

National Park Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

**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, 2010**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

National Park Board of Education
National Park, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by:

National Park Board of Education Administration

OUTLINE OF CAFR

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	2-6
Roster of Officials	7
Consultants and Advisors	8
	9
FINANCIAL SECTION	
	10
Independent Auditor's Report	11-13
Required Supplementary Information –Part I Management's Discussion and Analysis	14 15-21
Basic Financial Statements	22
A. District-Wide Financial Statements:	23
A-1 Statement of Net Assets	24
A-2 Statement of Activities	25
B. Fund Financial Statements:	26
Governmental Funds:	
B-1 Balance Sheet	27
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	28
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Proprietary Funds:	
B-4 Statement of Net Assets	N/A
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
B-6 Statement of Cash Flows	N/A
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	30
B-8 Statement of Changes in Fiduciary Net Assets	31
Notes to the Financial Statements	32-52
Required Supplementary Information – Part II	53
C. Budgetary Comparison Schedules:	54
C-1 Budgetary Comparison Schedule – General Fund	55-65
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b American Recovery and Reinvestment Act – Budget and Actual	66
C-2 Budgetary Comparison Schedule – Special Revenue Fund	67
Notes to the Required Supplementary Information	68
C-3 Budget-to-GAAP Reconciliation	69

	Page
Other Supplementary Information	70
D. School Based Budget Schedules:	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	71
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	72-74
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	75
F. Capital Projects Fund:	N/A
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A
G. Proprietary Funds:	N/A
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	N/A
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	76
H-1 Combining Statement of Fiduciary Net Assets	77
H-2 Combining Statement of Changes in Fiduciary Net Assets	78
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	79
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	80
I. Long-Term Debt:	81
I-1 Schedule of Serial Bonds	82
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	83

STATISTICAL SECTION (Unaudited)		Page
		84
Introduction to the Statistical Section		85
Financial Trends		
J-1	Net Assets by Component	86
J-2	Changes in Net Assets	87
J-3	Fund Balances – Governmental Funds	88
J-4	Changes in Fund Balances – Governmental Funds	89
J-5	General Fund Other Local Revenue by Source	90
Revenue Capacity		
J-6	Assessed Value and Estimated Actual Value of Taxable Property	91
J-7	Direct and Overlapping Property Tax Rates	92
J-8	Principal Property Taxpayers	93
J-9	Property Tax Levies and Collections	94
Debt Capacity		
J-10	Ratios of Outstanding Debt by Type	95
J-11	Ratios of General Bonded Debt Outstanding	96
J-12	Direct and Overlapping Governmental Activities Debt	97
J-13	Legal Debt Margin Information	98
Demographic and Economic Information		
J-14	Demographic and Economic Statistics	99
J-15	Principal Employers	100
Operating Information		
J-16	Full-time Equivalent District Employees by Function/Program	101
J-17	Operating Statistics	102
J-18	School Building Information	103
J-19	Schedule of Required Maintenance Expenditures by School Facility	104
J-20	Insurance Schedule	105
	SINGLE AUDIT SECTION	106
K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	107-108
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	109-110
K-3	Schedule of Expenditures of Federal Awards, Schedule A	111
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	112
K-5	Notes to the Schedules of Awards and Financial Assistance	113-114
K-6	Schedule of Findings and Questioned Costs	115-117
K-7	Summary Schedule of Prior Audit Findings	118

INTRODUCTORY SECTION

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

856-845-6876
FAX 856-848-6710

October 1, 2010

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, 2010, 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-kindergarten through six. These include regular, as well as special education for handicapped students.

The District finished the 2009-2010 fiscal school year with a resident enrollment of 316 students, which is a decrease of 8 students enrolled from the previous year. The following information is based upon enrollments as of October 15th of each year as reported on the Application for State School Aid.

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
On Roll	244	261	258	315	
Total Classified Students	45	56	59	49	
Local Programs Classified	37	51	51	49	
Tuition					
a) Public	6	4	7	8	
b) Private	2	1	1	1	
Total Resident Students	281	289	309	315	
% Classified Students	16.0%	19.4%	16.5%	15.6%	
Low Income	35	44	50	69	
% Low Income	12.4%	15.2%	16.1%	21.9%	

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
2009-2010	311.2	4.53%
2008-2009	297.7	-2.84%
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, 2009-10 and 2010-11 budgets were defeated by the voters and have gone to the Borough Council for review and additional cuts. The District is trying to maintain programs, expand technology and sustain a fiscally responsible fund balance, but is struggling due to the impact of the defeated budgets and State budget cuts.

3) MAJOR INITIATIVES: Improving student achievement and reaching Annual Yearly Progress (AYP) standards remains a focus of instruction in National Park School. Curriculum revision took place at the Gateway Group Level in Science, and a plan to purchase new science modules for instruction was developed. Funds acquired from the American Reinvestment and Recovery Act (ARRA) were used to provide a before school Basic Skills Instruction program in literacy for both regular education and special education students in grades three through six, two mornings each week. ARRA funds were also used to purchase interactive white boards for each grade three through six regular and special education classroom. Additionally, No Child Left Behind funds were used to hire a Literacy Coach to work with teachers on instruction in reading and writing by providing model lessons and discussions about the lessons with the teachers. Finally, a mobile cart of thirty Netbooks was purchased for student use within their classrooms in order to support content area instruction. All of the above efforts combined with other professional development training offered throughout the school to yield achievement of AYP standards at all grade levels three to six in both literacy and math for 2010.

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, 2010.

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 eleventh 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 LLC 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 general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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,

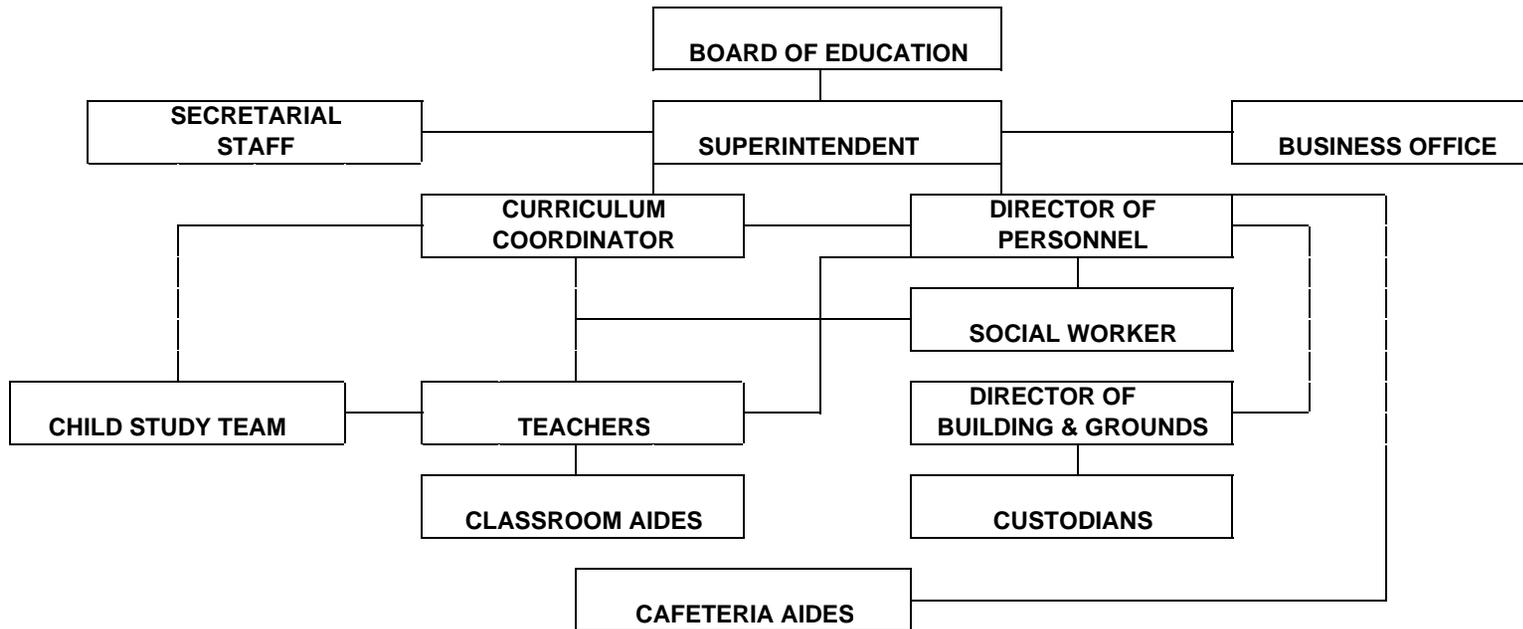


Joyce D. Stumpo
Interim Superintendent



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, 2010

MEMBERS OF THE BOARD OF EDUCATION

Term Expires

Richard F. Maska, President	2013
James J. Straub, Vice President	2011
Maryann C. Hibbs	2011
Dawn Sholders	2011
Kathryn Albert-Royal	2012
Gene Grant	2012
Lynn Zuzulock	2012
Louis L. Jarrell	2013
R. Adam Lukasiewicz	2013

OTHER OFFICIALS

Joyce D. Stumpo, Interim 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

AUDIT FIRM

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

ATTORNEY

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

ARCHITECT

Garrison Architects
130 Presidential Blvd.
Bala Cynwyd, PA 19004

OFFICIAL DEPOSITORY

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

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

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, the business-type 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, 2010, 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, the business-type 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, 2010, and the respective changes in financial position and, where applicable, cash flows 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 1, 2010 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements (see outline of CAFR for page numbers). Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the National Park Board of Education's financial statements taken as a whole. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and 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 also not a required part of the financial statements. The combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is

fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

PETRONI & ASSOCIATES LLC

A handwritten signature in black ink, appearing to read "Nick L. Petroni". The signature is written in a cursive style with a large initial "N".

Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 1, 2010

REQUIRED SUPPLEMENTARY INFORMATION – PART 1

NATIONAL PARK ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2010 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, 2010. 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 2010 are as follows:

- In total, net assets increased \$230,984 in 2010.
- General revenues accounted for \$4,269,744 in revenue or 94 percent of all revenues. Program specific revenues in the form of operating grants accounted for \$307,121 or 6 percent to total revenues of \$4,576,865.
- Total assets of governmental activities increased by \$55,671 as cash and cash equivalents increased by \$58,195, receivables increased by \$107,020 and capital assets decreased by \$109,544.
- The School District had \$4,345,881 in expenses; only \$307,121 of these expenses were offset by program specific charges for grants.
- Among major funds, the General Fund had \$4,002,559 in revenues and \$3,823,252 in expenditures. The General Fund's balance increased \$148,662 over 2009.

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 2010?" 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

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

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 2010 compared to 2009.

Table 1
Net Assets

	<u>2010</u>	<u>2009</u>
Asset		
Current & Other Assets	386,329	221,114
Capital Assets	<u>3,715,294</u>	<u>3,824,838</u>
Total Assets	<u><u>4,101,623</u></u>	<u><u>4,045,952</u></u>
Liabilities		
Long-Term Liabilities	2,979,352	3,157,002
Other Liabilities	<u>99,913</u>	<u>97,576</u>
Total Liabilities	<u><u>3,079,265</u></u>	<u><u>3,254,578</u></u>
Net Assets		
Invested in Capital Assets, Net of Debt	815,294	749,838
Restricted	151,321	38,260
Unrestricted	<u>55,743</u>	<u>3,276</u>
Total Net Assets	<u><u>1,022,358</u></u>	<u><u>791,374</u></u>

Total assets increased by \$55,671. Cash and cash equivalents increased by \$58,195, receivables increased by \$107,020 and capital assets decreased by \$109,544. 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 \$51,963.

Table 2 shows the changes in net assets for fiscal year 2010 with comparative data from 2009.

Table 2
Changes in Net Assets

	<u>2010</u>	<u>2009</u>
Revenues		
Program Revenues:		
Operating Grants & Contributions	307,121	259,004
General Revenues:		
Property Taxes	1,744,987	1,676,853
Grants & Entitlements	2,510,786	2,441,807
Other	13,971	5,794
Total Revenues	<u>4,576,865</u>	<u>4,383,458</u>
Program Expenses:		
Instruction	1,867,110	1,862,729
Support Services:		
Pupil & Instructional Staff	731,794	753,057
General Administration, School Administration & Business	287,196	290,061
Operations & Maintenance of Facilities	350,829	340,906
Pupil Transportation	70,370	102,197
Employee Benefits	851,405	803,271
Interest on Long-Term Debt	77,633	151,860
Depreciation	109,544	109,544
Total Expenses	<u>4,345,881</u>	<u>4,413,625</u>
Increase (Decrease) in Net Assets	<u>230,984</u>	<u>(30,167)</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 39 percent of revenues for governmental activities for the National Park Elementary School District for fiscal year 2010.

Instruction comprises 43 percent of the District expenses. Support services expenses make up 53 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 2010 with comparative data from 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Statement of Activities**

	2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	1,867,110	1,645,040	1,862,729	1,651,077
Support Services				
Pupils and Instructional Staff	731,794	646,743	753,057	705,705
General Administration, School				
Administration, Business	287,196	287,196	290,061	290,061
Operations & Maintenance	350,829	350,829	340,906	340,906
Pupil Transportation	70,370	70,370	102,197	102,197
Employee Benefits	851,405	851,405	803,271	803,271
Interest on Long-Term Debt	77,633	77,633	151,860	151,860
Depreciation	109,544	109,544	109,544	109,544
Total Expenses	<u>4,345,881</u>	<u>4,038,760</u>	<u>4,413,625</u>	<u>4,154,621</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 89 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 93 percent.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,621,865 and expenditures of \$4,458,987.

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 2010 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, not including non-budgeted state contributions, was \$3,761,627 which was \$32,974 more than original budgeted estimates of \$3,728,149.

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 2010, the School District had \$3,715,294 invested in buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2010 balances compared to 2009.

**Table 4
Capital Assets (Net of Depreciation) at June 30, 2010**

	<u>2010</u>	<u>2009</u>
Site & Site Improvements	54,282	59,412
Buildings & Building Improvements	3,635,558	3,729,704
Machinery & Equipment	25,454	35,722
	<u><u>3,715,294</u></u>	<u><u>3,824,838</u></u>

Capital assets decreased by \$109,544 from fiscal year 2009 to fiscal year 2010.

Debt Administration

At June 30, 2010, the School District had \$2,979,352 as outstanding debt. Of this amount \$79,352 is for compensated absences. The remaining \$2,900,000 is made up of the District's outstanding serial bonds.

For the Future

National Park Elementary School District 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 15 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, 2010

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and cash equivalents	282,131	282,131
Receivables, net	197,578	197,578
Due from other funds	21	21
Cash and cash equivalents	14,552	14,552
Capital reserve account - cash	80,516	80,516
Capital assets, net	3,715,294	3,715,294
	<u>4,290,092</u>	<u>4,290,092</u>
Total assets		
<u>LIABILITIES</u>		
Cash Overdraft	188,469	188,469
Accounts Payable	98,206	98,206
Deferred revenue	1,707	1,707
Noncurrent liabilities:		
Due within one year	180,000	180,000
Due beyond one year	2,799,352	2,799,352
	<u>3,267,734</u>	<u>3,267,734</u>
Total liabilities		
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	815,294	815,294
Restricted for:		
Other purposes	151,321	151,321
Unrestricted	55,743	55,743
	<u>1,022,358</u>	<u>1,022,358</u>
Total net assets		

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2010

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	1,260,383				(1,260,383)		(1,260,383)
Special education	540,830		222,070		(318,760)		(318,760)
Other special instruction	57,092				(57,092)		(57,092)
Other instruction	8,805				(8,805)		(8,805)
Support services:							
Tuition	95,580				(95,580)		(95,580)
Student & instructional related services	636,214		85,051		(551,163)		(551,163)
School administrative services	117,238				(117,238)		(117,238)
General & business administrative services	169,958				(169,958)		(169,958)
Plant operations & maintenance	350,829				(350,829)		(350,829)
Pupil transportation	70,370				(70,370)		(70,370)
Employee benefits	851,405				(851,405)		(851,405)
Interest on long-term debt	77,633				(77,633)		(77,633)
Unallocated depreciation	109,544				(109,544)		(109,544)
Total governmental activities	4,345,881		307,121		(4,038,760)		(4,038,760)
Total primary government	4,345,881		307,121		(4,038,760)		(4,038,760)
General revenues:							
Taxes:							
					1,593,974		1,593,974
					151,013		151,013
					2,510,786		2,510,786
					5		5
					58,966		58,966
					(45,000)		(45,000)
Total general revenues, special items, extraordinary items and transfers					4,269,744		4,269,744
Change in Net Assets					230,984		230,984
Net Assets - beginning					791,374		791,374
Net Assets - end					<u>1,022,358</u>		<u>1,022,358</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

NATIONAL PARK SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
ASSETS				
Cash and cash equivalents	282,131			282,131
Due from other funds	21			21
Receivables from other governments	7,298	190,236		197,534
Other receivables	44			44
Restricted cash and cash equivalents	80,516		14,552	95,068
Total assets	370,010	190,236	14,552	574,798
LIABILITIES AND FUND BALANCES				
Liabilities				
Cash deficit		188,469		188,469
Accounts payable	87,760	10,446		98,206
Deferred revenue		1,707		1,707
Total liabilities	87,760	200,622		288,382
Fund Balances:				
Reserved for:				
Encumbrances	64,619			64,619
Capital reserve account	80,516			80,516
Excess surplus - designated for subsequent year's expenditures	6,186			6,186
Unreserved, reported in:				
General Fund:				
Designated for subsequent year's expenditures	78,000			78,000
Undesignated	52,929			52,929
Special Revenue Fund		(10,386)		(10,386)
Debt Service Fund			14,552	14,552
Total fund balances	282,250	(10,386)	14,552	286,416
Total liabilities and fund balances	370,010	190,236	14,552	

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 \$5,268,074, and the accumulated depreciation is \$1,552,780 (See Note 6).	3,715,294
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7).	(2,979,352)
Net assets of governmental activities	<u>1,022,358</u>

