

**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, 2012**

Comprehensive Annual

Financial Report

of the

**North Warren Regional School District
Board of Education
Blairstown, New Jersey
For the Fiscal Year Ending June 30, 2012**

**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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August 31, 2012

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 auditor's 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 auditor's 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, 2012, 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 auditor's report on the internal

control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES**

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 October 15, 2011, the District had a total enrollment of 1,031.

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
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%
2008-2009	1132	+1.8%
2009-2010	1104	-2.8%
2010-2011	1086	-1.6%
2011-2012	1031	-5.0%

2. **ECONOMIC CONDITION AND OUTLOOK**

The enrollment in the North Warren Regional School District has been decreasing and is not projected to increase significantly in the near future. However, programmatic needs must be addressed as budgets are impacted by tax levy caps.

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 with decreased state aid and local tax levies.

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	+/- AMOUNT	+/- PERCENT
Local	\$ 10,635,528	61.11%	\$ (228,878)	-2.11%
State	6,247,043	35.89%	449,095	7.75%
Federal	521,563	3.00%	152,923	41.48%
TOTAL	17,404,134	100.0%	\$ 373,140	2.19%

The District depends on local taxes as the main source of revenue to meet the increased costs of operations. Minimal increases in state aid continue to shift the burden to the local tax base. Federal funding had been increased the prior year with the ARRA and Ed Jobs funds, however, that funding stream was temporary.

EXPENDITURES				
CLASSIFICATION	AMOUNT	PERCENT OF TOTAL	+/- AMOUNT	+/- PERCENT
Current Expense:				
Instruction	\$ 6,603,131	38.13%	\$ (120,054)	-1.79%
Undistributed	9,746,271	56.28%	644,911	7.09%
SUBTOTAL	16,349,402	94.42%	524,857	3.32%
Capital Outlay	376,159	2.17%	(136,814)	-26.67%
Capital Projects	32,000	0.18%	(498,772)	
Debt Service	203,011	1.17%	(134,956)	-39.93%
Special Revenue	355,825	2.05%	361	0.10%
TOTAL	\$ 17,316,397	100.00%	\$ (245,324)	-1.40%

Expenditures were decreased in most areas of the budget in an effort to do more with less so as not to increase the burden on local taxpayers. Decreases in the instructional area were reflected in instructional supplies, finding more economical ways to provide special education needs and savings in salaries due to several retirements. The District, leveraging the additional Ed Jobs monies received from the Federal Government, increased undistributed expenditures to get a jump start on some major initiatives. In all other areas, the District has made a conscious effort to keep all costs down in order to conserve money to support ongoing capital projects. The District continued to address increased technology needs with the infusion of new computers and Smart boards in instructional areas, as well as increasing infrastructure.

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 students' abilities in Language Arts and Mathematics. The scores for the March 2012 administration of the HSPA were as follows:

<i>No. of Students Tested</i>	<i>Language Arts</i>	<i>Mathematics</i>
160	93.1 %	84.3 %

The 2012 NJASK 8 scores were as follows:

<i>Language Arts Literacy</i>	<i>Mathematics</i>
88.4 %	81.7 %

North Warren Regional has undertaken, under the direction of our principal and guidance director, the review of curricular sequencing in all core areas so as to maximize the opportunities for our students to excel and to place themselves in a position to apply to the most competitive colleges in the nation, should that be their desire. In 2011-2012, 4 North Warren Student's were recognized as AP Scholars and another designated an AP Scholar with Distinction.

North Warren Regional School District places academic achievement as the number one District Goal. Professional development this year will focus on continued development of our Professional Learning Community (PLC). The function of a PLC is to foster and encourage collaboration and sharing among teachers, students, and parents in order to improve instruction by analyzing appropriate data and to use that information to better focus our instructional efforts. As an adjunct to this process, the North Warren Regional School District continues to infuse 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. Teachers continue their adoption of the Understanding by Design (UbD) protocol and we are engaged in the process of Curriculum Mapping. Additionally, our District hosted an accreditation visit by the Middle States Association of College and Schools in March of 2012.

The District has also undertaken a technology infrastructure project that will increase our bandwidth, allow for virtualization of our computer environment, moving our school system "to the cloud", and pave the way for students to "bring their own devices" to use in their learning.

The school continues outreach programs to the community. In 2011-2012, as an example, senior citizens were invited to come to school for holiday programs and refreshments, and approximately 160 senior citizens attended a luncheon-matinee performance of our Spring Musical. Local veterans are hosted each year during our "Voices of the Veterans" program. This past year, some 70 veterans came to North Warren to share

their experiences protecting our freedoms with groups of students. These programs and more will continue in this school year.

NWR also continues to host summer camps and a myriad of other opportunities that will benefit our "publics". Outreach to the community has resulted in an increase of community support, evidenced by larger attendance at school events, the approval of four consecutive budgets, and as a 40th Anniversary Project, the raising of \$40,000 to erect a digital marquee.

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 is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5. **BUDGETARY CONTROLS**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. 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, 2012.

6. **ACCOUNTING SYSTEM AND REPORTS**

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

7. **DEBT ADMINISTRATION**

As of June 30, 2012, the District's outstanding debt issues have been paid in full. The District still maintains payments for multiple lease purchase agreements that addressed improvements to the facility, specifically, updating computer and technology needs.

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 OMB Circular Letter 04-04. 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,



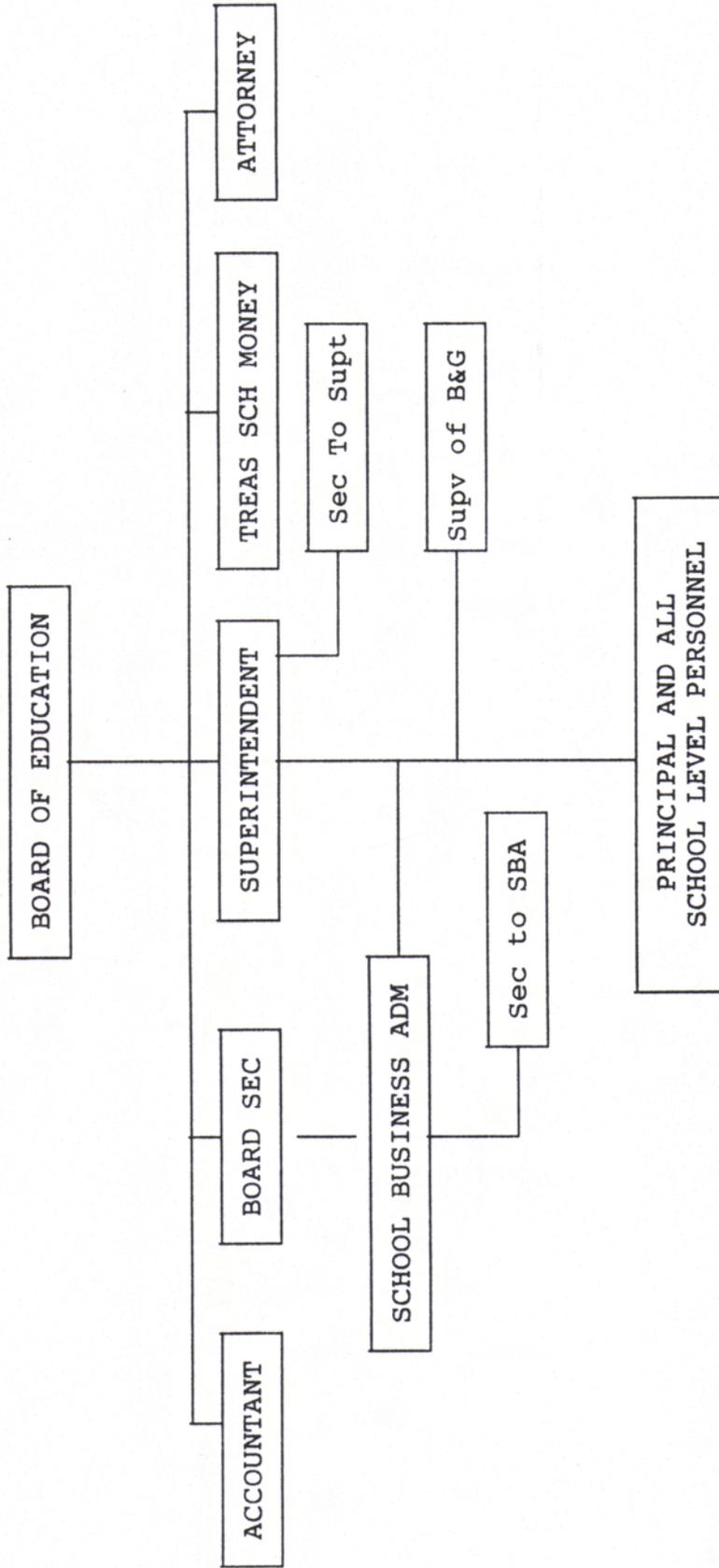
Dr. Brian D. Fogelson
Superintendent



Christina Sharkey
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, 2012

Members of the Board of Education

Term Expires

Bruce Hanelt, President	2013
Marta S. Rivara, Vice-President	2014
Kevin B. Brennan	2012
Jack Britten	2012
Mary Alice Landis	2013
Gloria Rivera	2012
Frederick Cook	2012
Robert Burns	2012
Eugene Woznicki	2014

Other Officials

Dr. Brian Fogelson, Superintendent
Christina Sharkey, 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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Capital Finance
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Lakeland Bank

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First Hope Bank

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Hope, New Jersey 07844

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 FEDERAL AND 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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, 2012, 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.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2012, 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 38 through 50 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 schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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

Date: August 31, 2012

**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, 2012
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, 2012. 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 2012 are as follows:

- ◆ In total, net assets increased \$290,609 which represents a 3.5 percent increase from 2011.
- ◆ General revenues accounted for \$10,355,229 in revenue or 59.1 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 \$7,156,996 or 40.9 percent of total revenues of \$17,512,225.
- ◆ Total assets of governmental activities decreased by \$354,618 as cash and cash equivalents decreased by \$16,453, receivables decreased by \$54,480, and capital assets decreased by \$252,209.
- ◆ The School District had \$17,221,616 in expenses; only \$7,156,996 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,355,229 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$16,643,980 in revenues and \$16,725,561 in expenditures. After transfer to capital projects, the General Fund's surplus balance decreased \$461,646 over 2011, which compares favorably to the budgeted decrease of \$859,000.

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, 2012
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 2012?" 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, 2012
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 2012 compared to 2011.

Table 1
Net Assets

	<u>2012</u>	<u>2011</u>
Assets		
Current and Other Assets	\$ 1,975,738	\$ 2,078,147
Capital Assets	<u>8,204,741</u>	<u>8,456,950</u>
Total Assets	<u>10,180,479</u>	<u>10,535,097</u>
Liabilities		
Long-Term Liabilities	604,778	748,841
Other Liabilities	<u>1,071,576</u>	<u>1,572,740</u>
Total Liabilities	<u>1,676,354</u>	<u>2,321,581</u>
Net Assets		
Invested in Capital Assets, Net of Debt	8,152,318	6,910,415
Restricted	1,224,767	849,544
Unrestricted	<u>(872,960)</u>	<u>453,557</u>
Total Net Assets	<u>\$ 8,504,125</u>	<u>\$ 8,213,516</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 UNAUDITED

Total assets decreased \$354,618. Cash and cash equivalents decreased by \$16,453, receivables decreased by \$54,480, and capital assets decreased by \$252,209. The receivable decrease was mainly due to the collection of the prior year's ARRA federal grants. The capital asset decrease was due to depreciation expense, net of capital additions.

Table 2 shows the changes in net assets from fiscal year 2011.

Table 2
Changes in Net Assets

	<u>2012</u>	<u>2011</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 338,953	\$ 354,216
Operating Grants and Contributions	6,818,043	6,233,454
General Revenues:		
Property Taxes	10,268,731	10,515,923
Federal & State Aid on Capital Asset Projects		(21,123)
Investment Earnings	7,631	12,397
Other	78,867	55,025
Total Revenues	<u>17,512,225</u>	<u>17,149,892</u>
Program Expenses		
Instruction	9,241,901	9,156,189
Support Services:		
Pupils and Instructional Staff	3,198,474	2,641,457
General Administration, School Administration, Business	1,823,588	1,755,490
Operations and Maintenance of Facilities	1,402,301	1,553,519
Pupil Transportation	988,682	1,057,823
Business-Type Activities	305,578	322,329
Interest and Fiscal Charges	261,092	254,470
Total Expenses	<u>17,221,616</u>	<u>16,741,277</u>
Increase in Net Assets	<u>\$ 290,609</u>	<u>\$ 408,615</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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 58.6 percent of revenues for governmental activities for the North Warren Regional School District for the fiscal year 2012.

Instruction comprises 53.7 percent of district expenses. Support services expenses make up 43.0 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 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	9,241,901	5,386,522	\$9,156,189	\$5,593,603
Support Services:				
Pupils and Instructional Staff	3,198,474	1,948,300	2,641,457	1,656,921
General Admin., School Admin., Business	1,823,588	1,126,518	1,755,490	1,131,771
Operation and Maintenance of Facilities	1,402,301	866,268	1,553,519	1,001,559
Pupil Transportation	988,682	530,452	1,057,823	598,906
Business-Type Activities	305,578	(2,508)	322,329	5,446
Interest and Fiscal Charges	<u>261,092</u>	<u>209,068</u>	<u>254,470</u>	<u>165,401</u>
Total Expenses	<u>\$17,221,616</u>	<u>\$10,064,620</u>	<u>\$16,741,277</u>	<u>\$10,153,607</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, 2012
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 58.3 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 60.3 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 \$17,204,134, and expenditures of \$17,616,397. After transfers, the General Fund's surplus balance decreased \$461,646 over 2011, which compares favorably to the budgeted decrease of \$859,000.

