

**National Park Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012**

**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, 2012**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

National Park Board of Education
National Park, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by:

National Park Board of Education Administration

OUTLINE OF CAFR

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INTRODUCTORY SECTION

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

856-845-6876
FAX 856-848-6710

November 8, 2012

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, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 2011-2012 fiscal school year with a resident enrollment of 275 students, which is a decrease of 17 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.

| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---------------------------|---------|---------|---------|---------|---------|
| On Roll | 302 | 305 | 313 | 288 | 261 |
| Total Classified Students | 44 | 47 | 38 | 43 | 43 |
| Local Programs Classified | 44 | 42 | 35 | 37 | 35 |
| Tuition | | | | | |
| a) Public | 10 | 7 | 6 | 7 | 7 |
| b) Private | 1 | 0 | 0 | 0 | 1 |
| Total Resident Students | 302 | 286 | 284 | 271 | 240 |
| % Classified Students | 14.6% | 15.4% | 12.1% | 14.9% | 16.5% |
| Low Income | 67 | 93 | 88 | 95 | 121 |
| % Low Income | 22.2% | 30.5% | 28.1% | 32.9% | 46.4% |

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

Average Daily Enrollment

| Fiscal Year | Student Enrollment | Percentage Change |
|-------------|--------------------|-------------------|
| 2011-2012 | 263.1 | -7.98% |
| 2010-2011 | 285.9 | -8.13% |
| 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% |

2) ECONOMIC CONDITION AND OUTLOOK: National Park is not experiencing any development or expansion. The economic recession that has occurred over the past several years continues to create an undue burden on the residents. The State imposed a 2% cap on the increase to the district tax levy to help provide relief to the taxpayers of New Jersey. New legislation passed this year allows a district to forgo the budget vote if the district stays within that 2% cap. The Board and Administration presented a 2012-13 budget within this limit. Election of Board members is now held in November and the Board will reorganize in January 2013. The District is trying to maintain programs, expand technology and sustain a fiscally responsible fund balance. The District passed a bond referendum in December 2010 for a roof replacement. The District received a grant from the State providing 62% of the cost of the project.

3) MAJOR INITIATIVES: At National Park School we are driven by the concept that education should be more meaningful, ongoing, relevant and engaging. In order to consistently implement this notion, we focused on improving classroom instruction in a number of ways. By utilizing Title I funding to support the use of a Data Consultant, we were able to focus more specifically on the needs of our most struggling learners, thereby differentiating instruction. Staff meetings continued to focus on the application of the Common Core State Standards to ensure appropriate alignment of instruction. In order to develop a more solid 21st century learning environment, we concentrated on use of technology as a teaching and learning tool. Teachers were provided with laptops, expanding accessibility of technology outside of the immediate classroom. Training was provided in a variety of web-based tools to increase communication and instruction. Two additional laptop carts and a number of iPads were purchased for student use. Staff and students alike demonstrated substantial growth in their use of computer technology to increase learning opportunities.

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, 2012.

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

7) DEBT ADMINISTRATION: At June 30, 2012 the District's outstanding debt issues included \$2,871,450 of general obligation bonds.

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

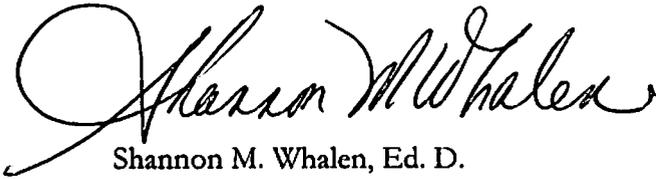
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds through the Gloucester, Salem and Cumberland County Joint Insurance Fund. Beginning the thirteenth year of operations the JIF is performing well, meeting and/or exceeding expectations.

10) 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.

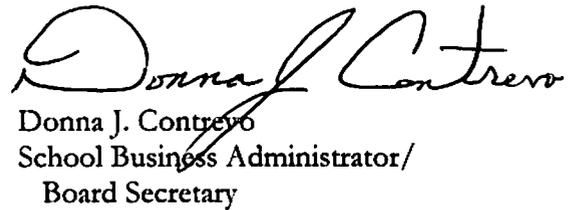
The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) 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,

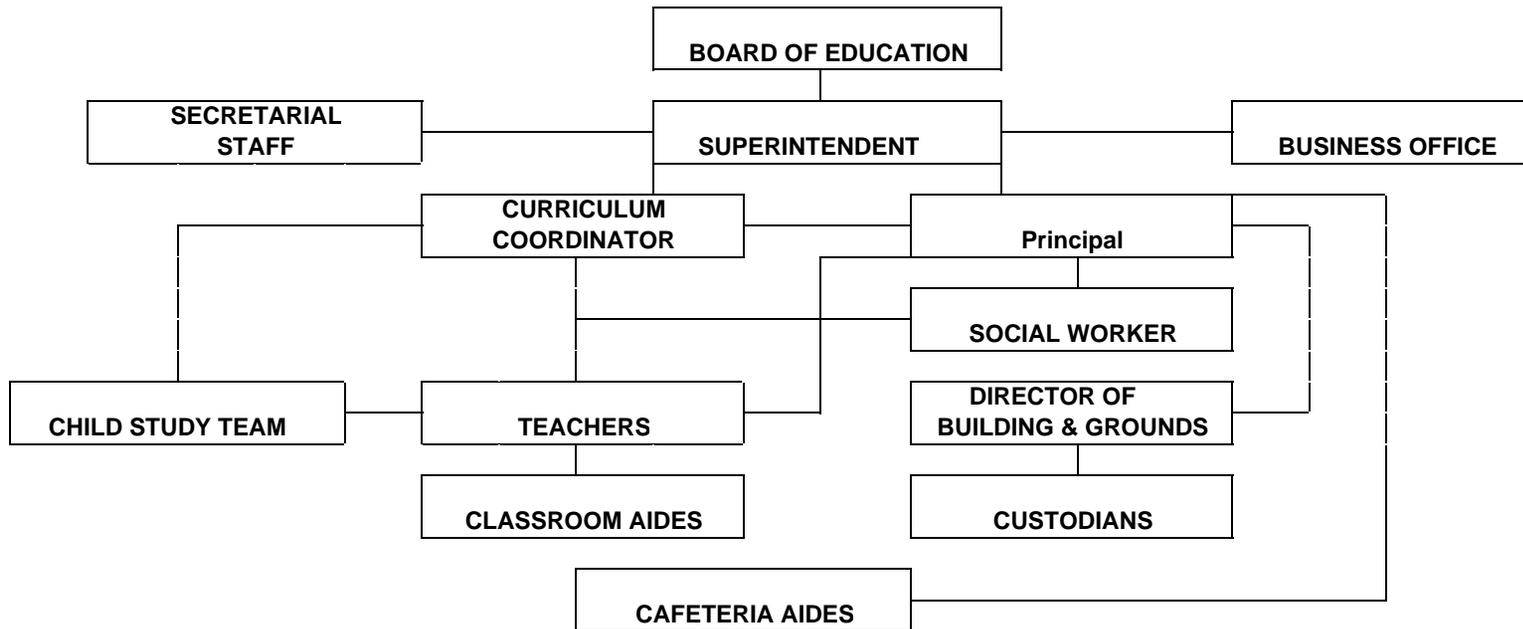


Shannon M. Whalen, Ed. D.
Superintendent



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, 2012**

MEMBERS OF THE BOARD OF EDUCATION

Term Expires

| | |
|-----------------------------|------|
| Richard F. Maska, President | 2013 |
| Gene Grant, Vice President | 2012 |
| Kathryn Albert | 2012 |
| Lynn Zuzulock | 2012 |
| Louis L. Jarrell | 2013 |
| Frank Alloway | 2012 |
| Michelle Edmund | 2014 |
| Maryanne C. Hibbs | 2014 |
| Dawn Sholders | 2014 |

OTHER OFFICIALS

Dr. Shannon M. Whalen, Superintendent
Donna J. Contrevo, School Business Administrator/Board Secretary
Charles Owens, Treasurer
Joseph F. Betley, Esq., Solicitor

**NATIONAL PARK BOARD OF EDUCATION
National Park, NJ 08063**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Petroni & Associates LLC
102 W. High St., Suite 100
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

Fulton Bank of New Jersey
Grove Avenue
National Park, NJ 08063

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 W. High Street, Suite 100 • 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
516 Lakehurst Avenue
National Park, New Jersey 08063

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the National Park Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the National Park Board of Education, in the County of Gloucester, State of New Jersey, as of June 30, 2012, 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.

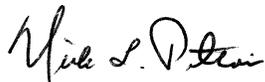
In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012, on our consideration of the National Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 have 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 statements, 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. 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 State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the National Park Board of Education's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 them.

PETRONI & ASSOCIATES LLC



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

November 13, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART 1

National Park School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012
Unaudited

The discussion and analysis of National Park School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets increased \$480,878 in 2012.
- General revenues accounted for \$4,531,333 in revenue or 94 percent of all revenues. Program specific revenues in the form of operating grants accounted for \$284,826 or 6 percent of total revenues of \$4,816,159.
- Total assets of governmental activities increased by \$216,772 as cash and cash equivalents decreased by \$457,693, receivables increased by \$112,052 and capital assets increased by \$562,413.
- The School District had \$4,335,281 in expenses; only \$284,826 of these expenses were offset by program specific charges for grants.
- Among major funds, the General Fund had \$4,224,445 in revenues and \$3,791,364 in expenditures. The General Fund's balance increased \$386,242 over 2011.

Using this Generally Accepted Accounting Principles 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 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 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 2011?" 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

National Park School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012
Unaudited

Reporting the School District as a Whole (Continued)

Statement of Net Assets and the Statement of Activities (Continued)

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.

National Park School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012
Unaudited

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 2012 compared to 2011.

Table 1 - Net Assets

| | <u>2012</u> | <u>2011</u> |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Current & Other Assets | 1,048,863 | 1,394,504 |
| Capital Assets | <u>4,347,483</u> | <u>3,785,070</u> |
| Total Assets | <u><u>5,396,346</u></u> | <u><u>5,179,574</u></u> |
| LIABILITIES | | |
| Long-Term Liabilities | 2,929,083 | 3,147,843 |
| Other Liabilities | <u>50,780</u> | <u>96,126</u> |
| Total Liabilities | <u><u>2,979,863</u></u> | <u><u>3,243,969</u></u> |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Debt | 1,476,033 | 703,620 |
| Restricted | 956,068 | 1,246,569 |
| Unrestricted | <u>(15,618)</u> | <u>(14,584)</u> |
| Total Net Assets | <u><u>2,416,483</u></u> | <u><u>1,935,605</u></u> |

Total assets increased by \$216,772. Cash and cash equivalents decreased by \$457,693, receivables increased by \$112,052 and capital assets increased by \$562,413. 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; decreased by \$1,034.

National Park School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012
Unaudited

The School District as a Whole (Continued)

Table 2 shows the changes in net assets for fiscal year 2012 with comparative data from 2011.

