.073	\$0.814	\$2.930
2008	\$0.890	\$0.012	\$0.902	\$0.910	\$0.184	\$0.081	\$0.853	\$2.930

Source: District Records and Municipal Tax Collector

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

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

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

**North Warren Regional School District
Direct and Overlapping Property Tax Rates - Knowlton Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Knowlton Township School District	Knowlton Township	Library	Warren County	
1999	\$0.325	\$0.345	\$0.670	\$1.030	\$0.210	\$0.061	\$0.799	\$2.770
2000	\$0.436	\$0.223	\$0.659	\$1.109	\$0.231	\$0.067	\$0.794	\$2.860
2001	\$0.452	\$0.260	\$0.712	\$1.133	\$0.230	\$0.072	\$0.853	\$3.000
2002	\$0.501	\$0.235	\$0.736	\$1.182	\$0.199	\$0.072	\$0.821	\$3.010
2003	\$0.432	\$0.165	\$0.597	\$0.927	\$0.146	\$0.055	\$0.595	\$2.320
2004	\$0.457	\$0.224	\$0.681	\$0.961	\$0.161	\$0.054	\$0.633	\$2.490
2005	\$0.576	\$0.188	\$0.764	\$0.958	\$0.171	\$0.060	\$0.697	\$2.650
2007	\$0.552	\$0.232	\$0.784	\$0.992	\$0.198	\$0.065	\$0.751	\$2.790
2007	\$0.649	\$0.214	\$0.863	\$1.018	\$0.219	\$0.072	\$0.798	\$2.970
2008	\$0.848	\$0.012	\$0.860	\$1.029	\$0.246	\$0.082	\$0.863	\$3.080

Source: District Records and Municipal Tax Collector

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

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

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

**North Warren Regional School District
Principal Property Tax Payers- Blairstown Township,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
York Prop., LLC	\$ 7,330,500	1	0.81%			
I.C. Washington, Inc.	2,565,800	2	0.28%			
Public Service Gas & Electric	2,373,500	3	0.26%	2,078,500	2	0.71%
JD Air, Inc.	1,750,600	4	0.19%			
United Telephone Co. of NJ, Inc.	1,439,204	5	0.16%			
Blair Academy	1,360,600	6	0.15%	1,360,600	6	0.46%
Individual Taxpayer #1	1,130,800	7	0.12%	1,392,400	5	0.47%
Individual Taxpayer #2	1,122,400	8	0.12%	1,265,446	7	0.43%
Individual Taxpayer #3	1,076,500	9	0.12%	789,900	10	0.27%
Individual Taxpayer #4	1,070,000	10	0.12%			
Great Atlantic & Pacific Co.				6,592,000	1	2.24%
Jersey Central Power & Light				2,078,500	3	0.71%
Blair Air				1,613,000	4	0.55%
Woodborne Lane				1,070,000	8	0.36%
JMS Associates				800,000	9	0.27%
Total	\$ 21,219,904		2.33%	\$ 19,040,346		6.47%

Source: District CAFR & Municipal Tax Assessor

**North Warren Regional School District
Principal Property Tax Payers- Frelinghuysen Township,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 1,364,700	1	0.50%	859,400	2	0.65%
Individual Taxpayer #2	1,305,700	2	0.48%	612,500	6	0.46%
Individual Taxpayer #3	989,300	3	0.36%	519,000	7	0.39%
Individual Taxpayer #4	988,400	4	0.36%	462,900	9	0.35%
Frelinghuysen, LLC	979,100	5	0.36%			
Forest Manor Retirement Home, Inc.	965,900	6	0.35%	802,700	3	0.60%
Individual Taxpayer #5	899,400	7	0.33%	424,600	10	0.32%
Individual Taxpayer #6	856,300	8	0.31%			
Individual Taxpayer #7	775,200	9	0.28%			
Individual Taxpayer #8	761,300	10	0.28%			
Westbrook Realty				969,000	1	0.73%
Terra Co., LLC				735,300	4	0.55%
Homestead Farm Assoc., LLC				671,900	5	0.51%
United Telephone Co. of NJ., Inc.				502,692	8	0.38%
Total	\$ 9,885,300		3.60%	\$ 6,559,992		4.94%

