

National Park Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2008

**SCHOOL DISTRICT
OF
NATIONAL PARK, NEW JERSEY**

**National Park Board of Education
National Park, New Jersey**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

National Park Board of Education
National Park, New Jersey

For the Fiscal Year Ended June 30, 2008

Prepared by:

National Park Board of Education Administration

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INTRODUCTORY SECTION

NATIONAL PARK BOARD OF EDUCATION
516 LAKEHURST AVENUE
NATIONAL PARK, NJ 08063

856-845-3903
FAX 856-848-6710

September 15, 2008

Honorable President and
Members of the Board of Education
National Park School District
Gloucester County, New Jersey

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations," and New Jersey State OMB's Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: National Park School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The National Park Board of Education and its school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for handicapped students.

The District finished the 2007-2008 fiscal school year with a resident enrollment of 302 students, which is a decrease of 4 students enrolled on October 15, 2007.

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
On Roll	261	258	315	306	302
Total Classified Students	56	59	49	47	44
Local Programs Classified	51	51	49	47	44
Tuition					
a) Public	4	7	8	8	10
b) Private	1	1	1	1	1
Total Resident Students	289	309	315	306	302
% Classified Students	19.4%	16.5%	15.6%	15.3%	14.6%
Low Income	44	50	69	69	67
% Low Income	15.2%	16.1%	21.9%	22.4%	22.2%

The following indicates the changes of student population within the school (does not include tuition students):

<u>Average Daily Enrollment</u>		
Fiscal Year	Student Enrollment	Percentage Change
2007-2008	306.4	1.35%
2006-2007	302.3	-.95%
2005-2006	317.1	2.58%
2004-2005	309.1	-.98%
2003-2004	314.4	14.12%
2002-2003	275.5	.29%

2) ECONOMIC CONDITION AND OUTLOOK: National Park is not experiencing any development or expansion. The economic recession that has occurred over the past few years continues to create an unfair burden on the residents. The State will have to continue and increase funding for the community to receive tax relief because of the lack of ratables in the community. The 2008-09 budget had a tax increase below double digits due to an increase in state aid, appropriation of additional surplus to offset taxes and cut backs to the budget.

3) MAJOR INITIATIVES: There continues to be an ongoing effort by the Board, Administration and Staff to review, plan and implement changes in programs where necessary to help students. The Board has instituted a revised Everyday Math program in pre-K through 5th grade, a new 6th grade Connected Math program and a new Social Studies Curriculum for grades 3 & 4. Additionally the District has begun a new PC technology lab for all students. The Board and Administration is seeking ways to enhance technology and create new experiences for the students.

The Board has initiated a new Guided Reading Literacy curriculum and a new health curriculum. Additionally, a new Northwest Association testing program for grades 1 & 3 provides data to drive instruction.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control 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 internal control, including that portion related to federal awards 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2008.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting 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) 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.

8) 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 through the Gloucester, Salem and Cumberland County Joint Insurance Fund. Beginning the ninth year of operations, the JIF is performing well, meeting and/or exceeding expectations.

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates was selected by the National Park Board of Education. 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 1984, the Single Audit Act Amendments of 1996, and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

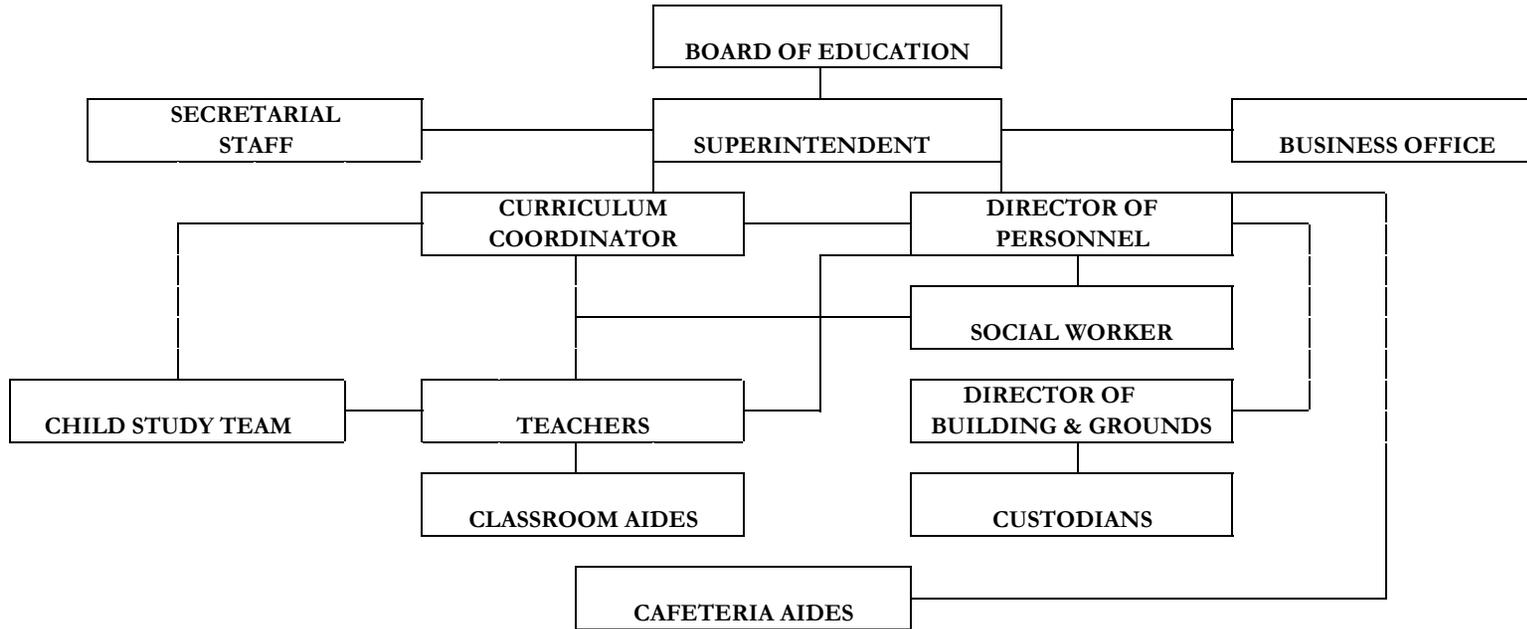
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the National Park School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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

Respectfully submitted,

Ray Bider
Superintendent

Donna J. Contrevo
School Business Administrator/
Board Secretary

NATIONAL PARK SCHOOL ORGANIZATIONAL STRUCTURE



NATIONAL PARK BOARD OF EDUCATION
National Park, NJ 08063

ROSTER OF OFFICIALS
June 30, 2008

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>Term Expires</u>
Richard F. Maska, President	2010
James J. Straub, Vice President	2011
Kathryn Albert-Royal	2009
Gene Grant	2009
Lynn Zuzulock	2009
Heather Bielat	2010
Louis L. Jarrell	2010
Maryann C. Hibbs	2011
Robert Kirkbride	2011

OTHER OFFICIALS

Raymond Bider, Jr., Superintendent
Donna J. Contrevo, School Business Administrator/Board Secretary
Charles Owens, Treasurer
Alan Schmoll, Esq., Solicitor
Joseph F. Betley, Esq., Solicitor

NATIONAL PARK BOARD OF EDUCATION
National Park, NJ 08063

CONSULTANTS AND ADVISORS

ARCHITECT

Gibson/Tarquini Organization
1812 Federal Street
Camden, NJ 07105

AUDIT FIRM

Petroni & Associates
21 W. High Street
Glassboro, NJ 08028

ATTORNEY

Capehart & Scatchard
Laurel Corporate Center, Suite 300
8000 Midlantic Drive
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

The Bank of Gloucester County
Grove Avenue
National Park, NJ 08063

FINANCIAL SECTION

PETRONI & ASSOCIATES

Certified Public Accountants • Registered Municipal Accountants
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
National Park School District
County of Gloucester, New Jersey

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the National Park School District in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the National Park Board of Education's management. Our responsibility is to express an opinion 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, each major fund, and the aggregate remaining fund information of the National Park Board of Education, in the County of Gloucester, State of New Jersey, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2008 on our consideration of the National Park 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's discussion and analysis and budgetary comparison information on pages 14 through 20 and 53 through 64, 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 National Park 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 tables 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 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 tables 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 federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and are not a required part of the basic financial statements. 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.

PETRONI & ASSOCIATES

The image shows a handwritten signature in cursive script that reads "Petroni & Associates". The signature is written in dark ink and is positioned below the printed name of the firm.

October 8, 2008

Required Supplementary Information – Part I

NATIONAL PARK ELEMENTARY SCHOOL DISTRICT

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

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

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets increased \$84,949 in 2008.
- General revenues accounted for \$4,187,618 in revenue or 92.27 percent of all revenues. Program specific revenues in the form of operating grants accounted for \$350,854 or 7.73 percent to total revenues of \$4,538,472.
- Total assets of governmental activities decreased by \$153,763 as cash and cash equivalents decreased by \$57,846, receivables increased by \$201 and capital assets decreased by \$96,118.
- The School District had \$4,453,523 in expenses; only \$350,854 of these expenses were offset by program specific charges for grants.
- Among major funds, the General Fund had \$3,861,308 in revenues and \$3,756,884 in expenditures. The General Fund's balance increased \$13,226 over 2007.

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 National Park Elementary 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 National Park Elementary School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. The School District does not have any business like activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 25. 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 and Special Revenue Fund.

Governmental Funds

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

The School District as a Whole

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

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

Table 1
Net Assets

	<u>2007</u>	<u>2008</u>
Asset		
Current & Other Assets	329,863	272,218
Capital Assets	<u>3,992,629</u>	<u>3,896,511</u>
Total Assets	<u><u>4,322,492</u></u>	<u><u>4,168,729</u></u>
Liabilities		
Long-Term Liabilities	3,483,385	3,315,544
Other Liabilities	<u>102,515</u>	<u>31,644</u>
Total Liabilities	<u><u>3,585,900</u></u>	<u><u>3,347,188</u></u>
Net Assets		
Invested in Capital Assets, Net of Debt	579,182	651,511
Restricted	90,017	55,380
Unrestricted	<u>67,393</u>	<u>114,650</u>
Total Net Assets	<u><u>736,592</u></u>	<u><u>821,541</u></u>

Total assets decreased by \$153,763. Cash and cash equivalents decreased by \$57,846, receivables increased by \$201 and capital assets decreased by \$96,118. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements of the School District, increased by \$47,257.

Table 2 shows the changes in net assets for fiscal year 2008 with comparative data from 2007.