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 2012 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 \$15,483,819, \$180,472 over original budgeted estimates of \$15,303,347. This difference was due primarily to additional state aid received during the year.

General fund expenditures exceeded revenues by \$430,257. Again this deficit compares to a budgeted deficit of \$859,000, which was due to the budgeted use of surplus, capital reserve and maintenance reserve to balance the 2011-2012 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction, transportation, maintenance, and addition state aid revenues in the amount of \$199,896.

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Capital Assets

At the end of the fiscal year 2012, the School District had \$8,148,894 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2011.

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

	<u>2012</u>	<u>2011</u>
Land	\$ 435,000	\$ 435,000
Land Improvements	143,140	149,288
Buildings and Improvements	7,363,943	7,594,803
Machinery and Equipment	<u>206,811</u>	<u>237,791</u>
Totals	<u>\$ 8,148,894</u>	<u>\$ 8,416,882</u>

Overall capital assets decreased \$267,988 from fiscal year 2011 to fiscal year 2012. Increases in capital assets (primarily buildings and improvements) were offset by depreciation expenses for the year.

Major capital improvements of \$100,386 were purchased during fiscal year 2012.

Debt Administration

At June 30, 2012, the School District had \$622,906 as outstanding long term debt. Of this amount, \$570,483 is for compensated absences, and \$52,423 is for capital lease obligations.

At June 30, 2012, the School District's overall legal debt margin was \$52,975,509 and the unvoted debt margin was the same.

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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 nine out of the last ten years. This year elections were moved to November, eliminating the requirement for voter approval of the annual budget.

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.

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 Christina Sharkey, 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 csharkey@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, 2012

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,483,407	\$ 104,807	\$ 1,588,214
Receivables, Net	154,457	1,044	155,501
Inventory		4,403	4,403
Restricted Assets:			
Capital Reserve Account - Cash	201,883		201,883
Maintenance Reserve Account - Cash	25,737		25,737
Capital Assets, Net (Note 5)	8,148,894	55,847	8,204,741
Total Assets	<u>10,014,378</u>	<u>166,101</u>	<u>10,180,479</u>
LIABILITIES			
Accounts Payable	976,276	9,010	985,286
Deferred Revenue	66,815	1,347	68,162
Noncurrent Liabilities (Note 6):			
Due Within One Year	18,128		18,128
Due Beyond One Year	604,778		604,778
Total Liabilities	<u>1,665,997</u>	<u>10,357</u>	<u>1,676,354</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,096,471	55,847	8,152,318
Restricted for:			
Debt Service	1		1
Capital Projects	475,303		475,303
Other Purposes	749,463		749,463
Unrestricted	(972,857)	99,897	(872,960)
Total Net Assets	<u>\$ 8,348,381</u>	<u>\$ 155,744</u>	<u>\$ 8,504,125</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, 2012

	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	\$ 6,770,787		\$ 2,910,790		\$ (3,859,997)	\$ (3,859,997)	
Special Education	1,395,867		533,573		(862,294)	(862,294)	
Other Special Instruction	221,458		84,653		(136,805)	(136,805)	
Other Instruction	853,789		326,363		(527,426)	(527,426)	
Support Services:							
Tuition	895,148		342,172		(552,976)	(552,976)	
Student & Instruction Related Serv.	2,303,326		908,002		(1,395,324)	(1,395,324)	
School Administrative Services	790,652		302,228		(488,424)	(488,424)	
General and Business Admin. Serv.	1,032,936		394,842		(638,094)	(638,094)	
Plant Operations and Maintenance	1,402,301		536,033		(866,268)	(866,268)	
Pupil Transportation	988,682	\$ 80,304	377,926		(530,452)	(530,452)	
Interest on Long-Term Debt	3,011		52,024		49,013	49,013	
Unallocated Depreciation	258,081				(258,081)	(258,081)	
Total Governmental Activities	16,916,038	80,304	6,768,606		(10,067,128)	(10,067,128)	
Business-Type Activities:							
Food Service	305,578	258,649	49,437		\$ 2,508	2,508	
Total Business-Type Activities	305,578	258,649	49,437		2,508	2,508	
Total Primary Government	\$ 17,221,616	\$ 338,953	\$ 6,818,043		\$ (10,067,128)	\$ 2,508	\$ (10,064,620)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes,Net				\$ 10,117,743		\$ 10,117,743	
Taxes Levied for Debt Service				150,988		150,988	
Investment Earnings				7,631		7,631	
Miscellaneous Income				78,862	\$ 5	78,867	
Total General Revenues, Special Items, Extraordinary Items and Transfers				10,355,224	5	10,355,229	
Change in Net Assets				288,096	2,513	290,609	
Net Assets—Beginning				8,060,285	153,231	8,213,516	
Net Assets—Ending				\$ 8,348,381	\$ 155,744	\$ 8,504,125	

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, 2012

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,235,723		\$ 475,303	\$ 1	\$ 1,711,027
Receivables from Other Governments	119,734	\$ 27,223			146,957
Other Receivables	7,500				7,500
Interfund Receivables	17,613				17,613
TOTAL ASSETS	<u>\$ 1,380,570</u>	<u>\$ 27,223</u>	<u>\$ 475,303</u>	<u>\$ 1</u>	<u>\$ 1,883,097</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 976,276				\$ 976,276
Interfund Payable		\$ 17,613			17,613
Deferred Revenue	57,205	9,610			66,815
Total Liabilities	<u>1,033,481</u>	<u>27,223</u>	<u>-</u>	<u>-</u>	<u>1,060,704</u>
Fund Balances:					
<u>Restricted for:</u>					
Excess Surplus - Designated for Subsequent Year's Expenditures	37,582				37,582
Maintenance Reserve	25,737				25,737
Capital Reserve Account	201,883				201,883
<u>Assigned to:</u>					
General Fund - Designated for Subsequent Year's Expenditures	484,261				484,261
Year-End Encumbrances	33,439				33,439
Debt Service Fund				1	1
Capital Projects Fund			475,303		475,303
<u>Unassigned:</u>					
General Fund	(435,813)				(435,813)
Total Fund Balances	<u>347,089</u>		<u>475,303</u>	<u>1</u>	<u>822,393</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,380,570</u>	<u>\$ 27,223</u>	<u>\$ 475,303</u>	<u>\$ 1</u>	<u>\$ 1,883,097</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,628,824 and the accumulated depreciation is \$6,479,930.	\$ 8,148,894
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	(622,906)
Net assets of governmental activities (Exhibit A-1)	<u>\$ 8,348,381</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, 2012

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	\$ 10,117,743			\$ 150,988	\$ 10,268,731
Transportation	80,304				80,304
Interest Earned on Capital Reserve Funds	1,396		\$ 1,317		2,713
Miscellaneous	78,146	\$ 5,634			83,780
Total - Local Sources	10,277,589	5,634	1,317	150,988	10,435,528
State Sources	6,195,019			52,024	6,247,043
Federal Sources	171,372	350,191			521,563
Total Revenues	16,643,980	355,825	1,317	203,012	17,204,134
EXPENDITURES					
Current:					
Regular Instruction	4,723,408	328,275			5,051,683
Special Education Instruction	1,061,806				1,061,806
Other Special Instruction	168,458				168,458
Other Instruction	649,459				649,459
Support services and undistributed costs:					
Tuition	895,148				895,148
Student and Instruction Related Services	1,724,541	27,550			1,752,091
School Administrative Services	601,432				601,432
Other Administrative Services	780,249				780,249
Plant Operations and Maintenance	1,052,298				1,052,298
Pupil Transportation	981,405				981,405
Unallocated Benefits	3,633,382				3,633,382
Transfer to Charter School	77,816				77,816
Debt Service:					
Principal				200,000	200,000
Interest and Other Charges				3,011	3,011
Capital Outlay	376,159		32,000		408,159
Total Expenditures	16,725,561	355,825	32,000	203,011	17,316,397
Excess (Deficiency) of Revenues Over Expend.	(81,581)		(30,683)	1	(112,263)
OTHER FINANCING SOURCES (USES)					
Temporary Note Redeemed			200,000		200,000
Transfer - Interfund Transfer	(380,065)		380,065		-
Total Other Financing Sources and Uses	(380,065)		580,065		200,000
Net Change in Fund Balances	(461,646)	-	549,382	1	87,737
Fund Balance—July 1	808,735		(74,079)	-	734,656
Fund Balance—June 30	\$ 347,089		\$ 475,303	\$ 1	\$ 822,393

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, 2012**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 87,737

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	\$ (368,374)	
Capital Outlays, Net of Capital Lease Obligations	<u>32,000</u>	(336,374)

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.

360,579

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.

176,154

Change in Net Assets of Governmental Activities (Exhibit A-2)

\$ 288,096

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, 2012

		Business-Type Activities - Enterprise Funds	
		<u>Food Service</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 104,807	\$ 104,807
Accounts Receivable		1,044	1,044
Inventories		<u>4,403</u>	<u>4,403</u>
Total Current Assets		<u>110,254</u>	<u>110,254</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		171,074	171,074
Less Accumulated Depreciation		<u>(115,227)</u>	<u>(115,227)</u>
Total Noncurrent Assets		<u>55,847</u>	<u>55,847</u>
	Total Assets	<u>166,101</u>	<u>166,101</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		9,010	9,010
Deferred Revenue		<u>1,347</u>	<u>1,347</u>
Total Current Liabilities		<u>10,357</u>	<u>10,357</u>
	Total Liabilities	<u>10,357</u>	<u>10,357</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt		55,847	55,847
Unrestricted		<u>99,897</u>	<u>99,897</u>
Total Net Assets		<u>\$ 155,744</u>	<u>\$ 155,744</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, 2012

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 110,707	\$ 110,707
Daily Sales - Non-Reimbursable Programs	147,942	147,942
Miscellaneous Income	<u>5</u>	<u>5</u>
Total Operating Revenues	<u>258,654</u>	<u>258,654</u>
Operating Expenses:		
Cost of Sales	151,067	151,067
Salaries	92,116	92,116
Employee Benefits	26,487	26,487
Purchased Property Service	10,000	10,000
Cleaning, Repair and Maintenance Services	288	288
General Supplies	6,630	6,630
Depreciation	<u>18,990</u>	<u>18,990</u>
Total Operating Expenses	<u>305,578</u>	<u>305,578</u>
Operating Income (Loss)	<u>(46,924)</u>	<u>(46,924)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	2,084	2,084
Federal Sources:		
National School Lunch Program	36,478	36,478
Food Distribution Program	<u>10,875</u>	<u>10,875</u>
Total Nonoperating Revenues (Expenses)	<u>49,437</u>	<u>49,437</u>
Income (Loss) Before Contributions and Transfers	2,513	2,513
Transfers In (Out)	<u>-</u>	<u>-</u>
Change in Net Assets	2,513	2,513
Total Net Assets—Beginning	<u>153,231</u>	<u>153,231</u>
Total Net Assets—Ending	<u>\$ 155,744</u>	<u>\$ 155,744</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, 2012

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 258,651	\$ 258,651
Payments to Employees	(92,116)	(92,116)
Payments for Employee Benefits	(26,487)	(26,487)
Payments to Suppliers	<u>(144,065)</u>	<u>(144,065)</u>
Net Cash Provided by (used for) Operating Activities	<u>(4,017)</u>	<u>(4,017)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,026	2,026
Federal Sources	35,491	35,491
Interfund Transfers	<u>25,984</u>	<u>25,984</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>63,501</u>	<u>63,501</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital Asset Additions	<u>(34,768)</u>	<u>(34,768)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>(34,768)</u>	<u>(34,768)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,716	24,716
Balances—Beginning of Year	<u>80,091</u>	<u>80,091</u>
Balances—End of Year	<u>\$ 104,807</u>	<u>\$ 104,807</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (46,924)	\$ (46,924)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by (used for) Operating Activities:		
Depreciation and Net Amortization	18,990	18,990
Federal Commodities	10,875	10,875
(Increase) Decrease in Accounts Receivable	(1,044)	(1,044)
(Increase) Decrease in Inventories	5,076	5,076
Increase (Decrease) in Accounts Payable	<u>9,010</u>	<u>9,010</u>
Total Adjustments	<u>42,907</u>	<u>42,907</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (4,017)</u>	<u>\$ (4,017)</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, 2012

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 468,016	\$ 95,502
Total Assets	<u>\$ 468,016</u>	<u>\$ 95,502</u>
LIABILITIES		
Accounts Payable		\$ 5,271
Payable to Student Groups		90,231
Payroll Deductions and Withholdings		
Total Liabilities	<u>-</u>	<u>\$ 95,502</u>
NET ASSETS		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 468,016</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, 2012

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 14,164
Other	<u>-</u>
Total Contributions	<u>14,164</u>
Investment Earnings:	
Interest	<u>2,506</u>
Net Investment Earnings	<u>2,506</u>
Total Additions	<u>16,670</u>
DEDUCTIONS	
Unemployment Claims	<u>56,299</u>
Total Deductions	<u>56,299</u>
Change in Net Assets	(39,629)
Net Assets—Beginning of the Year	<u>\$ 507,645</u>
Net Assets—End of the Year	<u>\$ 468,016</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, 2012

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, GASB Statement No. 45, Other Post-retirement Employee Benefits, and GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2011.