Source: District CAFR & Municipal Tax Assessor

**North Warren Regional School District
Principal Property Tax Payers- Hardwick Township,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Jersey Central Power and Light Co.	\$ 1,098,400	1	0.71%			
Public Service Gas and Electric	1,098,400	2	0.71%			
Individual Taxpayer #1	830,400	3	0.54%	834,000	2	0.86%
Individual Taxpayer #2	782,500	4	0.51%	740,300	3	0.77%
Individual Taxpayer #3	719,900	5	0.47%	643,900	4	0.67%
Individual Taxpayer #4	693,400	6	0.45%	604,400	6	0.63%
Individual Taxpayer #5	667,900	7	0.43%	585,900	7	0.61%
Individual Taxpayer #6	627,000	8	0.41%	536,500	8	0.56%
Individual Taxpayer #7	608,300	9	0.39%	524,800	9	0.54%
Individual Taxpayer #8	593,200	10	0.38%	523,600	10	0.54%
Little Hill Foundation				2,406,100	1	2.49%
United Telephone Co. of NJ, Inc.				608,310	5	0.63%
Total	\$ 7,719,400		5.01%	\$ 8,007,810		8.30%

Source: District CAFR & Municipal Tax Assessor

**North Warren Regional School District
Principal Property Tax Payers- Knowlton Township,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
TA Operating Corporation	\$ 4,209,700	1	1.65%	\$ 3,562,300	1	2.19%
Columbia Associates	1,124,500	2	0.44%			
The Labarre Family Limited Partnership	981,400	3	0.38%			
Taylor Family Limited Partnership	942,000	4	0.37%	601,900	6	0.37%
United Telephone Company	817,191	5	0.32%			
Ullman Family Partnership, LP	796,900	6	0.00			
Delaware River Family Campground, Inc.	794,700	7	0.00	775,000	3	0.61%
Individual Taxpayer #1	712,600	8	0.00	1,000,000	2	0.61%
Individual Taxpayer #2	612,300	9	0.24%	719,000	4	0.44%
Individual Taxpayer #3	576,200	10	0.23%	708,000	5	0.43%
Northwest Farming, Inc.				481,600	7	0.30%
Individual Taxpayer #4				451,100	8	0.28%
Individual Taxpayer #5				442,500	9	0.27%
K.A.K.S.				437,700	10	0.27%
Total	<u>\$ 11,567,491</u>		<u>4.54%</u>	<u>\$ 9,179,100</u>		<u>5.77%</u>

Source: District CAFR & Municipal Tax Assessor

**North Warren Regional School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$5,421,883	\$5,421,883	100.00%	-
2000	\$5,536,957	\$5,536,957	100.00%	-
2001	\$6,003,190	\$6,003,190	100.00%	-
2002	\$6,386,887	\$6,386,887	100.00%	-
2003	\$6,779,706	\$6,779,706	100.00%	-
2004	\$7,470,210	\$7,470,210	100.00%	-
2005	\$7,982,340	\$7,982,340	100.00%	-
2006	\$8,626,308	\$8,626,308	100.00%	-
2007	\$9,322,313	\$9,322,313	100.00%	-
2008	\$9,785,766	\$9,785,766	100.00%	-

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

Note:

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

**North Warren Regional School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
1999	\$ 4,799,824	-	\$ 141,362	-	-0-	\$ 4,941,186	1.36%	\$396.12
2000	\$ 4,257,421	-	\$ 123,414	-	-0-	\$ 4,380,835	1.17%	\$357.01
2001	\$ 3,715,018	-	\$ 104,530	-	-0-	\$ 3,819,548	0.93%	\$304.83
2002	\$ 3,172,615	-	\$ 84,661	-	-0-	\$ 3,257,276	0.79%	\$256.30
2003	\$ 1,806,257	-	\$ 63,755	-	-0-	\$ 1,870,012	0.44%	\$145.76
2004	\$ 2,039,126	-	\$ 41,759	-	-0-	\$ 2,080,885	0.48%	\$160.91
2005	\$ 1,430,341	-	\$ 18,616	-	-0-	\$ 1,448,957	0.32%	\$111.89
2006	\$ 841,000	-	-	-	-0-	\$ 841,000	0.18%	\$65.52
2007	\$ 450,000	-	-	-	-0-	\$ 450,000	0.09%	\$34.90
2008	\$ 345,000	-	-	-	-0-	\$ 345,000	0.07%	\$26.76 *