Table 2
Changes in Net Assets

	<u>2007</u>	<u>2008</u>
Revenues		
Program Revenues:		
Operating Grants & Contributions	401,659	350,854
General Revenues:		
Property Taxes	1,581,756	1,631,982
Grants & Entitlements	2,458,924	2,537,568
Other	<u>23,992</u>	<u>18,068</u>
Total Revenues	<u>4,466,331</u>	<u>4,538,472</u>
Program Expenses:		
Instruction	1,813,669	1,789,912
Support Services:		
Pupil & Instructional Staff	707,728	736,277
General Administration, School Administration & Business	305,870	299,958
Operations & Maintenance of Facilities	318,186	320,400
Pupil Transportation	92,489	102,487
Employee Benefits	829,748	921,994
Interest on Long-Term Debt	170,760	161,310
Capital Outlay	7,799	13,447
Depreciation	<u>115,604</u>	<u>107,738</u>
Total Expenses	<u>4,361,853</u>	<u>4,453,523</u>
Increase in Net Assets	<u><u>104,478</u></u>	<u><u>84,949</u></u>

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 35.96 percent of revenues for governmental activities for the National Park Elementary School District for fiscal year 2008.

Instruction comprises 40.19 percent of the District expenses. Support services expenses make up 53.47 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 for the fiscal year 2008 with comparative data from 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Statement of Activities**

	2007		2008	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	1,813,669	1,441,213	1,789,912	1,467,917
Support Services				
Pupils and Instructional Staff	707,728	678,525	736,277	707,418
General Administration, School				
Administration, Business	305,870	305,870	299,958	299,958
Operations & Maintenance	318,186	318,186	320,400	320,400
Pupil Transportation	92,489	92,489	102,487	102,487
Employee Benefits	829,748	829,748	921,994	921,994
Interest on Long-Term Debt	170,760	170,760	161,310	161,310
Capital Outlay	7,799	7,799	13,447	13,447
Depreciation	115,604	115,604	107,738	107,738
Total Expenses	<u>4,361,853</u>	<u>3,960,194</u>	<u>4,453,523</u>	<u>4,102,669</u>

Instruction expenses included 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.

Employee benefits include the board share of health benefits and the state on-behalf payments for TPAF pension and social security.

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

The dependence upon tax revenues is apparent. Over 82.01 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 94.03 percent.

The School District's Funds

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,538,472 and expenditures of \$4,525,246.

General Fund Budgeting Highlights

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

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

For the General Fund, the final budget basis revenue and other financing sources was \$3,865,928 which was \$389,162 over original budgeted estimates of \$3,476,766. This difference was due primarily to conservative revenue estimates.

The General Fund expenditures did not exceed the revenues and other financing sources of the School District for the year.

Capital Assets

At the end of the fiscal year 2008, the School District had \$3,896,511 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2008 balances compared to 2007.

**Table 4
Capital Assets (Net of Depreciation) at June 30, 2008**

	<u>2007</u>	<u>2008</u>
Site & Site Improvements	61,850	57,092
Buildings & Building Improvements	3,888,417	3,795,680
Machinery & Equipment	42,362	43,739
	<u>3,992,629</u>	<u>3,896,511</u>

Capital assets decreased by \$96,118 from fiscal year 2007 to fiscal year 2008.

Debt Administration

At June 30, 2008, the School District had \$3,315,544 as outstanding debt. Of this amount \$70,544 is for compensated absences. The remaining \$3,245,000 is made up of the District's outstanding serial bonds.

For the Future

National Park Elementary School is primarily a residential community, with very few industrial ratables; thus the financial burden is focused on homeowners.

Although the District has successfully passed their school budget vote each year for 10 of the last 13 years, the District has been forced to request additional funds through a second question from the voters in recent years. The state budget program limits the District budget increase to 3% of the net budget of the previous year. With the increased pressures of salary, benefits and direct operating costs rising well beyond that benchmark the District budget can not grow to meet the educational needs of the students. It is difficult for the voters to meet these rising property costs requested with the current change in the economy.

In conclusion, the National Park Elementary 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 Donna J. Contrevo, School Business Administrator/Board Secretary at Gateway Business Services, 775 Tanyard Road, Woodbury Heights, NJ 08097 or e-mail at dcontrevo@gatewayhs.com.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

NATIONAL PARK SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and cash equivalents	257,519	257,519
Receivables, net	12,194	12,194
Due from other funds	40	40
Restricted assets:		
Restricted cash and cash equivalents	1,666	1,666
Capital reserve account - cash	799	799
Capital assets, net	3,896,511	3,896,511
Total assets	<u>4,168,729</u>	<u>4,168,729</u>
<u>LIABILITIES</u>		
Accounts Payable	23,670	23,670
Deferred revenue	7,974	7,974
Noncurrent liabilities:		
Due within one year	165,000	165,000
Due beyond one year	3,150,544	3,150,544
Total liabilities	<u>3,347,188</u>	<u>3,347,188</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	651,511	651,511
Restricted for:		
Other purposes	55,380	55,380
Unrestricted	114,650	114,650
Total net assets	<u><u>821,541</u></u>	<u><u>821,541</u></u>

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	1,138,164				(1,138,164)		(1,138,164)
Special education	608,703		321,995		(286,708)		(286,708)
Other special instruction	31,546				(31,546)		(31,546)
Other instruction	11,499				(11,499)		(11,499)
Support services:							
Tuition	187,648				(187,648)		(187,648)
Student & instructional related services	548,629		28,859		(519,770)		(519,770)
School administrative services	75,489				(75,489)		(75,489)
General & business administrative services	224,469				(224,469)		(224,469)
Plant operations & maintenance	320,400				(320,400)		(320,400)
Pupil transportation	102,487				(102,487)		(102,487)
Employee benefits	921,994				(921,994)		(921,994)
Interest on long-term debt	161,310				(161,310)		(161,310)
Capital outlay	13,447				(13,447)		(13,447)
Unallocated depreciation	107,738				(107,738)		(107,738)
Total governmental activities	<u>4,453,523</u>		<u>350,854</u>		<u>(4,102,669)</u>		<u>(4,102,669)</u>
Total primary government	<u>4,453,523</u>		<u>350,854</u>		<u>(4,102,669)</u>		<u>(4,102,669)</u>
General revenues:							
Taxes:							
					1,474,136		1,474,136
					157,846		157,846
					2,537,568		2,537,568
					18		18
					18,050		18,050
Total general revenues, special items, extraordinary items and transfers					<u>4,187,618</u>		<u>4,187,618</u>
Change in Net Assets					84,949		84,949
Net Assets - beginning					<u>736,592</u>		<u>736,592</u>
Net Assets - end					<u>821,541</u>		<u>821,541</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

NATIONAL PARK SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2008

	Major Funds		Other Fund	Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
<u>ASSETS</u>				
Cash and cash equivalents	257,579	1,666		259,245
Due from other funds	40		60	100
Receivables from other governments	12,144			12,144
Other receivables	50			50
Restricted cash and cash equivalents	799			799
Total assets	<u>270,612</u>	<u>1,666</u>	<u>60</u>	<u>272,338</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Cash deficit			60	60
Accounts payable	19,725	3,945		23,670
Due to other funds	60			60
Deferred revenue		7,974		7,974
Total liabilities	<u>19,785</u>	<u>11,919</u>	<u>60</u>	<u>31,764</u>
Fund Balances:				
Reserved for:				
Encumbrances	65,847			65,847
Capital reserve account	799			799
Designated for subsequent years expenditures	54,581			54,581
Unreserved, reported in:				
General fund	129,600			129,600
Special revenue fund		(10,253)		(10,253)
Total fund balances	<u>250,827</u>	<u>(10,253)</u>		<u>240,574</u>
Total liabilities and fund balances	<u>270,612</u>	<u>1,666</u>	<u>60</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 assets is \$5,230,203, and the accumulated depreciation is \$1,333,692 (See Note 5).	3,896,511
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).	(3,315,544)
Net assets of governmental activities	<u>821,541</u>

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	<u>Major Funds</u>		<u>Other Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
<u>REVENUES</u>				
Local sources:				
Local tax levy	1,474,136		157,846	1,631,982
Interest earned on capital reserve fund	18			18
Miscellaneous	18,050	1,363		19,413
	<u>1,492,204</u>	<u>1,363</u>	<u>157,846</u>	<u>1,651,413</u>
State sources	2,369,104	204,482	168,464	2,742,050
Federal sources		145,009		145,009
Total revenues	<u>3,861,308</u>	<u>350,854</u>	<u>326,310</u>	<u>4,538,472</u>
<u>EXPENDITURES</u>				
Current:				
Regular instruction	1,138,164			1,138,164
Special education instruction	195,510	413,193		608,703
Other special instruction	31,546			31,546
Other instruction	11,499			11,499
Support:				
Tuition	187,648			187,648
Student & instruction related services	519,164	28,859		548,023
School administrative services	75,489			75,489
Other administrative services	224,469			224,469
Plant operations and maintenance	320,400			320,400
Pupil transportation	102,487			102,487
Employee benefits	921,994			921,994
Debt Service:				
Principal			165,000	165,000
Interest			161,310	161,310
Capital outlay	28,514			28,514
Total expenditures	<u>3,756,884</u>	<u>442,052</u>	<u>326,310</u>	<u>4,525,246</u>
Excess (Deficiency) of revenues over expenditures	<u>104,424</u>	<u>(91,198)</u>		<u>13,226</u>
Other Financing Sources (Uses):				
Transfers to special revenue fund - ECPA	(91,198)	91,198		
Total other financing sources (uses)	<u>(91,198)</u>	<u>91,198</u>		
Net change in fund balances	13,226			13,226
Fund balance - July 1	237,601	(10,253)		227,348
Fund balance - June 30	<u>250,827</u>	<u>(10,253)</u>		<u>240,574</u>

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Total net change in fund balances - governmental funds (from B-2)		13,226
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	(107,738)
	Capital outlays	11,620
		(96,118)
Repayment of debt 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.		
Bond principal		165,000
Capital lease obligation principal		3,447
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.		(606)
Change in net assets of governmental activities		84,949

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and cash equivalents	18,913	31,271
Interfund receivable	1,759	
Total assets	<u>20,672</u>	<u>31,271</u>
<u>LIABILITIES</u>		
Payroll deductions and withholdings		18,476
Payable to student groups		10,996
Interfund payable		1,799
Total liabilities		<u>31,271</u>
<u>NET ASSETS</u>		
Held in trust for unemployment claims	<u>20,672</u>	

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008

	<u>Unemployment Compensation Trust</u>
<u>ADDITIONS</u>	
Contributions	2,710
Interest earned	27
Total Additions	<u>2,737</u>
 <u>DEDUCTIONS</u>	
Unemployment Claims	<u>9,286</u>
Change in Net Assets	(6,549)
Net assets - beginning of year	<u>27,221</u>
Net assets - end of year	<u><u>20,672</u></u>

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the Board of Education of National Park School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards (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 required to implement the new model in 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* and Statement No. 38, *Certain Financial Statement Note Disclosures*. As a result, an entirely new financial presentation format has been implemented and comparability of reports to prior years will be affected.