NATIONAL PARK SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
<u>REVENUES</u>				
Local sources:				
Local tax levy	1,593,974		151,013	1,744,987
Interest earned on Capital Reserve Fund	5			5
Miscellaneous	58,966	4,307		63,273
	1,652,945	4,307	151,013	1,808,265
State sources	2,002,583	107,209	161,172	2,270,964
Federal sources	347,031	195,605		542,636
Total revenues	4,002,559	307,121	312,185	4,621,865
<u>EXPENDITURES</u>				
Current:				
Regular instruction	1,260,383			1,260,383
Special education instruction	287,779	253,051		540,830
Other special instruction	57,092			57,092
Other instruction	8,805			8,805
Support:				
Tuition	95,580			95,580
Student & instruction related services	553,813	85,051		638,864
School administrative services	117,238			117,238
Other administrative services	169,958			169,958
Plant operations and maintenance	350,829			350,829
Pupil transportation	70,370			70,370
Employee benefits	851,405			851,405
Debt Service:				
Principal			220,000	220,000
Interest			77,633	77,633
Total expenditures	3,823,252	338,102	297,633	4,458,987
Excess (Deficiency) of revenues over expenditures	179,307	(30,981)	14,552	162,878
Other Financing Sources (Uses):				
Transfers to General Fund				
Transfers to Special Revenue Fund	(30,645)	30,645		
Total other financing sources (uses)	(30,645)	30,645		
Net change in fund balances	148,662	(336)	14,552	162,878
Fund balance - July 1	133,588	(10,050)		123,538
Fund balance - June 30	282,250	(10,386)	14,552	286,416

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, 2010

Total net change in fund balances - governmental funds (from B-2)		162,878
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	(109,544)	
Capital outlays	<u>None</u>	
		(109,544)
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		220,000
Bond principal paid from refunding issue		2,905,000
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Proceeds from issuance of refunding long-term debt		(2,950,000)
In the Statement of Activities, certain operating expenses, e.g., compensated absence are measured by the amounts earned during the year. In the governmental fund 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.		
		<u>2,650</u>
Change in net assets of governmental activities		<u><u>230,984</u></u>

NATIONAL PARK SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and cash equivalents	8,620	35,462
Interfund receivable	1,253	
Total assets	9,873	35,462
<u>LIABILITIES</u>		
Payroll deductions and withholdings		21,571
Payable to student groups		12,617
Interfund payable		1,274
Total liabilities		35,462
<u>NET ASSETS</u>		
Held in trust for unemployment claims	9,873	

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, 2010

	<u>Unemployment Compensation Trust</u>
<u>ADDITIONS</u>	
Contributions	3,707
Interest earned	61
Total Additions	3,768
<u>DEDUCTIONS</u>	
Unemployment Claims	7,251
Change in Net Assets	(3,483)
Net assets - beginning of year	13,356
Net assets - end of year	9,873

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010

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, 2010

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, 2010

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 District does not have an Enterprise Fund.

Internal Service Fund: - The Internal Service Fund's 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, 2010

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).

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control (Continued)

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

Formal budgetary integration into the accounting system is employed as a management control device during the 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Revenues – Exchange and Nonexchange Transactions (Continued)

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, 2010

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Depository Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2010 and 2009, was \$233,316 and \$178,611. As of June 30, 2010 and 2009, \$0 of the District's bank balance of \$460,908.09 and \$373,484, respectively, was exposed to custodial credit risk.

NOTE 3: INVESTMENTS

As of June 30, 2010 and 2009, the District did not have any investments.

Interest rate risk: The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute N.J.S.A. 18A:20-37 limits the length of time for most investments to 397 days.

Credit risk: New Jersey statute N.J.S.A. 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located. Obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of credit risk: The District places no limit on the amount the District may invest in any one issuer.

NOTE 4: RECEIVABLES

Receivables at June 30, 2010 consisted of intergovernmental and other receivables. All receivables are considered collectible in full. A summary of the principal items of the receivables are as follows:

	<u>Governmental Activities</u>
State Aid	7,298
Federal Aid	190,236
Other	44
	<u>197,578</u>

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet at June 30, 2010:

	Interfund	
	Receivable	Payable
General Fund	21	
Fiduciary Fund - Unemployment	1,253	
Fiduciary Fund - Agency Fund		1,274
	1,274	1,274

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2010:

	Balance July 1, 2009	Additions	Disposals/ Adjustments	Balance June 30, 2010
Governmental activities:				
Sites & Site Improvements	102,603			102,603
Building & Building Improvements	4,916,838			4,916,838
Machinery & Equipment	248,633			248,633
Totals at historical cost	5,268,074			5,268,074
Less: Accumulated depreciation				
Sites & Site Improvements	43,191	5,130		48,321
Building & Building Improvements	1,187,134	94,146		1,281,280
Machinery & Equipment	212,911	10,268		223,179
Total accumulated depreciation	1,443,236	109,544		1,552,780
Governmental activities capital assets, net	3,824,838	(109,544)		3,715,294

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

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: GENERAL LONG-TERM DEBT

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

Permanently funded debt as of June 30, 2010, consisted of the following:

\$2,950,000 General Obligation Refunding Bonds dated December 10, 2009 payable in annual installments through February 1, 2025. Interest is paid semi-annually at rates of 2% to 4.5% per annum. The balance remaining at June 30, 2010 was \$2,900,000.

A. Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2010, are as follows:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Compensated Absences	82,002	3,808	6,458	79,352
Bonds payable	3,075,000	2,950,000	3,125,000	2,900,000
	3,157,002	2,953,808	3,131,458	2,979,352

B. Bonds Payable

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

June 30	Principal	Interest	Total
2011	180,000	103,163	283,163
2012	185,000	97,762	282,762
2013	190,000	94,063	284,063
2014	195,000	90,262	285,262
2015	190,000	86,363	276,363
2016-2020	955,000	322,337	1,277,337
2021-2025	1,005,000	122,225	1,127,225
	2,900,000	916,175	3,816,175

C. Bonds Authorized but Not Issued

As of June 30, 2010, the Board had no authorized but not issued bonds.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

D. Defeased Debt

On December 10, 2009, the District issued refunding school bonds in the amount of \$2,950,000 with interest rates varying from 2% to 4.5 % to advance refund bonds in the amount of \$3,225,000 with interest rates varying from 4.5% to 4.75%. After paying issuance costs, the net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The bonds were called for redemption on February 1, 2010. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the District's financial statements.

As a result of the advanced refunding, the District recognized an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$175,783.

E. 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, 2010, 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, 2010

NOTE 8: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF), cost-sharing multiple-employer defined benefit pension plans 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 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrptsarchive.htm>.

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 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 8: PENSION PLANS (CONTINUED)

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5.5% of employees' annual compensation, as defined. TPAF provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and TPAF. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The District's contributions to PERS for the years ending June 30, 2010, 2009, and 2008 were \$36,710, \$23,376 and \$17,841 respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$118,137 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 \$130,118 during the year ended June 30, 2010 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.

The District's total payroll for the years ended June 30, 2010, 2009 and 2008 were \$2,229,151, \$2,260,449 and \$2,167,311 respectively. Covered payroll was \$357,520, \$383,150 and \$397,291 for PERS and \$1,716,534, \$1,715,086 and \$1,712,575 for TPAF for the same years.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 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. P.L. 2007, C.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

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 \$116.9 million toward Chapter 126 benefits for 12,545 eligible retired members in Fiscal Year 2009.

NOTE 10: 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 11: 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.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. 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>
2009-2010	None	3,707	7,251	9,873
2008-2009	None	3,319	10,679	13,356
2007-2008	None	2,710	9,286	20,672

NOTE 13: 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

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 13: CAPITAL RESERVE ACCOUNT (CONTINUED)

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:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning balance July 1, 2009	804
Deposits approved June 30, 2010	79,707
Interest earning	<u>5</u>
Ending balance June 30, 2010	<u><u>80,516</u></u>

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010 is \$297,858.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund - Of the \$282,250 General Fund balance at June 30, 2010, \$64,619 is reserved for encumbrances; \$6,186 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$6,186 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); \$80,516 has been reserved in the Capital Reserve Account; \$78,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; and \$52,929 is unreserved and undesignated.

Debt Service Fund – Of the Debt Service Fund fund balance at June 30, 2010, \$14,552 is unreserved and undesignated.

NOTE 15: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$6,186.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 16: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$10,386 in the Special Revenue Fund as of June 30, 2010 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 delayed one or more June state aid payments 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 June state aid payments in the subsequent fiscal year, the District can not recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 17: CONTINGENT LIABILITIES