Table 2 - Changes in Net Assets

| | <u>2012</u> | <u>2011</u> |
|--|--------------------|--------------------|
| Revenues: | | |
| Program Revenues: | | |
| Operating Grants & Contributions | 284,826 | 309,318 |
| General Revenues: | | |
| Property Taxes | 1,920,953 | 1,870,710 |
| Grants & Entitlements | 2,497,194 | 2,942,180 |
| Other | 113,186 | 37,178 |
| Total Revenues | <u>4,816,159</u> | <u>5,159,386</u> |
| Program Expenses: | | |
| Instruction | 1,807,674 | 1,829,944 |
| Support Services: | | |
| Pupil & Instructional Staff | 621,760 | 592,065 |
| General Administration & School Administration | 326,082 | 334,174 |
| Operations & Maintenance of Facilities | 313,755 | 311,130 |
| Pupil Transportation | 98,698 | 68,508 |
| Employee Benefits | 887,850 | 897,730 |
| Interest on Long-Term Debt | 111,438 | 103,163 |
| Capital Outlay | 10,876 | |
| Depreciation | 157,148 | 109,425 |
| Total Expenses | <u>4,335,281</u> | <u>4,246,139</u> |
| Increase (Decrease) in Net Assets | <u>480,878</u> | <u>913,247</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 40 percent of revenues for governmental activities for the National Park School District for fiscal year 2012.

Instruction comprises 36 percent of the District expenses. Support services expenses make up 45 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 2012 with comparative data from 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

National Park School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012
Unaudited

The School District as a Whole (Continued)

Table 3 - Statement of Activities

| | 2012 | | 2011 | |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | 1,807,674 | 1,617,693 | 1,829,944 | 1,607,803 |
| Support Services | | | | |
| Pupils and Instructional Staff | 621,760 | 526,915 | 592,065 | 504,888 |
| General Administration & School Administration | 326,082 | 326,082 | 334,174 | 334,174 |
| Operations & Maintenance | 313,755 | 313,755 | 311,130 | 311,130 |
| Pupil Transportation | 98,698 | 98,698 | 68,508 | 68,508 |
| Employee Benefits | 887,850 | 887,850 | 897,730 | 897,730 |
| Interest on Long-Term Debt | 111,438 | 111,438 | 103,163 | 103,163 |
| Capital Outlay | 10,876 | 10,876 | | |
| Depreciation | 157,148 | 157,148 | 109,425 | 109,425 |
| Total Expenses | <u>4,335,281</u> | <u>4,050,455</u> | <u>4,246,139</u> | <u>3,936,821</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 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 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 \$4,816,159 and expenditures of \$5,116,454.

National Park School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012
Unaudited

General Fund Budgeting Highlights

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

During the course of the fiscal 2012 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, the final budget basis revenue and other financing sources, not including non-budgeted state contributions, was \$3,945,517 which was \$152,483 more than original budgeted estimates of \$3,793,034.

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 2012 the School District had \$4,347,483 invested in buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2011.

Table 4 - Capital Assets (Net of Depreciation) at June 30, 2012

| | <u>2012</u> | <u>2011</u> |
|-----------------------------------|-----------------------------|-------------------------|
| Site & Site Improvements | 53,956 | 57,759 |
| Buildings & Building Improvements | 4,275,615 | 3,541,412 |
| Machinery & Equipment | 17,912 | 26,582 |
| Construction in Progress | <u> </u> | <u>159,317</u> |
| | <u><u>4,347,483</u></u> | <u><u>3,785,070</u></u> |

Capital assets increased by \$562,413 from fiscal year 2011 to fiscal year 2012.

Debt Administration

At June 30, 2012, the School District had \$2,929,083 as outstanding debt. Of this amount \$57,633 is for compensated absences. The remaining \$2,871,450 is made up of the District's outstanding serial bonds.

For the Future

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

State law limits the schools budget increase to a 2% cap on the previous years' district tax levy amount. With the increased pressures of salary, benefits and direct operating costs rising well beyond that benchmark, the Board of Education and Administration are challenged to find ways to meet the educational needs of the students. With the down

National Park School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012
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For the Future (Continued)

turn in the economy, budgets are built by keeping the taxpayer in mind while providing the best quality education in a safe learning environment.

In conclusion, the National Park School District has committed itself to financial excellence for many years. The School District's system for financial planning, budgeting, and internal controls are well regarded. The School District plans to continue its sound fiscal management to meet the demands 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, 2012

| | Governmental Activities | Total |
|---|----------------------------|-----------|
| ASSETS | | |
| Cash and cash equivalents | 527,801 | 527,801 |
| Receivable from other funds | 6 | 6 |
| Receivables, net | 907,488 | 907,488 |
| Restricted assets: | | |
| Cash and cash equivalents | 2 | 2 |
| Capital reserve account - cash | 252,312 | 252,312 |
| Capital assets, net | 4,347,483 | 4,347,483 |
| Total assets | 6,035,092 | 6,035,092 |
| LIABILITIES | | |
| Cash overdraft | 638,746 | 638,746 |
| Accounts payable | 28,475 | 28,475 |
| Deferred revenue | 22,305 | 22,305 |
| Noncurrent liabilities: | | |
| Due within one year | 220,000 | 220,000 |
| Due beyond one year | 2,709,083 | 2,709,083 |
| Total liabilities | 3,618,609 | 3,618,609 |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 1,476,033 | 1,476,033 |
| Restricted for: | | |
| Debt service | 2 | 2 |
| Capital projects | 378,546 | 378,546 |
| Other purposes | 577,520 | 577,520 |
| Unrestricted | (15,618) | (15,618) |
| Total net assets | 2,416,483 | 2,416,483 |

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2012

| 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 | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | 1,212,338 | | | | (1,212,338) | (1,212,338) |
| Special education | 545,516 | | 189,981 | | (355,535) | (355,535) |
| Other instruction | 49,820 | | | | (49,820) | (49,820) |
| Support services: | | | | | | |
| Tuition | 56,693 | | | | (56,693) | (56,693) |
| Student & instructional related services | 565,067 | | 94,845 | | (470,222) | (470,222) |
| School administrative services | 326,082 | | | | (326,082) | (326,082) |
| Plant operations & maintenance | 313,755 | | | | (313,755) | (313,755) |
| Pupil transportation | 98,698 | | | | (98,698) | (98,698) |
| Employee benefits | 887,850 | | | | (887,850) | (887,850) |
| Interest on long-term debt | 111,438 | | | | (111,438) | (111,438) |
| Capital outlay | 10,876 | | | | (10,876) | (10,876) |
| Unallocated depreciation | 157,148 | | | | (157,148) | (157,148) |
| Total governmental activities | <u>4,335,281</u> | | <u>284,826</u> | | <u>(4,050,455)</u> | <u>(4,050,455)</u> |
| Total primary government | <u>4,335,281</u> | | <u>284,826</u> | | <u>(4,050,455)</u> | <u>(4,050,455)</u> |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| | | | | | 1,738,150 | 1,738,150 |
| | | | | | 182,803 | 182,803 |
| | | | | | 2,497,194 | 2,497,194 |
| | | | | | 922 | 922 |
| | | | | | 112,264 | 112,264 |
| | | | | | <u>4,531,333</u> | <u>4,531,333</u> |
| | | | | | 480,878 | 480,878 |
| | | | | | <u>1,935,605</u> | <u>1,935,605</u> |
| | | | | | <u>2,416,483</u> | <u>2,416,483</u> |

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

NATIONAL PARK SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

| | Major Funds | | | | Total Governmental Funds |
|--|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | |
| ASSETS | | | | | |
| Cash and cash equivalents | 527,801 | | | 2 | 527,803 |
| Due from other funds | 6 | | | | 6 |
| Receivables from other governments | 109,657 | 182,659 | 599,550 | | 891,866 |
| Other receivables | 15,622 | | | | 15,622 |
| Restricted cash and cash equivalents | 252,312 | | | | 252,312 |
| Total assets | 905,398 | 182,659 | 599,550 | 2 | 1,687,609 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Cash deficit | | 165,430 | 473,316 | | 638,746 |
| Accounts payable | 23,165 | 5,310 | | | 28,475 |
| Deferred revenue | | 22,305 | | | 22,305 |
| Total liabilities | 23,165 | 193,045 | 473,316 | | 689,526 |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Excess surplus - designated for subsequent year's expenditures | 125,804 | | | | 125,804 |
| Excess surplus - current year | 274,739 | | | | 274,739 |
| Capital reserve account | 252,312 | | | | 252,312 |
| Capital projects | | | 126,234 | | 126,234 |
| Assigned to: | | | | | |
| Debt service fund | | | | 2 | 2 |
| Designated for subsequent year's expenditures | 163,519 | | | | 163,519 |
| Year-end encumbrances | 13,458 | | | | 13,458 |
| Unassigned: | | | | | |
| General fund | 52,401 | | | | 52,401 |
| Special revenue fund | | (10,386) | | | (10,386) |
| Total fund balances | 882,233 | (10,386) | 126,234 | 2 | 998,083 |
| Total liabilities and fund balances | 905,398 | 182,659 | 599,550 | 2 | |

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 \$6,166,836, and the accumulated depreciation is \$1,819,353 (See Note 6). | 4,347,483 |
| 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). | (2,929,083) |
| Net assets of governmental activities | <u>2,416,483</u> |

See accompanying notes to the basic financial statements.

NATIONAL PARK SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

| | Major Funds | | | Total Governmental Funds |
|---|-----------------|----------------------------|-----------------------------|--------------------------------|
| | General Fund | Special Revenue Fund | Capital Projects Fund | |
| REVENUES: | | | | |
| Local sources: | | | | |
| Local tax levy | 1,738,150 | | | 1,920,953 |
| Interest earned | 922 | | | 922 |
| Miscellaneous | 112,264 | | | 112,264 |
| Total local sources | 1,851,336 | | | 2,034,139 |
| State sources | 2,300,285 | 108,036 | | 2,532,406 |
| Federal sources | 72,824 | 168,172 | | 240,996 |
| Total revenues | 4,224,445 | 276,208 | | 4,807,541 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular instruction | 1,212,338 | | | 1,212,338 |
| Special education instruction | 312,158 | 229,250 | | 541,408 |
| Other instruction | 49,820 | | | 49,820 |
| Support services: | | | | |
| Tuition | 56,693 | | | 56,693 |
| Student & instruction related services | 478,982 | 90,335 | | 569,317 |
| School administrative services | 326,082 | | | 326,082 |
| Plant operations and maintenance | 313,755 | | | 313,755 |
| Pupil transportation | 98,698 | | | 98,698 |
| Employee benefits | 887,850 | | | 887,850 |
| Debt service: | | | | |
| Principal | | | | 210,000 |
| Interest and other charges | | | | 111,438 |
| Capital outlay | 1,780 | | 728,657 | 730,437 |
| Total expenditures | 3,738,156 | 319,585 | 728,657 | 5,107,836 |
| Excess (deficiency) of revenues over expenditures | 486,289 | (43,377) | (728,657) | (300,295) |
| Other financing sources (uses): | | | | |
| Transfers to special revenue fund | (46,839) | 46,839 | | |
| Transfers for capital projects | (53,208) | | 53,208 | |
| Total other financing sources (uses) | (100,047) | 46,839 | 53,208 | |
| Net change in fund balances | 386,242 | 3,462 | (675,449) | (300,295) |
| Fund balance - July 1 | 495,991 | (13,848) | 801,683 | 1,298,378 |
| Fund balance - June 30 | 882,233 | (10,386) | 126,234 | 998,083 |

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, 2012

Total net change in fund balances - governmental funds (from B-2) (300,295)

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 | (157,148) | |
| | Capital outlays | <u>719,561</u> | 562,413 |

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. 210,000

In the Statement of Activities, certain operating expenses, e.g., compensated absences
 are measured by the amounts earned during the year. In the governmental funds,
 however, expenditures for these items are reported in the amount of financial
 resources used (paid). When the earned amount exceeds the paid amount, the
 difference is a reduction in the reconciliation; when the paid amount exceeds the
 earned amount the difference is an addition to the reconciliation.