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, 2012, of 1,031 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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012, but which were levied to finance fiscal year 2013 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, 2012

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, 2012

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, 2012

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, 2012, 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, 2012, 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	\$1,588,214	\$563,518	\$2,151,732
Maintenance Reserve	25,737		25,737
Capital Reserve	201,883		201,883
	<u>\$1,815,834</u>	<u>\$563,518</u>	<u>\$2,379,352</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the Board's cash and cash equivalents at June 30, 2012, was \$2,379,352 and the bank balance was \$2,572,929. 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, \$544,000 was covered by federal depository insurances and \$2,028,929 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2012, 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	\$119,734	\$119,792
Federal Aid	27,223	28,209
Gross Receivable	\$146,957	\$148,001
Other Receivables	7,500	7,500
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$154,457	\$155,501

NOTE 4: INVENTORY

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

Food	\$ <u>4,403</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.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, 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	299,854				299,854
Buildings and Building Improvements	12,593,654	\$ 32,000			12,625,654
Machinery and Equipment	1,199,930	68,386			1,268,316
Total at Historical Cost	14,093,438	100,386			14,193,824
Less Accumulated Depreciation for:					
Land Improvements	(150,566)	(6,148)			(156,714)
Building and Improvements	(4,998,851)	(262,860)			(5,261,711)
Equipment	(962,139)	(99,366)			(1,061,505)
Total Accumulated Depreciation	(6,111,556)	(368,374)			(6,479,930)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	7,981,882	(267,988)			7,713,894
Government Activity Capital Assets, Net	\$ 8,416,882	\$ (267,988)			\$ 8,148,894

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	\$ 83,131
Administrative	5,483
Transportation	7,277
Operations/Maintenance	14,402
Unallocated	258,081
Total	\$ 368,374

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6: LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2012, are as follows:

	Balance <u>7/1/11</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/12</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Capital Lease Obligations	344,616	\$68,386	(360,579)	\$52,423	\$18,128
Compensated Absences Payable	746,637		(176,154)	570,483	
Total	\$1,091,253	68,386	(\$536,733)	\$622,906	\$18,128

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

B. Debt Service Requirements:

On July 23, 2009, the District originally issued \$656,250 in temporary notes of which the proceeds were utilized for the completion of a school facilities improvement project including a boiler, hot water and generator system. The note matured on July 18, 2011, with a final principal payment of \$200,000 at an annual interest rate of 1.51%. The balance of the note as of June 30, 2012 is -0- and was paid through the Debt Service Fund.

The District has commitments to lease copying equipment under two capital leases which expire on December 15, 2012 and July 15, 2014, respectively. Total lease payments made during the year ended June 30, 2012, were \$20,881. This amount was liquidated in the General Fund. Future minimum lease payments are as follows and include interest at 10.2% and 4.9% respectively:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/13	\$ 18,128	\$ 2,754	\$ 20,882
6/30/14	16,726	1,728	18,454
6/30/15	17,569	885	18,454
Total Minimum Lease Payments	\$ 52,423	\$ 5,367	\$ 57,790

The District entered into a lease purchase agreement on July 24, 2007 for science lab renovations, which expired on June 15, 2012. Total lease payments, including interest, made during the year ended June 30, 2012, were \$349,044. The lease payments were liquidated in the General Fund, which included interest at 4.24%:

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012

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
6/30/2012	\$112,780	100 %	-0-
6/30/2011	\$109,449	100 %	-0-
6/30/2010	\$69,919	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
6/30/2012	-0-	100 %	-0-
6/30/2011	-0-	100 %	-0-
6/30/2010	-0-	100 %	-0-

During the fiscal year ended June 30, 2012, the State of New Jersey did contribute \$661,341 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 \$530,209 during the year ended June 30, 2012, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the 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, 2012

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the State of New Jersey and as such, no district OPEB liability exists.

NOTE 10: 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, 2012

NOTE 11: 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, 2012, the amount earned, but not disbursed, including payroll matching taxes, by ten month employees, was \$976,276.

NOTE 12: COMPENSATED ABSENCES

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

District employees are granted 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 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$17,613	
Special Revenue Fund		17,613
	<u>\$17,613</u>	<u>\$17,613</u>

The interfund payable in the special revenue fund is due to the general fund for cash advances to cover cash deficit caused by federal grant reimbursements that have not yet been received.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 14: 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>
2011-2012	\$2,506	\$14,164	\$56,299	\$468,016
2010-2011	\$28,770	\$13,742	\$64,050	\$507,645
2009-2010	\$18,694	\$13,876	\$20,622	\$529,183

NOTE 15: 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 any material pending or threatened litigation, claims, assessments, or civil rights complaints and there are no outstanding judgments against the board as of June 30, 2012.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 16: 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, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance July 1, 2011	\$ 430,552
Interest earnings	1,396
Unused capital projects funds returned	48,935
Deposits (PL 2007 c.62 (A1)) - June Resolution	150,000
Withdrawals (Budget)	<u>(429,000)</u>
Ending balance June 30, 2012	<u>\$ 201,883</u>

NOTE 17: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the North Warren Regional School District Board of Education in fiscal year 2008, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance July 1, 2011	\$ 135,489
Interest earnings	248
Deposits (PL 2007 c.62 (A1)) - June Resolution	-
Withdrawals (Budget)	<u>(110,000)</u>
Ending balance June 30, 2012	<u>\$ 25,737</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 18: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$347,089 General Fund fund balance at June 30, 2012, \$37,582 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$37,582 of the total reserve for excess surplus will be appropriated and included as anticipated revenue for the year ending June 30, 2013); \$484,261 is reserved and has been appropriated and included as anticipated revenue for the year ending June 30, 2013; \$201,883 is reserved in the Capital Reserve Account; \$25,737 is reserved in the Maintenance Reserve Account; \$33,439 is reserved for encumbrances; and \$(435,813) is unreserved and undesignated.

NOTE 19: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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, 2012 is \$-0-.

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, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,117,743		\$ 10,117,743	\$ 10,117,743	
Transportation	41,600	\$ 36,800	78,400	80,304	\$ 1,904
Interest Earned on Capital Reserve Funds	100		100	1,396	1,296
Miscellaneous	130,000	50,578	180,578	78,146	(102,432)
Total - Local Sources	<u>10,289,443</u>	<u>87,378</u>	<u>10,376,821</u>	<u>10,277,589</u>	<u>(99,232)</u>
State Sources:					
Equalization Aid	4,155,674		4,155,674	4,219,044	63,370
Transportation Aid				24,207	24,207
Special Education Aid	579,288		579,288	579,288	
Security Aid				78,788	78,788
Extraordinary Aid	100,000		100,000	105,669	5,669
Non-Public Transportation Aid				27,791	27,791
Other State Aid				71	71
TPAF Pension (On-Behalf - Non-Budgeted)				661,341	661,341
TPAF Social Security (Reimbursed - Non-Budgeted)				530,209	530,209
Total State Sources	<u>4,834,962</u>		<u>4,834,962</u>	<u>6,226,408</u>	<u>1,391,446</u>
Education Jobs Grant	178,942	(7,570)	171,372	171,372	
Total Federal Sources	<u>178,942</u>	<u>(7,570)</u>	<u>171,372</u>	<u>171,372</u>	
TOTAL REVENUES	<u>15,303,347</u>	<u>79,808</u>	<u>15,383,155</u>	<u>16,675,369</u>	<u>1,292,214</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	1,380,143	(14,639)	1,365,504	1,365,502	2
Grades 9-12 - Salaries of Teachers	3,147,282	(137,133)	3,010,149	3,010,147	2
Regular Programs - Home Instruction:					
Salaries of Teachers	8,720	18,060	26,780	26,780	
Purchased Professional-Educational Services	5,545	(4,545)	1,000	1,000	
Other Purchased Services (400-500 series)	500		500	408	92
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	17,915	(2,861)	15,054	15,054	
Purchased Professional-Educational Services	10,250	(1,755)	8,495	8,495	
Purchased Technical Services	57,000	26,389	83,389	83,388	1
Other Purchased Services (400-500 series)	27,140	14,538	41,678	41,676	2
General Supplies	165,264	4,498	169,762	162,254	7,508
Textbooks	1,540	1,577	3,117	2,692	425
Other Objects	6,090		6,090	6,012	78
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,827,389	(95,871)	4,731,518	4,723,408	8,110
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	999,230	(36,842)	962,388	961,873	515
Other Salaries for Instruction	65,194	22,702	87,896	87,895	1
General Supplies	4,629	219	4,848	4,848	
Total Resource Room/Resource Center	1,069,053	(13,921)	1,055,132	1,054,616	516

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<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	6,200	990	7,190	7,190	
Total Home Instruction	<u>6,200</u>	<u>990</u>	<u>7,190</u>	<u>7,190</u>	
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,075,253</u>	<u>(12,931)</u>	<u>1,062,322</u>	<u>1,061,806</u>	<u>516</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	189,810	(27,921)	161,889	161,889	
Other Salaries for Instruction	27,906	(27,906)			
General Supplies	6,600	450	7,050	6,569	481
Total Basic Skills/Remedial - Instruction	<u>224,316</u>	<u>(55,377)</u>	<u>168,939</u>	<u>168,458</u>	<u>481</u>
Bilingual Education - Instruction:					
Salaries of Teachers	9,592	(9,592)			
General Supplies	450	(450)			
Total Bilingual Education - Instruction	<u>10,042</u>	<u>(10,042)</u>			
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	116,054	(850)	115,204	115,204	
Purchased Services (300-500 series)	15,065	(1,450)	13,615	12,609	1,006
Supplies and Materials	14,921		14,921	13,307	1,614
Other Objects	12,257	(4,474)	7,783	7,293	490
Total School-Spon. Cocurricular Actvts. - Inst.	<u>158,297</u>	<u>(6,774)</u>	<u>151,523</u>	<u>148,413</u>	<u>3,110</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<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	372,427	(3,243)	369,184	369,184	
Purchased Services (300-500 series)	98,350	(17,061)	81,289	73,874	7,415
Supplies and Materials	41,645	4,096	45,741	43,166	2,575
Other Objects	18,850		18,850	14,822	4,028
Total School-Spon. Athletics - Inst.	531,272	(16,208)	515,064	501,046	14,018
TOTAL INSTRUCTION	6,826,569	(197,203)	6,629,366	6,603,131	26,235
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEA's Within the State - Special	168,053	(7,053)	161,000	159,234	1,766
Tuition to County Voc. District - Regular	65,783	11,979	77,762	77,762	
Tuition to County Voc. District - Special	13,000		13,000	13,000	
Tuition to CSSD & Regional Day Schools	136,600	36,799	173,399	173,367	32
Tuition to Private Schools for the Disabled-Within State	402,349	74,444	476,793	471,785	5,008
Total Instruction	785,785	116,169	901,954	895,148	6,806
Attendance and Social Work:					
Salaries	44,305		44,305	44,305	
Supplies and Materials	275		275	274	1
Total Attendance and Social Work	44,580		44,580	44,579	1
Health Services:					
Salaries	57,859		57,859	57,859	
Purchased Professional and Technical Services	19,700	(505)	19,195	16,960	2,235
Other Purchased Services (400-500 series)	4,600		4,600	1,268	3,332
Supplies and Materials	6,220		6,220	4,836	1,384
Total Health Services	88,379	(505)	87,874	80,923	6,951

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Other Supp. Services Students-Related Services:					
Salaries	90,200		90,200	90,200	
Purchased Professional - Educational Services	67,467	(16,501)	50,966	45,430	5,536
Supplies and Materials	650		650	250	400
Total Other Supp. Services Students-Related Services	158,317	(16,501)	141,816	135,880	5,936
Other Supp. Services Students-Extra Services:					
Purchased Professional - Educational Services	400,000	(21,000)	379,000	361,058	17,942
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	357,587	70,434	428,021	428,020	1
Salaries of Secretarial and Clerical Assistants	31,520		31,520	31,520	
Other Purchased Prof. and Tech. Services	26,735	(1,434)	25,301	24,602	699
Supplies and Materials	16,838	(5,000)	11,838	8,244	3,594
Total Other Supp. Services Students-Regular	432,680	64,000	496,680	492,386	4,294
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	241,860	(13,000)	228,860	220,854	8,006
Salaries of Secretarial and Clerical Assistants	32,825		32,825	32,825	
Purchased Professional - Educational Services	2,000		2,000		2,000
Misc. Pur Serv (400-500 series O/than Resid Costs)	4,511	5,000	9,511	8,250	1,261
Supplies and Materials	3,630		3,630	3,622	8
Total Other Supp. Services Students-Special	284,826	(8,000)	276,826	265,551	11,275
Improvement of Instruction Services :					
Salaries of Other Professional Staff	175,501		175,501	175,501	
Purchased Professional-Educational Services	4,750	(1,270)	3,480	3,480	
Other Objects	7,827	(1,000)	6,827	6,640	187
Total Improvement of Instruction Services	188,078	(2,270)	185,808	185,621	187