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

NOTE 18: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District's operations. State sources funded approximately 50% of the District's 2009-2010 governmental operations, while local tax levy funded approximately 40%.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<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	1,593,974		1,593,974	1,593,974	
Interest Earned on Capital Reserve Funds	2		2	5	3
Miscellaneous	3,500		3,500	58,966	55,466
Total - Local Sources	<u>1,597,476</u>		<u>1,597,476</u>	<u>1,652,945</u>	<u>55,469</u>
State Sources:					
Categorical Special Education Aid	144,881		144,881	144,881	
Equalization Aid	1,912,590	(347,031)	1,565,559	1,565,559	
Categorical Security Aid	44,397		44,397	30,998	(13,399)
Categorical Transportation Aid	28,805		28,805	18,723	(10,082)
Nonpublic School Transportation Reimbursement				986	986
TPAF Post Retirement Medical (On-behalf - non-budgeted)				112,165	112,165
TPAF Pensions Contributions (On-behalf - non-budgeted)				5,972	5,972
Reimbursed TPAF Social Security Contributions (non-budgeted)				130,118	130,118
Total - State Sources	<u>2,130,673</u>	<u>(347,031)</u>	<u>1,783,642</u>	<u>2,009,402</u>	<u>225,760</u>
Federal Sources:					
ARRA - ESF		334,098	334,098	334,098	
ARRA - GSF		12,933	12,933	12,933	
Total - Federal Sources		<u>347,031</u>	<u>347,031</u>	<u>347,031</u>	
Total Revenues	<u><u>3,728,149</u></u>		<u><u>3,728,149</u></u>	<u><u>4,009,378</u></u>	<u><u>281,229</u></u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<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:					
Kindergarten - Salaries of Teachers	113,725	(3,107)	110,618	110,546	72
Grades 1-5 - Salaries of Teachers	821,058	(3,931)	817,127	816,173	954
Grades 6-8 - Salaries of Teachers	228,591	23,710	252,301	250,216	2,085
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	2,187	3,187	3,187	
Purchased Professional Educational Services	6,457	(2,745)	3,712	2,416	1,296
Regular Programs - Undistributed Instruction:					
Purchased Professional Educational Services	1,500	(1,500)			
Purchased Technical Services	4,000	(3,741)	259		259
Other Purchased Services	7,920		7,920	7,390	530
General Supplies	90,159	9,065	99,224	65,138	34,086
Textbooks	13,249	(1,202)	12,047	4,111	7,936
Other Objects	1,900		1,900	1,206	694
Total Regular Programs - Instruction	<u>1,289,559</u>	<u>18,736</u>	<u>1,308,295</u>	<u>1,260,383</u>	<u>47,840</u>
Special Education Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	248,593	(3,627)	244,966	244,920	46
Other Salaries for Instruction	33,641	5,577	39,218	38,871	347
General Supplies	5,340	(400)	4,940	3,988	952
Textbooks	2,400	(1,550)	850		850
Total Resource Room/Resource Center	<u>289,974</u>		<u>289,974</u>	<u>287,779</u>	<u>2,195</u>
Total Special Education - Instruction	<u>289,974</u>		<u>289,974</u>	<u>287,779</u>	<u>2,195</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial Instruction:					
Salaries of Teachers	69,992	(12,139)	57,853	56,866	987
General Supplies	750		750	226	524
Total Basic Skills/Remedial Instruction	<u>70,742</u>	<u>(12,139)</u>	<u>58,603</u>	<u>57,092</u>	<u>1,511</u>
School-Spon. Cocurricular Actvts. - Inst.:					
Salaries	6,300		6,300	3,650	2,650
Purchased Services	500		500	300	200
Other Objects	150		150	106	44
Total School-Spon. Cocurricular Actvts. - Inst.	<u>6,950</u>		<u>6,950</u>	<u>4,056</u>	<u>2,894</u>
Community Services Programs/Operations:					
Salaries	4,000	750	4,750	4,749	1
Total Community Services Programs/Operations	<u>4,000</u>	<u>750</u>	<u>4,750</u>	<u>4,749</u>	<u>1</u>
Total Instructions	<u>1,661,225</u>	<u>7,347</u>	<u>1,668,572</u>	<u>1,614,059</u>	<u>54,441</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	750		750		750
Tuition to CSSD & Regional Day Schools	85,037	10,550	95,587	95,580	7
Tuition to Private Schools for the Disabled - Within State	6,348		6,348		6,348
Total Undistributed Expenditures - Instruction	<u>92,135</u>	<u>10,550</u>	<u>102,685</u>	<u>95,580</u>	<u>7,105</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Attendance & Social Work:					
Salaries	3,000		3,000	3,000	
Total Undistributed Expenditures - Attendance & Social Work	<u>3,000</u>		<u>3,000</u>	<u>3,000</u>	
Undistributed Expenditures - Health Services:					
Salaries	52,157	1,834	53,991	53,839	152
Purchased Professional - Educational Services	200		200	191	9
Supplies and Materials	2,220	97	2,317	1,833	484
Other Objects		226	226	226	
Total Undistributed Expenditures - Health Services	<u>54,577</u>	<u>2,157</u>	<u>56,734</u>	<u>56,089</u>	<u>645</u>
Undist. Expend. - Speech, OT, PT & Related Services:					
Salaries	2,200		2,200		2,200
Purchased Professional - Educational Services	149,138		149,138	141,984	7,154
Supplies and Materials	1,020		1,020	529	491
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>152,358</u>		<u>152,358</u>	<u>142,513</u>	<u>9,845</u>
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Salaries	64,017		64,017	59,273	4,744
Purchased Professional - Educational Services	1,000				
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	<u>65,017</u>		<u>64,017</u>	<u>59,273</u>	<u>4,744</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	33,905	(6,552)	27,353	27,161	192
Purchased Professional - Educational Services	1,320	(95)	1,225	1,225	
Other Purchased Professional and\ Technical Services	2,300	310	2,610	2,607	3
Supplies and Materials	300	603	903	631	272
Total Undist. Expend. - Guidance	<u>37,825</u>	<u>(5,734)</u>	<u>32,091</u>	<u>31,624</u>	<u>467</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	2,000	342	2,342	2,342	
Purchased Professional - Educational Services	91,950		91,950	91,950	
Other Purchased Professional and Technical Services	20,375	(342)	20,033	15,287	4,746
Total Undist. Expend. - Child Study Team	<u>114,325</u>		<u>114,325</u>	<u>109,579</u>	<u>4,746</u>
Undistributed Expenditures - Improvement of Inst. Services:					
Salaries of Other Professional Staff	48,335	734	49,069	49,069	
Other Salaries	1,245		1,245	1,180	65
Purchased Professional - Educational Services	16,430		16,430	16,430	
Supplies and Materials	350	15	365	290	75
Other Objects	500	(15)	485	469	16
Total Undistributed Expenditures - Improvement of Inst. Services	<u>66,860</u>	<u>734</u>	<u>67,594</u>	<u>67,438</u>	<u>156</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<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	31,723		31,723	31,475	248
Salaries of Technology Coordinators	45,209	1,121	46,330	46,330	
Purchased Professional and Technical Services	3,405		3,405	3,044	361
Supplies and Materials	5,800		5,800	2,195	3,605
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>86,137</u>	<u>1,121</u>	<u>87,258</u>	<u>83,044</u>	<u>4,214</u>
Undist. Expend. - Instructional Staff Training					
Other Purchased Services	5,313		5,313	1,253	4,060
Total Undist. Expend. - Instructional Staff Training	<u>5,313</u>		<u>5,313</u>	<u>1,253</u>	<u>4,060</u>
Undist. Expend. - Supp. Serv. - General Administration:					
Salaries	2,300	20,700	23,000	22,790	210
Legal Services	1,250		1,250	1,050	200
Audit Fees	13,000	(1,350)	11,650	11,300	350
Architectural/Engineering Services	1,000	500	1,500	1,500	
Other Purchased Professional Services	63,000	(20,700)	42,300	32,300	10,000
Purchased Technical Services	2,700	(500)	2,200		2,200
Communications/Telephone	7,850		7,850	4,525	3,325
BOE Other Purchased Services	500		500		500
Other Purchased Services	21,600		21,600	18,223	3,377
General Supplies	3,000	1,500	4,500	4,412	88
Miscellaneous Expenditures	3,500	(2,340)	1,160	757	403
BOE Membership Dues and Fees	3,800		3,800	2,843	957
Total Undist. Expend. - Supp. Serv. - General Administration	<u>123,500</u>	<u>(2,190)</u>	<u>121,310</u>	<u>99,700</u>	<u>21,610</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Supp. Serv. - School Administration:					
Salaries of Other Professional Staff	58,070	879	58,949	58,949	
Salaries of Secretarial and Clerical Assistants	47,213	840	48,053	48,053	
Purchased Professional and Technical Services	4,450	(879)	3,571	3,520	51
Other Purchased Services	2,400		2,400	1,750	650
Supplies and Materials	2,000	1,386	3,386	3,386	
Other Objects	1,875	(36)	1,839	1,580	259
Total Undist. Expend. - Supp. Serv. - School Administration	<u>116,008</u>	<u>2,190</u>	<u>118,198</u>	<u>117,238</u>	<u>960</u>
Undist. Expend. - Central Services:					
Purchased Professional Services	60,365		60,365	60,365	
Purchased Technical Services	9,375	20	9,395	9,395	
Supplies and Materials	907		907	423	484
Miscellaneous Expenditures	450	(20)	430	75	355
Total Undist. Expend. - Central Services	<u>71,097</u>		<u>71,097</u>	<u>70,258</u>	<u>839</u>
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	58,026		58,026	58,026	
Cleaning, Repair and Maintenance Services	23,500	14,684	38,184	38,183	1
General Supplies	4,500	(684)	3,816	1,839	1,977
Total Undist. Expend-Required Maintenance for School Facilities	<u>86,026</u>	<u>14,000</u>	<u>100,026</u>	<u>98,048</u>	<u>1,978</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Custodial Services:					
Salaries	89,914	(650)	89,264	88,588	676
Purchased Professional and Technical Services	6,000	4,050	10,050	9,270	780
Cleaning, Repair and Maintenance Services	17,500	(12,000)	5,500	4,408	1,092
Other Purchased Property Services	5,241		5,241	5,021	220
Insurance	8,500		8,500	7,136	1,364
Miscellaneous Purchased Services	600		600	361	239
General Supplies	43,266	(12,400)	30,866	28,866	2,000
Energy (Heat and Electricity)	129,000	(3,550)	125,450	108,219	17,231
Other Objects	1,000		1,000	912	88
Total Undist. Expend. - Custodial Services	<u>301,021</u>	<u>(24,550)</u>	<u>276,471</u>	<u>252,781</u>	<u>23,690</u>
Undist. Expend. - Student Transportation Services:					
Contract Services (Other than Bet. Home & School) Vendors	7,000	242	7,242	7,242	
Contract Services (Sp. Ed. Students) Joint Agreements	85,000	(6,624)	78,376	57,382	20,994
Contract Services - Aid in Lieu of Payments	6,000	(242)	5,758	5,746	12
Contract Services - Spc ESC/CTSA	5,000		5,000		5,000
Total Undist. Expend. - Student Transportation Services:	<u>103,000</u>	<u>(6,624)</u>	<u>96,376</u>	<u>70,370</u>	<u>26,006</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<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	1,250		1,250	1,121	129
Social Security Contributions	44,100		44,100	38,281	5,819
Other Retirement Contributions - Regular	25,000	11,710	36,710	36,710	
Unemployment Compensation	500		500		500
Workmen's Compensation	16,750	(550)	16,200	14,962	1,238
Health Benefits	513,616	(13,429)	500,187	497,947	2,240
Tuition Reimbursement	4,000	(3,000)	1,000	710	290
Other Employee Benefits	7,500	5,994	13,494	13,419	75
Total Unallocated Benefits - Employee Benefits	<u>612,716</u>	<u>725</u>	<u>613,441</u>	<u>603,150</u>	<u>10,291</u>
On-Behalf Contributions:					
On-behalf TPAF Pensions Contributions (non-budgeted)				5,972	(5,972)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib. (non-budgeted)				112,165	(112,165)
Reimbursed TPAF Social Security Contributions (non-budgeted)				130,118	(130,118)
Total On-Behalf Contributions				<u>248,255</u>	<u>(248,255)</u>
Total Personal Services - Employee Benefits	<u>612,716</u>	<u>725</u>	<u>613,441</u>	<u>851,405</u>	<u>(237,964)</u>
Total Undistributed Expenditures	<u>2,090,915</u>	<u>(7,621)</u>	<u>2,082,294</u>	<u>2,209,193</u>	<u>(126,899)</u>
Total General Current Expense	<u>3,752,140</u>	<u>(274)</u>	<u>3,750,866</u>	<u>3,823,252</u>	<u>(72,458)</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<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	<u>2</u>		<u>2</u>		<u>2</u>
Equipment:					
Undist. Expend. - Support Serv - Students		<u>6,624</u>	<u>6,624</u>		<u>6,624</u>
Total Equipment		<u>6,624</u>	<u>6,624</u>		<u>6,624</u>
Facilities Acquisitions and Construction Services:					
Construction Services	<u>5,280</u>		<u>5,280</u>		<u>5,280</u>
Total Facilities Acquisitions and Construction Services	<u>5,280</u>		<u>5,280</u>		<u>5,280</u>
Total Capital Outlay	<u>5,282</u>	6,624	<u>11,906</u>		<u>11,906</u>
Total Expenditures	<u>3,757,422</u>	<u>6,350</u>	<u>3,762,772</u>	<u>3,823,252</u>	<u>(60,552)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,273)	(6,350)	(34,623)	186,126	220,677
Other Financing Sources:					
Operating Transfer Out:					
Transfer to Special Revenue Fund	<u>(36,995)</u>	<u>6,350</u>	<u>(30,645)</u>	<u>(30,645)</u>	