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

**North Warren Regional School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years - Blairstown Township**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ 4,799,824	-0-	\$ 4,799,824	1.16%	\$ 835
2000	\$ 4,257,421	-0-	\$ 4,257,421	1.02%	\$ 739
2001	\$ 3,715,018	-0-	\$ 3,715,018	0.88%	\$ 635
2002	\$ 3,172,615	-0-	\$ 3,172,615	0.74%	\$ 536
2003	\$ 1,806,257	-0-	\$ 1,806,257	0.41%	\$ 304
2004	\$ 2,039,126	-0-	\$ 2,039,126	0.46%	\$ 344
2005	\$ 1,430,341	-0-	\$ 1,430,341	0.31%	\$ 242
2006	\$ 841,000	-0-	\$ 841,000	0.18%	\$ 143
2007	\$ 450,000	-0-	\$ 450,000	0.10%	\$ 76
2008	\$ 345,000	-0-	\$ 345,000	0.04%	\$ 58 *

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

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

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

R Revised

* Current data unavailable

**North Warren Regional School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years - Frelinghuysen Township**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ 4,799,824	-0-	\$ 4,799,824	3.40%	\$ 2,304
2000	\$ 4,257,421	-0-	\$ 4,257,421	2.95%	\$ 2,039
2001	\$ 3,715,018	-0-	\$ 3,715,018	2.40%	\$ 1,758
2002	\$ 3,172,615	-0-	\$ 3,172,615	2.00%	\$ 1,487
2003	\$ 1,806,257	-0-	\$ 1,806,257	1.12%	\$ 837
2004	\$ 2,039,126	-0-	\$ 2,039,126	1.25%	\$ 938
2005	\$ 1,430,341	-0-	\$ 1,430,341	0.55%	\$ 653
2006	\$ 841,000	-0-	\$ 841,000	0.32%	\$ 384
2007	\$ 450,000	-0-	\$ 450,000	0.17%	\$ 204
2008	\$ 345,000	-0-	\$ 345,000	0.13%	\$ 156 *

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.
R Revised
 * Current data unavailable

**North Warren Regional School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years - Hardwick Township**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ 4,799,824	-0-	\$ 4,799,824	4.75%	\$ 3,279
2000	\$ 4,257,421	-0-	\$ 4,257,421	4.26%	\$ 2,888
2001	\$ 3,715,018	-0-	\$ 3,715,018	3.62%	\$ 2,442
2002	\$ 3,172,615	-0-	\$ 3,172,615	2.96%	\$ 2,025
2003	\$ 1,806,257	-0-	\$ 1,806,257	1.29%	\$ 1,143
2004	\$ 2,039,126	-0-	\$ 2,039,126	1.42%	\$ 1,270
2005	\$ 1,430,341	-0-	\$ 1,430,341	0.98%	\$ 886
2006	\$ 841,000	-0-	\$ 841,000	0.56%	\$ 523
2007	\$ 450,000	-0-	\$ 450,000	0.30%	\$ 278
2008	\$ 345,000	-0-	\$ 345,000	0.22%	\$ 213 *

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.
R Revised
 * Current data unavailable

**North Warren Regional School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years - Knowlton Township**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ 4,799,824	-0-	\$ 4,799,824	2.91%	\$ 1,612
2000	\$ 4,257,421	-0-	\$ 4,257,421	2.55%	\$ 1,427
2001	\$ 3,715,018	-0-	\$ 3,715,018	2.21%	\$ 1,229
2002	\$ 3,172,615	-0-	\$ 3,172,615	1.85%	\$ 1,038
2003	\$ 1,806,257	-0-	\$ 1,806,257	0.77%	\$ 584
2004	\$ 2,039,126	-0-	\$ 2,039,126	0.87%	\$ 652
2005	\$ 1,430,341	-0-	\$ 1,430,341	0.60%	\$ 452
2006	\$ 841,000	-0-	\$ 841,000	0.35%	\$ 268
2007	\$ 450,000	-0-	\$ 450,000	0.18%	\$ 143
2008	\$ 345,000	-0-	\$ 345,000	0.14%	\$ 110 *

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.
R Revised
 * Current data unavailable

**North Warren Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2008**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Constituent Townships	\$ 8,654,804	100%	\$ 8,654,804
Other debt			
Warren County	12,210,000	14.13%	<u>1,725,340</u>
Subtotal, overlapping debt			10,380,144
North Warren Regional School District Direct Debt	345,000	100%	<u>345,000</u>
Total direct and overlapping debt			<u><u>\$ 10,725,144</u></u>