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<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	120,836	678	121,514	121,513	1
Other Purchased Services (400-500 series)	920	(150)	770	50	720
Supplies and Materials	12,396	1,522	13,918	13,880	38
Total Educational Media Services/School Library	134,152	2,050	136,202	135,443	759
Instructional Staff Training Services:					
Purchased Professional-Educational Services	2,000	5,516	7,516		7,516
Other Purchased Services (400-500 series)	18,280	2,224	20,504	20,400	104
Supplies and Materials	1,200	1,500	2,700	2,700	
Total Instructional Staff Training Services	21,480	9,240	30,720	23,100	7,620
Supp. Services - General Administration:					
Salaries	218,685	5,273	223,958	223,958	
Legal Services	40,400	31,261	71,661	69,292	2,369
Audit Fees	16,500	16	16,516	16,516	
Other Purchased Professional Services	22,000	7,871	29,871	29,871	
Purchased Technical Services	4,700	(520)	4,180	4,180	
Communications/Telephone	45,962	(1,000)	44,962	40,662	4,300
BOE Other Purchased Services	2,000	(1,000)	1,000	933	67
Other Purchased Services (400-500 series)	23,800	(4,419)	19,381	19,381	
General Supplies	8,000	1,684	9,684	9,378	306
BOE In-House Training/Meeting Supplies Judgements	500	900	1,400	835	565
Miscellaneous Expenditures	4,384	3,200	7,584	7,481	103
BOE Membership Dues and Fees	15,000	(3,625)	11,375	10,170	1,205
Total Supp. Services - General Administration	401,931	39,641	441,572	432,657	8,915
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	234,168		234,168	234,168	
Salaries of Other Professional Staff	296,089		296,089	296,088	1
Salaries of Secretarial and Clerical Assistants	52,106	(7,570)	44,536	44,383	153
Purchased Professional and Technical Services	7,215	(1,393)	5,822	5,727	95
Other Purchased Services (400-500 series)	8,000	1,393	9,393	8,773	620
Supplies and Materials	4,972	7,325	12,297	11,463	834
Other Objects	1,000		1,000	830	170
Total Support Services - School Administration	603,550	(245)	603,305	601,432	1,873

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	205,476	(3,138)	202,338	199,989	2,349
Purchased Professional Services	7,700	586	8,286	8,285	1
Purchased Technical Services	2,000		2,000	2,000	
Misc. Purchased Services (400-500 series)	1,500	(465)	1,035	1,010	25
Supplies and Materials	7,000	2,576	9,576	9,575	1
Interest for Lease Purchase Agreement	10,863		10,863	10,863	
Miscellaneous Expenditures	2,500		2,500	2,413	87
Central Services	237,039	(441)	236,598	234,135	2,463
Admin. Information Technology:					
Salaries	91,190	1,787	92,977	92,977	
Purchased Professional Services	2,500	(735)	1,765	1,726	39
Purchased Technical Services	11,500	7,500	19,000	18,593	407
Supplies and Materials	500		500	161	339
Admin. Information Technology	105,690	8,552	114,242	113,457	785
Required Maintenance for School Facilities:					
Salaries	99,965		99,965	99,965	
Cleaning, Repair, and Maintenance Services	133,320	28,432	161,752	140,156	21,596
General Supplies	24,420	(5,957)	18,463	18,399	64
Other Objects	1,500	(1,073)	427	426	1
Total Required Maintenance for School Facilities	259,205	21,402	280,607	258,946	21,661
Other Operations and Maintenance of Plant:					
Salaries	260,036	(2,344)	257,692	257,610	82
Cleaning, Repair and Maintenance Services	30,000	2,479	32,479	32,479	
Rental of Land, Building & Other than Lease Purchases	1		1		1
Other Purchased Property Services	10,000	(3,770)	6,230	6,230	
Insurance	35,000	(1,848)	33,152	33,152	
Miscellaneous Purchased Services	3,500	(2,125)	1,375	1,375	
General Supplies	28,500	107	28,607	28,606	1
Energy (Electricity)	210,000	(53,459)	156,541	156,540	1
Energy (Oil)	120,000	16,887	136,887	136,887	
Other Objects	1,000	(504)	496	496	
Total Other Operations and Maintenance of Plant	698,037	(44,577)	653,460	653,375	85

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Care and Upkeep of Grounds:					
Salaries	99,795	1,610	101,405	101,405	
Supplies and Materials	35,000	3,573	38,573	38,572	1
Total Care and Upkeep of Grounds	134,795	5,183	139,978	139,977	1
Student Transportation Services					
Management Fees - ESC & CTSA Transportation Programs	17,000	2,548	19,548	19,548	
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	61,500	(2,320)	59,180	59,179	1
Contract Services - (Between Home and School) - Vendors	424,341	(3,200)	421,141	421,137	4
Contract Services (Other than Between Home & School)-Vendors	57,275	41,838	99,113	99,106	7
Contract Services - (Between Home and School) - Joint Agreements	7,000	(4,437)	2,563	2,563	
Contract Services - (Spl. Ed. Students) - Vendors		32,674	32,674	32,673	1
Contract Services - (Regular Students) - ESCs & CTSA	25,000	(2,214)	22,786	21,132	1,654
Contract Services - (Special Ed. Students) - ESCs & CTSA	513,656	(102,387)	411,269	326,067	85,202
Total Student Transportation Services	1,105,772	(37,498)	1,068,274	981,405	86,869
UNALLOCATED BENEFITS					
Social Security Contributions	142,000	13,245	155,245	155,245	
Other Retirement Contributions - Regular	117,902	(4,245)	113,657	112,780	877
Unemployment Compensation	9,000	(9,000)			
Workmen's Compensation	60,000	8,076	68,076	68,076	
Health Benefits	1,911,437	29,125	1,940,562	1,940,562	
Tuition Reimbursement	48,000		48,000	47,968	32
Other Employee Benefits	37,098	80,103	117,201	117,201	
TOTAL UNALLOCATED BENEFITS	2,325,437	117,304	2,442,741	2,441,832	909
On-behalf TPAF pension Contributions (non-budgeted)				661,341	(661,341)
Reimbursed TPAF Social Security Contributions (non-budgeted)				530,209	(530,209)
TOTAL ON-BEHALF CONTRIBUTIONS				1,191,550	(1,191,550)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,325,437	117,304	2,442,741	3,633,382	(1,190,641)
TOTAL UNDISTRIBUTED EXPENDITURES	8,409,733	252,504	8,662,237	9,668,455	(1,006,218)

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<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	15,236,302	55,301	15,291,603	16,271,586	(979,983)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures-Instruction					
Undistributed Expenditures-Operations & Maint. Of Plant Serv.					
Total Equipment					
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services	15,000	16,365	31,365	27,115	4,250
Lease Purchase Agreements - Principal	376,360	(16,365)	359,995	349,044	10,951
Total Facilities Acquisition and Construction Services	391,360		391,360	376,159	15,201
TOTAL CAPITAL OUTLAY	391,360		391,360	376,159	15,201
Transfer of Funds to Charter Schools	105,585		105,585	77,816	27,769
TOTAL EXPENDITURES	15,733,247	55,301	15,788,548	16,725,561	(937,013)

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(429,900)	24,507	(405,393)	(50,192)	355,201
Other Financing Sources (Uses):					
Operating Transfer In/(Out):					
Transfer to Capital Projects Fund	(429,000)		(429,000)	(429,000)	
Transfer from Capital Projects Fund				48,935	(48,935)
Total Transfer In/(Out)	(429,000)		(429,000)	(380,065)	(48,935)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(858,900)	24,507	(834,393)	(430,257)	306,266
Fund Balance, July 1	1,256,462		1,256,462	1,256,462	
Fund Balance, June 30	<u>\$ 397,562</u>	<u>24,507</u>	<u>\$ 422,069</u>	<u>\$ 826,205</u>	<u>\$ 306,266</u>
Recapitulation:					
Restricted for:					
Capital Reserve				201,883	
Maintenance Reserve				25,737	
Excess Surplus - Designated for Subsequent Year's Expenditures				37,582	
Assigned to:					
Designated for Subsequent Year's Expenditures				484,261	
Year-End Encumbrances				33,439	
Unassigned:					
Unrestricted Fund Balance				<u>43,303</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				826,205	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(479,116)</u>	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 347,089</u>	

NORTH WARREN REGIONAL SCHOOL DISTRICT
APPROPRIATIONS COMBINING SCHEDULE - FUNDS 11 AND 18
GENERAL FUND
 Fiscal Year Ended June 30, 2012

Line Description	Account #	Fund 11/12/13 Approps	Fund 18 Approps	Schedule C-1 Total General Fund Approps
Undist. Expend.-Custodial Services				
2540 Salaries of Teachers Grades 9-12-Substitutes	11-140-100-101	3,001,222	8,925	3,010,147
6490 Salaries of Other Professional Staff	11-000-218-104	359,020	69,000	428,020
6760 Salaries of Other Professional Staff	11-000-221-104	86,450	89,051	175,501
7030 Salaries of Secretarial and Clerical Assistants	11-000-240-105	39,987	4,396	44,383
TOTAL EXPENDITURES		3,486,679	171,372	3,658,051

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 8,174	\$ 8,174	\$ 5,634	\$ (2,540)
Federal Sources	\$ 233,338	123,923	357,261	350,191	(7,070)
Total Revenues	233,338	132,097	365,435	355,825	(9,610)
EXPENDITURES:					
Instruction					
Salaries of Teachers	17,050	23,517	40,567	40,567	
Purchased Prof. & Technical Serv.		3,370	3,370	3,370	
Tuition	195,762	51,770	247,532	247,532	
General Supplies		37,304	37,304	33,476	3,828
Other Objects		8,620	8,620	3,330	5,290
Total Instruction	212,812	124,581	337,393	328,275	9,118
Support Services					
Personal Services - Employee Benefits		6,290	6,290	6,290	
Purchased Professional - Ed. Serv.		12,560	12,560	12,560	
Other Purchased Professional Services		4,550	4,550	4,350	200
Other Purchased Services	20,526	(16,373)	4,153	3,861	292
Supplies and Materials		489	489	489	
Total Support Services	20,526	7,516	28,042	27,550	492
Total Expenditures	233,338	132,097	365,435	355,825	9,610
Total Outflows	\$ 233,338	\$ 132,097	\$ 365,435	\$ 355,825	\$ 9,610
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, 2012

**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)	\$16,675,369	\$355,825
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	447,727	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(479,116)</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>\$16,643,980</u>	<u>\$ 355,825</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$16,725,561	\$355,825
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>\$16,725,561</u>	<u>\$ 355,825</u>

OTHER SUPPLEMENTARY INFORMATION

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

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, 2012

	Title I	Title II (A)	Perkins	ARRA IDEA Part B	IDEA Part B	Mentor	Winter Track	Totals
REVENUES								
Local Sources						\$ 489	\$ 5,145	\$ 5,634
Federal Sources	\$ 35,268	\$ 26,549	\$ 20,309	\$ 6,067	\$ 261,998			350,191
TOTAL REVENUES	35,268	26,549	20,309	6,067	261,998	-	-	355,825
EXPENDITURES:								
Instruction:								
Salaries of Teachers	27,921	12,646						40,567
Purchased Prof. & Technical Serv.				3,370				3,370
Tuition					247,532			247,532
General Supplies			14,168	2,697	11,466		5,145	33,476
Other Objects			3,330					3,330
Total Instruction	27,921	12,646	17,498	6,067	258,998		5,145	328,275
Support Services:								
Personal Services - Employee Benefits	5,584	706						6,290
Purchased Professional - Ed. Serv.		9,560			3,000			12,560
Other Purchased Professional Services		3,100	1,250					4,350
Other Purchased Services	1,763	537	1,561					3,861
Supplies and Materials						489		489
Total Support Services	7,347	13,903	2,811		3,000	489		27,550
TOTAL EXPENDITURES	35,268	26,549	20,309	6,067	261,998	489	5,145	355,825
Total Outflows	35,268	26,549	20,309	6,067	261,998	489	5,145	355,825
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-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2012

	<u>Date</u>	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended</u>
		<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior</u>	<u>Current</u>	<u>Balance</u>
				<u>Years</u>	<u>Year</u>	<u>June 30, 2012</u>
Purchase of 58 acres of vacant land contiguous to existing North Warren Regional High School	9/18/01	\$ 435,000	\$ 434,382	\$ 434,382		-
Computer Network	7/15/08	286,000	285,703	285,703		-
School Facilities Improvement Project - Boiler	3/27/08	656,250	629,013	629,013	-	-
Science Lab Renovations	7/24/2007	1,560,000	1,533,981	1,533,981	-	-
Roof Replacement	11/17/09	480,997	468,090	468,090	-	-
Upgrade Security System	11/17/09	77,000	61,682	29,682	\$ 32,000	-
Roof Replacement - Phase II	8/30/10	429,000	429,000			\$ 429,000
Totals		<u>\$ 3,924,247</u>	<u>\$ 3,841,851</u>	<u>\$ 3,380,851</u>	<u>\$ 32,000</u>	<u>\$ 429,000</u>
						Overfunded Local Share - Chiller Project (1,129)
						Prior Period Costs Charged to General Fund 17,344
						Interest Earnings <u>30,088</u>
						Fund Balance, June 30, 2012 <u>\$ 475,303</u>
						Recapitulation of Fund Balance:
						Project(s) Fund Balance <u>\$ 475,303</u>
						Fund Balance, June 30, 2012 <u>\$ 475,303</u>

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, 2012

Revenues and Other Financing

Sources

Transfer from capital reserve	\$ 380,065
Interest Earnings	1,317
Total Revenues	<u>381,382</u>

Expenditures and Other Financing

Uses

Purchased Professional Services	-
Construction Services	32,000
Total Expenditures	<u>32,000</u>

Excess(deficiency) of revenues over(under)
expenditures

349,382

Fund Balance - Beginning

125,921

Fund Balance - Ending

\$ 475,303

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, 2012

	<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	\$ 435,000	\$ (618)	\$ 434,382	\$ 434,382
Total Revenues	<u>435,000</u>	<u>(618)</u>	<u>434,382</u>	<u>434,382</u>
Expenditures and Other Financing Sources				
Construction services	\$ 434,382		\$ 434,382	\$ 434,382
Total Expenditures	<u>434,382</u>		<u>434,382</u>	<u>434,382</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 618</u>	<u>\$ (618)</u>	<u>\$ -</u>	
			Project Fund Balance, 6/30/12	<u>\$ -</u>