8,760

Change in net assets of governmental activities 480,878

NATIONAL PARK SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

| | Expendable Trust | Agency Fund |
|---------------------------------------|---------------------|----------------|
| ASSETS | | |
| Cash and cash equivalents | 675 | 38,530 |
| Interfund receivable | 1,182 | |
| Total assets | <u>1,857</u> | <u>38,530</u> |
| LIABILITIES | | |
| Payroll deductions and withholdings | | 18,436 |
| Payable to student groups | | 18,906 |
| Interfund payable | | 1,188 |
| Total liabilities | | <u>38,530</u> |
| NET ASSETS | | |
| Held in trust for unemployment claims | 1,183 | |
| Expendable scholarship fund | 674 | |
| | <u>1,857</u> | |

NATIONAL PARK SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

| | Unemployment Compensation Trust | Scholarship Fund |
|--------------------------------|---------------------------------------|---------------------|
| ADDITIONS: | | |
| Contributions | 3,596 | |
| Interest earned | 1 | 1 |
| Total additions | <u>3,597</u> | <u>1</u> |
| DEDUCTIONS: | | |
| Unemployment Claims | 4,289 | |
| Scholarships Awarded | | 175 |
| Total deductions | <u>4,289</u> | <u>175</u> |
| Change in Net Assets | (692) | (174) |
| Net assets - beginning of year | 1,875 | 848 |
| Net assets - end of year | <u>1,183</u> | <u>674</u> |

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The National Park School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

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 Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the GASB and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict the GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

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.

B. Basic Financial Statements - District-Wide Financial Statements

The District's basic financial statements include both District-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the district-wide and fund financial statements categorize primary activities as governmental. The District's general, special revenue, capital projects and debt service are classified as governmental activities.

In the District-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets,

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements - District-Wide Financial Statements (Continued)

net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The District-wide Statement of Activities reports both the gross and net costs of each of the District's functions. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student and instruction related services, etc.). Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions and TPAF Social Security Contributions.

The district-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental combined) for the determination of major funds.

The non-major funds are combined in a column in the fund financial statements. 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 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.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the District-wide statements.

The following fund types are used by the District:

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUNDS

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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 non-instructional equipment, which are classified in the Capital Outlay sub-fund.

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.

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 are not available to support District's programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements - Fund Financial Statements (Continued)

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both governmental activities in the District-wide financial statements and the Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

D. Basis of Accounting

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when susceptible to accrual; i.e. 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. Revenue from federal, state, or other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recorded when due.

E. 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 NJAC 6:23-2(g). All budget amendments/transfers of appropriations must be made by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 one or more June state aid payments 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.

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. 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 yearend 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.

G. Cash and Cash Equivalents

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

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute NJSA 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 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.

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository, unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% 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.

H. Inventories

Inventories are recorded as expenditures during the year of purchase.

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interfund Transactions

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. 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 agency funds, which are presented as internal balances.

J. 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 at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The 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 over the estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|--------------------------|-------------------------------|
| Site improvements | 20 |
| Buildings & improvements | 20-50 |
| Machinery & equipment | 7-20 |

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and underground pipes. Such items are considered to be part of the cost of buildings or other improvable property.

K. 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 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 various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the School District's past experience of making termination

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (Continued)

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.

L. 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.

M. 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.

N. 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.

O. Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and polices for determining such classifications, are as follows:

Non-spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balance (Continued)

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Revenues

Substantially all governmental fund revenue is accrued. 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." Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASB No. 33. In applying GASB 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

R. 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.

S. 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

T. 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.

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 be deposited only in New Jersey banking institutions that participate in the Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2012 and 2011, was \$180,574 and \$233,316. As of June 30, 2012 and 2011, \$0 of the District's bank balance of \$397,182 and \$820,994, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2012, the District had no 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 NJSA 18A:20-37 limits the length of time for most investments to 397 days.

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3: INVESTMENTS (CONTINUED)

Credit Risk - New Jersey statute NJSA 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, 2012, 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:

| | Governmental Activities |
|-------------|----------------------------|
| State aid | 636,383 |
| Federal aid | 255,483 |
| Other | 15,622 |
| | <u>907,488</u> |

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet as of June 30, 2012:

| | Interfund Receivable | Interfund Payable |
|------------------|-------------------------|----------------------|
| General Fund | 6 | |
| Expendable Trust | 1,182 | |
| Agency Fund | | 1,188 |
| | <u>1,188</u> | <u>1,188</u> |

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

| | Balance June 30, 2011 | Additions | Disposals | Balance June 30, 2012 |
|---|--------------------------|-----------------------|-----------------------|--------------------------|
| Governmental activities: | | | | |
| Sites & Site Improvements | 111,663 | 1,780 | | 113,443 |
| Building & building improvements | 4,916,838 | 877,098 | | 5,793,936 |
| Machinery & equipment | 259,457 | | | 259,457 |
| Construction in progress | 159,317 | | 159,317 | |
| Totals at historical costs | <u>5,447,275</u> | <u>878,878</u> | <u>159,317</u> | <u>6,166,836</u> |
| Less accumulated depreciation for: | | | | |
| Site improvements | 53,904 | 5,583 | | 59,487 |
| Building & building improvements | 1,375,426 | 142,895 | | 1,518,321 |
| Machinery & equipment | 232,875 | 8,670 | | 241,545 |
| Total accumulated depreciation | <u>1,662,205</u> | <u>157,148</u> | | <u>1,819,353</u> |
| Total capital assets, net of depreciation | <u><u>3,785,070</u></u> | <u><u>721,730</u></u> | <u><u>159,317</u></u> | <u><u>4,347,483</u></u> |

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

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, 2012, 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 the rates of 2% to 4.5% per annum. The balance remaining at June 30, 2012, was \$2,535,000.

\$361,450 Private Placement Bonds dated March 8, 2011, payable in annual installments through September 1, 2020. Interest is paid semi-annually at the rate of 4% per annum. The balance remaining at June 30, 2012, was \$336,450.

A. Long-term Obligation Activity

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

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

| | Balance | | | Balance | Due Within |
|----------------------|------------------|-----------|----------------|------------------|----------------|
| | June 30, 2011 | Additions | Reductions | June 30, 2012 | One Year |
| Bonds payable | 3,081,450 | | 210,000 | 2,871,450 | 220,000 |
| Compensated absences | 66,393 | | 8,760 | 57,633 | |
| | <u>3,147,843</u> | None | <u>218,760</u> | <u>2,929,083</u> | <u>220,000</u> |

B. Bonds Payable

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

| June 30 | Principal | Interest | Total |
|-----------|------------------|----------------|------------------|
| 2013 | 220,000 | 106,920 | 326,920 |
| 2014 | 225,000 | 101,920 | 326,920 |
| 2015 | 225,000 | 96,720 | 321,720 |
| 2016 | 220,000 | 87,720 | 307,720 |
| 2017 | 225,000 | 78,820 | 303,820 |
| 2018-2022 | 1,151,450 | 258,937 | 1,410,387 |
| 2023-2025 | 605,000 | 49,000 | 654,000 |
| | <u>2,871,450</u> | <u>780,037</u> | <u>3,651,487</u> |

C. Bonds Authorized but Not Issued

As of June 30, 2012, the Board had no authorized but not issued bonds.

D. Other

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

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

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

For the year ended June 30, 2012, 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, 2012**

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 NJSA 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 NJSA 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.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 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. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for TPAF and PERS increased from 5.5% of employees' annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The District's contributions to PERS for the years ending June 30, 2012, 2011 and 2010, were \$38,361, \$43,921 and \$36,710, respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$166,359 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District \$125,825 during the year ended June 30, 2012, for the employer's share of social security contributions for TPAF

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8: PENSION PLANS (CONTINUED)

Funding Policy (Continued) - 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, 2012, 2011 and 2010, were \$2,138,194, \$2,149,125 and \$2,229,151, respectively. Covered payroll was \$355,330, \$345,286 and \$357,520 for PERS and \$1,701,662, \$1,676,286 and \$1,716,534 for TPAF for the same years.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District did not have any employees enrolled in the DCRP for the fiscal year 2012.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, C.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees 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.

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

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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 administrators are 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 agreements with the various employee unions.

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

NOTE 12: LABOR CONTRACTS

As of June 30, 2012, the District has a total of approximately 72 employees. Of this total, 26 employees are represented by the National Park Education Association whose union agreement expires on June 30, 2014.

NOTE 13: 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 accidents 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 have 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

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 13: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance (Continued):

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:

| Fiscal Year | District Contribution | Employee Contribution | Amount Reimbursed | Ending Balance |
|-------------|--------------------------|--------------------------|----------------------|-------------------|
| 2011-2012 | None | 3,570 | 4,289 | 1,183 |
| 2010-2011 | None | 3,636 | 11,658 | 1,875 |
| 2009-2010 | None | 3,707 | 7,251 | 9,873 |

NOTE 14: 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, for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve fund by appropriating funds in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 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, 2011 to June 30, 2012, fiscal year is as follows:

| | |
|---------------------------------|----------------|
| Beginning balance July 1, 2011 | 180,519 |
| Interest earnings | 1 |
| Deposits approved by resolution | 125,000 |
| Withdrawals: | |
| Amount Budgeted | (60,000) |
| Unexpended funds returned | 6,792 |
| Ending balance June 30, 2012 | <u>252,312</u> |

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects at June 30, 2012, is \$297,858. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 15: FUND BALANCE APPROPRIATED

During the year ending June 30, 2012, the District transferred \$60,000 to the capital outlay account. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to NJAC 6A:23A-8.4.

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Regular Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

RESTRICTED

General Fund - In accordance with NJSA 18A:7F-7, \$400,543 is restricted as excess surplus (\$125,804 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2013).

ASSIGNED

General Fund - The District has appropriated and included as an anticipated revenue for the year ending June 30, 2013, \$163,519 of general fund balance as of June 30, 2012. As of June 30, 2012, the District had \$13,458 of encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, as of the close of the fiscal year.

Debt Service - The debt service fund balance as of June 30, 2012, was \$2.

UNASSIGNED

General Fund - As of June 30, 2012, a balance of \$52,401 of fund balance was unassigned.

Special Revenue Fund - As of June 30, 2012, the fund balance was a deficit of \$10,386, thus resulting in the fund balance classification of unassigned.

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation of Reserved Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012, is \$400,543.

NOTE 17: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$10,386 in the Special Revenue Fund as of June 30, 2012, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year,

**NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 17: DEFICIT FUND BALANCES (CONTINUED)

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 payment(s) in the subsequent fiscal year, the District cannot recognize the June state aid payment(s) 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.