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<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)	(66,268)		(65,268)	155,481	220,677
Fund Balance, July 1	<u>324,826</u>		<u>324,826</u>	<u>324,826</u>	
Fund Balance, June 30	<u><u>258,558</u></u>		<u><u>259,558</u></u>	<u><u>480,307</u></u>	<u><u>220,677</u></u>
Recapitulation:					
Reserve for Encumbrances				64,619	
Capital Reserve Fund				80,516	
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				6,186	
Designated for Subsequent Year's Expenditures				78,000	
Unrestricted Fund Balance				<u>250,986</u>	
				480,307	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				<u>(198,057)</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>282,250</u></u>	

NATIONAL PARK SCHOOL DISTRICT
American Recovery and Reinvestment Act
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Education Stabilization Fund		334,098	334,098	334,098	
Government Services Fund		12,933	12,933	12,933	
Total Revenues		<u>347,031</u>	<u>347,031</u>	<u>347,031</u>	
EXPENDITURES:					
Instruction:					
Salaries of Teachers:					
Grades 1-5 - ESF		267,277	267,277	267,277	
Grades 6-8 - ESF		66,821	66,821	66,821	
Grades K - GSF		12,933	12,933	12,933	
Total Instruction		<u>347,031</u>	<u>347,031</u>	<u>347,031</u>	
Total Expenditures		<u>347,031</u>	<u>347,031</u>	<u>347,031</u>	

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	103,860		103,860	105,938	2,078
Federal Sources	249,820		249,820	194,754	(55,066)
Local sources	6,500		6,500	4,500	(2,000)
Total Revenues	<u>360,180</u>		<u>360,180</u>	<u>305,192</u>	<u>(54,988)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	121,910	(2,899)	119,011	107,314	11,697
Other Salaries for Instruction	25,558	(38)	25,520	23,238	2,282
Purchased Professional - Technical Services	11,916	(12)	11,904	11,904	
Other Purchased Services	81,455		81,455	64,720	16,735
General Supplies	34,339	29,819	64,158	43,384	20,774
Other Objects	500	38	538	538	
Total Instruction	<u>275,678</u>	<u>26,908</u>	<u>302,586</u>	<u>251,098</u>	<u>51,488</u>
Support Services:					
Salaries	840		840	840	
Personal Services - Employee Benefits	38,951	3,677	42,628	41,571	1,057
Purchased Professional - Technical Services	38,099	5,015	43,114	35,614	7,500
Purchased Professional - Educational Services	5,000		5,000	5,000	
Other Purchased Services	1,057	(333)	724	698	26
General Supplies	266	750	1,016	1,016	
Other Objects	1,284	(17)	1,267		1,267
Total Support Services	<u>85,497</u>	<u>9,092</u>	<u>94,589</u>	<u>84,739</u>	<u>9,850</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	36,000	(36,000)			
Total Expenditures	<u>397,175</u>		<u>397,175</u>	<u>335,837</u>	<u>61,338</u>
Other Financing Sources:					
Transfer in from General Fund	36,995		36,995	30,645	6,350
Total Outflows	<u>360,180</u>		<u>360,180</u>	<u>305,192</u>	<u>54,988</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NATIONAL PARK SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
For the Fiscal Year Ended June 30, 2010

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	4,009,378	305,192
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		2,265
State aid payment recognized for GAAP purposes in the current year, previously recognized for budgetary purposes.	191,238	10,050
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(198,057)	(10,386)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	4,002,559	307,121
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	3,823,252	335,837
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.		2,265
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	3,823,252	338,102

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Brought Forward (Exhibit E-1a)	Title I	Title I ARRA	Title II Part A	Title II Part A Carryover	Total 2010
REVENUES:						
Federal sources	118,068	52,293	8,577	15,655	161	194,754
State sources	105,938					105,938
Local sources	4,500					4,500
Total revenues	228,506	52,293	8,577	15,655	161	305,192
EXPENDITURES:						
Instruction:						
Salaries of teachers	68,994	31,300	7,020			107,314
Other salaries for instruction	23,238					23,238
Purchased professional technical services	11,904					11,904
Other purchased services	63,512	1,208				64,720
General supplies	35,430	7,431	523			43,384
Other objects	538					538
Total instruction	203,616	39,939	7,543			251,098
Support services:						
Salaries		840				840
Personal services-employees benefits	35,955	5,451	165			41,571
Purchased professional technical services	13,365	5,849	869	15,531		35,614
Purchased professional educational services	5,000					5,000
Other purchased services	199	214		124	161	698
General supplies	1,016					1,016
Total support services	55,535	12,354	1,034	15,655	161	84,739
Total expenditures	259,151	52,293	8,577	15,655	161	335,837
Other financing sources:						
Transfer in from General Fund	30,645					30,645
Total outflows	228,506	52,293	8,577	15,655	161	305,192

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Brought Forward (Exhibit E-1b)	IDEA Basic	Title IV	Title II Part D Carryover	Title II Part D	Total Carried Forward
REVENUES:						
Federal sources	45,716	70,796	1,016	8	532	118,068
State sources	105,938					105,938
Local sources	4,500					4,500
Total revenues	156,154	70,796	1,016	8	532	228,506
EXPENDITURES:						
Instruction:						
Salaries of teachers	68,994					68,994
Other salaries for instruction	23,238					23,238
Purchased professional technical services	1,500	10,330			74	11,904
Other purchased services	3,046	60,466				63,512
General supplies	35,163				267	35,430
Other objects	538					538
Total instruction	132,479	70,796			341	203,616
Support services:						
Personal services-employees benefits	35,955					35,955
Purchased professional technical services	13,365					13,365
Purchased professional educational services	5,000					5,000
Other purchased services				8	191	199
General supplies			1,016			1,016
Total support services	54,320		1,016	8	191	55,535
Total expenditures	186,799	70,796	1,016	8	532	259,151
Other financing sources:						
Transfer in from General Fund	30,645					30,645
Total outflows	156,154	70,796	1,016	8	532	228,506