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	-\$618
Revised Authorized Cost	\$434,382
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, 2012

	<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				
State Sources - SDA Grant	\$ 50,715		\$ 50,715	\$ 62,200
Interest Revenue	559		559	
Transfer from capital outlay	80,000		80,000	93,300
Total Revenues	<u>131,274</u>	<u>-</u>	<u>131,274</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>\$ (570)</u>	<u>-</u>	<u>\$ (570)</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, 6/30/12	<u>\$ 16,774</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		

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2c

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

From Inception and for the Fiscal Year Ended June 30, 2012

	<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				
Capital Lease Proceeds	\$ 286,000		\$ 286,000	\$ 286,000
Transfer from capital reserve		\$ (297)	(297)	(297)
Total Revenues	<u>286,000</u>	<u>(297)</u>	<u>285,703</u>	<u>285,703</u>
Expenditures and Other Financing Sources				
Professional Purchased Services	5,132		5,132	5,132
Construction services	280,571		280,571	280,571
Total Expenditures	<u>285,703</u>	<u>-</u>	<u>285,703</u>	<u>285,703</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 297</u>	<u>\$ (297)</u>	<u>\$ -</u>	

Additional project information:

Project number	N/A		
Grant Date	N/A		
Lease Authorization Date	7/15/08	Project Fund Balance, 6/30/2012	<u>\$ -</u>
Lease Authorized	\$286,000		
Leases Issued	\$286,000		
Original Authorized Cost	\$286,000		
Additional Authorized Cost	(\$297)		
Revised Authorized Cost	\$285,703		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	-0-		
Original Target Completion Date	6/30/2009		
Revised Target Completion Date	6/30/2009		

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, 2012

	<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		\$ 656,250	\$ 656,250
Transfer from capital reserve		\$ (27,237)	(27,237)	(27,237)
Total Revenues	<u>656,250</u>	<u>(27,237)</u>	<u>629,013</u>	<u>629,013</u>
Expenditures and Other Financing Sources				
Professional Purchased Services	19,014		19,014	19,014
Construction services	609,999		609,999	637,236
Total Expenditures	<u>629,013</u>	<u>-</u>	<u>629,013</u>	<u>656,250</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 27,237</u>	<u>\$ (27,237)</u>	<u>\$ -</u>	

Additional project information:

Project number	N/A		
Grant Date	N/A		
Bond Authorization Date	3/27/2008	Project Fund Balance, 6/30/2012	<u>\$ -</u>
Bonds Authorized	\$656,250		
Bonds Issued	N/A		
Original Authorized Cost	\$656,250		
Additional Authorized Cost	(\$27,237)		
Revised Authorized Cost	\$629,013		
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, 2012

	<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				
Operating Transfer Out - Current Fund for Paydown of Debt	\$ (26,000)	\$ (19)	\$ (26,019)	\$ (26,000)
Bond Proceeds	1,560,000		1,560,000	1,560,000
Total Revenues	<u>1,534,000</u>	<u>(19)</u>	<u>1,533,981</u>	<u>1,534,000</u>
Expenditures and Other Financing Sources				
Professional Purchased Services	18,357		18,357	
Construction services	1,515,624		1,515,624	1,560,000
Total Expenditures	<u>1,533,981</u>	<u>-</u>	<u>1,533,981</u>	<u>1,560,000</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 19</u>	<u>\$ (19)</u>	<u>\$ -</u>	

Additional project information:

Project number	N/A	
Grant Date	N/A	
Bond Authorization Date	7/24/2008	Project Fund Balance, 6/30/2012 <u>\$ -</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	9/30/2009	
Revised Target Completion Date	9/30/2009	

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2f

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS -
ROOF REPLACEMENT OF ORIGINAL 1970 BUILDING

From Inception and for the Fiscal Year Ended June 30, 2012

	<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				
State Sources - SDA Grant	\$ 192,399		192,399	\$ 192,399
Transfer from capital reserve	249,175	\$ (20,764)	228,411	249,175
Transfer from capital outlay	47,280		47,280	47,280
Total Revenues	<u>488,854</u>	<u>(20,764)</u>	<u>468,090</u>	<u>488,854</u>
Expenditures and Other Financing Sources				
Professional Purchased Services		15,750	15,750	
Construction services	452,340		452,340	\$ 488,854
Total Expenditures	<u>468,090</u>	<u>-</u>	<u>468,090</u>	<u>488,854</u>
Excess(deficiency) of revenues over(under) expenditures		<u>20,764</u>	<u>\$ (20,764)</u>	<u>\$ -</u>

Additional project information:

Project number	3675-050-09-00BP		
Grant Date	5/27/2011		
Bond Authorization Date	N/A	Project Fund Balance, 6/30/2012	<u>\$ -</u>
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$480,997		
Additional Authorized Cost	(\$12,907)		
Revised Authorized Cost	\$468,090		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	-0-		
Original Target Completion Date	9/30/2011		
Revised Target Completion Date	9/30/2011		

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2f

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS -
UPGRADE TO SCHOOL'S EXISTING SECURITY SYSTEM

From Inception and for the Fiscal Year Ended June 30, 2012

	<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				
State Sources - SDA Grant	\$ 11,700		11,700	\$ 11,700
Transfer from capital outlay	46,200		46,200	46,200
Interest		\$ 3,782	3,782	3,782
Total Revenues	<u>57,900</u>	<u>3,782</u>	<u>61,682</u>	<u>61,682</u>
Expenditures and Other Financing Sources				
Professional Purchased Services	5,556		5,556	\$ 5,556
Construction services	24,126	32,000	56,126	52,344
Total Expenditures	<u>29,682</u>	<u>32,000</u>	<u>61,682</u>	<u>57,900</u>
Excess(deficiency) of revenues over(under) expenditures	<u>28,218</u>	<u>\$ (28,218)</u>	<u>\$ -</u>	

Additional project information:

Project number	3675-050-09-00BQ		
Grant Date	5/27/2011		
Bond Authorization Date	N/A	Project Fund Balance, 6/30/2012	<u>\$ -</u>
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$77,000		
Additional Authorized Cost	N/A		
Revised Authorized Cost	\$77,000		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	-0-		
Original Target Completion Date	9/30/2011		
Revised Target Completion Date	2/28/2012		

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2h

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS -
ROOF REPLACEMENT - PHASE II

From Inception and for the Fiscal Year Ended June 30, 2012

	<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 reserve		\$ 429,000	429,000	\$ 429,000
Total Revenues	-	429,000	429,000	429,000
Expenditures and Other Financing Sources				
Professional Purchased Services			-	
Construction services			-	\$ 429,000
Total Expenditures	-	-	-	429,000
Excess(deficiency) of revenues over(under) expenditures	-	\$ 429,000	\$ 429,000	

Additional project information:

Project number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A	Project Fund Balance, 6/30/2012	<u>\$ 429,000</u>
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$429,000		
Additional Authorized Cost			
Revised Authorized Cost	\$429,000		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	-0-		
Original Target Completion Date	6/30/2013		
Revised Target Completion Date	6/30/2013		

<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, 2012**

	UNEMPLOYMENT COMPENSATION			AGENCY FUNDS		<u>TOTALS</u>
	<u>INSURANCE TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>			
ASSETS:						
Cash and Cash Equivalents	\$468,016	\$ 90,231	\$ 5,271			\$ 563,518
TOTAL ASSETS	\$468,016	\$ 90,231	\$ 5,271			\$ 563,518
LIABILITIES:						
Liabilities:						
Accounts Payable			\$ 5,271			\$ 5,271
Payroll Deductions and Withholdings			-			-
Payable to Student Groups		\$ 90,231				90,231
Total Liabilities		90,231	5,271			95,502
NET ASSETS						
Held in Trust for Unemployment						
Claims and Other Purposes	\$468,016					468,016
TOTAL LIABILITIES AND NET ASSETS	\$468,016	\$ 90,231	\$ 5,271			\$ 563,518

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, 2012**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$14,164	\$14,164
Employer	-	-
Total Contributions	<u>14,164</u>	<u>14,164</u>
Investment Earnings:		
Interest	2,506	2,506
Net Investment Earnings	<u>2,506</u>	<u>2,506</u>
Total Additions	<u>16,670</u>	<u>16,670</u>
DEDUCTIONS		
Unemployment Claims	56,299	56,299
Total Deductions	<u>56,299</u>	<u>56,299</u>
Change in Net Assets	(39,629)	(39,629)
Net Assets—Beginning of the Year	\$507,645	507,645
Net Assets—End of the Year	<u>\$468,016</u>	<u>\$468,016</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-3

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ACTIVITY	BALANCE	TRANSFERS		CASH	CASH	BALANCE
	July 1, 2011	TO	FROM	RECEIPTS	DISBURSEMENTS	June 30, 2012
NWR - Clubs	\$ 516	\$ 526		\$ 171	\$ 537	\$ 676
NWR - 40th Annivers	4,694	4,774		26,918	35,886	500
Interest Reserve	24,612		618	831	16,801	8,024
Exchange	-		1,168	6,775	6,407	(800)
B.O.E. - Fines and Charges	1,814		2,984	1,170		-
B.O.E. - Test Holding	-		855	9,790	8,935	-
B.O.E. Athletics	-		8,029	8,541	512	-
Class of 2001	471		471			-
Class of 2002	59		59			-
Class of 2003	583		583			-
Class of 2005	1,169		1,169			-
Class of 2006	1,794	15				1,809
Class of 2007	911	8				919
Class of 2009	413	3				416
Class of 2012	45					45
Class of 2013	6,450		12	22,480	25,526	3,392
Class of 2013	3,134	27		704	525	3,340
Class of 2014	4,886	218		1,093	950	5,247
Class of 2015	1,278	4,633		462		6,373
Class of 2016	9,805		11,774	37,095	30,918	4,208
Class of 2017	-	7,158			37	7,121
Student Council-High School	2,474		114	3,036	3,846	1,550
S.A.D.D.	259	2			8	253
Student Council-Middle School	135	2		986	825	298
National Honor Society	1,969	31	12	4,640	4,713	1,915
Peer Leadership	1,092	113		1,574	1,089	1,690
Rebel	278		278			-
Marching Band	98	855		168	231	890
Chorus - Musical	6,221	20		17,785	21,656	2,370
Stage Lights	148	1				149
Drama Club - Fall Play	3,289	5		3,088	5,807	575
M. S. Play	2,418	21		1,905	1,842	2,502
Athletics	10,070	7,108		28,000	39,131	6,047
Patriot Duals	1,805	942		1,800	2,022	2,525
Holiday Tournament	577	3		125	351	354
Sports Camp	1,135	5		4	557	587
Football Club	380	3	-	-	-	383
	<u>\$ 94,982</u>	<u>\$ 26,473</u>	<u>\$ 28,126</u>	<u>\$ 179,141</u>	<u>\$ 209,112</u>	<u>\$ 63,358</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, 2012**

ACTIVITY	BALANCE	TRANSFERS		CASH	CASH	BALANCE
	July 1, 2011	TO	FROM	RECEIPTS	DISBURSEMENTS	June 30, 2012
Baseball Club	\$ 1,879			\$ 1,967	\$ 3,789	\$ 57
Softball Club	2,161	3		1,863	3,676	351
Lacrosse Club	16		16			-
Cross Country Club	788	4		3,072	3,370	494
Cheerleaders H.S.	31			561	525	67
Field Hockey	1,651	37		7,495	4,712	4,471
Girls Lacrosse	14		11	457	101	359
Patriot Varsity C	427	4				431
School Store	335	3				338
Trift Store	120	19		185	300	24
Wood Shop	1					1
Future Business Leaders of America	702	11		3,678	3,074	1,317
JSA	292	2			32	262
Future Farmers of America	78	45		3,875	3,361	637
Press Club	404	3				407
Chess Club	51					51
Ski Club	4,068	20		6,846	8,583	2,351
Interact Club	1,168	125		3,759	4,163	889
Leo	728		70	3,569	4,209	18
Yearbook	2,834	14		36,368	37,540	1,676
Library	27		27			-
Patriot Coffee Club	471	4		451	403	523
Prom Committee	5,440	93		25,531	27,641	3,423
Project Graduation	6,662	1,390	-	15,576	14,902	8,726
	<u>\$ 30,348</u>	<u>\$ 1,777</u>	<u>\$ 124</u>	<u>\$ 115,253</u>	<u>\$ 120,381</u>	<u>\$ 26,873</u>
TOTALS	<u>\$ 125,330</u>	<u>\$ 28,250</u>	<u>\$ 28,250</u>	<u>\$ 294,394</u>	<u>\$ 329,493</u>	<u>\$ 90,231</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>BALANCE</u> July 1, 2011	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2012
ASSETS:				
Cash and Cash Equivalents	\$ 11,652	\$ 9,845,645	\$ 9,852,026	\$ 5,271
Total Assets	\$ 11,652	\$ 9,845,645	\$ 9,852,026	\$ 5,271
LIABILITIES:				
Accrued Salaries and Wages		\$ 3,728,382	\$ 3,725,891	\$ 2,491
Accounts Payable	\$ 11,652		8,872	2,780
Payroll Deductions and Withholdings		6,117,263	6,117,263	-
Total Liabilities	\$ 11,652	\$ 9,845,645	\$ 9,852,026	\$ 5,271