A. Reporting Entity

The National Park School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K – 6.

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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

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.

District-Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" of revenues and expenses. These statements distinguish between governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

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

As required by the New Jersey State Department of Education, the District included 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 governments, (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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

PROPRIETARY FUNDS

Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Funds – The enterprise fund accounts for all revenues and expenses pertaining to the Board’s operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District does not have an Enterprise Fund.

Internal Service Fund: - The Internal Service Funds account for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

The fiduciary fund category is comprised of trust and agency funds. Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and therefore not available to support the School District’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Accounting

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

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 they become both 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the 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 and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

All governmental and business-type activities and proprietary funds of the District follow Financial Accounting Standards Board (FASB) Statements and Interpretations and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

D. 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 fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year. All budget amendments 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control (Continued)

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

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

E. Encumbrances

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.

F. Cash and Cash Equivalents

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents (Continued)

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

G. Inventories

On district-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in first-out basis. Inventory in governmental funds consist of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

H. Interfund Transactions

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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 repairs and maintenance are not capitalized. 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 estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Equipment	10

J. 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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and negotiated agreement with the National Park Teachers' Association. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after twenty years of service.

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 School District's past experience of making termination payments. Salary-related payments for the employer's share of social security and medicare taxes 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

L. 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.

M. 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.

N. 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.

O. 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Revenues – Exchange and Nonexchange Transactions (Continued)

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.

P. 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.

Q. 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.

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

New Jersey statutes (N.J.S.A. 18A:20-37) require that school districts deposit public funds in contracted 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 funds in the State of New Jersey Cash Management Fund.

The carrying amount of the District's cash and cash equivalents at June 30, 2008, was \$310,168 and the bank balance was \$612,690. Of the bank balance, \$100,000 was covered by federal depository insurance (including public and custodial funds) and \$512,690 was covered by a collateral pool (GUDPA) maintained by the bank as required by New Jersey statutes.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2008, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial risk.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than 397 days from the date of purchase.
- c. Bonds or other obligations of the Borough or bonds or other obligations of the Borough school district.
- d. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units.
- e. Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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

- f. Repurchase agreements (repos) of fully collateralized securities, subject to conditions, as indicated in N.J.S.A. 40A:5-15.1(a).
- g. Certificates of deposit at federally insured banks.

Custodial credit risk: The District does not have a policy for custodial credit risk.

Credit risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Interest rate risk: The District does not have a policy to limit interest rate risk.

Foreign currency risk: The District does not have a policy for foreign currency risk since statutes preclude districts from investing in these types of securities.

NOTE 3: RECEIVABLES

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

	Governmental Activities
State Aid	12,144
Refund	50
	12,194

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

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

	Interfund	
	Receivable	Payable
General Fund	40	
Fiduciary Fund - Unemployment	1,759	
Fiduciary Fund - Agency Fund		1,799
	1,799	1,799

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental activities:				
Sites & Site Improvements	95,153			95,153
Building & Building Improvements	4,888,668			4,888,668
Machinery & Equipment	<u>234,762</u>	<u>11,620</u>		<u>246,382</u>
Totals at historical cost	<u>5,218,583</u>	<u>11,620</u>		<u>5,230,203</u>
Less: Accumulated depreciation				
Sites & Site Improvements	33,303	4,758		38,061
Building & Building Improvements	1,000,251	92,737		1,092,988
Machinery & Equipment	<u>192,400</u>	<u>10,243</u>		<u>202,643</u>
Total accumulated depreciation	<u>1,225,954</u>	<u>107,738</u>		<u>1,333,692</u>
Governmental activities capital assets, net	<u><u>3,992,629</u></u>	<u><u>(96,118)</u></u>		<u><u>3,896,511</u></u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

NOTE 6: GENERAL LONG-TERM DEBT

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

A. Long-term Obligation Activity

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

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Compensated Absences	69,938	3,724	3,118	70,544
Bonds payable	3,410,000		165,000	3,245,000
Capital leases	<u>3,447</u>		<u>3,447</u>	
	<u><u>3,483,385</u></u>	<u><u>3,724</u></u>	<u><u>171,565</u></u>	<u><u>3,315,544</u></u>

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6: GENERAL LONG-TERM DEBT (CONTINUED)

B. Bonds Payable

Principal and interest due on serial bonds outstanding is as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	170,000	151,860	321,860
2010	170,000	142,185	312,185
2011	165,000	134,535	299,535
2012	165,000	127,110	292,110
2013	190,000	119,685	309,685
2014-2018	935,000	470,850	1,405,850
2019-2023	1,020,000	246,288	1,266,288
2024-2025	430,000	31,350	461,350
	<u>3,245,000</u>	<u>1,423,863</u>	<u>4,668,863</u>

C. Bonds Authorized but Not Issued

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

D. Other

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

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

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

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

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7: 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:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7: PENSION PLANS (CONTINUED)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% 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.

Trend Information

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Gross Wages	2,167,311	2,129,444	2,000,586
Total Covered Wages:			
TPAF	1,712,575	1,714,827	1,560,586
PERS	397,291	317,965	286,510
Employer Contribution			
PERS	17,841	10,125	6,276
Percentage of Covered Payroll	4.49%	3.18%	2.19%

During the fiscal year ended June 30, 2008, the State of New Jersey contributed \$289,066 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$97,170 during the year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 8: POST-RETIREMENT BENEFITS

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

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

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

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

NOTE 9: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.

NOTE 10: COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and negotiated agreement with the National Park Teachers' Association. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after twenty years of service.

The liability for vested compensated absences is recorded in the district-wide *Statement of Net Assets*. The current portion of the compensated absence balance is not considered material to the governmental funds total liabilities and, is therefore not shown separately from the amount due in more than one year.

NOTE 11: 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11: RISK MANAGEMENT (CONTINUED)

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. Any potential liability of the District with respect to loss claims would be equal to the deductibles associated with policies and events which may exceed coverage limits. There has been no significant reductions in insurance coverage amounts.

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. This District is billed quarterly for amounts due to the State. The following is a summary of District Contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	None	2,710	9,286	20,672
2006-2007	None	6,464	13,806	27,221
2005-2006	None	4,678	7,118	34,514

NOTE 12: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the National Park Board of Education by inclusion of \$63,663 in the original 2000-2001 annual capital outlay budget, which was certified for taxes, 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 fund 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:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 12: CAPITAL RESERVE ACCOUNT (CONTINUED)

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

Beginning balance July 1, 2007	781
Interest earning	<u>18</u>
Ending balance June 30, 2008	<u><u>799</u></u>

The June 30, 2008 LRFPA balance of local support costs of uncompleted capital projects at June 30, 2008 is \$281,753.

NOTE 13: TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2008, the District transferred \$7,120 to the capital outlay account. The transfer was made to an equipment line item and, therefore, did not need the approval of the County Superintendent.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund - Of the \$339,418 General Fund balance at June 30, 2008, \$65,847 is reserved for encumbrances; \$799 has been reserved in the Capital Reserve Account; \$54,581 has been appropriated and included as anticipated revenue for the year ending June 30, 2009; and \$218,191 is unreserved and undesignated.

NOTE 15: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not have any excess fund balance at June 30, 2008.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 16: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$10,253 in the Special Revenue Fund as of June 30, 2008 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e. if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 17: CONTINGENT LIABILITIES

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for 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.