Pursuant to NJSA 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP statements of \$10,386 is less than the last state aid payment.

NOTE 18: 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 19: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 13, 2012, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 20: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District's operations. State sources accounted for approximately 55% of the District's 2011-2012 general fund revenue, while local tax levy accounted for approximately 42%.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

NATIONAL PARK SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | 1,738,150 | | 1,738,150 | 1,738,150 | |
| Interest Earned on Capital Reserve Funds | 100 | | 100 | 1 | (99) |
| Interest of Investments | 3,800 | | 3,800 | 921 | (2,879) |
| Miscellaneous | | | | 112,264 | 112,264 |
| Total - Local Sources | <u>1,742,050</u> | | <u>1,742,050</u> | <u>1,851,336</u> | <u>109,286</u> |
| State Sources: | | | | | |
| Categorical Special Education Aid | 144,881 | | 144,881 | 144,881 | |
| Equalization Aid | 1,835,491 | | 1,835,491 | 1,873,123 | 37,632 |
| Nonpublic School Transportation Reimbursement | | | | 870 | 870 |
| Other State Sources | | | | 2,483 | 2,483 |
| TPAF Post Retirement Medical (On-behalf - non-budgeted) | | | | 111,095 | 111,095 |
| TPAF Pensions Contributions (On-behalf - non-budgeted) | | | | 55,264 | 55,264 |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 125,825 | 125,825 |
| Total - State Sources | <u>1,980,372</u> | | <u>1,980,372</u> | <u>2,313,541</u> | <u>333,169</u> |
| Federal Sources: | | | | | |
| Education Jobs Fund | 70,612 | 2,212 | 72,824 | 72,824 | |
| Total Revenues | <u>3,793,034</u> | <u>2,212</u> | <u>3,795,246</u> | <u>4,237,701</u> | <u>442,455</u> |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Kindergarten - Salaries of Teachers | 122,487 | 4,031 | 126,518 | 125,915 | 603 |
| Grades 1-5 - Salaries of Teachers | 823,946 | (7,922) | 816,024 | 803,022 | 13,002 |
| Grades 6-8 - Salaries of Teachers | 179,734 | 6,650 | 186,384 | 184,411 | 1,973 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 3,000 | | 3,000 | 525 | 2,475 |
| Purchased Professional Educational Services | 3,458 | | 3,458 | 2,668 | 790 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 21,855 | (21,855) | | | |
| Purchased Technical Services | 6,937 | | 6,937 | | 6,937 |
| Other Purchased Services | 6,550 | | 6,550 | 6,490 | 60 |
| General Supplies | 107,000 | | 107,000 | 88,407 | 18,593 |
| Textbooks | 4,144 | | 4,144 | | 4,144 |
| Other Objects | 1,540 | | 1,540 | 900 | 640 |
| Total Regular Programs - Instruction | <u>1,280,651</u> | <u>(19,096)</u> | <u>1,261,555</u> | <u>1,212,338</u> | <u>49,217</u> |
| Special Education Instruction: | | | | | |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 265,243 | (1,247) | 263,996 | 260,312 | 3,684 |
| Other Salaries for Instruction | 25,374 | 23,000 | 48,374 | 48,374 | |
| General Supplies | 3,925 | | 3,925 | 3,472 | 453 |
| Textbooks | 155 | | 155 | | 155 |
| Total Resource Room/Resource Center | <u>294,697</u> | <u>21,753</u> | <u>316,450</u> | <u>312,158</u> | <u>4,292</u> |
| Total Special Education - Instruction | <u>294,697</u> | <u>21,753</u> | <u>316,450</u> | <u>312,158</u> | <u>4,292</u> |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| Basic Skills/Remedial Instruction: | | | | | |
| Salaries of Teachers | 47,648 | | 47,648 | 41,329 | 6,319 |
| General Supplies | 500 | | 500 | 242 | 258 |
| Total Basic Skills/Remedial Instruction | <u>48,148</u> | | <u>48,148</u> | <u>41,571</u> | <u>6,577</u> |
| School-Spon. Cocurricular Actvts. - Inst.: | | | | | |
| Salaries | 5,750 | | 5,750 | 4,075 | 1,675 |
| Purchased Services | 500 | | 500 | 350 | 150 |
| Other Objects | 150 | | 150 | 112 | 38 |
| Total School-Spon. Cocurricular Actvts. - Inst. | <u>6,400</u> | | <u>6,400</u> | <u>4,537</u> | <u>1,863</u> |
| Community Services Programs/Operations: | | | | | |
| Salaries | 4,900 | | 4,900 | 3,712 | 1,188 |
| Total Community Services Programs/Operations | <u>4,900</u> | | <u>4,900</u> | <u>3,712</u> | <u>1,188</u> |
| Total Instructions | <u>1,634,796</u> | <u>2,657</u> | <u>1,637,453</u> | <u>1,574,316</u> | <u>63,137</u> |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEA's Within the State - Regular | 8,647 | | 8,647 | | 8,647 |
| Tuition to Other LEA's Within the State - Special | 19,328 | | 19,328 | 7,017 | 12,311 |
| Tuition to CSSD & Regional Day Schools | 108,900 | | 108,900 | 49,676 | 59,224 |
| Total Undistributed Expenditures - Instruction | <u>136,875</u> | | <u>136,875</u> | <u>56,693</u> | <u>80,182</u> |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|-----------------------------|
| Undistributed Expenditures - Attendance & Social Work: | | | | | |
| Salaries | 3,000 | | 3,000 | 2,850 | 150 |
| Purchased Technical Services | 3,050 | | 3,050 | 1,380 | 1,670 |
| Total Undistributed Expenditures - Attendance & Social Work | <u>6,050</u> | | <u>6,050</u> | <u>4,230</u> | <u>1,820</u> |
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | 58,058 | | 58,058 | 58,009 | 49 |
| Purchased Professional - Educational Services | 575 | | 575 | 191 | 384 |
| Supplies and Materials | 2,225 | | 2,225 | 1,669 | 556 |
| Other Objects | 250 | | 250 | | 250 |
| Total Undistributed Expenditures - Health Services | <u>61,108</u> | | <u>61,108</u> | <u>59,869</u> | <u>1,239</u> |
| Undist. Expend. - Speech, OT, PT & Related Services: | | | | | |
| Salaries | 2,000 | (1,365) | 635 | | 635 |
| Purchased Professional - Educational Services | 148,595 | (900) | 147,695 | 137,155 | 10,540 |
| Supplies and Materials | 975 | | 975 | 549 | 426 |
| Total Undist. Expend. - Speech, OT, PT & Related Services | <u>151,570</u> | <u>(2,265)</u> | <u>149,305</u> | <u>137,704</u> | <u>11,601</u> |
| Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.: | | | | | |
| Salaries | 41,502 | 4,579 | 46,081 | 45,597 | 484 |
| Supplies and Materials | 100 | | 100 | | 100 |
| Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv. | <u>41,602</u> | <u>4,579</u> | <u>46,181</u> | <u>45,597</u> | <u>584</u> |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|---------------|-----------------------------|
| Undist. Expend. - Guidance: | | | | | |
| Salaries of Other Professional Staff | 41,601 | | 41,601 | 41,398 | 203 |
| Purchased Professional - Educational Services | 1,500 | | 1,500 | 1,368 | 132 |
| Other Purchased Professional and Technical Services | 3,500 | | 3,500 | 1,969 | 1,531 |
| Supplies and Materials | 400 | | 400 | 243 | 157 |
| Total Undist. Expend. - Guidance | <u>47,001</u> | | <u>47,001</u> | <u>44,978</u> | <u>2,023</u> |
| Undist. Expend. - Child Study Team: | | | | | |
| Salaries of Other Professional Staff | 2,750 | | 2,750 | 720 | 2,030 |
| Purchased Professional - Educational Services | 69,114 | | 69,114 | 69,114 | |
| Other Purchased Professional and Technical Services | 21,575 | | 21,575 | 13,880 | 7,695 |
| Total Undist. Expend. - Child Study Team | <u>93,439</u> | | <u>93,439</u> | <u>83,714</u> | <u>9,725</u> |
| Undistributed Expenditures - Improvement of Inst. Services: | | | | | |
| Salaries of Other Professional Staff | 2,000 | | 2,000 | 2,000 | |
| Salaries of Secretarial and Clerical Assistants | 2,475 | | 2,475 | | 2,475 |
| Other Salaries | 3,300 | | 3,300 | 600 | 2,700 |
| Purchased Professional - Educational Services | 22,139 | | 22,139 | 18,116 | 4,023 |
| Other Purchased Professional and Technical Services | 10,000 | (2,800) | 7,200 | | 7,200 |
| Supplies and Materials | 3,400 | (1,300) | 2,100 | 182 | 1,918 |
| Other Objects | 500 | | 500 | 400 | 100 |
| Total Undistributed Expenditures - Improvement of Inst. Services | <u>43,814</u> | <u>(4,100)</u> | <u>39,714</u> | <u>21,298</u> | <u>18,416</u> |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|---------------|-----------------------------|
| Undist. Expend. - Edu. Media Serv./Sch. Library: | | | | | |
| Salaries | 23,760 | 294 | 24,054 | 24,054 | |
| Salaries of Technology Coordinators | 51,700 | | 51,700 | 51,153 | 547 |
| Purchased Professional and Technical Services | 3,250 | (294) | 2,956 | 1,427 | 1,529 |
| Supplies and Materials | 3,995 | | 3,995 | 1,707 | 2,288 |
| Total Undist. Expend. - Edu. Media Serv./Sch. Library | <u>82,705</u> | | <u>82,705</u> | <u>78,341</u> | <u>4,364</u> |
| Undist. Expend. - Instructional Staff Training | | | | | |
| Other Purchased Services | 5,000 | | 5,000 | 3,251 | 1,749 |
| Total Undist. Expend. - Instructional Staff Training | <u>5,000</u> | | <u>5,000</u> | <u>3,251</u> | <u>1,749</u> |
| Undist. Expend. - Supp. Serv. - General Administration: | | | | | |
| Salaries | 2,300 | | 2,300 | 2,300 | |
| Legal Services | 1,500 | (660) | 840 | 840 | |
| Audit Fees | 12,500 | (1,000) | 11,500 | 11,400 | 100 |
| Architectural/Engineering Services | 2,000 | 1,216 | 3,216 | 3,215 | 1 |
| Other Purchased Professional Services | 46,250 | 4,194 | 50,444 | 50,444 | |
| Purchased Technical Services | 1,000 | 7,366 | 8,366 | 2,365 | 6,001 |
| Communications/Telephone | 4,063 | (165) | 3,898 | 3,895 | 3 |
| BOE Other Purchased Services | 250 | (250) | | | |
| Miscellaneous Purchased Services | 20,650 | (6,085) | 14,565 | 13,965 | 600 |
| General Supplies | 1,553 | | 1,553 | 1,526 | 27 |
| Miscellaneous Expenditures | 2,250 | (1,816) | 434 | 217 | 217 |
| BOE Membership Dues and Fees | 3,000 | | 3,000 | 2,728 | 272 |
| Total Undist. Expend. - Supp. Serv. - General Administration | <u>97,316</u> | <u>2,800</u> | <u>100,116</u> | <u>92,895</u> | <u>7,221</u> |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|---------|-----------------------------|
| Undist. Expend. - Supp. Serv. - School Administration: | | | | | |
| Salaries of Principals/Assistant Principals | 95,325 | 1,535 | 96,860 | 96,860 | |
| Salaries of Secretarial and Clerical Assistants | 53,324 | 365 | 53,689 | 53,687 | 2 |
| Purchased Professional and Technical Services | 4,700 | | 4,700 | 4,300 | 400 |
| Other Purchased Services | 1,600 | | 1,600 | 1,000 | 600 |
| Supplies and Materials | 3,601 | (900) | 2,701 | 1,778 | 923 |
| Other Objects | 1,000 | | 1,000 | 825 | 175 |
| Total Undist. Expend. - Supp. Serv. - School Administration | 159,550 | 1,000 | 160,550 | 158,450 | 2,100 |
| Undist. Expend. - Central Services: | | | | | |
| Purchased Professional Services | 63,368 | | 63,368 | 63,368 | |
| Purchased Technical Services | 15,115 | (1,133) | 13,982 | 9,758 | 4,224 |
| Supplies and Materials | 550 | 922 | 1,472 | 652 | 820 |
| Miscellaneous Expenditures | 475 | 511 | 986 | 959 | 27 |
| Total Undist. Expend. - Central Services | 79,508 | 300 | 79,808 | 74,737 | 5,071 |
| Undist. Expend. - Required Maintenance for School Facilities: | | | | | |
| Salaries | 60,071 | | 60,071 | 60,070 | 1 |
| Cleaning, Repair and Maintenance Services | 30,000 | | 30,000 | 25,695 | 4,305 |
| General Supplies | 4,000 | | 4,000 | 1,991 | 2,009 |
| Total Undist Expend-Required Maintenance for School Facilities | 94,071 | | 94,071 | 87,756 | 6,315 |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|-----------------------------|
| Undist. Expend. - Custodial Services: | | | | | |
| Salaries | 58,617 | (50) | 58,567 | 57,799 | 768 |
| Salaries of Non-Instructional Aides | 23,300 | 50 | 23,350 | 23,337 | 13 |
| Purchased Professional and Technical Services | 11,293 | | 11,293 | 11,049 | 244 |
| Cleaning, Repair and Maintenance Services | 11,595 | (1,371) | 10,224 | 7,147 | 3,077 |
| Other Purchased Property Services | 7,000 | 1,371 | 8,371 | 8,371 | |
| Insurance | 8,000 | | 8,000 | 7,136 | 864 |
| Miscellaneous Purchased Services | 500 | | 500 | 339 | 161 |
| General Supplies | 48,222 | (8,904) | 39,318 | 25,635 | 13,683 |
| Energy (Heat and Electricity) | 144,000 | | 144,000 | 84,470 | 59,530 |
| Other Objects | 975 | | 975 | 716 | 259 |
| Total Undist. Expend. - Custodial Services | 313,502 | (8,904) | 304,598 | 225,999 | 78,599 |
| Undist. Expend. - Student Transportation Services: | | | | | |
| Management Fee - ESC Transportation Program | | 10 | 10 | 10 | |
| Contract Services - Aid in Lieu of Payments | 7,100 | (2,610) | 4,490 | 4,420 | 70 |
| Contract Transportation - Other Vendors | 6,500 | (1,600) | 4,900 | 4,827 | 73 |
| Contract Transportation - Joint Agreement | 75,000 | 13,104 | 88,104 | 88,103 | 1 |
| Contract Services - Spec. ESC/CTSA | 3,000 | | 3,000 | 1,338 | 1,662 |
| Total Undist. Expend. - Student Transportation Services: | 91,600 | 8,904 | 100,504 | 98,698 | 1,806 |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| Unallocated Benefits - Employee Benefits: | | | | | |
| Group Insurance | 1,100 | | 1,100 | 942 | 158 |
| Social Security Contributions | 46,750 | | 46,750 | 32,489 | 14,261 |
| Other Retirement Contributions - PERS | 49,200 | | 49,200 | 38,361 | 10,839 |
| Unemployment Compensation | 45,240 | | 45,240 | 17,802 | 27,438 |
| Workmen's Compensation | 17,000 | | 17,000 | 14,962 | 2,038 |
| Health Benefits | 545,400 | | 545,400 | 483,946 | 61,454 |
| Tuition Reimbursement | 4,000 | | 4,000 | 1,800 | 2,200 |
| Other Employee Benefits | 13,650 | | 13,650 | 5,364 | 8,286 |
| Total Unallocated Benefits - Employee Benefits | <u>722,340</u> | | <u>722,340</u> | <u>595,666</u> | <u>126,674</u> |
| On-Behalf Contributions: | | | | | |
| On-behalf TPAF Pensions Contributions (non-budgeted) | | | | 55,264 | (55,264) |
| On-behalf TPAF OPEB (Post Retire. Medical) Contrib. (non-budgeted) | | | | 111,095 | (111,095) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 125,825 | (125,825) |
| Total On-Behalf Contributions | | | | <u>292,184</u> | <u>(292,184)</u> |
| Total Personal Services - Employee Benefits | <u>722,340</u> | | <u>722,340</u> | <u>887,850</u> | <u>(165,510)</u> |
| Total Undistributed Expenditures | <u>2,227,051</u> | <u>2,314</u> | <u>2,229,365</u> | <u>2,162,060</u> | <u>67,305</u> |
| Total General Current Expense | <u>3,861,847</u> | <u>4,971</u> | <u>3,866,818</u> | <u>3,736,376</u> | <u>130,442</u> |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|-----------|-----------------------------|
| Capital Outlay: | | | | | |
| Interest Deposit to Capital Reserve | 100 | | 100 | | 100 |
| Facilities Acquisitions and Construction Services: | | | | | |
| Construction Services | 5,500 | | 5,500 | 1,780 | 3,720 |
| Total Facilities Acquisitions and Construction Services | 5,500 | | 5,500 | 1,780 | 3,720 |
| Total Capital Outlay | 5,600 | | 5,600 | 1,780 | 3,820 |
| Total Expenditures | 3,867,447 | 4,971 | 3,872,418 | 3,738,156 | 134,262 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (74,413) | (2,759) | (77,172) | 499,545 | 308,193 |
| Other Financing Sources: | | | | | |
| Operating Transfer Out: | | | | | |
| Transfer to Special Revenue Fund | (49,598) | 2,759 | (46,839) | (46,839) | |
| Capital Reserve - Transfer for Capital Projects | (60,000) | | (60,000) | (53,208) | (6,792) |