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Preschool Education Aid (Exhibit E-2)	Army/Navy Garrison Grant	Municipal Alliance	IDEA Preschool	IDEA Basic ARRA	Total Carried Forward
REVENUES:						
Federal sources				3,046	42,670	45,716
State sources	103,860		2,078			105,938
Local sources		4,500				4,500
Total revenues	<u>103,860</u>	<u>4,500</u>	<u>2,078</u>	<u>3,046</u>	<u>42,670</u>	<u>156,154</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	67,734				1,260	68,994
Other salaries for instruction	23,238					23,238
Purchased professional technical services					1,500	1,500
Other purchased services				3,046		3,046
General supplies	2,136	4,500	2,078		26,449	35,163
Other objects	538					538
Total instruction	<u>93,646</u>	<u>4,500</u>	<u>2,078</u>	<u>3,046</u>	<u>29,209</u>	<u>132,479</u>
Support services:						
Personal services-employees benefits	35,859				96	35,955
Purchased professional technical services					13,365	13,365
Other purchased professional - educational services	5,000					5,000
Total support services	<u>40,859</u>				<u>13,461</u>	<u>54,320</u>
Total expenditures	134,505	4,500	2,078	3,046	42,670	186,799
Other financing sources:						
Transfer in from General Fund	30,645					30,645
Total outflows	<u>103,860</u>	<u>4,500</u>	<u>2,078</u>	<u>3,046</u>	<u>42,670</u>	<u>156,154</u>

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Preschool Education and Schedule(s) of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	70,438	67,734	2,704
Other Salaries of Instruction	25,520	23,238	2,282
General Supplies	3,500	2,136	1,364
Other Objects	538	538	
Total instruction	<u>99,996</u>	<u>93,646</u>	<u>6,350</u>
Support Services:			
Personal Services - Employee Benefits	35,859	35,859	
Other Purchased Professional - Educational Services	5,000	5,000	
Total support services	<u>40,859</u>	<u>40,859</u>	
Total expenditures	<u><u>140,855</u></u>	<u><u>134,505</u></u>	<u><u>6,350</u></u>

CALCULATION OF BUDGET AND CARRYOVER

Total revised 2009-10 Preschool Education Aid Allocation	103,860
Add: Budgeted Transfer from the General Fund 2009-10	30,645
Total Preschool Education Aid Funds Available for 2009-10 Budget	<u>134,505</u>
Less: 2009-10 Budgeted Preschool Education Aid	(140,855)
Add: June 30, 2010 Unexpended Preschool Education Aid	6,350
2009-10 Carryover - Preschool Education Aid	<u><u>None</u></u>

FIDUCIARY FUNDS

NATIONAL PARK SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Total 2010</u>
ASSETS:			
Cash and cash equivalents	8,620	35,462	44,082
Interfund receivable	1,253		1,253
Total assets	<u>9,873</u>	<u>35,462</u>	<u>45,335</u>
LIABILITIES:			
Payroll deductions and withholdings		21,571	21,571
Due to student groups		12,617	12,617
Interfund payable		1,274	1,274
Total liabilities		<u>35,462</u>	<u>35,462</u>
NET ASSETS:			
Held in trust for unemployment claims	9,873		9,873
Total net assets	<u>9,873</u>		<u>9,873</u>

NATIONAL PARK SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Total 2010</u>
ADDITIONS:		
Contributions	3,707	3,707
Interest Earned	61	61
Total Additions	<u>3,768</u>	<u>3,768</u>
DEDUCTIONS:		
Unemployment Claims	7,251	7,251
Change in Net Assets	<u>(3,483)</u>	<u>(3,483)</u>
Net Assets - Beginning	<u>13,356</u>	<u>13,356</u>
Net Assets - End	<u><u>9,873</u></u>	<u><u>9,873</u></u>

NATIONAL PARK SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
SCHOOLS:				
National Park School	<u>11,862</u>	<u>9,243</u>	<u>8,488</u>	<u>12,617</u>

NATIONAL PARK SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS:				
Cash and cash equivalents	24,229	2,407,519	2,408,903	22,845
Total assets	<u>24,229</u>	<u>2,407,519</u>	<u>2,408,903</u>	<u>22,845</u>
LIABILITIES:				
Accrued salaries and wages		1,453,716	1,453,716	
Payroll deductions and withholdings	22,832	952,529	953,790	21,571
Interfund Payable	1,397	1,274	1,397	1,274
Total liabilities	<u>24,229</u>	<u>2,407,519</u>	<u>2,408,903</u>	<u>22,845</u>

LONG-TERM DEBT

NATIONAL PARK SCHOOL DISTRICT
Schedule of Serial Bonds
June 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
			Date	Amount					
Series 2001 Refunding Bonds	11-1-01	3,225,000				3,075,000		3,075,000	
Series 2009 Refunding Bonds	12-10-09	2,950,000	2-1-11	180,000	3.00%				
			2-1-12	185,000	2.00%				
			2-1-13	190,000	2.00%				
			2-1-14	195,000	2.00%				
			2-1-15	190,000	4.00%				
			2-1-16/17	185,000	4.00%				
			2-1-18	190,000	3.125%				
			2-1-19	195,000	4.00%				
			2-1-20	200,000	4.50%				
			2-1-21	205,000	4.50%				
			2-1-22/23	195,000	4.00%				
			2-1-24	200,000	4.00%				
			2-1-25	210,000	4.00%				
									2,950,000
						<u>3,075,000</u>	<u>2,950,000</u>	<u>3,125,000</u>	<u>2,900,000</u>

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	<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	151,013		151,013	151,013	
State Sources:					
Debt Service Aid Type II	161,172		161,172	161,172	
Total Revenues	<u>312,185</u>		<u>312,185</u>	<u>312,185</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	142,185	(50,000)	92,185	77,633	14,552
Redemption of Principal	170,000	50,000	220,000	220,000	
Total Expenditures	<u>312,185</u>		<u>312,185</u>	<u>297,633</u>	<u>14,552</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				<u>14,552</u>	<u>14,552</u>
Fund Balance, June 30				<u>14,552</u>	<u>14,552</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.	86-90
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	91-94
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.	95-98
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.	99-100
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.	101-105

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 DISTRICT
Net Assets by Component
Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities:							
Invested in capital assets, net of related debt	455,681	483,432	519,014	579,182	651,511	749,838	815,294
Restricted	129,404	35,374	121,878	90,017	55,380	38,260	151,321
Unrestricted	(79,268)	(35,275)	(8,778)	67,393	114,650	3,276	55,743
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>	<u>791,374</u>	<u>1,022,358</u>
District-wide:							
Invested in capital assets, net of related debt	455,681	483,432	519,014	579,182	651,511	749,838	815,294
Restricted	129,404	35,374	121,878	90,017	55,380	38,260	151,321
Unrestricted	(79,268)	(35,275)	(8,778)	67,393	114,650	3,276	55,743
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>	<u>791,374</u>	<u>1,022,358</u>

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
Changes in Net Assets
Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses:							
Governmental activities:							
Instruction:							
Regular	951,737	938,485	1,007,648	1,008,924	1,138,164	1,281,326	1,260,383
Special education	647,317	668,407	633,432	754,752	608,703	501,368	540,830
Other special instruction	20,100	47,010	24,913	38,851	31,546	72,592	57,092
Other instruction	16,710	13,712	15,585	11,142	11,499	7,443	8,805
Support services:							
Tuition	88,808	140,905	159,919	194,382	187,648	130,748	95,580
Student & instructional related services	418,432	400,161	412,044	513,346	548,629	622,309	636,214
School administration services	100,222	66,661	82,332	75,303	75,489	64,888	117,238
General & business administrative services	209,229	210,878	224,462	230,567	224,469	225,173	169,958
Plant operations & maintenance	289,112	311,599	343,634	318,186	320,400	340,906	350,829
Pupil transportation	53,745	61,270	75,281	92,489	102,487	102,197	70,370
Employee benefits	619,737	642,196	692,237	829,748	921,994	803,271	851,405
Interest on long-term debt	195,308	187,320	179,040	170,760	161,310	151,860	77,633
Capital outlay				7,799	13,447		
Unallocated depreciation	122,174	123,342	115,791	115,604	107,738	109,544	109,544
Total governmental activities expenses	3,732,631	3,811,946	3,966,318	4,361,853	4,453,523	4,413,625	4,345,881
Total district-wide expenses	3,732,631	3,811,946	3,966,318	4,361,853	4,453,523	4,413,625	4,345,881
Program revenues:							
Governmental activities:							
Operating grants & contributions	346,366	348,603	370,501	401,659	350,854	259,004	307,121
Total governmental activities program revenues	346,366	348,603	370,501	401,659	350,854	259,004	307,121
Total district program revenues	346,366	348,603	370,501	401,659	350,854	259,004	307,121
Net (Expense)/Revenue:							
Governmental activities	(3,386,265)	(3,463,343)	(3,595,817)	(3,960,194)	(4,102,669)	(4,154,621)	(4,038,760)
Total district-wide net expense	(3,386,265)	(3,463,343)	(3,595,817)	(3,960,194)	(4,102,669)	(4,154,621)	(4,038,760)
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	1,521,101	1,593,974
Taxes levied for debt service	148,431	160,753	156,748	162,388	157,846	155,752	151,013
Unrestricted grants & contributions	2,132,653	2,213,390	2,263,017	2,458,924	2,537,568	2,441,807	2,510,786
Interest earned on capital reserve fund	1	10	23	30	18	5	5
Miscellaneous income	7,825	7,339	15,636	23,962	18,050	5,789	58,966
Net Proceeds refunding bond issue	0	0	0	0	0	0	(45,000)
Total governmental activities	3,364,237	3,441,057	3,744,400	4,064,672	4,187,618	4,124,454	4,269,744
Total district-wide	3,364,237	3,441,057	3,744,400	4,064,672	4,187,618	4,124,454	4,269,744
Change in net assets:							
Governmental activities	(22,028)	(22,286)	148,583	104,478	84,949	(30,167)	230,984
Total district-wide	(22,028)	(22,286)	148,583	104,478	84,949	(30,167)	230,984

Source: District records.