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-2

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>LEASE TERM</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING 7/1/2011</u>	<u>ADDITIONAL OBLIGATIONS INCURRED</u>	<u>RETIRED CURRENT YEAR PRINCIPAL PAYMENTS</u>	<u>AMOUNT OUTSTANDING 6/30/2012</u>
Science Lab Flooring	4.24%	5 Years	\$ 1,560,000	\$ 340,412		\$ 340,412	
Copier Equipment	10.20%	4 Years	\$ 8,375	4,204		2,000	\$ 2,204
Copier Equipment	4.90%	4 Years	\$ 68,386		\$ 68,386	18,167	50,219
Total				\$ 344,616	\$ 68,386	\$ 360,579	\$ 52,423

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2012

	<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	\$ 150,988		\$ 150,988	\$ 150,988	
State Sources:					
Debt Service Aid Type II	52,024		52,024	52,024	
Total - State Sources	52,024		52,024	52,024	
TOTAL REVENUES	\$ 203,012	-	\$ 203,012	\$ 203,012	
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 3,012		\$ 3,012	\$ 3,011	1
Redemption of Principal	200,000		200,000	200,000	-
Total Regular Debt Service	203,012		203,012	203,011	1
TOTAL EXPENDITURES	\$ 203,012	-	\$ 203,012	\$ 203,011	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	(1)
Fund Balance, July 1					
Fund Balance, June 30				1	(1)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-	-	-	1	(1)

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 Ten Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 6,711,196	\$ 6,870,347	\$ 6,870,347	\$ 8,096,471
Restricted	43,178	589,680	1,046,333	1,136,211	1,342,155	1,765,495	678,768	1,296,708	849,544	1,224,767
Unrestricted	(1,646,056)	(1,684,249)	(1,635,835)	(1,337,250)	(1,244,945)	(2,447,858)	(1,021,771)	(581,816)	340,394	(972,857)
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>	<u>\$ 6,368,193</u>	<u>\$ 7,585,239</u>	<u>\$ 8,060,285</u>	<u>\$ 8,348,381</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 16,811	\$ 20,412	\$ 46,697	\$ 38,764	\$ 58,411	\$ 62,104	\$ 66,628	\$ 53,264	\$ 40,068	\$ 55,847
Restricted										-
Unrestricted	46,444	49,240	45,863	70,579	61,054	92,640	97,639	103,398	113,163	99,897
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>	<u>\$ 164,267</u>	<u>\$ 156,662</u>	<u>\$ 153,231</u>	<u>\$ 155,744</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	\$ 6,777,824	\$ 6,923,611	\$ 6,910,415	\$ 8,152,318
Restricted	43,178	589,680	1,046,333	1,136,211	1,342,155	1,765,495	678,768	1,296,708	849,544	1,224,767
Unrestricted	(1,599,612)	(1,635,009)	(1,589,972)	(1,266,671)	(1,183,891)	(2,355,218)	(924,132)	(478,418)	453,557	(872,960)
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>	<u>\$ 6,532,460</u>	<u>\$ 7,741,901</u>	<u>\$ 8,213,516</u>	<u>\$ 8,504,125</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	2003		2004		2005		2006		Fiscal Year Ending June 30,		2007		2008		2009		2010		2011		2012	
Expenses																						
Governmental activities																						
Instruction																						
Regular	\$	5,414,675	\$	5,725,840	\$	5,719,429	\$	5,930,026	\$	6,328,098	\$	6,404,286	\$	6,386,903	\$	6,713,376	\$	6,781,346	\$	6,770,787	\$	6,770,787
Special education		676,644		767,709		848,070		964,346		1,000,114		1,096,965		1,129,261		1,201,235		1,316,866		1,395,867		1,395,867
Other special education		137,956		219,261		195,501		163,801		136,932		280,543		240,920		236,431		274,962		221,458		221,458
Other instruction		629,328		644,375		740,328		675,784		734,195		778,216		851,815		741,758		783,015		853,789		853,789
Support Services:																						
Tuition		648,931		564,525		749,928		757,049		884,703		899,222		999,207		581,059		620,666		895,148		895,148
Student & instruction related services		1,456,660		1,637,291		1,808,068		1,741,462		1,933,109		1,924,123		2,109,195		1,911,612		2,020,791		2,303,326		2,303,326
General administrative services		528,200		682,167		660,879		779,547		866,980		1,027,302		967,682		899,595		1,011,328		1,032,936		1,032,936
School administrative services		404,845		557,283		531,467		994,870		896,302		910,441		912,867		864,048		744,162		790,652		790,652
Plant operations and maintenance		1,001,028		1,049,201		1,114,808		1,241,650		1,401,237		1,618,815		1,589,191		1,460,651		1,553,519		1,402,301		1,402,301
Pupil transportation		1,005,622		875,856		874,102		1,021,472		1,189,106		1,229,631		1,333,763		1,248,827		1,057,823		988,682		988,682
Interest on long-term debt		118,405		90,581		99,715		55,163		32,012		21,188		15,875		26,673		16,466		3,011		3,011
Unallocated depreciation		19,014		17,170		16,985		188,104		188,104		184,957		184,957		224,735		238,004		258,081		258,081
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>15,590,892</u>		<u>16,375,689</u>		<u>16,721,636</u>		<u>16,110,000</u>		<u>16,418,948</u>		<u>16,916,038</u>		<u>16,916,038</u>
Business-type activities:																						
Food service		270,996		283,817		298,356		301,463		300,644		326,293		319,117		325,385		322,329		305,578		305,578
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>		<u>319,117</u>		<u>325,385</u>		<u>322,329</u>		<u>305,578</u>		<u>305,578</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>\$ 15,891,536</u>		<u>\$ 16,701,982</u>		<u>\$ 17,040,753</u>		<u>\$ 16,435,385</u>		<u>\$ 16,741,277</u>		<u>\$ 17,221,616</u>		<u>\$ 17,221,616</u>
Program Revenues																						
Governmental activities:																						
Charges for services:																						
Instruction (regular & special education)					\$	41,952	\$	39,881	\$	64,507	\$	120,154	\$	76,331	\$	71,111	\$	83,076	\$	80,304	\$	80,304
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		6,617,838		6,485,661		6,187,711		6,768,606		6,768,606
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>		<u>6,694,169</u>		<u>6,556,772</u>		<u>6,270,787</u>		<u>6,848,910</u>		<u>6,848,910</u>
Business-type activities:																						
Charges for services																						
Food service		260,507		270,358		289,738		274,572		268,947		276,840		283,982		280,966		271,140		258,649		258,649
Operating grants and contributions		23,411		20,759		28,303		26,856		24,507		67,646		36,839		36,344		45,743		49,437		49,437
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>		<u>320,821</u>		<u>317,310</u>		<u>316,883</u>		<u>308,086</u>		<u>308,086</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>		<u>\$ 7,014,990</u>		<u>\$ 6,874,082</u>		<u>\$ 6,587,670</u>		<u>\$ 7,156,996</u>		<u>\$ 7,156,996</u>
Net (Expense)/Revenue																						
Governmental activities	\$	(7,053,209)	\$	(7,268,631)	\$	(7,702,203)	\$	(8,662,554)	\$	(9,255,163)	\$	(9,919,930)	\$	(10,027,467)	\$	(9,553,228)	\$	(10,148,161)	\$	(10,067,128)	\$	(10,067,128)
Business-type activities		12,922		7,300		19,685		(35)		(7,190)		18,193		1,704		(8,075)		(5,446)		2,508		2,508
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>\$ (9,262,353)</u>		<u>\$ (9,901,737)</u>		<u>\$ (10,025,763)</u>		<u>\$ (9,561,303)</u>		<u>\$ (10,153,607)</u>		<u>\$ (10,064,620)</u>		<u>\$ (10,064,620)</u>

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 9,785,083	\$ 9,980,786	\$ 10,267,275	\$ 10,117,743
Taxes levied for debt service	471,916	396,941	503,058	477,123	325,185	127,499	127,500	290,317	248,648	150,988
Tuition Received	10,000	509								
Investment earnings	23,711	24,461	32,069	79,052	111,886	120,172	35,497	22,704	12,397	7,631
Miscellaneous income	78,974	83,659	115,620	133,898	46,317	457,449	60,676	49,706	53,010	78,862
Federal/State Aid for Capital Assets Projects	54,251		62,200	(9,462)	-	-	-	223,199	(21,123)	
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>	<u>10,008,756</u>	<u>10,566,712</u>	<u>10,560,207</u>	<u>10,355,224</u>
Business-type activities:										
Miscellaneous Income	-	1,622	698	16,818	17,312	17,086	7,819	470	2,015	5
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>	<u>7,819</u>	<u>470</u>	<u>2,015</u>	<u>5</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>	<u>\$ 10,016,575</u>	<u>\$ 10,567,182</u>	<u>\$ 10,562,222</u>	<u>\$ 10,355,229</u>
Change in Net Assets										
Governmental activities	\$ 365,349	\$ 707,149	\$ 993,084	\$ 644,365	\$ 550,538	\$ 570,956	\$ (18,711)	\$ 1,013,484	\$ 412,046	\$ 288,096
Business-type activities	12,922	8,922	20,383	16,783	10,122	35,279	9,523	(7,605)	(3,431)	2,513
Total district	<u>\$ 378,271</u>	<u>\$ 716,071</u>	<u>\$ 1,013,467</u>	<u>\$ 661,148</u>	<u>\$ 560,660</u>	<u>\$ 606,235</u>	<u>\$ (9,188)</u>	<u>\$ 1,005,879</u>	<u>\$ 408,615</u>	<u>\$ 290,609</u>

Source: CAFR Schedule A-2

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

Exhibit J-3

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Fiscal Year Ending June 30,</u>		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
					<u>2007</u>	<u>2008</u>				
General Fund										
Reserved	\$ 455,917	\$ 509,060	\$ 716,748	\$ 1,146,242	\$ 1,091,232	\$ 1,294,788	\$ 1,104,909	\$ 1,018,424	\$ 949,694	\$ 782,902
Unreserved	183,046	236,196	424,627	127,034	151,396	227,411	80,126	(56,660)	(140,959)	(435,813)
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>	<u>\$ 1,185,035</u>	<u>\$ 961,764</u>	<u>\$ 808,735</u>	<u>\$ 347,089</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	\$ (506,957)	\$ 303,369	\$ (74,079)	\$ 475,303
Debt service fund	44,749	2	1,004	1,004	1	-	250	250	-	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>	<u>\$ (506,707)</u>	<u>\$ 303,619</u>	<u>\$ (74,079)</u>	<u>\$ 475,304</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Tax levy	\$ 7,251,622	\$ 7,867,151	\$ 8,485,398	\$ 9,103,431	\$ 9,647,498	\$ 9,913,265	\$ 9,912,583	\$ 10,271,103	\$ 10,515,923	\$ 10,268,731
Tuition charges	10,000	509	9,000	2,917	23,385	3,990	29,795	13,841	-	-
Transportation			32,952	36,964	41,122	80,254	46,536	57,270	83,076	80,304
Interest earnings	285	126	738	144	372	216	3,202	1,621	3,400	2,713
Miscellaneous	102,400	107,994	146,951	212,806	157,831	577,405	92,971	70,789	62,007	83,780
State sources	4,887,135	5,369,541	5,456,518	5,558,741	5,994,990	6,104,902	6,349,639	5,957,597	5,797,948	6,247,043
Federal sources	155,215	193,087	220,807	242,636	276,232	230,703	268,199	1,204,692	368,640	521,563
Total revenue	12,406,657	13,538,408	14,352,364	15,157,639	16,141,430	16,910,735	16,702,925	17,576,913	16,830,994	17,204,134
Expenditures										
Instruction										
Regular Instruction	4,380,627	4,392,698	4,402,962	4,570,949	4,629,905	4,682,985	4,750,002	5,382,493	5,183,491	5,051,683
Special education instruction	550,364	609,683	675,532	757,482	745,478	821,295	863,965	982,311	1,025,350	1,061,806
Other special instruction	112,210	174,128	155,727	128,664	102,068	210,042	184,321	193,374	214,093	168,458
Other instruction	511,879	511,736	517,067	530,820	547,264	582,649	651,699	606,674	609,678	649,459
Support Services:										
Tuition	527,823	564,525	749,928	757,049	884,703	899,222	999,207	581,059	620,666	895,148
Student & instruction related services	1,184,809	1,300,269	1,308,087	1,367,897	1,440,926	1,440,587	1,613,684	1,563,483	1,573,446	1,752,091
School Administrative services	329,290	442,571	628,118	781,458	668,097	681,645	698,408	706,694	579,426	601,432
General administrative services	429,624	525,825	526,425	602,941	643,265	763,656	734,862	730,284	781,966	780,249
Plant operations and maintenance	814,210	833,232	888,003	964,912	1,034,083	1,201,462	1,205,303	1,184,107	1,195,213	1,052,298
Pupil transportation	817,946	875,856	874,102	1,014,195	1,181,829	1,222,354	1,326,486	1,241,550	1,050,546	981,405
Business and other support services										
Unallocated employee benefits	2,213,804	2,467,403	2,407,735	2,743,037	3,289,784	3,502,038	3,212,337	3,066,164	3,196,320	3,633,382
Charter Schools	7,776			76,489	68,099	46,555	44,484	74,439	149,814	77,816
Capital outlay	509,538	92,924	167,222	113,292	257,052	1,899,489	1,838,806	534,115	1,043,745	408,159
Debt service:										
Principal	476,242	507,131	608,785	558,395	391,000	105,000	110,000	371,250	320,000	200,000
Interest and other charges	121,436	96,692	100,800	64,111	36,521	22,500	17,250	28,111	17,967	3,011
Total expenditures	12,987,578	13,394,673	14,010,493	15,031,691	15,920,074	18,081,479	18,250,814	17,246,108	17,561,721	17,316,397
Excess (Deficiency) of revenues over (under) expenditures	(580,921)	143,735	341,871	125,948	221,356	(1,170,744)	(1,547,889)	330,805	(730,727)	(112,263)
Other Financing Sources (uses)										
Bond proceeds	391,500					1,560,000	286,000			
Temporary Note Redemption								256,250	200,000	200,000
Transfers in/(out)										
Total other financing sources (uses)	391,500	-	-	-	-	1,560,000	286,000	256,250	200,000	200,000
Net change in fund balances	\$ (189,421)	\$ 143,735	\$ 341,871	\$ 125,948	\$ 221,356	\$ 389,256	\$ (1,261,889)	\$ 587,055	\$ (530,727)	\$ 87,737
Debt service as a percentage of noncapital expenditures	4.8%	4.5%	5.1%	4.2%	2.7%	0.8%	0.8%	2.4%	2.0%	1.2%