NATIONAL PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|------------------|-----------------------------|
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | (184,011) | | (184,011) | 399,498 | 301,401 |
| Fund Balance, July 1 | 681,204 | | 681,204 | 681,204 | |
| Fund Balance, June 30 | <u>497,193</u> | | <u>497,193</u> | <u>1,080,702</u> | <u>301,401</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Excess Surplus Designated for Subsequent Year's Expenditures | | | | 125,804 | |
| Excess Surplus Current Year | | | | 274,739 | |
| Capital Reserve Fund | | | | 252,312 | |
| Assigned Fund Balance: | | | | | |
| Designated for Subsequent Year's Expenditures | | | | 163,519 | |
| Year-End Encumbrances | | | | 13,458 | |
| Unassigned Fund Balance | | | | | |
| | | | | <u>1,080,702</u> | |
| Reconciliation to Governmental Fund Statements (GAAP): | | | | | |
| Last State Aid Payment not Recognized on GAAP Basis | | | | (198,469) | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>882,233</u> | |

NATIONAL PARK SCHOOL DISTRICT
Education Jobs Fund
Budget and Actual
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|---------------|-----------------------------|
| REVENUES: | | | | | |
| Federal sources | 70,612 | 2,212 | 72,824 | 72,824 | |
| Total Revenues | <u>70,612</u> | <u>2,212</u> | <u>72,824</u> | <u>72,824</u> | |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Other salaries for instruction - Kindergarten | 21,855 | (21,855) | | | |
| Other salaries for instruction - Special Ed/Resource Room | | 21,753 | 21,753 | 21,753 | |
| Total instruction | <u>21,855</u> | <u>(102)</u> | <u>21,753</u> | <u>21,753</u> | |
| Support services: | | | | | |
| Salaries of other professional staff | 10,400 | | 10,400 | 10,400 | |
| Other salaries for instruction | 11,147 | 2,314 | 13,461 | 13,461 | |
| Salaries technology coordinatiior | 3,737 | | 3,737 | 3,737 | |
| Personal services - employee benefits | 23,473 | | 23,473 | 23,473 | |
| Total support services | <u>48,757</u> | <u>2,314</u> | <u>51,071</u> | <u>51,071</u> | |
| Total expenditures | <u>70,612</u> | <u>2,212</u> | <u>72,824</u> | <u>72,824</u> | |

NATIONAL PARK SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|-----------------------------|
| REVENUES: | | | | | |
| State Sources | 104,610 | | 104,610 | 104,574 | (36) |
| Federal Sources | 188,328 | | 188,328 | 168,172 | (20,156) |
| Total Revenues | <u>292,938</u> | | <u>292,938</u> | <u>272,746</u> | <u>(20,192)</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 111,839 | (2,220) | 109,619 | 108,269 | 1,350 |
| Other Salaries for Instruction | 24,616 | | 24,616 | 24,039 | 577 |
| Purchased Professional - Technical Services | 1,973 | | 1,973 | 1,973 | |
| Other Purchased Services | 4,267 | | 4,267 | 4,267 | |
| Tuition | 98,507 | (394) | 98,113 | 79,069 | 19,044 |
| General Supplies | 9,742 | 1,801 | 11,543 | 10,894 | 649 |
| Other Objects | 650 | 116 | 766 | 739 | 27 |
| Total Instruction | <u>251,594</u> | <u>(697)</u> | <u>250,897</u> | <u>229,250</u> | <u>21,647</u> |
| Support Services: | | | | | |
| Salaries | 1,650 | (300) | 1,350 | 1,350 | |
| Personal Services - Employee Benefits | 54,087 | 703 | 54,790 | 53,922 | 868 |
| Purchased Professional - Technical Services | 16,400 | | 16,400 | 16,000 | 400 |
| Purchased Professional - Educational Services | 17,955 | | 17,955 | 17,955 | |
| Other Purchased Services | 100 | (100) | | | |
| Supplies and Materials | | 394 | 394 | 394 | |
| Other Objects | 750 | | 750 | 714 | 36 |
| Total Support Services | <u>90,942</u> | <u>697</u> | <u>91,639</u> | <u>90,335</u> | <u>1,304</u> |
| Total Expenditures | <u>342,536</u> | | <u>342,536</u> | <u>319,585</u> | <u>22,951</u> |
| Other Financing Sources: | | | | | |
| Transfer in from General Fund | (49,598) | | (49,598) | (46,839) | (2,759) |
| Total Outflows | <u>292,938</u> | | <u>292,938</u> | <u>366,424</u> | <u>20,192</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, 2012

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 | 4,237,701 | 272,746 |
| Difference - budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| State aid payment recognized for GAAP purposes in the current year, previously recognized for budgetary purposes. | 185,213 | 13,848 |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | (198,469) | (10,386) |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | 4,224,445 | 276,208 |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. | 3,738,156 | 319,585 |
| 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. | | |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | 3,738,156 | 319,585 |