It is the opinion of the administration and legal counsel, that there exists no litigation or contingent liability that may be pending against the National Park School District that would have a material or adverse effect on the Board or the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	1,474,136		1,474,136	1,474,136	
Interest Earned on Capital Reserve Funds	20		20	18	(2)
Miscellaneous	21,000		21,000	18,050	(2,950)
Total - Local Sources	<u>1,495,156</u>		<u>1,495,156</u>	<u>1,492,204</u>	<u>(2,952)</u>
State Sources:					
Core Curriculum Standards Aid	966,930		966,930	966,930	
Supplemental Core Curriculum Standards Aid	117,530		117,530	117,530	
Transportation Aid	16,799		16,799	16,799	
Special Education Aid	210,424		210,424	210,424	
Stabilization Aid	394,901		394,901	394,901	
Consolidated Aid	26,881		26,881	26,881	
Additional Formula Aid	118,525		118,525	118,525	
High Expectations for Learning Proficiency	23,876		23,876	23,876	
Above Average Enrollment Growth	15,624		15,624	15,624	
Full Day Kindergarten Aid	77,620		77,620	77,620	
Targeted At-Risk Aid	12,500		12,500	12,500	
Extraordinary Special Education Aid				4,686	4,686
Nonpublic School Transportation Reimbursement				1,192	1,192
TPAF Post Retirement Medical (On-behalf - non-budgeted)				161,958	161,958
TPAF Pensions Contributions (On-behalf - non-budgeted)				127,108	127,108
Reimbursed TPAF Social Security Contributions (non-budgeted)				97,170	97,170
Total - State Sources	<u>1,981,610</u>		<u>1,981,610</u>	<u>2,373,724</u>	<u>392,114</u>
Total Revenues	<u><u>3,476,766</u></u>		<u><u>3,476,766</u></u>	<u><u>3,865,928</u></u>	<u><u>389,162</u></u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 1-5 - Salaries of Teachers	755,138	(11,770)	743,368	742,964	404
Grades 6-8 - Salaries of Teachers	243,544	24,027	267,571	267,178	393
Regular Programs - Home Instruction:					
Salaries of Teachers	500	3,940	4,440	4,440	
Purchased Professional Educational Services	200	2,650	2,850	1,768	1,082
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	42,000		42,000	42,000	
Purchased Professional Educational Services	7,500	(7,315)	185		185
Purchased Technical Services	5,000	2,300	7,300	7,300	
General Supplies	73,067	(9,040)	64,027	58,909	5,118
Textbooks	24,400	(6,785)	17,615	11,599	6,016
Other Objects	8,700	(4,220)	4,480	2,006	2,474
Total Regular Programs - Instruction	<u>1,160,049</u>	<u>(6,213)</u>	<u>1,153,836</u>	<u>1,138,164</u>	<u>15,672</u>
Special Education Instruction:					
Learning and/or Language Disabilities:					
General Supplies	686		686	537	149
Total Learning and/or Language Disabilities	<u>686</u>		<u>686</u>	<u>537</u>	<u>149</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center:					
Salaries of Teachers	207,130	(23,727)	183,403	177,451	5,952
Other Salaries for Instruction	20,087	(8,750)	11,337	11,310	27
General Supplies	7,200		7,200	4,006	3,194
Textbooks	5,000	(2,575)	2,425	2,206	219
Total Resource Room/Resource Center	<u>239,417</u>	<u>(35,052)</u>	<u>204,365</u>	<u>194,973</u>	<u>9,392</u>
Total Special Education - Instruction	<u>240,103</u>	<u>(35,052)</u>	<u>205,051</u>	<u>195,510</u>	<u>9,541</u>
Basic Skills/Remedial Instruction:					
Salaries of Teachers	33,728	(1,800)	31,928	31,546	382
Total Basic Skills/Remedial Instruction	<u>33,728</u>	<u>(1,800)</u>	<u>31,928</u>	<u>31,546</u>	<u>382</u>
School-Spon. Cocurricular Actvts. - Inst.:					
Salaries	12,000	(3,375)	8,625	7,040	1,585
Total School-Spon. Cocurricular Actvts. - Inst.	<u>12,000</u>	<u>(3,375)</u>	<u>8,625</u>	<u>7,040</u>	<u>1,585</u>
Community Services Programs/Operations:					
Salaries	5,500		5,500	4,459	1,041
Total Community Services Programs/Operations	<u>5,500</u>		<u>5,500</u>	<u>4,459</u>	<u>1,041</u>
Total Instructions	<u>1,451,380</u>	<u>(46,440)</u>	<u>1,404,940</u>	<u>1,376,719</u>	<u>28,221</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	37,800	(15,855)	21,945	21,920	25
Tuition to CSSD & Regional Day Schools	100,000	41,000	141,000	140,958	42
Tuition to Private Schools for the Disabled - Within State	42,321	(12,200)	30,121	24,770	5,351
Total Undistributed Expenditures - Instruction	<u>180,121</u>	<u>12,945</u>	<u>193,066</u>	<u>187,648</u>	<u>5,418</u>
Undistributed Expenditures - Health Services:					
Salaries	46,900	500	47,400	47,400	
Purchased Professional and Technical Services	200	(100)	100		100
Supplies and Materials	3,200	(400)	2,800	1,679	1,121
Total Undistributed Expenditures - Health Services	<u>50,300</u>		<u>50,300</u>	<u>49,079</u>	<u>1,221</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.:					
Purchased Professional - Educational Services	107,000	5,410	112,410	111,387	1,023
Supplies and Materials	1,700	10	1,710	1,707	3
Total Undist. Expend. - Other Supp. Serv. Students - Rel. Serv.	<u>108,700</u>	<u>5,420</u>	<u>114,120</u>	<u>113,094</u>	<u>1,026</u>
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	89,954	12,365	102,319	102,319	
Purchased Professional - Educational Services		1,500	1,500	1,485	15
Other Objects	200		200	39	161
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	<u>90,154</u>	<u>13,865</u>	<u>104,019</u>	<u>103,843</u>	<u>176</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Other Supp. Serv. Students - Regular:					
Salaries of Other Professional Staff	28,000		28,000	28,000	
Purchased Professional - Educational Services	3,370		3,370	2,868	502
Supplies and Materials	1,000		1,000		1,000
Total Undist. Expend. - Other Supp. Serv. Students - Regular	<u>32,370</u>		<u>32,370</u>	<u>30,868</u>	<u>1,502</u>
Undist. Expend. - Other Supp. Serv. Students - Special:					
Salaries of Other Professional Staff	2,300	(1,000)	1,300	900	400
Purchased Professional - Educational Services	94,199		94,199	94,199	
Other Purchased Professional & Technical Services	3,450	11,100	14,550	13,906	644
Total Undist. Expend. - Other Supp. Serv. Students - Special	<u>99,949</u>	<u>10,100</u>	<u>110,049</u>	<u>109,005</u>	<u>1,044</u>
Undistributed Expenditures - Improvement of Inst. Services:					
Salaries of Other Professional Staff	59,003		59,003	58,441	562
Purchased Professional - Educational Services	31,043	(12,750)	18,293	15,360	2,933
Supplies and Materials	300		300	251	49
Other Objects	2,500	(1,500)	1,000	461	539
Total Undistributed Expenditures - Improvement of Inst. Services	<u>92,846</u>	<u>(14,250)</u>	<u>78,596</u>	<u>74,513</u>	<u>4,083</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	29,045		29,045	29,015	30
Purchased Professional and Technical Services	1,800	747	2,547	2,547	
Supplies and Materials	7,800	(3,947)	3,853	2,943	910
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>38,645</u>	<u>(3,200)</u>	<u>35,445</u>	<u>34,505</u>	<u>940</u>
Undist. Expend. - Instructional Staff Training					
Other Purchased Services	11,000		11,000	4,257	6,743
Total Undist. Expend. - Instructional Staff Training	<u>11,000</u>		<u>11,000</u>	<u>4,257</u>	<u>6,743</u>
Undist. Expend. - Supp. Serv. - General Administration:					
Salaries	107,924		107,924	107,924	
Legal Services	500	1,250	1,750	1,704	46
Audit Fees	12,500	(1,200)	11,300	11,300	
Other Purchased Professional Services	1,100	(915)	185		185
Purchased Technical Services	2,700		2,700	2,540	160
Communications/Telephone	19,500	(10,250)	9,250	7,330	1,920
Other Purchased Services	20,050	673	20,723	18,953	1,770
General Supplies	3,200	1,429	4,629	4,226	403
Miscellaneous Expenditures	4,500	(800)	3,700	2,985	715
BOE Membership Dues and Fees	3,800	(60)	3,740	3,601	139
Total Undist. Expend. - Supp. Serv. - General Administration	<u>175,774</u>	<u>(9,873)</u>	<u>165,901</u>	<u>160,563</u>	<u>5,338</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - School Administration:					
Salaries of Secretarial and Clerical Assistants	64,733	2,445	67,178	66,932	246
Purchased Professional and Technical Services	4,800	(1,165)	3,635	3,619	16
Other Purchased Services	500		500	374	126
Supplies and Materials	3,250	(372)	2,878	2,878	
Other Objects	1,500	187	1,687	1,686	1
Total Undist. Expend. - Supp. Serv. - School Administration	74,783	1,095	75,878	75,489	389
Undist. Expend. - Central Services:					
Purchased Professional Services	55,000		55,000	55,000	
Purchased Technical Services	8,000	(100)	7,900	7,880	20
Supplies and Materials	1,250	(375)	875	47	828
Interest on Lease Purchase Agreements	1,000	(247)	753	753	
Miscellaneous Expenditures	500		500	226	274
Total Undist. Expend. - Central Services	65,750	(722)	65,028	63,906	1,122
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	53,907		53,907	53,907	
Cleaning, Repair and Maintenance Services	13,720	10,350	24,070	24,068	2
General Supplies	5,500	3,450	8,950	8,927	23
Total Undist. Expend-Required Maintenance for School Facilities	73,127	13,800	86,927	86,902	25

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Other Oper. & Maint. of Plant:					
Salaries	90,387	1,785	92,172	91,765	407
Purchased Professional and Technical Services	5,000	(2,415)	2,585	2,427	158
Cleaning, Repair and Maintenance Services	18,500	(10,100)	8,400	5,351	3,049
Other Purchased Property Services	3,500		3,500	3,405	95
Insurance	11,000	(3,500)	7,500	7,483	17
Miscellaneous Purchased Services	500	380	880	878	2
General Supplies	34,000	(11,500)	22,500	14,482	8,018
Energy (Heat and Electricity)	110,000	(2,600)	107,400	107,001	399
Other Objects	800		800	706	94
Total Undist. Expend. - Other Oper. & Maint. of Plant	<u>273,687</u>	<u>(27,950)</u>	<u>245,737</u>	<u>233,498</u>	<u>12,239</u>
Undist. Expend. - Student Transportation Services:					
Contract Services (Other than Bet. Home & School) Vendors	7,500	(710)	6,790	6,787	3
Contract Services (Sp. Ed. Students) Joint Agreements	75,000	13,850	88,850	88,828	22
Contract Services - Aid in Lieu of Payments	1,000	5,875	6,875	6,872	3
Total Undist. Expend. - Student Transportation Services:	<u>83,500</u>	<u>19,015</u>	<u>102,515</u>	<u>102,487</u>	<u>28</u>
Other Support Services - Employee Benefits					
Unemployment Compensation	1,000	(1,000)			
Total Other Support Services - Employee Benefits	<u>1,000</u>	<u>(1,000)</u>			

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits - Employee Benefits:					
Group Insurance	3,500	(3,189)	311		311
Social Security Contributions	40,000	(3,000)	37,000	36,761	239
Other Retirement Contributions - Regular	15,000	2,841	17,841	17,841	
Workmen's Compensation	17,000	(1,300)	15,700	15,688	12
Health Benefits	436,799	25,275	462,074	461,033	1,041
Tuition Reimbursement	4,000	(900)	3,100	3,087	13
Other Employee Benefits	3,000	348	3,348	1,348	2,000
Total Unallocated Benefits - Employee Benefits	<u>519,299</u>	<u>20,075</u>	<u>539,374</u>	<u>535,758</u>	<u>3,616</u>
On-Behalf Contributions:					
On-behalf TPAF Pensions Contributions (non-budgeted)				127,108	(127,108)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib. (non-budgeted)				161,958	(161,958)
Reimbursed TPAF Social Security Contributions (non-budgeted)				97,170	(97,170)
Total On-Behalf Contributions				<u>386,236</u>	<u>(386,236)</u>
Total Personal Services - Employee Benefits	<u>520,299</u>	<u>19,075</u>	<u>539,374</u>	<u>921,994</u>	<u>(382,620)</u>
Total Undistributed Expenditures	<u>1,971,005</u>	<u>39,320</u>	<u>2,010,325</u>	<u>2,351,651</u>	<u>(341,326)</u>
Total General Current Expense	<u>3,422,385</u>	<u>(7,120)</u>	<u>3,415,265</u>	<u>3,728,370</u>	<u>(313,105)</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay:					
Interest Deposit to Capital Reserve	20		20		20
Equipment:					
Undistributed Expenditures - Instructions	4,500	7,120	11,620	11,620	
Total Equipment	4,500	7,120	11,620	11,620	
Facilities Acquisitions and Construction Services:					
Construction Services	44,236		44,236	6,990	37,246
Lease Purchase Agreement - Principal	10,000		10,000	9,904	96
Total Facilities Acquisitions and Construction Services	54,236		54,236	16,894	37,342
Total Capital Outlay	58,756	7,120	65,876	28,514	37,362
Total Expenditures	3,481,141		3,481,141	3,756,884	(275,743)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,375)		(4,375)	109,044	113,419
Other Financing Sources:					
Operating Transfer Out:					
Transfer to Special Revenue Fund - ECPA	(91,198)		(91,198)	(91,198)	