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>
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
2009	32,295	3,202	22,688	46,536	680		29,795	32,896	168,092
2010	21,083	1,549	23,809	57,270	3,585		13,841	22,312	143,449
2011	8,997	2,953	19,398	83,076	2,353			31,259	148,036
2012	4,918	1,396	22,831	80,304	6,201			44,196	159,846

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)
2003	\$11,979,550	\$343,582,600	\$37,672,900	\$2,237,310	\$37,056,150	\$6,664,700	-	\$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	-	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	-	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	-	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	-	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	-	1,025,509,073	116,145,542	2,442,431	909,363,531	0.512	893,383,234
2009	25,805,300	694,003,300	93,679,000	2,071,225	79,884,700	15,768,000	-	1,031,656,704	118,011,242	2,433,937	913,645,462	0.507	961,480,469
2010	31,650,900	695,382,800	95,476,000	2,055,325	74,764,000	8,300,300	-	1,030,112,649	120,340,142	2,143,182	909,772,507	0.541	944,965,252
2011	30,691,900	694,723,800	97,834,200	2,064,325	73,815,850	8,300,300	-	1,032,598,182	122,932,042	2,235,765	909,666,140	0.576	920,110,839
2012	19,587,700	558,981,200	75,042,600	2,097,700	63,314,000	7,525,200	-	825,492,860	96,699,303	2,245,157	728,793,557	0.713	870,135,402

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)
2003	\$4,862,200	\$109,580,200	\$37,114,900	\$2,484,200	\$6,145,500	-	-	\$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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	299,278,753	24,775,340	653,135	274,503,413	0.613	314,116,799
2009	7,496,700	189,917,700	68,833,300	2,375,900	8,212,778	-	-	302,963,589	25,470,840	656,371	277,492,749	0.571	313,681,081
2010	8,335,200	189,585,600	72,266,300	2,760,700	14,259,178	-	-	313,738,318	25,905,840	625,500	287,832,478	0.578	324,405,769
2011	6,610,600	189,298,100	73,119,000	2,431,500	19,512,578	-	-	329,446,124	37,813,920	660,426	291,632,204	0.586	325,652,702
2012	6,290,600	190,055,000	73,634,400	2,415,900	19,532,578	-	-	319,977,547	27,399,040	650,029	292,578,507	0.599	310,300,130

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)
2003	\$9,105,800	\$100,503,500	\$26,612,800	\$1,096,900	\$1,506,200	\$627,000	-	\$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	-	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	-	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	-	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	-	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	-	200,788,726	46,633,300	323,226	154,155,426	0.902	235,659,901
2009	6,259,400	110,940,300	35,353,200	1,055,300	1,506,200	627,000	-	203,139,974	47,093,500	305,074	156,046,474	0.894	254,599,556
2010	5,583,000	111,826,700	36,823,000	1,027,200	1,533,800	627,000	-	226,476,500	68,766,400	289,400	157,710,100	0.805	245,506,935
2011	5,468,400	110,708,700	37,826,500	1,232,300	839,400	627,000	-	225,348,587	68,282,700	363,587	157,065,887	0.786	232,447,723
2012	5,406,700	110,585,150	38,832,800	1,067,100	839,400	627,000	-	226,584,341	68,822,600	403,591	157,761,741	0.684	226,265,738

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)
2003	\$11,430,000	\$168,604,500	\$28,763,400	\$2,771,800	\$20,416,000	-	\$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	-	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	-	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	-	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	-	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	-	665,700	280,198,580	25,222,900	725,040	254,975,680	0.860	393,172,896
2009	6,989,700	191,098,100	33,738,600	2,839,240	21,066,700	-	665,700	282,709,906	25,590,700	721,166	257,119,206	0.892	415,241,400
2010	6,937,700	192,927,900	34,386,100	2,797,640	21,143,200	-	665,700	285,095,449	25,649,200	588,009	259,446,249	0.930	424,472,072
2011	6,838,700	193,045,800	35,542,500	2,796,040	20,636,900	-	665,700	285,676,867	25,515,900	635,327	260,160,967	0.896	396,818,747
2012	6,815,100	193,748,800	34,475,500	2,732,840	20,638,000	-	665,700	286,035,174	26,280,800	678,434	259,754,374	0.862	369,513,265

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	
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
2009	\$0.500	\$0.007	\$0.507	\$0.507	\$0.035	\$0.055	\$0.584	\$1.688
2010	\$0.526	\$0.015	\$0.541	\$0.520	\$0.035	\$0.054	\$0.572	\$1.722
2011	\$0.562	\$0.014	\$0.576	\$0.537	\$0.035	\$0.049	\$0.570	\$1.767
2012	\$0.703	\$0.010	\$0.713	\$0.657	\$0.035	\$0.058	\$0.700	\$2.163

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	
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
2009	\$0.564	\$0.007	\$0.571	\$0.700	\$0.141	\$0.059	\$0.629	\$2.100
2010	\$0.562	\$0.016	\$0.578	\$0.678	\$0.158	\$0.059	\$0.622	\$2.095
2011	\$0.572	\$0.014	\$0.586	\$0.671	\$0.158	\$0.054	\$0.628	\$2.097
2012	\$0.590	\$0.009	\$0.599	\$0.666	\$0.164	\$0.052	\$0.622	\$2.103

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
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
2009	\$0.882	\$0.012	\$0.894	\$0.849	\$0.203	\$0.085	\$0.907	\$2.938
2010	\$0.783	\$0.023	\$0.805	\$0.808	\$0.209	\$0.081	\$0.865	\$2.768
2011	\$0.767	\$0.019	\$0.786	\$0.862	\$0.245	\$0.071	\$0.833	\$2.797
2012	\$0.674	\$0.010	\$0.684	\$0.916	\$0.232	\$0.070	\$0.843	\$2.745

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	
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
2006	\$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
2009	\$0.881	\$0.011	\$0.892	\$1.017	\$0.270	\$0.085	\$0.898	\$3.162
2010	\$0.904	\$0.026	\$0.930	\$1.046	\$0.307	\$0.085	\$0.911	\$3.279
2011	\$0.875	\$0.021	\$0.896	\$1.064	\$0.353	\$0.074	\$0.860	\$3.247
2012	\$0.849	\$0.013	\$0.862	\$1.062	\$0.370	\$0.069	\$0.836	\$3.199

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- Blirstown Township,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2012			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Public Service Gas & Electric	\$ 9,194,500	1	1.26%	2,078,500	2	0.71%
Blirstown Realty Associates, LLC	8,826,700	2	1.21%			
JD Air, Inc.	2,865,700	3	0.39%			
Blair Academy	2,724,301	4	0.37%	1,360,600	6	0.46%
First National Bank of Hope	2,707,100	5	0.37%			
Rite Aid	2,486,200	6	0.34%			
Grater, LLC	2,250,900	7	0.31%			
Embarq	2,245,157	8	0.31%	1,392,400	5	0.47%
Individual Taxpayer #1	2,011,700	9	0.28%	1,265,446	7	0.43%
Individual Taxpayer #2	2,027,229	10	0.28%	789,900	10	0.27%
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	\$ 37,339,487		5.12%	\$ 19,040,346		6.47%

Embarq

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	2012			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
TI Properties I LLC	\$ 11,482,000	1	3.92%			
845 Frelinghuysen LLC	1,783,800	2	0.61%			
Individual Taxpayer #1	1,412,100	3	0.48%	859,400	2	0.65%
Individual Taxpayer #2	1,306,100	4	0.45%	612,500	6	0.46%
Individual Taxpayer #3	1,116,300	5	0.38%	519,000	7	0.39%
Individual Taxpayer #4	988,800	6	0.34%			
Weidner Family Partnership LP	928,800	7	0.32%			
Individual Taxpayer #5	856,300	8	0.29%	802,700	3	0.60%
Individual Taxpayer #6	813,300	9	0.28%	462,900	9	0.35%
Individual Taxpayer #7	811,300	10	0.28%	424,600	10	0.32%
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	\$ 21,498,800		7.35%	\$ 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	2012			2002		
	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.	\$ 996,100	1	0.63%			
Public Service Gas and Electric	996,100	2	0.63%			
Individual Taxpayer #1	782,500	3	0.50%	834,000	2	0.86%
Individual Taxpayer #2	706,300	4	0.45%	740,300	3	0.77%
Individual Taxpayer #3	690,700	5	0.44%	643,900	4	0.67%
Individual Taxpayer #4	627,000	6	0.40%	604,400	6	0.63%
Individual Taxpayer #5	608,300	7	0.39%	585,900	7	0.61%
Individual Taxpayer #6	607,700	8	0.39%	536,500	8	0.56%
Individual Taxpayer #7	603,700	9	0.38%	524,800	9	0.54%
Individual Taxpayer #8	603,700	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	\$ 7,222,100		4.58%	\$ 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	2012			2002		
	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	\$ 4,333,700	1	1.67%	\$ 3,562,300	1	2.19%
Gary Gray	1,609,600	2	0.62%			
Taylor Family Limited Partnership	1,296,585	3	0.50%	601,900	6	0.37%
Columbia Associates	1,124,500	4	0.43%			
Ullman Family Partnership, LP	990,600	5	0.38%			
Triple Brook RV & Camping Resort, LLC	986,800	6	0.38%			
Delaware River Family Campground	794,700	7	0.31%	775,000	3	0.61%
Individual Taxpayer #1	774,400	8	0.30%	1,000,000	2	0.61%
Embarq	678,434	9	0.26%	719,000	4	0.44%
Route 94 LLC	674,400	10	0.26%			
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	\$ 13,263,719		5.11%	\$ 8,471,100		5.34%

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	
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%	-
2009	\$9,785,083	\$9,785,083	100.00%	-
2010	\$9,980,786	\$9,980,786	100.00%	-
2011	\$10,267,275	\$10,267,275	100.00%	-
2012	\$10,117,743	\$10,117,743	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		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2003	\$ 1,806,257	-	\$ 63,755	-	-0-	\$ 1,870,012	0.42%	\$145.76	
2004	\$ 2,039,126	-	\$ 41,759	-	-0-	\$ 2,080,885	0.45%	\$160.91	
2005	\$ 1,430,341	-	\$ 18,616	-	-0-	\$ 1,448,957	0.30%	\$111.89	
2006	\$ 841,000	-	-	-	-0-	\$ 841,000	0.17%	\$65.52	
2007	\$ 450,000	-	-	-	-0-	\$ 450,000	0.08%	\$34.90	
2008	\$ 345,000	-	-	-	-0-	\$ 345,000	0.06%	\$26.75	
2009	\$ 235,000	-	\$ 1,274,333	\$ 656,250	-0-	\$ 2,165,583	0.39%	\$167.51	
2010	\$ 120,000	-	\$ 816,794	\$ 400,000	-0-	\$ 1,336,794	0.23%	\$103.64	
2011	-	-	\$ 344,616	\$ 200,000	-0-	\$ 544,616	0.10%	\$42.20	
2012	-	-	\$ 52,423	-	-0-	\$ 52,423	0.01%	\$4.06	

*

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		
2003	\$ 1,806,257	-0-	\$ 1,806,257	0.41%	\$ 305
2004	\$ 2,039,126	-0-	\$ 2,039,126	0.46%	\$ 343
2005	\$ 1,430,341	-0-	\$ 1,430,341	0.31%	\$ 241
2006	\$ 841,000	-0-	\$ 841,000	0.18%	\$ 142
2007	\$ 450,000	-0-	\$ 450,000	0.10%	\$ 76
2008	\$ 345,000	-0-	\$ 345,000	0.04%	\$ 58
2009	\$ 235,000	-0-	\$ 235,000	0.03%	\$ 40
2010	\$ 120,000	-0-	\$ 120,000	0.01%	\$ 20
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A