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

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

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

North Warren Regional School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2008

	Equalized valuation basis
	2007 \$ 1,920,615,856
	2006 1,789,863,002
	2005 1,595,684,994
	[A] <u>\$ 5,306,163,852</u>
Average equalized valuation of taxable property	[A/3] \$ 1,768,721,284
Debt limit (3 % of average equalization value)	[B] 53,061,639
Net bonded school debt	[C] 345,000
Legal debt margin	[B-C] <u>\$ 52,716,639</u>

	Fiscal Year									
	<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>
Debt limit	\$24,907,595	\$25,325,028	\$26,163,629	\$28,083,492	\$30,027,059	\$33,824,813	\$38,113,914	\$43,031,715	\$48,075,526	\$53,061,639
Total net debt applicable to limit	<u>3,091,000</u>	<u>2,691,000</u>	<u>2,291,000</u>	<u>1,891,000</u>	<u>1,806,257</u>	<u>2,039,126</u>	<u>1,430,341</u>	<u>841,000</u>	<u>450,000</u>	<u>345,000</u>
Legal debt margin	<u>\$21,816,595</u>	<u>\$22,634,028</u>	<u>\$23,872,629</u>	<u>\$26,192,492</u>	<u>\$28,220,802</u>	<u>\$31,785,687</u>	<u>\$36,683,573</u>	<u>\$42,190,715</u>	<u>\$47,625,526</u>	<u>\$52,716,639</u>
Total net debt applicable to the limit as a percentage of debt limit	12.41%	10.63%	8.76%	6.73%	6.02%	6.03%	3.75%	1.95%	0.94%	0.65%

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

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

**North Warren Regional School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
1999	12,474	\$ 363,554,730	\$29,145	3.5%
2000	12,271	\$ 374,486,378	\$30,518	3.1%
2001	12,530	\$ 409,668,350	\$32,695 R	3.6%
2002	12,709	\$ 412,572,267	\$32,463 R	4.0%
2003	12,829	\$ 427,770,176	\$33,344 R	4.4%
2004	12,932	\$ 436,597,252	\$33,761 R	3.3%
2005	12,950	\$ 452,615,450	\$34,951 R	3.8%
2006	12,836	\$ 468,077,576	\$36,466 R	4.6%
2007	12,893	\$ 500,145,256	\$38,792 R	4.0%
2008	* 12,893	* \$ 500,145,256 *	\$38,792 *	4.0%

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

R Revised

* Current data unavailable

**North Warren Regional School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Blair Academy	150	1	N/A	-	N/A	
Gary W/ Gray Trucking	150	2		-		
A & P Food Store-Blairstown	100	3		-		
		4		-		
		5		-		
		6		-		
		7		-		
		8		-		
		9		-		
		10		-		
	<u>400</u>			<u>-</u>		

Source: Warren County Chamber of Commerce

**North Warren Regional School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<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	68.0	68.2	68.2	68.2	68.7	68.2	68.2	68.2	68.2	70.2
Special education	10.0	10.0	11.0	11.0	12.0	13.0	13.0	13.0	14.0	15.0
Other special education	2.0	2.0	2.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Support Services:										
Student & instruction related services	19.1	19.1	21.1	20.6	20.6	20.6	20.6	17.8	17.8	18.4
General administrative services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
School administrative services	5.2	5.2	5.2	6.2	6.2	6.2	6.2	9.0	9.0	9.0
Business administrative services	2.0	2.4	2.4	2.6	2.6	2.6	2.6	3.0	3.0	3.0
Plant operations and maintenance	9.0	10.0	10.0	10.0	11.0	11.0	12.0	12.0	10.0	11.0
Pupil transportation	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	<u>117.6</u>	<u>119.2</u>	<u>122.2</u>	<u>123.7</u>	<u>126.2</u>	<u>127.7</u>	<u>128.7</u>	<u>129.1</u>	<u>128.1</u>	<u>132.7</u>