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

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund:							
Reserved	135,417	50,654	156,589	96,353	121,227	38,260	151,321
Unreserved	18,147	20,867	25,400	141,248	129,600	95,328	145,481
Total General Fund	<u>153,564</u>	<u>71,521</u>	<u>181,989</u>	<u>237,601</u>	<u>250,827</u>	<u>133,588</u>	<u>296,802</u>
All other governmental funds:							
Unreserved, reported in:							
Special Revenue Fund	(10,254)	(10,254)	(10,254)	(10,253)	(10,253)	(10,050)	(10,386)
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>	<u>(10,050)</u>	<u>(10,386)</u>

Source: District records.

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Tax levy	1,020,465	1,119,835	1,130,045	1,223,758	1,220,318	1,465,724	1,581,756	1,631,982	1,676,853	1,744,987
Interest earnings	229,959	35,958	2,917	406	3,876	13,138	22,665	14,220	3,088	5
Miscellaneous	51,999	11,710	52,307	7,420	3,473	2,521	1,327	5,211	6,996	63,273
State sources	2,156,905	2,185,712	2,198,524	2,341,025	2,423,016	2,480,070	2,669,345	2,742,050	2,541,485	2,270,964
Federal sources	113,097	135,520	139,998	137,994	138,977	153,448	191,238	145,009	155,033	542,636
Total revenue	3,572,425	3,488,735	3,523,791	3,710,603	3,789,660	4,114,901	4,466,331	4,538,472	4,383,455	4,621,865
Expenditures:										
Instruction:										
Regular instruction	817,990	821,962	897,723	951,737	938,485	1,007,648	1,008,924	1,138,164	1,281,326	1,260,383
Special education instruction	569,706	580,518	638,726	647,317	668,407	633,432	754,752	608,703	501,368	540,830
Other special instruction	11,754	4,612	9,707	20,100	47,010	24,913	38,851	31,546	72,592	57,092
Other instruction	4,978	4,750	11,161	16,710	13,712	15,585	11,142	11,499	7,443	8,805
Support services:										
Tuition	80,259	39,699	96,157	88,808	140,905	159,919	194,382	187,648	130,748	95,580
Student & instruction related services	264,481	313,715	382,359	387,920	430,084	414,577	502,043	548,023	610,851	638,864
School administrative services	118,126	123,812	129,202	100,222	66,661	82,332	75,303	75,489	64,888	117,238
Other administrative services	188,021	194,434	206,846	209,229	210,878	224,462	230,567	224,469	225,173	169,958
Plant operations & maintenance	208,002	298,411	288,534	289,112	311,599	343,634	318,186	320,400	340,906	350,829
Pupil transportation	40,667	31,984	47,178	53,745	61,270	75,281	92,489	102,487	102,197	70,370
Employee benefits	501,350	535,562	612,998	619,737	642,196	692,237	829,748	921,994	803,271	851,405
Capital outlay	15,809	498,222	87,256	13,104	8,176	6,373	18,571	28,514	37,871	
Debt services:										
Principal	125,000	165,000	140,000	140,000	145,000	145,000	165,000	165,000	170,000	220,000
Interest	240,377	185,502	203,295	195,308	187,320	179,040	170,760	161,310	151,860	77,633
Total expenditures	3,186,520	3,798,183	3,751,142	3,733,049	3,871,703	4,004,433	4,410,718	4,525,246	4,500,494	4,458,987
Excess (Deficiency) of revenues over (under) expenditures	385,905	(309,448)	(227,351)	(22,446)	(82,043)	110,468	55,613	13,226	(117,039)	162,878
Other financing sources (uses):										
Capital leases (non-budgeted)			31,222							
Change orders canceled		11,004								
Accrued interest on bonds		6,206								
Total other financing sources (uses)		17,210	31,222							
Net change in fund balance	385,905	(292,238)	(196,129)	(22,446)	(82,043)	110,468	55,613	13,226	(117,039)	162,878
Debt service as a percentage of noncapital expenditures	13.02%	11.88%	10.34%	9.91%	9.41%	8.82%	8.28%	7.82%	7.77%	7.15%

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
General Fund 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>
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
2009	2,137		4,293	566	6,996
2010	79		4,307	55,152	59,538

Source: District records.

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

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate</u>
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
2009	1,533,500	91,800,100	4,392,100	635,800	98,361,500	89,176	98,450,676	189,654,615	1.772
2010	1,584,200	91,932,900	4,366,500	635,800	98,519,400	306,438	98,825,838	186,272,217	1.892

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	
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
2009	1.607	0.165	1.772	1.551	1.434	1.139	5.896
2010	1.728	0.164	1.892	1.697	1.454	1.114	6.157

Source: Municipal Tax Collector.

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

	2010			2001		
	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%	274,700	3	0.29%
Individual Taxpayer 2	328,700	4	0.33%	274,700	4	0.29%
Individual Taxpayer 3	310,600	5	0.31%	259,700	5	0.28%
Verizon New Jersey	300,438	6	0.31%			
Individual Taxpayer 4	298,000	7	0.30%	222,700	6	0.24%
J&B LP, LLC	274,700	8	0.28%			
Individual Taxpayer 5	274,200	9	0.28%	214,700	7	0.23%
Individual Taxpayer 6	256,500	10	0.26%	212,100	8	0.22%
Il Bob's Inc				205,900	9	0.22%
Individual Taxpayer 7				197,000	10	0.21%
	<u>3,364,538</u>		<u>3.41%</u>	<u>2,819,700</u>		<u>3.00%</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	
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%	
2009	1,676,853	1,676,853	100.00%	
2010	1,744,987	1,744,987	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			Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases				
2001	3,984,000				3,984,000	4.15%	1,250
2002	4,145,000				4,145,000	4.22%	1,298
2003	4,005,000		28,406		4,033,406	4.02%	1,260
2004	3,865,000		22,580		3,887,580	3.68%	1,210
2005	3,720,000		16,487		3,736,487	3.39%	1,164
2006	3,575,000		10,113		3,585,113	3.06%	1,114
2007	3,410,000		3,447		3,413,447	2.79%	1,055
2008	3,245,000				3,245,000	2.57%	1,003
2009	3,075,000				3,075,000	N/A	951
2010	2,900,000				2,900,000	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			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	3,984,000		3,984,000	4.22%	1,250
2002	4,145,000		4,145,000	4.38%	1,298
2003	4,005,000		4,005,000	4.22%	1,251
2004	3,865,000		3,865,000	4.05%	1,203
2005	3,720,000		3,720,000	3.88%	1,159
2006	3,575,000		3,575,000	3.67%	1,111
2007	3,410,000		3,410,000	3.49%	1,053
2008	3,245,000		3,245,000	3.31%	1,003
2009	3,075,000		3,075,000	3.12%	951
2010	2,900,000		2,900,000	2.93%	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, 2009
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	91,640	100.000%	91,640
Gloucester County General Obligation Debt	328,205,469	0.640%	2,100,515
Gateway Regional School District Debt	7,680,000	17.641%	1,354,829
Subtotal, overlapping debt			3,546,984
National Park District Direct Debt			2,900,000
Total direct and overlapping debt			<u>6,446,984</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
	2009 185,477,775
	2008 18,848,893
	2007 182,695,847
	<u>387,022,515</u>
Average equalized valuation of taxable property	<u>129,007,505</u>
Debt limit (2 1/2% of average equalized value)	3,225,188
Total net debt applicable to limit	<u>2,900,000</u>
Legal debt margin	<u>325,188</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	2,366,450	2,408,290	2,524,559	2,648,908	2,789,523	2,412,416	3,413,951	3,960,800	4,415,797	3,225,188
Total net debt applicable to limit	<u>3,984,000</u>	<u>4,145,000</u>	<u>4,005,000</u>	<u>3,865,000</u>	<u>3,720,000</u>	<u>3,575,000</u>	<u>3,410,000</u>	<u>3,245,000</u>	<u>3,075,000</u>	<u>2,900,000</u>
Legal debt margin	<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>	<u>1,340,797</u>	<u>325,188</u>
Total net debt applicable to the limit as a percentage of debt limit	168.35%	172.11%	158.64%	145.91%	133.36%	148.19%	99.88%	81.93%	69.64%	89.92%
Borough of National Park Debt Analysis:										
Permitted debt limitation (3.5%)	3,313,029	3,371,606	3,534,383	3,708,472	3,905,332	4,221,728	4,221,728			
Less: Net municipal debt	<u>694,975</u>	<u>801,200</u>	<u>698,425</u>	<u>614,650</u>	<u>509,875</u>	<u>420,300</u>	<u>420,300</u>			
Available Borough borrowing power	2,618,054	2,570,406	2,835,958	3,093,822	3,395,457	3,801,428	3,801,428			
Less: School District use of borrowing margin	<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>			
Remaining Borough borrowing margin	<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>	<u>3,805,379</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
2001	3,188	95,946,048	30,096	7.80%
2002	3,193	98,108,118	30,726	10.50%
2003	3,201	100,245,717	31,317	11.00%
2004	3,213	105,669,144	32,888	8.00%
2005	3,211	110,371,703	34,373	6.00%
2006	3,218	117,138,418	36,401	6.50%
2007	3,237	122,209,698	37,754	6.50%
2008	3,235	126,294,400	39,040	7.60%
2009	3,235	N/A	N/A	11.10%
2010	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 Ten Years Ago
Unaudited