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(95,573)		(95,573)	17,846	113,419
Fund Balance, July 1	<u>321,572</u>		<u>321,572</u>	<u>321,572</u>	
Fund Balance, June 30	<u><u>225,999</u></u>		<u><u>225,999</u></u>	<u><u>339,418</u></u>	<u><u>113,419</u></u>
Recapitulation:					
Reserve for Encumbrances				65,847	
Capital Reserve Fund				799	
Designated for Subsequent Year's Expenditures				54,581	
Unrestricted Fund Balance				<u>218,191</u>	
				339,418	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				<u>(88,591)</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>250,827</u></u>	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	205,061		205,061	205,061	
Federal Sources	148,122		148,122	146,870	(1,252)
Local sources	1,800		1,800	1,751	(49)
Total Revenues	<u>354,983</u>		<u>354,983</u>	<u>353,682</u>	<u>(1,301)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	269,782	2,978	272,760	272,760	
Other Salaries for Instruction	21,750	(30)	21,720	21,720	
Purchased Professional - Technical Services	25,090	(100)	24,990	24,966	24
Other Purchased Services	77,242		77,242	77,242	
General Supplies	15,900	904	16,804	16,756	48
Textbooks	3,000	(2,421)	579	578	1
Other Objects	4,678	(1,451)	3,227	1,999	1,228
Total Instruction	<u>417,442</u>	<u>(120)</u>	<u>417,322</u>	<u>416,021</u>	<u>1,301</u>
Support Services:					
Personal Services - Employee Benefits	5,468	180	5,648	5,648	
Purchased Professional - Technical Services	11,744		11,744	11,744	
Purchased Professional - Educational Services	10,330		10,330	10,330	
Other Purchased Services	1,197	(60)	1,137	1,137	
Total Support Services	<u>28,739</u>	<u>120</u>	<u>28,859</u>	<u>28,859</u>	
Total Expenditures	446,181		446,181	444,880	1,301
Other Financing Sources:					
Transfer in from General Fund	91,198		91,198	91,198	
Total Outflows	<u>354,983</u>		<u>354,983</u>	<u>353,682</u>	<u>1,301</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	3,865,928	353,682
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(2,828)
State aid payment recognized for GAAP purposes in the current year, previously recognized for budgetary purposes.	83,971	10,253
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(88,591)	(10,253)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>3,861,308</u>	<u>350,854</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	3,756,884	444,880
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(2,828)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>3,756,884</u>	<u>442,052</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2008

	Total Brought Forward (Exhibit E-1a)	Title I	Title II Part A	Title II Part D	Title IV	Total 2008
REVENUES:						
Federal sources	89,220	41,841	15,383	263	163	146,870
State sources	205,061					205,061
Local sources	1,751					1,751
Total revenues	296,032	41,841	15,383	263	163	353,682
EXPENDITURES:						
Instruction:						
Salaries of teachers	250,888	21,872				272,760
Other salaries for instruction	21,720					21,720
Purchased professional technical services	15,000	5,900	4,000	66		24,966
Other purchased services	77,242					77,242
General supplies	9,275	7,481				16,756
Textbooks	578					578
Other objects	1,836				163	1,999
Total instruction	376,539	35,253	4,000	66	163	416,021
Support services:						
Personal services-employees benefits		5,648				5,648
Purchased professional technical services	361		11,383			11,744
Purchased professional educational services	10,330					10,330
Other purchased services		940		197		1,137
Total support services	10,691	6,588	11,383	197		28,859
Total expenditures	387,230	41,841	15,383	263	163	444,880
Other financing sources:						
Transfer in from general fund	91,198					91,198
Total outflows	296,032	41,841	15,383	263	163	353,682

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2008

	Total Brought Forward (Exhibit E-1b)	Title IV Carryover	Title V	IDEA Basic	IDEA Basic Carryover	Total Carried Forward
REVENUES:						
Federal sources	3,077	1,287	361	79,912	4,583	89,220
State sources	205,061					205,061
Local sources	1,751					1,751
Total revenues	209,889	1,287	361	79,912	4,583	296,032
EXPENDITURES:						
Instruction:						
Salaries of teachers	250,888					250,888
Other salaries for instruction	21,720					21,720
Purchased professional technical services	15,000					15,000
Other purchased services	3,077			69,582	4,583	77,242
General supplies	9,275					9,275
Textbooks	578					578
Other objects	549	1,287				1,836
Total instruction	301,087	1,287		69,582	4,583	376,539
Support services:						
Purchased professional technical services			361			361
Purchased professional educational services				10,330		10,330
Total support services			361	10,330		10,691
Total expenditures	301,087	1,287	361	79,912	4,583	387,230
Other financing sources:						
Transfer in from general fund	91,198					91,198
Total outflows	209,889	1,287	361	79,912	4,583	296,032

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2008

	Early Childhood Program Aid (Exhibit E-3)	Demonstrably Effective Program Aid (Exhibit E-2)	Red Ribbon Grant	IDEA Preschool	Total Carried Forward
REVENUES:					
Federal sources				3,077	3,077
State sources	125,552	79,509			205,061
Local sources			1,751		1,751
Total revenues	<u>125,552</u>	<u>79,509</u>	<u>1,751</u>	<u>3,077</u>	<u>209,889</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	171,379	79,509			250,888
Other salaries for instruction	21,720				21,720
Purchased professional technical services	15,000				15,000
Other purchased services				3,077	3,077
General supplies	7,524		1,751		9,275
Textbooks	578				578
Other objects	549				549
Total instruction	<u>216,750</u>	<u>79,509</u>	<u>1,751</u>	<u>3,077</u>	<u>301,087</u>
Total expenditures	<u>216,750</u>	<u>79,509</u>	<u>1,751</u>	<u>3,077</u>	<u>301,087</u>
Other financing sources:					
Transfer in from general fund	91,198				91,198
Total outflows	<u>125,552</u>	<u>79,509</u>	<u>1,751</u>	<u>3,077</u>	<u>209,889</u>

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Statement of Demonstrably Effective Program Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008

DISTRICT-WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	79,509	79,509	
Total instruction	<u>79,509</u>	<u>79,509</u>	
Total expenditures	<u><u>79,509</u></u>	<u><u>79,509</u></u>	

SUMMARY OF LOCATION TOTALS

2007-08 DEPA Allocation	79,509
Less: 2007-08 Budgeted DEPA (including prior year budget carryover)	<u>(79,509)</u>
Available and Unbudgeted DEPA funds as of June 30, 2008	None
Add: 2007-08 Unexpended DEPA	<u>None</u>
2007-08 Carryover Available for Transfer to the G/F	<u><u>None</u></u>

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Statement of Demonstrably Effective Program Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008

School: National Park

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	79,509	79,509	
Total instruction	<u>79,509</u>	<u>79,509</u>	
Total expenditures	<u><u>79,509</u></u>	<u><u>79,509</u></u>	

CALCULATION OF BUDGET & CARRYOVER

2007-08 DEPA Allocation	79,509
Less: 2007-08 Budgeted DEPA (including prior year budget carryover)	<u>(79,509)</u>
Available and Unbudgeted DEPA funds as of June 30, 2008	None
Add: 2007-08 Unexpended DEPA	<u>None</u>
2007-08 Carryover Available for Transfer to the G/F	<u><u>None</u></u>

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008

DISTRICT-WIDE TOTAL

	<u>Budgeted</u>	<u>Total Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	171,379	171,379	
Other salaries for instruction	21,720	21,720	
Purchased professional & technical services	15,000	15,000	
General supplies	7,524	7,524	
Textbooks	578	578	
Other objects	549	549	
Total instruction	<u>216,750</u>	<u>216,750</u>	
Total expenditures	<u><u>216,750</u></u>	<u><u>216,750</u></u>	

CALCULATION OF BUDGET & CARRYOVER

Total revised 2007-08 ECPA Allocation	125,552
Add: Budgeted Transfer from General Fund 2007-08	91,198
	<u>216,750</u>
Total ECPA Funds Available for 2007-087 Budget	216,750
Less: 2007-08 Budgeted ECPA (including prior year budgeted carryover)	(216,750)
	<u>None</u>
Available & Unbudgeted ECPA Funds as of June 30, 2008	None
Add: June 30, 2008 Unexpended ECPA	None
	<u>None</u>
2007-08 Carryover - ECPA/Preschool Programs	None
	<u>None</u>
2007-08 ECPA Carryover Budgeted for Preschool Programs 2008-09	None
	<u>None</u>

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008

Program: Preschool

	<u>Budgeted</u>	<u>Total Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	66,285	66,285	
Other salaries for instruction	21,720	21,720	
Purchased professional & technical services	15,000	15,000	
General supplies	2,694	2,694	
Other objects	419	419	
Total instruction	<u>106,118</u>	<u>106,118</u>	
Total expenditures	<u><u>106,118</u></u>	<u><u>106,118</u></u>	

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Statement of Early Childhood Program Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008

Program: Kindergarten

	<u>Budgeted</u>	<u>Total Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	105,094	105,094	
General supplies	4,830	4,830	
Textbooks	578	578	
Other objects	130	130	
Total instruction	<u>110,632</u>	<u>110,632</u>	
Total expenditures	<u><u>110,632</u></u>	<u><u>110,632</u></u>	

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Statement of Targeted AT-Risk (TARA) Aid
Budgetary Basis
for the Fiscal Year Ended June 30, 2008

DISTRICT-WIDE TOTAL

CALCULATION OF BUDGET & CARRYOVER

Total 2007-08 TARA Allocation	12,500
Less: TARA Transferred to General Fund - Tax Relief	(12,500)
TARA Available for 2007-08 Program Budget	<u>None</u>

FIDUCIARY FUNDS

NATIONAL PARK SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
for the Fiscal Year Ended June 30, 2008

	Unemployment Compensation Trust	Agency Funds	Total 2008
	<hr/>	<hr/>	<hr/>
ASSETS:			
Cash and cash equivalents	18,913	31,271	50,184
Interfund receivable	1,759		1,759
	<hr/>	<hr/>	<hr/>
Total assets	20,672	31,271	51,943
LIABILITIES:			
Payroll deductions and withholdings		18,476	18,476
Due to student groups		10,996	10,996
Interfund payable		1,799	1,799
		<hr/>	<hr/>
Total liabilities		31,271	31,271
NET ASSETS:			
Held in trust for unemployment claims	20,672		20,672
	<hr/>		<hr/>
Total net assets	20,672		20,672
	<hr/> <hr/>		<hr/> <hr/>

NATIONAL PARK SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
for the Fiscal Year Ended June 30, 2008

	<u>Unemployment Compensation Trust</u>	<u>Total 2008</u>
ADDITIONS:		
Contributions	2,710	2,710
Interest Earned	27	27
Total Additions	<u>2,737</u>	<u>2,737</u>
DEDUCTIONS:		
Unemployment Claims	9,286	9,286
Change in Net Assets	(6,549)	(6,549)
Net Assets - Beginning	<u>27,221</u>	<u>27,221</u>
Net Assets - End	<u><u>20,672</u></u>	<u><u>20,672</u></u>