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

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

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

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		
2003	\$ 1,806,257	-0-	\$ 1,806,257	1.12%	\$ 850
2004	\$ 2,039,126	-0-	\$ 2,039,126	1.25%	\$ 951
2005	\$ 1,430,341	-0-	\$ 1,430,341	0.55%	\$ 663
2006	\$ 841,000	-0-	\$ 841,000	0.32%	\$ 388
2007	\$ 450,000	-0-	\$ 450,000	0.17%	\$ 206
2008	\$ 345,000	-0-	\$ 345,000	0.13%	\$ 156
2009	\$ 235,000	-0-	\$ 235,000	0.08%	\$ 105
2010	\$ 120,000	-0-	\$ 120,000	0.04%	\$ 54
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.
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		
2003	\$ 1,806,257	-0-	\$ 1,806,257	1.29%	\$ 1,155
2004	\$ 2,039,126	-0-	\$ 2,039,126	1.42%	\$ 1,296
2005	\$ 1,430,341	-0-	\$ 1,430,341	0.98%	\$ 896
2006	\$ 841,000	-0-	\$ 841,000	0.56%	\$ 525
2007	\$ 450,000	-0-	\$ 450,000	0.30%	\$ 279
2008	\$ 345,000	-0-	\$ 345,000	0.22%	\$ 213
2009	\$ 235,000	-0-	\$ 235,000	0.15%	\$ 145
2010	\$ 120,000	-0-	\$ 120,000	0.08%	\$ 74
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.
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		
2003	\$ 1,806,257	-0-	\$ 1,806,257	0.77%	\$ 593
2004	\$ 2,039,126	-0-	\$ 2,039,126	0.87%	\$ 663
2005	\$ 1,430,341	-0-	\$ 1,430,341	0.60%	\$ 461
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
2009	\$ 235,000	-0-	\$ 235,000	0.09%	\$ 75
2010	\$ 120,000	-0-	\$ 120,000	0.05%	\$ 38
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A

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

**North Warren Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012**

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	\$ 6,197,838	100%	\$ 6,197,838
Other debt			
Warren County	8,760,000	13.85%	<u>1,213,537</u>
Subtotal, overlapping debt			7,411,375
North Warren Regional School District Direct Debt	-	100%	<u>-</u>
Total direct and overlapping debt			<u><u>\$ 7,411,375</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 2012

	Equalized valuation basis
	2011 \$ 1,672,806,484
	2010 1,763,479,974
	2009 1,861,264,476
	[A] <u>\$ 5,297,550,934</u>
Average equalized valuation of taxable property	[A/3] \$ 1,765,850,311
Debt limit (3 % of average equalization value)	[B] 52,975,509
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 52,975,509</u>

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$30,027,059	\$33,824,813	\$38,113,914	\$43,031,715	\$48,075,526	\$53,061,639	\$56,256,181	\$56,970,195	\$55,398,387	\$52,975,509
Total net debt applicable to limit	<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>	<u>891,250</u>	<u>520,000</u>	<u>200,000</u>	<u>-</u>
Legal debt margin	<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>	<u>\$55,364,931</u>	<u>\$56,450,195</u>	<u>\$55,198,387</u>	<u>\$52,975,509</u>
Total net debt applicable to the limit as a percentage of debt limit	6.02%	6.03%	3.75%	1.95%	0.94%	0.65%	1.58%	0.91%	0.36%	0.00%

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>
2003	12,829	\$ 443,293,266	\$34,554 R	4.4%
2004	12,932	\$ 460,521,452	\$35,611 R	3.3%
2005	12,950	\$ 478,411,850	\$36,943 R	3.8%
2006	12,836	\$ 506,919,312	\$39,492 R	4.6%
2007	12,893	\$ 539,752,552	\$41,864 R	4.0%
2008	12,895	\$ 565,149,165	\$43,827 R	5.6%
2009	12,928	\$ 556,821,888	\$43,071 R	9.6%
2010	12,898	\$ 569,872,334	\$44,183 R	9.9%
2011	12,906	\$ 570,225,798 *	\$44,183 *	9.1%
2012	12,906	* \$ 570,225,798 *	\$44,183 *	*

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

P Projected

* Current data unavailable

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

Exhibit J-15

<u>Employer</u>	<u>2012</u>			<u>2003</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	68.7	68.2	68.2	68.2	68.2	70.2	70.2	71.0	71.0	73.5
Special education	12.0	13.0	13.0	13.0	14.0	15.0	15.0	15.0	15.0	15.0
Other special education	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Support Services:										
Student & instruction related services	20.6	20.6	20.6	17.8	17.8	18.4	18.4	19.0	19.0	22.0
General administrative services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0	2.0
School administrative services	6.2	6.2	6.2	9.0	9.0	9.0	9.0	9.0	7.0	7.0
Business administrative services	2.6	2.6	2.6	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	11.0	11.0	12.0	12.0	10.0	11.0	11.0	10.0	10.0	10.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	<u>126.2</u>	<u>127.7</u>	<u>128.7</u>	<u>129.1</u>	<u>128.1</u>	<u>132.7</u>	<u>132.7</u>	<u>133.1</u>	<u>131.0</u>	<u>136.5</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
2003	989	11,926,837	12,059	-1.37%	95	10.4:1	973.0	919.7	7.23%	94.5%
2004	1,013	12,718,120	12,555	4.11%	97	10.4:1	1,013.1	943.7	4.12%	93.1%
2005	1,034	13,148,035	12,716	1.28%	98	10.6:1	1,034.0	965.5	2.31%	93.4%
2006	1,113	14,295,893	12,844	1.01%	98	11.4:1	1,058.1	987.3	2.26%	93.3%
2007	1,115	15,235,501	13,664	6.38%	98	11.4:1	1,087.4	1,011.4	2.44%	93.0%
2008	1,112	16,054,490	14,437	5.66%	99	11.2:1	1,097.2	1,023.2	1.17%	93.3%
2009	1,122	16,284,758	14,514	0.53%	100	11.2:1	1,112.6	1,037.5	1.40%	93.3%
2010	1,104	16,312,632	14,776	1.80%	100	11.0:1	1,103.0	1,028.7	-0.85%	93.3%
2011	1,086	16,180,009	14,899	0.83%	100	10.5:1	1,051.6	988.0	-3.96%	94.0%
2012	1,031	16,705,227	16,203	8.75%	104.5	9.9:1	995.2	943.6	-5.36%	94.8%

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<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)	1,013	1,013	960	960	960	960	960	960	960	960
Enrollment	989	1,013	1,034	1,113	1,094	1,094	1,122	1,104	1,086	1,031

Number of Schools at June 30, 2012
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 Ten Fiscal Years Ending June 30, 2012

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
North Warren Regional School		\$ 201,260	\$ 200,573	\$ 231,642	\$ 211,050	\$ 239,287	\$ 308,975	\$ 432,809	\$ 294,644	\$ 337,089	\$ 258,946	\$ 2,716,275
Total School Facilities		201,260	200,573	231,642	211,050	239,287	308,975	432,809	294,644	337,089	258,946	2,716,275
Other Facilities		NONE										
Grand Total		<u>\$ 201,260</u>	<u>\$ 200,573</u>	<u>\$ 231,642</u>	<u>\$ 211,050</u>	<u>\$ 239,287</u>	<u>\$ 308,975</u>	<u>\$ 432,809</u>	<u>\$ 294,644</u>	<u>\$ 337,089</u>	<u>\$ 258,946</u>	<u>\$ 2,716,275</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2012

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
PROPERTY SECTION -		
Property-Blanket Building and Contents	\$ 250,000,000	\$ 1,000
Accounts Receivable	In Blanket Amount	1,000
Automobile Physical Damage	In Blanket Amount	1,000
Builders Risk	25,000,000	1,000
Electronic Data Processing Equipment	In Blanket Amount	1,000
Fines Arts Coverage	2,500,000	1,000
LIABILITY SECTION -		
Comprehensive General Liability (Per Occ)	5,000,000	None
Automobile Liability	5,000,000	None
Employee Benefit Liability	5,000,000	1,000
WORKERS' COMPENSATION -		
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	400,000	1,000
Forgery	50,000	1,000
ENVIRONMENTAL IMPAIRMENT LIABILITY		
Limit of Liability	1,000,000	Each Claim
INDIVIDUAL BONDS:(Not in SAIF)		
Christina Sharkey(BA)	180,000	None
Randy Wilson(Treasurer of School Monies)	200,000	None

SOURCE: District Records

Single Audit Section



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

**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, 2012, and have issued our report thereon dated August 31, 2012. 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

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

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

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: August 31, 2012



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

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and
 Members of the Board of 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 U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. The North Warren Regional School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the 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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and 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, OMB Circular A-133, 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 federal or 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 could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

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 federal and 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

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



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

Date: August 31, 2012

NORTH WARREN REGIONAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2012

K-3

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2011	Carryover/ Walkover Amount	Cash Received	Budgetary Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2012			Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State															
Department of Education:															
General Fund:															
Education Jobs Fund	84.410A	ARRA_11	\$ 184,548	8/10/10	9/30/12			\$ 171,372	\$ (171,372)						\$ 184,548
Total General Fund						-	-	171,372	(171,372)	-	-	-	-	-	184,548
U.S. Department of Education															
Passed-through State															
Department of Education:															
Special Revenue Fund:															
I.D.E.A. Part B, Basic Regular	84.027	FT367511	\$263,286	9/1/11	8/31/12	\$ (4,380)		265,090	(261,998)		\$ (2,576)	\$ 1,288			261,998
ARRA - I.D.E.A. Part B	84.391	FT367511	281,981	9/1/09	8/31/11	(63,557)		69,624	(6,067)						252,616
Special Education Cluster						(67,937)		334,714	(268,065)		(2,576)	1,288			514,614
Passed-through State															
Department of Education:															
Other LEA:															
Title I	84.010A	NCLB367511	35,268	9/1/11	8/31/12	(4,586)		34,925	(35,268)		(4,929)				35,268
Title II Part A	84.367A	NCLB367511	21,058	9/1/11	8/31/12	-		20,277	(26,549)		(6,272)				26,549
No Child Left Behind						(4,586)		55,202	(61,817)		(11,201)	-			61,817
Perkins-Vocational Grant	84.048A	PERK410011	26,091	9/1/11	8/31/12	-		12,645	(20,309)		(13,446)	5,782			20,309
Total Special Revenue Fund						(72,523)	-	402,561	(350,191)	-	-	(27,223)	7,070	-	596,740
U.S. Dept. of Agricul. Passed-Through															
Passed Through State Dept. of Ed.															
Enterprise Fund:															
Child Nutrition Cluster:															
National School Lunch Program (Food Distribution)	10.555	N/A		7/1/10	6/30/11	2,807			(2,807)						2,807
National School Lunch Program (Food Distribution)	10.555	N/A	9,325	7/1/11	6/30/12			9,325	(7,978)			1,347			7,978
National School Lunch Program	10.555	N/A	36,478	7/1/11	6/30/12			35,492	(36,478)		(986)				36,478
Total Enterprise Fund						2,807		44,817	(47,263)		(986)	1,347			47,263
Total Federal Financial Awards						\$ (69,716)		\$ 618,750	\$ (568,826)	-	\$ (28,209)	\$ 8,417			\$ 828,551

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2012

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2011	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2012			MEMO			
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
State Department of Education:																
General Fund:																
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 4,219,044			\$ 4,219,044	\$ (4,219,044)							* \$ 412,421	\$ 4,219,044	
Transportion Aid	12-495-034-5120-014	7/1/11-6/30/12	24,207			24,207	(24,207)							* 2,366	24,207	
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	579,288			579,288	(579,288)							* 56,627	579,288	
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	78,788			78,788	(78,788)							* 7,702	78,788	
Extra-Ordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	105,669				(105,669)			\$ (105,669)				*	105,669	
Extra-Ordinary Aid	11-495-034-5120-044	7/1/10-6/30/11		\$ (84,835)		84,835								*		
Non-Public Transportation Aid	12-100-034-5120-068	7/1/11-6/30/12	14,065				(14,065)			(14,065)				*	14,065	
Non-Public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	13,726			13,726	(13,726)							*	13,726	
TPAF Pension	12-495-034-5095-001	7/1/11-6/30/12	661,341			661,341	(661,341)							*	661,341	
TPAF Wage Freeze Grant	12-495-034-5095-002	7/1/11-6/30/12	71			71	(71)							*	71	
Reimb.TPAF Soc.Sec.Contrib.	12-495-034-5095-002	7/1/11-6/30/12	530,209			530,209	(530,209)							*	530,209	
Total General Fund				(84,835)		6,191,509	(6,226,408)			(119,734)				*	479,116	6,226,408
Capital Projects Fund:																
SDA Grant	SP#3675-050-09-00BQ	7/1/09-6/30/10	11,700	(11,700)		11,700								*	11,700	
Total Capital Projects Fund				(11,700)		11,700	-	-		-	-			*	11,700	
Debt Service Fund:																
Debt Service Aid Type 2	12-100-034-5120-124	7/1/11-6/30/12	52,024			52,024	(52,024)							*	52,024	
State Department of Agriculture:																
Enterprise Fund:																
Nat. School Lunch Prog. (State Share)	12-100-010-3350-023	7/1/11-6/30/12	2,084			2,026	(2,084)			(58)				*	2,084	
Total Enterprise Fund				-		2,026	(2,084)			(58)				*	2,084	
Total State Financial Assistance				\$ (96,535)		\$ 6,257,259	\$ (6,280,516)	-		\$ (119,792)	-			*	\$ 479,116	\$ 6,292,216

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, 2012

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 (\$31,389) 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, 2012

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 171,372	\$ 6,195,019	\$ 6,366,391
Special Revenue Fund	350,191	-	350,191
Debt Service Fund		52,024	52,024
Food Service Fund	<u>47,353</u>	<u>2,084</u>	<u>49,437</u>
Total Financial Assistance	<u>\$ 568,916</u>	<u>\$ 6,249,127</u>	<u>\$ 6,818,043</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, 2012. 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, 2012.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

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

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

- I) Identification of major programs:

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
84.410A	Education Jobs Grant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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
- 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
 - 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

12-495-034-5120-078	Equalization Aid
12-495-034-5120-044	Extraordinary Aid
12-495-034-5120-089	Special Education Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 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, 2012

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