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, 2012

| | Total Brought Forward (Exhibit E-1a) | Title I | Title II Part A | Title II Part A Carryover | Total 2012 |
|---|---|---------------|--------------------|---------------------------------|----------------|
| REVENUES: | | | | | |
| Federal sources | 98,087 | 55,953 | 13,663 | 469 | 168,172 |
| State sources | 104,574 | | | | 104,574 |
| Total Revenues | <u>202,661</u> | <u>55,953</u> | <u>13,663</u> | <u>469</u> | <u>272,746</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 71,849 | 34,440 | 1,545 | 435 | 108,269 |
| Other salaries of instruction | 24,039 | | | | 24,039 |
| Purchased professional- technical services | 1,973 | | | | 1,973 |
| Other purchased services | 1,767 | 2,500 | | | 4,267 |
| Tuition | 79,069 | | | | 79,069 |
| General supplies | 6,360 | 4,534 | | | 10,894 |
| Other objects | 739 | | | | 739 |
| Total instruction | <u>185,796</u> | <u>41,474</u> | <u>1,545</u> | <u>435</u> | <u>229,250</u> |
| Support services: | | | | | |
| Salaries | | 1,350 | | | 1,350 |
| Personal services-employees benefits | 44,641 | 9,129 | 118 | 34 | 53,922 |
| Purchased professional-educational services | 17,955 | | | | 17,955 |
| Purchased professional-technical services | | 4,000 | 12,000 | | 16,000 |
| Supplies and materials | 394 | | | | 394 |
| Other objects | 714 | | | | 714 |
| Total support services | <u>63,704</u> | <u>14,479</u> | <u>12,118</u> | <u>34</u> | <u>90,335</u> |
| Total expenditures | 249,500 | 55,953 | 13,663 | 469 | 319,585 |
| Other financing sources: | | | | | |
| Transfer in from general fund | (46,839) | | | | (46,839) |
| Total outflows | <u>202,661</u> | <u>55,953</u> | <u>13,663</u> | <u>469</u> | <u>272,746</u> |

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

| | Total Brought Forward (Exhibit E-1b) | IDEA Basic | IDEA Basic Carryover | IDEA Basic ARRA | Total Carried Forward |
|---|---|---------------|----------------------------|-----------------------|-----------------------------|
| REVENUES: | | | | | |
| Federal sources | 5,624 | 68,098 | 21,207 | 3,158 | 98,087 |
| State sources | 104,574 | | | | 104,574 |
| Total revenues | <u>110,198</u> | <u>68,098</u> | <u>21,207</u> | <u>3,158</u> | <u>202,661</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 71,309 | | | 540 | 71,849 |
| Other salaries of instruction | 24,039 | | | | 24,039 |
| Purchased professional-technical services | 413 | | | 1,560 | 1,973 |
| Other purchased services | 750 | | | 1,017 | 1,767 |
| Tuition | 3,113 | 54,749 | 21,207 | | 79,069 |
| General supplies | 6,360 | | | | 6,360 |
| Other objects | 739 | | | | 739 |
| Total Instruction | <u>106,723</u> | <u>54,749</u> | <u>21,207</u> | <u>3,117</u> | <u>185,796</u> |
| Support Services: | | | | | |
| Personal services-employees benefits | 44,600 | | | 41 | 44,641 |
| Other purchased professional-educational services | 5,000 | 12,955 | | | 17,955 |
| Supplies and materials | | 394 | | | 394 |
| Other objects | 714 | | | | 714 |
| Total support services | <u>50,314</u> | <u>13,349</u> | | <u>41</u> | <u>63,704</u> |
| Total expenditures | <u>157,037</u> | <u>68,098</u> | <u>21,207</u> | <u>3,158</u> | <u>249,500</u> |
| Other financing sources: | | | | | |
| Transfer in from general fund | (46,839) | | | | (46,839) |
| Total outflows | <u>110,198</u> | <u>68,098</u> | <u>21,207</u> | <u>3,158</u> | <u>202,661</u> |

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

| | Preschool Education (Exhibit E-2) | Municipal Alliance | IDEA Preschool | IDEA Preschool ARRA | Total Carried Forward |
|---|---|-----------------------|-------------------|---------------------------|-----------------------------|
| REVENUES: | | | | | |
| Federal sources | | | 3,113 | 2,511 | 5,624 |
| State sources | 103,860 | 714 | | | 104,574 |
| Total revenues | <u>103,860</u> | <u>714</u> | <u>3,113</u> | <u>2,511</u> | <u>110,198</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 71,309 | | | | 71,309 |
| Other salaries of instruction | 24,039 | | | | 24,039 |
| Purchased professional-technical services | | | | 413 | 413 |
| Other purchased services | | | | 750 | 750 |
| Tuition | | | 3,113 | | 3,113 |
| General supplies | 5,012 | | | 1,348 | 6,360 |
| Other objects | 739 | | | | 739 |
| Total instruction | <u>101,099</u> | | <u>3,113</u> | <u>2,511</u> | <u>106,723</u> |
| Support services: | | | | | |
| Personal services-employees benefits | 44,600 | | | | 44,600 |
| Other purchased professional-educational services | 5,000 | | | | 5,000 |
| Other objects | | 714 | | | 714 |
| Total support services | <u>49,600</u> | <u>714</u> | | | <u>50,314</u> |
| Total expenditures | 150,699 | 714 | 3,113 | 2,511 | 157,037 |
| Other financing sources: | | | | | |
| Transfer in from general fund | (46,839) | | | | (46,839) |
| Total outflows | <u>103,860</u> | <u>714</u> | <u>3,113</u> | <u>2,511</u> | <u>110,198</u> |

NATIONAL PARK SCHOOL DISTRICT
Special Revenue Fund
Preschool Education and Schedule(s) of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2012

| | <u>Budgeted</u> | <u>Actual</u> | <u>Variance</u> |
|---|-----------------------|-----------------------|---------------------|
| EXPENDITURES: | | | |
| Instruction: | | | |
| Salaries of teachers | 71,998 | 71,309 | 689 |
| Other salaries of instruction | 24,616 | 24,039 | 577 |
| General supplies | 5,012 | 5,012 | |
| Textbooks | 649 | | 649 |
| Other objects | 766 | 739 | 27 |
| Total instruction | <u>103,041</u> | <u>101,099</u> | <u>1,942</u> |
| Support services: | | | |
| Personal services - employee benefits | 45,417 | 44,600 | 817 |
| Other purchased professional - educational services | 5,000 | 5,000 | |
| Total support services | <u>50,417</u> | <u>49,600</u> | <u>817</u> |
| Total expenditures | <u><u>153,458</u></u> | <u><u>150,699</u></u> | <u><u>2,759</u></u> |

CALCULATION OF BUDGET AND CARRYOVER

| | |
|--|--------------------|
| Total revised 2011-12 Preschool Education Aid Allocation | 103,860 |
| Add: Budgeted Transfer from the General Fund 2011-12 | 46,839 |
| Total Preschool Education Aid Funds Available for 2011-12 Budget | <u>150,699</u> |
| Less: 2011-12 Budgeted Preschool Education Aid | (153,458) |
| Add: June 30, 2012 Unexpended Preschool Education Aid | 2,759 |
| 2011-12 Carryover - Preschool Education Aid | <u><u>None</u></u> |

CAPITAL PROJECTS FUND

NATIONAL PARK SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2012

| Project Title/Issue | Approval Date | Revised Budgetary Appropriations | GAAP Expenditures to Date | | Unexpended Appropriations June 30, 2012 |
|-----------------------------------|---------------|--|------------------------------|-----------------|---|
| | | | Prior Years | Current Year | |
| Roof repairs to elementary school | 12/14/2010 | 961,000 | 159,317 | 675,449 | 126,234 |

NATIONAL PARK SCHOOL DISTRICT
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary
 For the Year Ended June 30, 2012

Revenues and other financing sources:

| | |
|---|--------|
| Capital Reserve - Transfer for Capital Projects | 53,208 |
|---|--------|

Expenditures and other financing uses:

| | |
|------------------------------------|---------|
| Architect/Engineer Services | 8,305 |
| Other Professional Services | 40,963 |
| Construction Services | 626,181 |
| Operation and Maintenance of Plant | 53,208 |

| | |
|--------------------|---------|
| Total expenditures | 728,657 |
|--------------------|---------|

| | |
|---|-----------|
| Excess (deficiency) of revenues over (under) expenditures | (675,449) |
|---|-----------|

| | |
|--------------------------|---------|
| Fund balance - beginning | 801,683 |
|--------------------------|---------|

| | |
|-----------------------|---------|
| Fund balance - ending | 126,234 |
|-----------------------|---------|

NATIONAL PARK SCHOOL DISTRICT
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Roof Replacement to Elementary School
 From Inception and for the Year Ended June 30, 2012

| | Prior Periods | Current Period | Totals | Revised Authorized Costs |
|---|------------------|-------------------|----------------|--------------------------------|
| Revenues and Other Financing Sources: | | | | |
| State sources - SDA grant | 599,550 | | 599,550 | 599,550 |
| Bond proceeds and transfers | 361,450 | | 361,450 | 361,450 |
| Total revenues | <u>961,000</u> | | <u>961,000</u> | <u>961,000</u> |
| Expenditures and Other Financing Uses: | | | | |
| Legal services | 14,163 | | 14,163 | 14,163 |
| Audit fees | 605 | | 605 | 1,000 |
| Architect/engineer services | 66,355 | 8,305 | 74,660 | 79,375 |
| Other professional services | 16,600 | 40,963 | 57,563 | 57,563 |
| Purchased technical services | 750 | | 750 | 1,305 |
| Construction services | 55,370 | 626,181 | 681,551 | 801,900 |
| Miscellaneous purchased services | 5,280 | | 5,280 | 5,500 |
| Miscellaneous expenses | 194 | | 194 | 194 |
| Total expenditures | <u>159,317</u> | <u>675,449</u> | <u>834,766</u> | <u>961,000</u> |
| Excess (deficiency) of revenues over (under) expenses | <u>801,683</u> | <u>(675,449)</u> | <u>126,234</u> | |
| Additional Project Information: | | | | |
| Project number | 3490-050-10-1001 | | | |
| Grant date/letter of notification | 7/23/2010 | | | |
| Bond authorization/referendum date | 12/14/2010 | | | |
| Bonds authorized | \$361,450 | | | |
| Bonds issued | \$361,450 | | | |
| Original project authorized cost | \$961,000 | | | |
| Percentage completion | 87% | | | |
| Original target completion date | 8/28/2011 | | | |
| Revised target completion date | 12/31/2012 | | | |

NATIONAL PARK SCHOOL DISTRICT
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Flooring Replacement
 From Inception and for the Year Ended June 30, 2012

| | Prior Periods | Current Period | Totals | Revised Authorized Costs |
|---|------------------|-------------------|---------------|--------------------------------|
| Revenues and Other Financing Sources: | | | | |
| Transfer from capital reserves | | 53,208 | 53,208 | 53,208 |
| Total Revenues | | <u>53,208</u> | <u>53,208</u> | <u>53,208</u> |
| Expenditures and Other Financing Uses: | | | | |
| Operation and maintenance of plant | | 53,208 | 53,208 | 53,208 |
| Total Expenditures | | <u>53,208</u> | <u>53,208</u> | <u>53,208</u> |