Source: District Personnel Records

North Warren Regional School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
1999	910	9,811,049	10,781	8.44%	91	11-1	898.8	849.8	2.10%	94.5%
2000	937	10,050,150	10,726	-0.51%	94	12-1	937.0	889.0	4.25%	94.9%
2001	975	10,683,876	10,958	2.16%	96	12-1	919.0	860.0	-1.92%	93.6%
2002	922	11,273,528	12,227	11.58%	97	11-1	907.4	849.7	-1.26%	93.6%
2003	989	11,926,837	12,059	-1.37%	95	13-1	973.0	919.7	7.23%	94.5%
2004	1,013	12,718,120	12,555	4.11%	97	13-1	1,013.1	943.7	4.12%	93.1%
2005	1,034	13,148,035	12,716	1.28%	98	13-1	1,034.0	965.5	2.31%	93.4%
2006	1,113	14,295,893	12,844	1.01%	98	13-1	1,058.1	987.3	2.26%	93.3%
2007	1,115	15,235,501	13,664	6.38%	98	13-1	1,087.4	1,011.4	2.44%	93.0%
2008	1,112	16,054,490	14,437	5.66%	99	13-1	1,097.2	1,023.2	0.90%	93.3%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**North Warren Regional School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<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>
<u>District Building</u>										
<u>High School</u>										
Square Feet	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Capacity (Students)	1,041	1,013	1,013	1,013	1,013	1,013	960	960	960	960
Enrollment	910	937	975	922	989	1,013	1,034	1,113	1,094	1,094

Number of Schools at June 30, 2008
High School = 1

Source: District records, ASSA

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

* Functional Educational Capacity. Fluctuation in capacity based on change in State of New Jersey formula.

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

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
North Warren Regional School		\$ 200,860	\$ 200,573	\$ 231,642	\$ 211,050	\$ 239,287	\$ 308,975	\$ 1,392,387
Total School Facilities		200,860	200,573	231,642	211,050	239,287	308,975	1,392,387
Other Facilities		<u>NONE</u>						
Grand Total		<u>\$ 200,860</u>	<u>\$ 200,573</u>	<u>\$ 231,642</u>	<u>\$ 211,050</u>	<u>\$ 239,287</u>	<u>\$ 308,975</u>	<u>\$ 1,392,387</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2008

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
PROPERTY SECTION -		
Property-Blanket Building and Contents	\$ 6,800,000,000	\$ 1,000
Accounts Receivable	300,000	1,000
Automobile Physical Damage	In Blanket Amount	1,000
Builders Risk	5,000,000	1,000
Electronic Data Processing Equipment	In Blanket Amount	1,000
Fines Arts Coverage	300,000	1,000
LIABILITY SECTION -		
Comprehensive General Liability	5,000,000	None
Automobile Liability	5,000,000	None
Employee Benefit Liability	5,000,000	1,000
WORKERS' COMPENSATION -		
(a) Statutory Benefits	Included	None
(b) Employers Liability	5,000,000	None
Supplemental Coverage	Included	None
SCHOOL BOARD LEGAL LIABILITY POLICY -		
First Layer	5,000,000	5,000
Excess Limits	5,000,000	None
CRIME -		
Blanket Employee Dishonesty	100,000	1,000
Per Loss Member Aggregate Limit	400,000	N/A
Forgery	50,000	1,000
Theft/Disappearance/Destruction		
Inside	50,000	1,000
Outside	50,000	1,000
ENVIRONMENTAL IMPAIRMENT LIABILITY		
Limit of Liability	1,000,000	10,000
INDIVIDUAL BONDS:(Not in SAIF)		
North Warren Regional School District	10,000	None
Angela Moyer(BA)	30,000	None
Randy Wilson(Treasurer of School Monies)	195,000	None

SOURCE: District Records

Single Audit Section



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

Honorable President and
 Members of the Board of Education
 North Warren Regional School District
 County of Warren
 Blairstown, New Jersey 07825

We have audited the financial statements of the Board of Education of the North Warren Regional School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated September 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

-Continued-

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

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

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

Compliance and Other Matters

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

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



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

Date: September 20, 2008



ARDITO & Co., LLP

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

Honorable President and
 Members of the Board of Education
 North Warren Regional School District
 County of Warren
 Blairstown, New Jersey 07825

Compliance

We have audited the compliance of the North Warren Regional School District in the County of Warren, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. The North Warren Regional School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the North Warren Regional School District Board of Education's management. Our responsibility is to express an opinion on the North Warren Regional School District Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

-Continued-

An audit includes examining, on a test basis, evidence about the North Warren Regional School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the North Warren Regional School District Board of Education's compliance with those requirements.