Employer	2010			2001		
	Employees	Rank	% of Total Municipal Employment	Employees	Rank	% of Total Municipal Employment
National Park School District	55	1	3.02%			
National Park Borough	40	2	2.19%			
Clancey & Associates Inc.	22	3	1.21%			
The Bank	16	4	0.88%			
Bill and Eileen's Market	14	5	0.77%			
Kings Kids Learning Center LLC	13	6	0.71%	Information Not Available		
Heritage Dairy Stores Inc.	12	7	0.66%			
Pat's Pizzeria	11	8	0.60%			
Army & Navy Garrison	8	9	0.44%			
Winks Pub	7	10	0.38%			
	<u>198</u>		<u>10.86%</u>			

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction										
Regular	20	20	21	21.5	21	21	21	22	22	22
Special education	4	5	5	5	4	5	4	5	5	5
Support Services										
Student & instruction related services	8	9	10	10.5	12	13	9	10	10	10
General administration	2	2	2	1	1	1	1	1	1	1
Total	<u>34</u>	<u>36</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>40</u>	<u>35</u>	<u>38</u>	<u>38</u>	<u>38</u>

Source: District Personnel Records.

NATIONAL PARK SCHOOL DISTRICT
Operating 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>
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%
2009	324	4,140,763	12,780	-7.45%	27	8.8	298	280	-2.61%	94%
2010	316	4,161,354	13,169	3.04%	27	8.8	311	295	4.36%	95%

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Elementary										
Square Feet	52,073	52,073	52,073	52,073	52,073	52,073	52,073	52,073	52,073	52,073
Capacity (students)	394	394	394	394	394	394	394	394	394	394
Enrollment	267	276	281	289	309	315	306	302	324	316

Number of Schools at June 30, 2010
 Elementary = 1

Source: District Office.

NATIONAL PARK SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten 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	2009	2010	Total
Elementary	52,073	None	30,165	55,465	59,684	59,448	63,683	70,666	86,902	81,903	98,048	507,916

* 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, 2010
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	2,000,000 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 LLC

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

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, the business-type 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, 2010, which collectively comprise the National Park School District's basic financial statements and have issued our report thereon dated October 1, 2010. 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 the 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of 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 LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 1, 2010

PETRONI & ASSOCIATES LLC

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

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 federal and state programs for the year ended June 30, 2010. National Park School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of 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; OMB Circular A-133, *audits of States, Local Governments, and Non-Profit Organizations*; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB'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 federal or 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 federal and state programs for the year ended June 30, 2010.

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 federal and state programs. In planning and performing our audit, we considered National Park School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, 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 LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

October 1, 2010

SCHEDULE A
EXHIBIT K-3

NATIONAL PARK SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2009	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2010			MEMO Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S Department of Education															
Current Fund															
ARRA - SFSF - ESF (Educ. State Grant)	84.384	N/A	334,098	7/1/09	6/30/10			334,098	(334,098)						334,098
ARRA - SFSF - GSF (Government Services)	84.397	N/A	12,933	7/1/09	6/30/10			12,933	(12,933)						12,933
Total Current Fund								347,031	(347,031)						347,031
U.S Department of Education															
Passed-through State Department of Education															
Special Revenue Fund															
Title I, Part A	84.010	NCLB349010	52,293	9/1/09	8/31/10				(52,293)			(52,293)			52,293
Title I, Part A	84.010	NCLB349009	46,388	9/1/08	8/31/09	(20,661)		13,714				(6,947)			46,388
ARRA - Title I, Part A	84.389	ARRA349010	17,382	9/1/09	8/31/10				(8,577)			(8,577)			8,577
Title II- Part A	84.367	NCLB349010	15,681	9/1/09	8/31/10				(15,655)			(15,655)			15,655
Title II- Part A - Carryover	84.367	NCLB349010	161	9/1/09	8/31/10		161		(161)						161
Title II- Part A	84.367	NCLB349009	15,726	9/1/08	8/31/09		(161)					(161)			15,565
Title II - Part D	84.318	NCLB349010	532	9/1/09	8/31/10				(532)			(532)			532
Title II - Part D - Carryover	84.318	NCLB349010	8	9/1/09	8/31/10		8		(8)						8
Title II - Part D	84.318	NCLB349009	384	9/1/08	8/31/09	(176)	(8)	77				(107)			376
Title IV	84.186A	NCLB349010	1,016	9/1/09	8/31/10				(1,016)			(1,016)			1,016
Title IV	84.186A	NCLB349009	1,026	9/1/08	8/31/09	(1,026)						(1,026)			1,026
IDEA Part B, Basic Regular	84.027	FT349010	87,531	9/1/09	8/31/10				(70,796)						70,796
IDEA Part B, Basic Regular	84.027	FT349009	82,587	9/1/08	8/31/09	(49,457)		49,457				(58,206)			82,587
ARRA - IDEA Part B, Basic Regular	84.367	ARRA349010	69,659	9/1/09	8/31/10				(42,670)			(42,670)			42,670
IDEA Part B, Preschool	84.173	FT349010	3,046	9/1/09	8/31/10				(3,046)						3,046
IDEA Part B, Preschool	84.173	FT349009	2,984	9/1/08	8/31/09	(2,984)		2,984				(3,046)			2,984
ARRA - IDEA Part B, Preschool	84.392	ARRA349010	2,511												
Total Special Revenue Fund						(74,304)		78,822	(194,754)			(190,236)			343,680
Total Federal Financial Awards						(74,304)		425,853	(541,785)			(190,236)			690,711

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, 2010

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2009				Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2010			MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received		Budgetary Expenditures	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund:															
Extraordinary Aid	09-100-034-5120-473	6,118	7/1/08	6/30/09	(6,118)				6,118						6,118
Categorical Special Education Costs Aid	10-100-034-5120-089	144,881	7/1/09	6/30/10					144,881	(144,881)				14,488	144,881
Equalization Aid	10-495-034-5120-078	1,565,559	7/1/09	6/30/10					1,565,559	(1,565,559)				178,597	1,565,559
Categorical Security Aid	10-495-034-5120-084	30,998	7/1/09	6/30/10					30,998	(30,998)				3,100	30,998
Categorical Transportation Aid	10-495-034-5120-014	18,723	7/1/09	6/30/10					18,723	(18,723)				1,872	18,723
Nonpublic School Transportation Reimbursement	N/A	986	7/1/09	6/30/10						(986)	(986)				966
Nonpublic School Transportation Reimbursement	N/A	1,566	7/1/09	6/30/09	(1,566)				1,566						1,566
Reimbursed TPAF Social Security Aid	10-100-034-5095-002	130,118	7/1/09	6/30/10					123,806	(130,118)		(6,312)			130,118
Reimbursed TPAF Social Security Aid	09-100-034-5095-002	133,642	7/1/08	6/30/09	(6,564)				6,564						133,642
On-Behalf TPAF Pension Contribution	10-100-034-5095-116	5,972	7/1/09	6/30/10					5,972	(5,972)					5,972
On-Behalf TPAF Postretirement Contributions	10-100-034-5095-001	112,165	7/1/09	6/30/10					112,165	(112,165)					112,165
Total General Fund					(14,248)				2,016,352	(2,009,402)		(7,298)		198,057	2,150,708
Special Revenue Fund:															
Preschool Education Aid	10-495-034-5120-086	103,860	7/1/09	6/30/10					103,860	(103,860)				10,386	103,860
Department of Community Affairs															
Passed-through County of Gloucester															
Special Revenue Fund:															
Municipal Alliance	N/A	2,400	7/1/09	6/30/10					2,400	(2,078)		322			2,078
Total Special Revenue Fund									106,260	(105,938)		322		10,386	105,938
Debt Services Fund:															
Debt Service Aid Type II	10-495-034-5120-125	161,172	7/1/09	6/30/10					161,172	(161,172)					161,172
Total Debt Service Fund									161,172	(161,172)					161,172
Total State Financial Assistance					(14,248)				2,283,784	(2,276,512)		(7,298)	322	208,443	2,417,818

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2010

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 with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. 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 THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2010
CONTINUED

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,819) for the general fund and \$1,929 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 funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	347,031	2,002,583	2,349,614
Special Revenue Fund	195,605	107,209	302,814
Debt Service Fund		161,172	161,172
Total Awards & Financial Assistance	<u>542,636</u>	<u>2,270,964</u>	<u>2,813,600</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. 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, 2010.

NATIONAL PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 financial statements noted? yes X no

Federal Awards

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 Section .510(a) of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA - SFSF - ESF
10.555	

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

Auditee qualified as low-risk auditee? yes X no

NATIONAL PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results (cont'd)

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:

GMIS Number(s)
10-495-034-5120-078

Name of State Program
Equalization Aid

NATIONAL PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section II – Financial Statement Findings

No matters were reported.

***Section III – Federal Awards and State Financial Assistance Findings and
Questioned Costs***

No matters were reported

NATIONAL PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

No matters were reported.