FIDUCIARY FUNDS

NATIONAL PARK SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2012

| | Trust | | Agency | | Total 2012 |
|--|---------------------------------------|---------------------|-----------------------|---------------|---------------|
| | Unemployment Compensation Trust | Scholarship Fund | Student Activities | Payroll | |
| ASSETS | | | | | |
| Cash and cash equivalents | 1 | 674 | 18,906 | 19,624 | 39,205 |
| Interfund receivable | 1,182 | | | | 1,182 |
| Total assets | <u>1,183</u> | <u>674</u> | <u>18,906</u> | <u>19,624</u> | <u>40,387</u> |
| LIABILITIES | | | | | |
| Payroll deductions and withholdings | | | | 18,436 | 18,436 |
| Due to student groups | | | 18,906 | | 18,906 |
| Interfund payable | | | | 1,188 | 1,188 |
| Total liabilities | | | <u>18,906</u> | <u>19,624</u> | <u>38,530</u> |
| NET ASSETS | | | | | |
| Held in trust for unemployment Claims | 1,183 | | | | 1,183 |
| Expendable scholarship fund | | 674 | | | 674 |
| Total net assets | <u>1,183</u> | <u>674</u> | | | <u>1,857</u> |

NATIONAL PARK SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2012

| | Unemployment Compensation Trust | Scholarship Fund | Total 2012 |
|------------------------|---------------------------------------|---------------------|---------------------|
| ADDITIONS: | | | |
| Contributions | 3,596 | | 3,596 |
| Interest earned | 1 | 1 | 2 |
| Total additions | <u>3,597</u> | <u>1</u> | <u>3,598</u> |
| DEDUCTIONS: | | | |
| Unemployment claims | 4,289 | | 4,289 |
| Scholarships awarded | | 175 | 175 |
| Total deductions | <u>4,289</u> | <u>175</u> | <u>4,464</u> |
| Change in net assets | (692) | (174) | (866) |
| Net assets - beginning | <u>1,875</u> | <u>848</u> | <u>2,723</u> |
| Net assets - end | <u><u>1,183</u></u> | <u><u>674</u></u> | <u><u>1,857</u></u> |

EXHIBIT H-3

NATIONAL PARK SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

| | <u>Balance July 1, 2011</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2012</u> |
|----------------------|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| SCHOOLS: | | | | |
| National Park School | 24,936 | 28,598 | 34,628 | 18,906 |

EXHIBIT H-4

NATIONAL PARK SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

| | <u>Balance July 1, 2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2012</u> |
|--|---------------------------------|------------------|------------------|----------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | 20,728 | 2,314,850 | 2,315,954 | 19,624 |
| Total assets | <u>20,728</u> | <u>2,314,850</u> | <u>2,315,954</u> | <u>19,624</u> |
| LIABILITIES | | | | |
| Accrued salaries and wages | | 1,398,262 | 1,398,262 | |
| Payroll deductions and withholdings | 19,570 | 915,356 | 916,490 | 18,436 |
| Interfund payable | 1,158 | 1,232 | 1,202 | 1,188 |
| Total liabilities | <u>20,728</u> | <u>2,314,850</u> | <u>2,315,954</u> | <u>19,624</u> |

LONG-TERM DEBT

NATIONAL PARK SCHOOL DISTRICT
 Schedule of Serial Bonds
 June 30, 2012

| Issue | Date of Issue | Original Issue | Annual Maturities | | Interest Rate | Balance June 30, 2011 | Paid | Balance June 30, 2012 |
|-----------------------------|---------------|----------------|----------------------|---------|---------------|-----------------------|-------------------|-----------------------|
| | | | Date | Amount | | | | |
| Refunding Bonds Series 2009 | 12/10/2009 | 2,950,000.00 | 2/1/13 | 190,000 | 2.00% | 2,720,000 | 185,000 | 2,535,000 |
| | | | 2/1/14 | 195,000 | 2.00% | | | |
| | | | 2/1/15 | 190,000 | 4.00% | | | |
| | | | 2/1/16 | 185,000 | 4.00% | | | |
| | | | 2/1/17 | 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 | 195,000 | 4.00% | | | |
| | | | 2/1/23 | 195,000 | 4.00% | | | |
| | | | 2/1/24 | 200,000 | 4.00% | | | |
| | | | 2/1/25 | 210,000 | 4.00% | | | |
| | | | School Bonds of 2011 | 3/8/11 | 361,450.00 | | | |
| 9/1/13 | 30,000 | 4.00% | | | | | | |
| 9/1/14 | 35,000 | 4.00% | | | | | | |
| 9/1/15 | 35,000 | 4.00% | | | | | | |
| 9/1/16 | 40,000 | 4.00% | | | | | | |
| 9/1/17 | 40,000 | 4.00% | | | | | | |
| 9/1/18 | 40,000 | 4.00% | | | | | | |
| 9/1/19 | 45,000 | 4.00% | | | | | | |
| 9/1/20 | 41,450 | 4.00% | | | | | | |
| | | | | | | <u>3,081,450.00</u> | <u>210,000.00</u> | <u>2,871,450.00</u> |

NATIONAL PARK SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2012

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|-----------------|-----------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | 182,803 | | 182,803 | 182,803 | |
| State sources: | | | | | |
| Debt service aid type II | 124,085 | | 124,085 | 124,085 | |
| Total revenues | <u>306,888</u> | | <u>306,888</u> | <u>306,888</u> | |
| EXPENDITURES: | | | | | |
| Regular debt service: | | | | | |
| Interest | 111,440 | | 111,440 | 111,438 | 2 |
| Redemption of principal | 210,000 | | 210,000 | 210,000 | |
| Total expenditures | <u>321,440</u> | | <u>321,440</u> | <u>321,438</u> | <u>2</u> |
| Excess (deficiency) of revenues over (under) expenditures | (14,552) | | (14,552) | (14,550) | (2) |
| Fund balance, July 1 | <u>14,552</u> | | <u>14,552</u> | <u>14,552</u> | |
| Fund balance, June 30 | | | | <u><u>2</u></u> | <u><u>(2)</u></u> |

STATISTICAL SECTION

**NATIONAL PARK SCHOOL DISTRICT
Statistical Section**

| Contents | Page |
|---|-------------|
| 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 Nine Fiscal Years
Unaudited

| | Fiscal Year Ending June 30, | | | | | | | | |
|---|-----------------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental activities: | | | | | | | | | |
| Invested in capital assets, net of related debt | 455,681 | 483,432 | 519,014 | 579,182 | 651,511 | 749,838 | 815,294 | 703,620 | 1,476,033 |
| Restricted | 129,404 | 35,374 | 121,878 | 90,017 | 55,380 | 38,260 | 151,321 | 1,246,569 | 956,068 |
| Unrestricted | (79,268) | (35,275) | (8,778) | 67,393 | 114,650 | 3,276 | 55,743 | (14,584) | (15,618) |
| 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> | <u>1,935,605</u> | <u>2,416,483</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 | 703,620 | 1,476,033 |
| Restricted | 129,404 | 35,374 | 121,878 | 90,017 | 55,380 | 38,260 | 151,321 | 1,246,569 | 956,068 |
| Unrestricted | (79,268) | (35,275) | (8,778) | 67,393 | 114,650 | 3,276 | 55,743 | (14,584) | (15,618) |
| 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> | <u>1,935,605</u> | <u>2,416,483</u> |

Source: District records.

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

| | Fiscal Year Ending June 30, | | | | | | | | |
|---|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Expenses: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Regular | 951,737 | 938,485 | 1,007,648 | 1,008,924 | 1,138,164 | 1,281,326 | 1,260,383 | 1,463,469 | 1,212,338 |
| Special education | 647,317 | 668,407 | 633,432 | 754,752 | 608,703 | 501,368 | 540,830 | 308,617 | 545,516 |
| 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 | 57,858 | 49,820 |
| Support services: | | | | | | | | | |
| Tuition | 88,808 | 140,905 | 159,919 | 194,382 | 187,648 | 130,748 | 95,580 | 42,609 | 56,693 |
| Student & instructional related services | 418,432 | 400,161 | 412,044 | 513,346 | 548,629 | 622,309 | 636,214 | 549,456 | 565,067 |
| School administration services | 100,222 | 66,661 | 82,332 | 75,303 | 75,489 | 64,888 | 117,238 | 334,174 | 326,082 |
| 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 | 311,130 | 313,755 |
| Pupil transportation | 53,745 | 61,270 | 75,281 | 92,489 | 102,487 | 102,197 | 70,370 | 68,508 | 98,698 |
| Employee benefits | 619,737 | 642,196 | 692,237 | 829,748 | 921,994 | 803,271 | 851,405 | 897,730 | 887,850 |
| Interest on long-term debt | 195,308 | 187,320 | 179,040 | 170,760 | 161,310 | 151,860 | 77,633 | 103,163 | 111,438 |
| Capital outlay | | | | 7,799 | 13,447 | | | | 10,876 |
| Unallocated depreciation | 122,174 | 123,342 | 115,791 | 115,604 | 107,738 | 109,544 | 109,544 | 109,425 | 157,148 |
| Total governmental activities expenses | <u>3,732,631</u> | <u>3,811,946</u> | <u>3,966,318</u> | <u>4,361,853</u> | <u>4,453,523</u> | <u>4,413,625</u> | <u>4,345,881</u> | <u>4,246,139</u> | <u>4,335,281</u> |
| Total district-wide expenses | <u>3,732,631</u> | <u>3,811,946</u> | <u>3,966,318</u> | <u>4,361,853</u> | <u>4,453,523</u> | <u>4,413,625</u> | <u>4,345,881</u> | <u>4,246,139</u> | <u>4,335,281</u> |
| Program revenues: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Operating grants & contributions | 346,366 | 348,603 | 370,501 | 401,659 | 350,854 | 259,004 | 307,121 | 309,318 | 284,826 |
| Total governmental activities program revenues | <u>346,366</u> | <u>348,603</u> | <u>370,501</u> | <u>401,659</u> | <u>350,854</u> | <u>259,004</u> | <u>307,121</u> | <u>309,318</u> | <u>284,826</u> |
| Total district program revenues | <u>346,366</u> | <u>348,603</u> | <u>370,501</u> | <u>401,659</u> | <u>350,854</u> | <u>259,004</u> | <u>307,121</u> | <u>309,318</u> | <u>284,826</u> |
| 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) | (3,936,821) | (4,050,455) |
| Total district-wide net expense | <u>(3,386,265)</u> | <u>(3,463,343)</u> | <u>(3,595,817)</u> | <u>(3,960,194)</u> | <u>(4,102,669)</u> | <u>(4,154,621)</u> | <u>(4,038,760)</u> | <u>(3,936,821)</u> | <u>(4,050,455)</u> |
| 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 | 1,710,736 | 1,738,150 |
| Taxes levied for debt service | 148,431 | 160,753 | 156,748 | 162,388 | 157,846 | 155,752 | 151,013 | 159,974 | 182,803 |
| Unrestricted grants & contributions | 2,132,653 | 2,213,390 | 2,263,017 | 2,458,924 | 2,537,568 | 2,441,807 | 2,510,786 | 2,342,630 | 2,497,194 |
| State aid restricted | | | | | | | | 599,550 | |
| Tuition received | | | | | | | | 7,300 | |
| Interest earned on capital reserve fund | 1 | 10 | 23 | 30 | 18 | 5 | 5 | 3 | 1 |
| Miscellaneous income | 7,825 | 7,339 | 15,636 | 23,962 | 18,050 | 5,789 | 58,966 | 29,875 | 113,185 |
| Net Proceeds refunding bond issue | | | | | | | (45,000) | | |
| Total governmental activities | <u>3,364,237</u> | <u>3,441,057</u> | <u>3,744,400</u> | <u>4,064,672</u> | <u>4,187,618</u> | <u>4,124,454</u> | <u>4,269,744</u> | <u>4,850,068</u> | <u>4,531,333</u> |
| Total district-wide | <u>3,364,237</u> | <u>3,441,057</u> | <u>3,744,400</u> | <u>4,064,672</u> | <u>4,187,618</u> | <u>4,124,454</u> | <u>4,269,744</u> | <u>4,850,068</u> | <u>4,531,333</u> |
| Change in net assets: | | | | | | | | | |
| Governmental activities | | | | | | | | | |
| Governmental activities | (22,028) | (22,286) | 148,583 | 104,478 | 84,949 | (30,167) | 230,984 | 913,247 | 480,878 |
| Total district-wide | <u>(22,028)</u> | <u>(22,286)</u> | <u>148,583</u> | <u>104,478</u> | <u>84,949</u> | <u>(30,167)</u> | <u>230,984</u> | <u>913,247</u> | <u>480,878</u> |

Source: District records.