NATIONAL PARK SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2008</u>
SCHOOLS:				
National Park School	<u>10,391</u>	<u>21,551</u>	<u>20,946</u>	<u>10,996</u>

NATIONAL PARK SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS:				
Cash and cash equivalents	22,788	2,348,756	2,351,269	20,275
Total assets	<u>22,788</u>	<u>2,348,756</u>	<u>2,351,269</u>	<u>20,275</u>
LIABILITIES:				
Accrued salaries and wages		1,364,170	1,364,170	
Payroll deductions and withholdings	21,386	981,983	984,893	18,476
Interfund Payable	1,402	2,603	2,206	1,799
Total liabilities	<u>22,788</u>	<u>2,348,756</u>	<u>2,351,269</u>	<u>20,275</u>

LONG-TERM DEBT

NATIONAL PARK SCHOOL DISTRICT
Schedule of Serial Bonds
June 30, 2008

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2007</u>	<u>Retired</u>	<u>Balance June 30, 2008</u>
			<u>Date</u>	<u>Amount</u>				
Construction of an addition to the National Park Elementary School to house a library/media center, art room, science room, classrooms, small group instructional spaces, storage areas, an elevator and barrier free entrance ramp, restroom facilities, and related facilities, together with the completion of various renovations and improvements to the existing facility; the upgrading of the electrical, heating and air conditioning systems, replacement of windows, completion of various improvements in order to bring said facility into compliance with the Americans With Disabilities Act; the construction of recreation and athletic fields; and the acquisition of furniture, fixtures and equipment for said additions, improvements and renovations.	2-1-2000	4,109,000	2-1-2009	150,000	5.85%	300,000	150,000	150,000
Advance refunding and redeeming on 2-1-2009 up to all of the school district's outstanding callable school bonds, series 2000, dated 2-1-2000; and payment of the costs of issuance with respect to the refunding bonds.	11-1-2001	3,225,000	2-1-2009	20,000	4.50%	3,110,000	15,000	3,095,000
			2-1-2010	170,000	4.50%			
			2-1-2011/2012	165,000	4.50%			
			2-1-2013/2015	190,000	4.50%			
			2-12016/2017	185,000	4.60%			
			2-1-2018	185,000	4.75%			
			2-1-2019	210,000	4.75%			
			2-1-2020/2021	205,000	4.75%			
2-1-2022/2024	200,000	4.75%						
			2-1-2025	230,000	4.75%			
						<u>3,410,000</u>	<u>165,000</u>	<u>3,245,000</u>

NATIONAL PARK SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2008

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance June 30, 2007</u>	<u>Paid</u>
			<u>Principal</u>	<u>Interest</u>			
Telephone system	1/1/03	5 Years	31,222	4,031	4.189%	<u>3,447</u>	<u>3,447</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	157,846		157,846	157,846	
State Sources:					
Debt Service Aid Type II	168,464		168,464	168,464	
Total Revenues	<u>326,310</u>		<u>326,310</u>	<u>326,310</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	161,310		161,310	161,310	
Redemption of Principal	165,000		165,000	165,000	
Total Expenditures	<u>326,310</u>		<u>326,310</u>	<u>326,310</u>	

STATISTICAL SECTION

NATIONAL PARK SCHOOL DISTRICT
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	89-93
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	94-97
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	98-101
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	102-103
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	104-108

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, 2004; schedules presenting district-wide information include information beginning in that year.

NATIONAL PARK SCHOOL DISTRICTNet Assets by ComponentLast Five Fiscal YearsUnaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
Governmental activities:					
Invested in capital assets, net of related debt	455,681	483,432	519,014	579,182	651,511
Restricted	129,404	35,374	121,878	90,017	55,380
Unrestricted	(79,268)	(35,275)	(8,778)	67,393	114,650
Total governmental activities net assets	<u>505,817</u>	<u>483,531</u>	<u>632,114</u>	<u>736,592</u>	<u>821,541</u>
District-wide:					
Invested in capital assets, net of related debt	455,681	483,432	519,014	579,182	651,511
Restricted	129,404	35,374	121,878	90,017	55,380
Unrestricted	(79,268)	(35,275)	(8,778)	67,393	114,650
Total district-wide net assets	<u>505,817</u>	<u>483,531</u>	<u>632,114</u>	<u>736,592</u>	<u>821,541</u>

Source: District records.

NATIONAL PARK SCHOOL DISTRICT

Changes in Net AssetsLast Five Fiscal YearsUnaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
Instruction:					
Regular	951,737	938,485	1,007,648	1,008,924	1,138,164
Special education	647,317	668,407	633,432	754,752	608,703
Other special instruction	20,100	47,010	24,913	38,851	31,546
Other instruction	16,710	13,712	15,585	11,142	11,499
Support services:					
Tuition	88,808	140,905	159,919	194,382	187,648
Student & instructional related services	418,432	400,161	412,044	513,346	548,629
School administration services	100,222	66,661	82,332	75,303	75,489
General & business administrative services	209,229	210,878	224,462	230,567	224,469
Plant operations & maintenance	289,112	311,599	343,634	318,186	320,400
Pupil transportation	53,745	61,270	75,281	92,489	102,487
Employee benefits	619,737	642,196	692,237	829,748	921,994
Interest on long-term debt	195,308	187,320	179,040	170,760	161,310
Capital outlay				7,799	13,447
Unallocated depreciation	122,174	123,342	115,791	115,604	107,738
Total governmental activities expenses	3,732,631	3,811,946	3,966,318	4,361,853	4,453,523
Total district-wide expenses	3,732,631	3,811,946	3,966,318	4,361,853	4,453,523
Program revenues:					
Governmental activities:					
Operating grants & contributions	346,366	348,603	370,501	401,659	350,854
Total governmental activities program revenues	346,366	348,603	370,501	401,659	350,854
Total district program revenues	346,366	348,603	370,501	401,659	350,854
Net (Expense)/Revenue:					
Governmental activities	(3,386,265)	(3,463,343)	(3,595,817)	(3,960,194)	(4,102,669)
Total district-wide net expense	(3,386,265)	(3,463,343)	(3,595,817)	(3,960,194)	(4,102,669)
General revenues & other changes in net assets:					
Governmental activities:					
Property taxes levied for general purposes	1,075,327	1,059,565	1,308,976	1,419,368	1,474,136
Taxes levied for debt service	148,431	160,753	156,748	162,388	157,846
Unrestricted grants & contributions	2,132,653	2,213,390	2,263,017	2,458,924	2,537,568
Investment earnings	1	10	23	30	18
Miscellaneous income	7,825	7,339	15,636	23,962	18,050
Total governmental activities	3,364,237	3,441,057	3,744,400	4,064,672	4,187,618
Total district-wide	3,364,237	3,441,057	3,744,400	4,064,672	4,187,618
Change in net assets:					
Governmental activities	(22,028)	(22,286)	148,583	104,478	84,949
Total district-wide	(22,028)	(22,286)	148,583	104,478	84,949

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Five Fiscal Years
Unaudited

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
General fund:					
Reserved	135,417	50,654	156,589	96,353	121,227
Unreserved	18,147	20,867	25,400	141,248	129,600
Total general fund	<u>153,564</u>	<u>71,521</u>	<u>181,989</u>	<u>237,601</u>	<u>250,827</u>
All other governmental funds:					
Unreserved, reported in:					
Special revenue fund	(10,254)	(10,254)	(10,254)	(10,253)	(10,253)
Total all other governmental funds	<u>(10,254)</u>	<u>(10,254)</u>	<u>(10,254)</u>	<u>(10,253)</u>	<u>(10,253)</u>

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Tax levy	898,044	971,045	1,020,465	1,119,835	1,130,045	1,223,758	1,220,318	1,465,724	1,581,756	1,631,982
Interest earnings	6,505	107,118	229,959	35,958	2,917	406	3,876	13,138	22,665	14,220
Miscellaneous	5,659	3,455	51,999	11,710	52,307	7,420	3,473	2,521	1,327	5,211
State sources	2,007,332	1,822,515	2,156,905	2,185,712	2,198,524	2,341,025	2,423,016	2,480,070	2,669,345	2,742,050
Federal sources	76,213	106,812	113,097	135,520	139,998	137,994	138,977	153,448	191,238	145,009
Total revenue	2,993,753	3,010,945	3,572,425	3,488,735	3,523,791	3,710,603	3,789,660	4,114,901	4,466,331	4,538,472
Expenditures:										
Instruction:										
Regular instruction	758,831	836,725	817,990	821,962	897,723	951,737	938,485	1,007,648	1,008,924	1,138,164
Special education instruction	591,328	603,476	569,706	580,518	638,726	647,317	668,407	633,432	754,752	608,703
Other special instruction	37,819	9,899	11,754	4,612	9,707	20,100	47,010	24,913	38,851	31,546
Other instruction	5,042	5,181	4,978	4,750	11,161	16,710	13,712	15,585	11,142	11,499
Support services:										
Tuition	171,068	116,360	80,259	39,699	96,157	88,808	140,905	159,919	194,382	187,648
Student & instruction related services	241,216	223,156	264,481	313,715	382,359	387,920	430,084	414,577	502,043	548,023
School administrative services	102,032	109,970	118,126	123,812	129,202	100,222	66,661	82,332	75,303	75,489
Other administrative services	164,261	187,304	188,021	194,434	206,846	209,229	210,878	224,462	230,567	224,469
Plant operations & maintenance	210,703	205,498	208,002	298,411	288,534	289,112	311,599	343,634	318,186	320,400
Pupil transportation	67,042	40,758	40,667	31,984	47,178	53,745	61,270	75,281	92,489	102,487
Employee benefits	505,101	461,942	501,350	535,562	612,998	619,737	642,196	692,237	829,748	921,994
Capital outlay	22,862	609,704	15,809	498,222	87,256	13,104	8,176	6,373	18,571	28,514
Debt services:										
Principal	30,000	30,000	125,000	165,000	140,000	140,000	145,000	145,000	165,000	165,000
Interest	3,330	1,110	240,377	185,502	203,295	195,308	187,320	179,040	170,760	161,310
Total expenditures	2,910,635	3,441,083	3,186,520	3,798,183	3,751,142	3,733,049	3,871,703	4,004,433	4,410,718	4,525,246
Excess (Deficiency) of revenues over (under) expenditures	83,118	(430,138)	385,905	(309,448)	(227,351)	(22,446)	(82,043)	110,468	55,613	13,226
Other financing sources (uses):										
Capital leases (non-budgeted)					31,222					
Change orders canceled				11,004						
Accrued interest on bonds				6,206						
Proceed from borrowing		4,109,000								
Total other financing sources (uses)		4,109,000		17,210	31,222					
Net change in fund balance	83,118	3,678,862	385,905	(292,238)	(196,129)	(22,446)	(82,043)	110,468	55,613	13,226
Debt service as a percentage of noncapital expenditures	1.17%	1.11%	13.02%	11.88%	10.34%	9.91%	9.41%	8.82%	8.28%	7.82%