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

Internal Control Over Financial Reporting

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

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

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

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

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



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

NORTH WARREN REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 20, 2008

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2007	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2008			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education:															
General Fund:															
Core Curriculum Standards Aid	08-495-034-5120-022	7/1/07-6/30/08	\$ 3,033,417			\$ 3,033,417	\$ (3,033,417)								
Transportation Aid	08-495-034-5120-014	7/1/07-6/30/08	448,471			448,471	(448,471)							\$ 147,369	\$ 3,033,417
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	668,416			668,416	(668,416)							21,788	448,471
Bilingual Education Aid	08-495-034-5120-008	7/1/07-6/30/08	1,186			1,186	(1,186)							32,473	668,416
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	112,573			112,573	(112,573)							58	1,186
Additional Formula Aid	08-495-034-5120-058	7/1/07-6/30/08	261,416			261,416	(261,416)							12,700	112,573
Extra-Ordinary Aid	08-495-034-5120-044	7/1/07-6/30/08	73,042				(73,042)			\$ (73,042)				5,469	261,416
Extra-Ordinary Aid	07-495-034-5120-044	7/1/06-6/30/07		\$ (68,323)		68,323									73,042
Non-Public Transportation Aid	08-100-034-5120-068	7/1/07-6/30/08					(11,577)				(11,577)				
Non-Public Transportation Aid	07-100-034-5120-068	7/1/06-6/30/07		(11,132)		11,132									
Above average Enrollment Growth	08-495-034-5120-063	7/1/07-6/30/08	57,807			57,807	(57,807)								57,807
TPAF Pension	08-495-034-5095-001	7/1/07-6/30/08	937,241			937,241	(937,241)								937,241
Reimb.TPAF Soc.Sec.Contrib.	08-495-034-5095-002	7/1/07-6/30/08	492,488	(87,559)		561,518	(492,488)				(18,529)				492,488
Total General Fund				(167,014)		6,161,500	(6,097,634)				(103,148)			219,857	6,086,057
Special Revenue Fund:															
Nonpublic Technology Aid	08-100-034-5120-373	7/1/07-6/30/08	17,400			17,400	(9,600)	(195)			(195)	7,800			9,600
Teacher Mentoring		7/1/07-6/30/08	1,364			1,364	(1,364)								1,364
REBEL Grant		9/1/07-5/31/08	6,000	(2,000)		6,000	(6,000)				(2,000)				6,000
Total Special Revenue Fund				(2,000)		24,764	(16,964)	(195)			(2,195)	7,800			16,964
Capital Projects Fund:															
SDA Grant	SP#3675-050-03-1047	7/1/05-6/30/06		(52,738)							(52,738)				
State Department of Agriculture:															
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	07-100-010-3350-023	7/1/06-6/30/07		(65)		65									
Nat. School Lunch Prog. (State Share)	08-100-010-3350-023	7/1/07-6/30/08	2,213			2,111	(2,213)				(102)				
Total Enterprise Fund				(65)		2,176	(2,213)				(102)				
Total State Financial Assistance				\$ (221,817)		\$ 6,188,440	\$ (6,116,811)	\$ (195)			\$ (158,183)	\$ 7,800		\$ 219,857	\$ 6,103,021

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

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

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$9,696) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

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

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,087,938	\$ 6,087,938
Special Revenue Fund	\$ 230,703	16,964	247,667
Food Service Fund	<u>32,048</u>	<u>2,213</u>	<u>34,261</u>
Total Financial Assistance	<u>\$ 262,751</u>	<u>\$ 6,107,115</u>	<u>\$ 6,369,866</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

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

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified

- B) Internal control over financial reporting:
 - 1) Material weakness(es) identified? ___ Yes x No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes
x None
Reported

- C) Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards Section

N/A

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

- E) Auditee qualified as low-risk auditee? ___ Yes ___ No

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

- G) Internal Control over compliance:
 - 1) Material weakness(es) identified? ___ Yes ___ No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ No

- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___ Yes ___ No

- I) Identification of major programs:

CFDA NUMBER(S)

NAME OF FEDERAL PROGRAM OR CLUSTER

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

Part I - Summary of Auditor's Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes no N/A
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes x no N/A
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? yes x no
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

08-495-034-5120-011	Special Education Aid
08-495-034-5120-022	Core Curriculum Standards Aid
08-495-034-5120-014	Transportation Aid
08-495-034-5095-002	Reimb. TPAF Soc. Sec.

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

Section II-Financial Statement Findings

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

Section III - State Financial Assistance Findings and Questioned Costs

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

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

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.