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
Governmental Funds - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Refunds</u>	<u>Tuition</u>	<u>Local Grant</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
1999	5,608			51	5,659
2000	983			2,472	3,455
2001	22,572	4,515		24,912	51,999
2002	5,696			6,014	11,710
2003	48,915			3,392	52,307
2004	4,257	1,712		1,451	7,420
2005	300	1,387		1,786	3,473
2006	2,521				2,521
2007	1,218			109	1,327
2008	3,848		1,363		5,211

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
1999	1,509,800	87,051,200	1,897,900	635,800	91,094,700	123,925	91,218,625	95,707,639	1.031
2000	1,524,500	87,312,200	4,749,300	635,800	94,221,800	145,871	94,367,671	93,266,925	1.081
2001	1,559,500	87,493,500	4,560,000	635,800	94,248,800	138,227	94,387,027	96,384,664	1.187
2002	1,585,700	87,860,700	4,416,200	635,800	94,498,400	147,800	94,646,200	100,803,319	1.194
2003	1,604,600	88,196,400	4,416,200	635,800	94,853,000	148,661	95,001,661	107,467,761	1.288
2004	1,631,000	88,748,200	4,271,500	635,800	95,286,500	145,961	95,432,461	111,780,293	1.278
2005	1,671,000	89,099,600	4,336,000	635,800	95,742,400	130,722	95,873,122	117,960,037	1.529
2006	1,496,000	90,926,600	4,367,000	635,800	97,425,400	101,332	97,526,732	136,490,424	1.622
2007	1,552,100	91,099,000	4,382,300	635,800	97,669,200	90,719	97,759,919	159,435,740	1.670
2008	1,548,900	91,349,500	4,365,000	635,800	97,899,200	84,532	97,983,732	183,425,278	1.712

Source: Municipal Tax Assessor.

NATIONAL PARK SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
(Rate Per \$100 of Assessed Value)
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	National Park School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Gateway High School Tax Rate	Borough of National Park	Gloucester County	
1999	1.018	0.013	1.031	0.831	0.599	0.669	3.130
2000	1.065	0.016	1.081	0.911	0.650	0.650	3.292
2001	1.115	0.072	1.187	1.064	0.694	0.679	3.624
2002	0.992	0.202	1.194	1.156	0.735	0.711	3.796
2003	1.103	0.185	1.288	1.256	0.750	0.757	4.051
2004	1.110	0.168	1.278	1.224	0.758	0.783	4.043
2005	1.365	0.164	1.529	1.206	0.856	0.844	4.435
2006	1.455	0.167	1.622	1.335	0.945	0.889	4.791
2007	1.508	0.162	1.670	1.423	1.061	0.968	5.122
2008	1.546	0.166	1.712	1.525	1.225	1.107	5.569

Source: Municipal Tax Collector.

NATIONAL PARK SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited

	2008			1999		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Public Service Electric & Gas Company	552,800	1	0.56%	562,800	1	0.60%
The Bank of Gloucester County	395,400	2	0.40%	395,400	2	0.42%
Individual Taxpayer 1	373,200	3	0.38%	294,000	3	0.31%
Individual Taxpayer 2	355,700	4	0.36%	274,200	4	0.29%
Individual Taxpayer 3	317,600	5	0.32%	274,200	5	0.29%
Individual Taxpayer 4	298,000	6	0.30%	259,700	6	0.28%
J&B LP, LLC	274,700	7	0.28%			
Individual Taxpayer 5	274,700	8	0.28%	222,700	7	0.24%
Individual Taxpayer 6	256,500	9	0.26%	214,700	8	0.23%
Wm. F. Hamilton Inc.	231,400	10	0.24%			
II Bob's Inc.				212,100	9	0.23%
Individual Taxpayer 7				205,900	10	0.22%
	<u>3,330,000</u>		<u>3.40%</u>	<u>2,915,700</u>		<u>3.11%</u>

Source: Municipal Tax Assessor

NATIONAL PARK SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	898,044	898,044	100.00%	
2000	971,045	971,045	100.00%	
2001	1,020,465	1,020,465	100.00%	
2002	1,119,835	1,119,835	100.00%	
2003	1,130,045	1,130,045	100.00%	
2004	1,223,758	1,223,758	100.00%	
2005	1,220,318	1,220,318	100.00%	
2006	1,465,724	1,465,724	100.00%	
2007	1,581,756	1,581,756	100.00%	
2008	1,631,982	1,631,982	100.00%	

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

NATIONAL PARK SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
1999	30,000		90,677		120,677	0.14%	38
2000	4,109,000		27,221		4,136,221	4.61%	1,292
2001	3,984,000				3,984,000	4.24%	1,250
2002	4,145,000				4,145,000	4.27%	1,299
2003	4,005,000		28,406		4,033,406	4.06%	1,261
2004	3,865,000		22,580		3,887,580	3.69%	1,211
2005	3,720,000		16,487		3,736,487	3.39%	1,165
2006	3,575,000		10,113		3,585,113	3.10%	1,118
2007	3,410,000		3,447		3,413,447	N/A	1,057
2008	3,245,000				3,245,000	N/A	N/A

N/A At the time of CAFR completion this data was not available.

NATIONAL PARK SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
1999	30,000		30,000	0.03%	9
2000	4,109,000		4,109,000	4.35%	1,284
2001	3,984,000		3,984,000	4.22%	1,250
2002	4,145,000		4,145,000	4.38%	1,299
2003	4,005,000		4,005,000	4.22%	1,252
2004	3,865,000		3,865,000	4.05%	1,204
2005	3,720,000		3,720,000	3.88%	1,160
2006	3,575,000		3,575,000	3.67%	1,115
2007	3,410,000		3,410,000	3.49%	1,056
2008	3,245,000		3,245,000	3.31%	N/A

N/A At the time of CAFR completion this data was not available.

NATIONAL PARK SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2007
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
National Park Borough	236,020	100.000%	236,020
Gloucester County General Obligation Debt	284,885,258	0.660%	1,880,243
Gateway Regional School District Debt	8,185,000	17.158%	1,404,419
Subtotal, overlapping debt			<u>3,520,682</u>
National Park District Direct Debt			<u>3,245,000</u>
Total direct and overlapping debt			<u><u>6,765,682</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Gloucester County Board of Taxation. Debt outstanding data provided by each governmental unit.

NATIONAL PARK SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

	Equalized valuation basis
	2007 182,695,847
	2006 158,750,855
	2005 133,849,294
	<u>475,295,996</u>
Average equalized valuation of taxable property	<u>158,431,999</u>
Debt limit (2 1/2% of average equalized value)	3,960,800
Total net debt applicable to limit	<u>3,245,000</u>
Legal debt margin	<u>715,800</u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	2,405,629	2,372,035	2,366,450	2,408,290	2,524,559	2,648,908	2,789,523	2,412,416	3,413,951	3,960,800
Total net debt applicable to limit	30,000	4,109,000	3,984,000	4,145,000	4,005,000	3,865,000	3,720,000	3,575,000	3,410,000	3,245,000
Legal debt margin	<u>2,375,629</u>	<u>(1,736,965)</u>	<u>(1,617,550)</u>	<u>(1,736,710)</u>	<u>(1,480,441)</u>	<u>(1,216,092)</u>	<u>(930,477)</u>	<u>(1,162,584)</u>	<u>3,951</u>	<u>715,800</u>
Total net debt applicable to the limit as a percentage of debt limit	1.25%	173.23%	168.35%	172.11%	158.64%	145.91%	133.36%	148.19%	99.88%	81.93%
Borough of National Park Debt Analysis:										
Permitted debt limitation (3.5%)		3,320,848	3,313,029	3,371,606	3,534,383	3,708,472	3,905,332	4,221,728		
Less: Net municipal debt		914,619	694,975	801,200	698,425	614,650	509,875	420,300		
Available borough borrowing power		2,406,229	2,618,054	2,570,406	2,835,958	3,093,822	3,395,457	3,801,428		
Less: school district use of borrowing margin		<u>(1,736,965)</u>	<u>(1,617,550)</u>	<u>(1,736,710)</u>	<u>(1,480,441)</u>	<u>(1,216,092)</u>	<u>(930,477)</u>	<u>(1,162,584)</u>		
Remaining borough borrowing margin		<u>669,264</u>	<u>1,000,504</u>	<u>833,696</u>	<u>1,355,517</u>	<u>1,877,730</u>	<u>2,464,980</u>	<u>2,638,844</u>		

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

NATIONAL PARK SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income *	Unemployment Rate
1999	3,205	85,137,620	26,564	9.00%
2000	3,201	89,711,226	28,026	7.60%
2001	3,187	94,051,557	29,511	7.80%
2002	3,192	97,091,064	30,417	10.50%
2003	3,199	99,421,721	31,079	11.00%
2004	3,210	105,464,550	32,855	8.00%
2005	3,208	110,185,176	34,347	6.00%
2006	3,207	115,798,356	36,108	6.50%
2007	3,230	N/A	N/A	6.50%
2008	N/A	N/A	N/A	N/A

N/A At the time of CAFR completion this data was not available.

* Represents information for Gloucester County.

Source:

Population information provided by the NJ Department of Labor and Workforce Development.
 Personal income has been estimated based upon the municipal population and per capita
 personal income presented.

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

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

NATIONAL PARK SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	2008			1999		
	Employees	Rank	% of Total Municipal Employment	Employees	Rank	% of Total Municipal Employment
National Park School District	80	1	4.35%			
National Park Borough	42	2	2.28%			
Clancey & Associates Inc.	22	3	1.20%			
The Bank	16	4	0.87%			
Bill and Eileens Market	14	5	0.76%			
Kings Kids Learning Center LLC	13	6	0.71%			Information Not Available
Heritage Dairy Stores Inc.	12	7	0.65%			
Pats Pizzeria	11	8	0.60%			
Carla's Cards & Gifts	10	9	0.54%			
	220		11.95%			

Source: Gloucester County Department of Economic Development.

NATIONAL PARK SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction										
Regular	20	20	20	20	21	21.5	21	21	21	22
Special education	4	4	4	5	5	5	4	5	4	5
Support Services										
Student & instruction related services	6	6	8	9	10	10.5	12	13	9	10
General administration	2	2	2	2	2	1	1	1	1	1
Total	<u>32</u>	<u>32</u>	<u>34</u>	<u>36</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>40</u>	<u>35</u>	<u>38</u>

Source: District Personnel Records.

NATIONAL PARK SCHOOL DISTRICTOperating Statistics
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Enrollment</u>	<u>Operating</u> <u>Expenditures</u>	<u>Cost per</u> <u>Pupil</u>	<u>Percentage</u> <u>Change</u>	<u>Teaching</u> <u>Staff</u>	<u>Pupil/Teacher</u> <u>Ratio</u> <u>Elementary</u>	<u>Average</u> <u>Daily</u> <u>Enrollment</u> <u>(ADE)</u>	<u>Average</u> <u>Daily</u> <u>Attendance</u> <u>(ADA)</u>	<u>% Change</u> <u>Average</u> <u>Daily</u> <u>Enrollment</u>	<u>Student</u> <u>Attendance</u> <u>Percentage</u>
1999	316	2,854,443	9,033	6.59%	24	7.6	300	285	-4.15%	95%
2000	284	2,800,269	9,860	9.16%	24	8.5	270	256	-10.00%	95%
2001	267	2,805,334	10,507	6.56%	24	9.0	262	249	-2.96%	95%
2002	276	2,949,459	10,686	1.71%	25	9.1	275	260	4.96%	95%
2003	281	3,320,591	11,817	10.58%	26	9.3	275	261	0.00%	95%
2004	289	3,384,637	11,712	-0.89%	26.5	9.2	314	299	14.18%	95%
2005	309	3,531,207	11,428	-2.42%	25	8.1	309	291	-1.59%	94%
2006	315	3,674,020	11,664	2.06%	26	8.1	317	300	2.59%	95%
2007	306	4,056,387	13,256	13.65%	25	8.2	302	287	-4.73%	95%
2008	302	4,170,422	13,809	4.17%	27	8.8	306	286	1.32%	93%

Source: Enrollment based on annual October district count.

NATIONAL PARK SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

<u>District Building</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Elementary										
Square Feet	47,274	47,274	52,073	52,073	52,073	52,073	52,073	52,073	52,073	52,073
Capacity (students)	373	373	394	394	394	394	394	394	394	394
Enrollment	316	284	267	276	281	289	309	315	306	302

Number of Schools at June 30, 2008
 Elementary = 1

Source: District Office.

NATIONAL PARK SCHOOL DISTRICT
Schedule of Required Maintenance for School Facilities
Last Eight Fiscal Years
Unaudited

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

* School Facilities	Gross Square Footage	2001	2002	2003	2004	2005	2006	2007	2008	Total
Elementary	52,073	None	30,165	55,465	59,684	59,448	63,683	70,666	86,902	426,013

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
Insurance Schedule
June 30, 2008
Unaudited

The National Park School District has retained insurance through the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund. The following is a summary of the coverage obtained through this fund.

	Coverage
I. Property, Inland Marine and Automobile Physical Damages	
A. Limit of Liability	150,000,000 Per Occurrence
1. GCSSDJIF Self Insured Retention	200,000 Per Occurrence
2. Member District Deductible	500 Per Occurrence
3. Perils Included	"All Risk"
B. Property Valuation	
1. Buildings and Contents	Replacement Cost
2. Contractors Equipment	Actual Cash Value
3. Automobiles	Actual Cash Value
II. Boiler and Machinery	
A. Limit of Liability	100,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	1,000
III. Crime	
A. Limit of Liability	500,000
1. GCSSDJIF Self Insured Retention	200,000
2. Member District Deductible	500
IV. General and Automobile Liability	
A. Limit of Liability	10,000,000
1. GCSSDJIF Self Insured Retention	150,000
2. Member District Deductible	None
V. Workers' Compensation	
A. Limit of Liability	Statutory
1. GCSSDJIF Self Insured Retention	250,000
2. Member District Deductible	None
VI. Educator's Legal Liability	
A. Limit of Liability	10,000,000
1. GCSSDJIF Self Insured Retention	100,000
2. Member District Deductible	None
VII. Pollution Legal Liability	
A. Limit of Liability	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
Public employees' faithful performance bonds - Selective Insurance Co. of America	
Surety Bond - Charles Owens, Treasurer	170,000
Surety Bond - Donna Contrevo, Business Administrator	5,000

Source: District records.

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES

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

Honorable President and Members of the
Board of Education
National Park School District
County of Gloucester, New Jersey

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the National Park School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2008, which collectively comprise the National Park School District's basic financial statements and have issued our report thereon dated October 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the National Park School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 is required to be reported under *Government Auditing Standards* and audit requirements as described by the Division of Finance, Department of Education, State of New Jersey.

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

PETRONI & ASSOCIATES

A handwritten signature in cursive script that reads "Petroni & Associates".

October 8, 2008

PETRONI & ASSOCIATES

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

Honorable President and Members of the
Board of Education
National Park School District
County of Gloucester, New Jersey

Compliance

We have audited the compliance of the Board of Education of the National Park School District, in the County of Gloucester, 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 are applicable to each of its major state programs for the year ended June 30, 2008. National Park School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the National Park School District's management. Our responsibility is to express an opinion on the National Park School District's compliance based on our audit.

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

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

Internal Control over Compliance

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

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

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

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

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

PETRONI & ASSOCIATES

Petroni & Associates

October 8, 2008

NATIONAL PARK SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2007	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2008			MEMO Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I - Part A	84.010A	NCLB349008	41,841	9/1/07	8/31/08			41,841	(41,841)						41,841
Title II - Part A	84.367A	NCLB349008	15,383	9/1/07	8/31/08			15,383	(15,383)						15,383
Title II - Part D	84.318X	NCLB349007	287	9/1/07	8/31/08			287	(263)				24		263
Title IV	84.186A	NCLB349008	1,391	9/1/07	8/31/08			1,391	(163)				1,228		163
Title IV	84.186A	NCLB349007	1,287	9/1/06	8/31/07	1,287			(1,287)						1,287
Title V	84.298A	NCLB349008	361	9/1/07	8/31/08			361	(361)						361
IDEA Part B, Basic Regular	84.027	FT349008	79,912	9/1/07	8/31/08			79,912	(79,912)						79,912
IDEA Part B, Basic Regular	84.027	FT349007	84,258	9/1/06	8/31/07	4,583			(4,583)						84,258
IDEA Part B, Basic Regular Carryover	84.027	FT349007	29,352	9/1/06	8/31/07	6,202					(6,202)				23,150
IDEA Part B, Preschool	84.173	FT349008	3,077	9/1/07	8/31/08			3,077	(3,077)						3,077
IDEA Part B, Preschool Carryover	84.173	FT349007	297	9/1/06	8/31/07	297					(297)				
Total Special Revenue Fund						12,369		142,252	(146,870)		(6,499)		1,252		249,695
Total Federal Financial Awards						12,369		142,252	(146,870)		(6,499)		1,252		249,695

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

NATIONAL PARK SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2008

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2007					Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2008			MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
Core Curriculum Standards Aid	08-495-034-5120-022	966,930	7/1/07	6/30/08				966,930	(966,930)						39,832	966,930
Supplemental Core Curriculum Standards Aid	08-495-034-5120-023	117,530	7/1/07	6/30/08				117,530	(117,530)						5,877	117,530
Transportation Aid	08-495-034-5120-014	16,799	7/1/07	6/30/08				16,799	(16,799)						840	16,799
Special Education Aid	08-495-034-5120-011	210,424	7/1/07	6/30/08				210,424	(210,424)						10,521	210,424
Stabilization Aid	08-495-034-5120-030	394,901	7/1/07	6/30/08				394,901	(394,901)						19,745	394,901
Consolidated Aid	08-495-034-5120-057	26,881	7/1/07	6/30/08				26,881	(26,881)						1,344	26,881
Additional Formula Aid	08-495-034-5120-058	118,525	7/1/07	6/30/08				118,525	(118,525)						5,926	118,525
High Expectations for Learning Proficiency	08-495-034-5120-480	23,876	7/1/07	6/30/08				23,876	(23,876)							23,876
Extraordinary Special Education Costs Aid	08-100-034-5120-473	4,686	7/1/07	6/30/08					(4,686)		(4,686)					4,686
Extraordinary Special Education Costs Aid	07-100-034-5120-473	5,299	7/1/06	6/30/07	(5,299)			5,299								5,299
Full-Day Kindergarten Supplemental Aid	08-495-034-5120-074	77,620	7/1/07	6/30/08				77,620	(77,620)						3,881	77,620
Above Average Growth Enrollment	08-495-034-5120-063	15,624	7/1/07	6/30/08				15,624	(15,624)							15,624
Targeted At-Risk Aid	08-495-034-5120-005	12,500	7/1/07	6/30/08				12,500	(12,500)						625	12,500
Nonpublic School Transportation Reimbursement	N/A	1,192	7/1/07	6/30/08					(1,192)		(1,192)					1,192
Nonpublic School Transportation Reimbursement	N/A	232	7/1/06	6/30/07		(232)		232								232
Reimbursed TPAF Social Security Aid	08-100-034-5095-002	97,170	7/1/07	6/30/08				90,904	(97,170)		(6,266)					97,170
Reimbursed TPAF Social Security Aid	07-100-034-5095-002	119,108	7/1/06	6/30/07	(6,345)			6,345								119,108
On-Behalf TPAF Pension Contribution	08-100-034-5095-116	127,108	7/1/07	6/30/08				127,108	(127,108)							127,108
On-Behalf TPAF Postretirement Contributions	08-100-034-5095-001	161,958	7/1/07	6/30/08				161,958	(161,958)							161,958
Total General Fund						(11,876)		2,373,456	(2,373,724)		(12,144)				88,591	2,498,363
Special Revenue Fund:																
Demonstrably Effective Program Aid	08-495-034-5064-002	79,509	7/1/07	6/30/08				79,509	(79,509)						3,975	79,509
Early Childhood Program Aid	08-495-034-5120-025	125,552	7/1/07	6/30/08				125,552	(125,552)						6,278	125,552
Total Special Revenue Fund								205,061	(205,061)						10,253	205,061
Debt Services Fund:																
Debt Service Aid Type II	08-495-034-5120-125	168,464	7/1/07	6/30/08				168,464	(168,464)							168,464
Total Debt Service Fund								168,464	(168,464)							168,464
Total State Financial Assistance						(11,876)		2,746,981	(2,747,249)		(12,144)				98,844	2,871,888

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

NATIONAL PARK SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES
OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2008

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or 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 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES
OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2008

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,620 for the general fund and \$2,828 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		2,369,104	2,369,104
Special Revenue Fund	145,009	204,482	349,491
Debt Service Fund		168,464	168,464
Total Awards & Financial Assistance	<u>145,009</u>	<u>2,742,050</u>	<u>2,887,059</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2008. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2008.

NATIONAL PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? yes X no

Identification of major programs:

State Grant/Project Number(s)
495-034-5120-022

Name of State Program
Core Curriculum Standards Aid

NATIONAL PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Section II - Financial Statement Findings

None

Section III - State Financial Assistance Findings and Questioned Costs

None

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2007-01

Condition:

A transfer was approved by Board resolution to fund an expenditure for an "emergent circumstance" without obtaining the required approval from the County Superintendent.

Current Status:

All transfers were properly approved during the current year.