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

| | Fiscal Year Ending June 30, | | | | | | | | |
|------------------------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General Fund: | | | | | | | | | |
| Restricted | | | | | | | | 306,323 | 652,855 |
| Assigned | | | | | | | | 124,011 | 176,977 |
| Unassigned | | | | | | | | 65,657 | 52,401 |
| 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> | <u>495,991</u> | <u>882,233</u> |
| All other governmental funds: | | | | | | | | | |
| Restricted for: | | | | | | | | | |
| Capital projects | | | | | | | | 801,683 | 126,234 |
| Debt service fund | | | | | | | | 14,552 | 2 |
| Unassigned | | | | | | | | (13,848) | (10,386) |
| Reserved, reported in: | | | | | | | | | |
| Debt service fund | | | | | | | 14,552 | | |
| 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>4,166</u> | <u>802,387</u> | <u>115,850</u> |

Source: District records.

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| REVENUES: | | | | | | | | | | |
| Tax levy | 1,130,045 | 1,223,758 | 1,220,318 | 1,465,724 | 1,581,756 | 1,631,982 | 1,676,853 | 1,744,987 | 1,870,710 | 1,920,953 |
| Tuition charges | | | | | | | | | 7,300 | |
| Interest earnings | 2,917 | 406 | 3,876 | 13,138 | 22,665 | 14,220 | 3,088 | 5 | 2,922 | 922 |
| Miscellaneous | 52,307 | 7,420 | 3,473 | 2,521 | 1,327 | 5,211 | 6,996 | 63,273 | 27,149 | 112,264 |
| State sources | 2,198,524 | 2,341,025 | 2,423,016 | 2,480,070 | 2,669,345 | 2,742,050 | 2,541,485 | 2,270,964 | 3,076,511 | 2,533,286 |
| Federal sources | 139,998 | 137,994 | 138,977 | 153,448 | 191,238 | 145,009 | 155,033 | 542,636 | 174,987 | 248,734 |
| Total revenue | 3,523,791 | 3,710,603 | 3,789,660 | 4,114,901 | 4,466,331 | 4,538,472 | 4,383,455 | 4,621,865 | 5,159,579 | 4,816,159 |
| EXPENDITURES: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular instruction | 897,723 | 951,737 | 938,485 | 1,007,648 | 1,008,924 | 1,138,164 | 1,281,326 | 1,260,383 | 1,463,662 | 1,212,338 |
| Special education instruction | 638,726 | 647,317 | 668,407 | 633,432 | 754,752 | 608,703 | 501,368 | 540,830 | 308,617 | 545,516 |
| Other special instruction | 9,707 | 20,100 | 47,010 | 24,913 | 38,851 | 31,546 | 72,592 | 57,092 | | |
| Other instruction | 11,161 | 16,710 | 13,712 | 15,585 | 11,142 | 11,499 | 7,443 | 8,805 | 57,858 | 49,820 |
| Support services: | | | | | | | | | | |
| Tuition | | 88,808 | 140,905 | 159,919 | 194,382 | 187,648 | 130,748 | 95,580 | 42,609 | 56,693 |
| Student & instruction related services | 382,359 | 387,920 | 430,084 | 414,577 | 502,043 | 548,023 | 610,851 | 638,864 | 562,415 | 573,827 |
| School administrative services | 129,202 | 100,222 | 66,661 | 82,332 | 75,303 | 75,489 | 64,888 | 117,238 | 334,174 | 326,082 |
| Other administrative services | 206,846 | 209,229 | 210,878 | 224,462 | 230,567 | 224,469 | 225,173 | 169,958 | | |
| Plant operations & maintenance | 288,534 | 289,112 | 311,599 | 343,634 | 318,186 | 320,400 | 340,906 | 350,829 | 311,130 | 313,755 |
| Pupil transportation | 47,178 | 53,745 | 61,270 | 75,281 | 92,489 | 102,487 | 102,197 | 70,370 | 68,508 | 98,698 |
| Employee benefits | 612,998 | 619,737 | 642,196 | 692,237 | 829,748 | 921,994 | 803,271 | 851,405 | 897,730 | 887,850 |
| Capital outlay | 87,256 | 13,104 | 8,176 | 6,373 | 18,571 | 28,514 | 37,871 | | 179,201 | 730,437 |
| Debt services: | | | | | | | | | | |
| Principal | 140,000 | 140,000 | 145,000 | 145,000 | 165,000 | 165,000 | 170,000 | 220,000 | 180,000 | 210,000 |
| Interest | 203,295 | 195,308 | 187,320 | 179,040 | 170,760 | 161,310 | 151,860 | 77,633 | 103,163 | 111,438 |
| Total expenditures | 3,654,985 | 3,733,049 | 3,871,703 | 4,004,433 | 4,410,718 | 4,525,246 | 4,500,494 | 4,458,987 | 4,509,067 | 5,116,454 |
| Excess (deficiency) of revenues over (under) expenditures | (131,194) | (22,446) | (82,043) | 110,468 | 55,613 | 13,226 | (117,039) | 162,878 | 650,512 | (300,295) |
| Other financing sources (uses): | | | | | | | | | | |
| Capital leases (non-budgeted) | 31,222 | | | | | | | | | |
| Total other financing sources (uses) | 31,222 | | | | | | | | | |
| Net change in fund balance | (99,972) | (22,446) | (82,043) | 110,468 | 55,613 | 13,226 | (117,039) | 162,878 | 650,512 | (300,295) |
| Debt service as a percentage of noncapital expenditures | 10.65% | 9.91% | 9.41% | 8.82% | 8.28% | 7.82% | 7.77% | 7.15% | 7.00% | 7.91% |

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

| Fiscal Year Ended June 30, | Refunds | Tuition | Local Grant | Miscellaneous | Annual Totals |
|-------------------------------|---------|---------|-------------|---------------|---------------|
| 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 |
| 2011 | | 7,300 | 193 | 26,956 | 34,449 |
| 2012 | | 92,182 | | 20,082 | 112,264 |

Source: District records.

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate |
|----------------------------|-------------|-------------|------------|------------|-----------|----------------------|------------------|-----------------------|---|------------------------------|
| 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 |
| 2011 | 3,334,200 | 166,522,300 | 7,963,500 | | 607,300 | 178,427,300 | 368,601 | 178,795,901 | 181,023,553 | 1.074 |
| 2012 | 3,262,900 | 165,757,700 | 7,676,900 | 209,400 | 607,300 | 177,514,200 | 337,422 | 177,851,622 | 182,564,425 | 1.110 |

Source: Gloucester County Abstract of Ratables

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 | |
| 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 |
| 2011 | 0.982 | 0.092 | 1.074 | 0.953 | 0.820 | 0.591 | 3.438 |
| 2012 | 1.004 | 0.106 | 1.110 | 1.101 | 0.844 | 0.608 | 3.663 |

Source: Municipal Tax Collector.

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

| | 2012 | | | 2003 | | |
|---------------------------------------|------------------------|------|--|------------------------|------|--|
| | 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 | 1,054,500 | 1 | 0.59% | | | |
| Individual Taxpayer 1 | 659,000 | 2 | 0.37% | | | |
| Individual Taxpayer 2 | 615,400 | 3 | 0.35% | | | |
| The Bank of Gloucester County | 592,200 | 4 | 0.33% | | | |
| Individual Taxpayer 3 | 501,100 | 5 | 0.28% | | | Information Not Available |
| Individual Taxpayer 4 | 500,500 | 6 | 0.28% | | | |
| Individual Taxpayer 5 | 453,600 | 7 | 0.26% | | | |
| Individual Taxpayer 6 | 51,500 | 8 | 0.03% | | | |
| Individual Taxpayer 7 | 435,800 | 9 | 0.25% | | | |
| J&B LP LLC | 401,100 | 10 | 0.23% | | | |
| | <u>5,264,700</u> | | <u>2.96%</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 | |
| 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% | |
| 2011 | 1,870,710 | 1,870,710 | 100.00% | |
| 2012 | 1,920,953 | 1,920,953 | 100.00% | |

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

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

| Fiscal Year Ended June 30, | Governmental Activities | | Total District | Percentage of Personal Income | Per Capita |
|----------------------------------|--------------------------------|-------------------|-------------------|-------------------------------------|------------|
| | General Obligation Bonds | Capital Leases | | | |
| 2003 | 4,005,000 | 28,406 | 4,033,406 | 4.02% | 1,260 |
| 2004 | 3,865,000 | 22,580 | 3,887,580 | 3.67% | 1,210 |
| 2005 | 3,720,000 | 16,487 | 3,736,487 | 3.37% | 1,164 |
| 2006 | 3,575,000 | 10,113 | 3,585,113 | 3.05% | 1,114 |
| 2007 | 3,410,000 | 3,447 | 3,413,447 | 2.77% | 1,055 |
| 2008 | 3,245,000 | | 3,245,000 | 2.48% | 1,003 |
| 2009 | 3,075,000 | | 3,075,000 | 2.37% | 951 |
| 2010 | 2,900,000 | | 2,900,000 | 2.31% | 955 |
| 2011 | 3,081,450 | | 3,081,450 | N/A | 1,012 |
| 2012 | 2,871,450 | | 2,871,450 | N/A | N/A |

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

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

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property | Per Capita |
|----------------------------------|---------------------------------|------------|---|---|------------|
| | General Obligation Bonds | Deductions | | | |
| 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% | 955 |
| 2011 | 3,081,450 | | 3,081,450 | 1.72% | 1,012 |
| 2012 | 2,871,450 | | 2,871,450 | 1.61% | 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, 2011
 Unaudited

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---------------------|---------------------------------------|--|
| Debt repaid with property taxes | | | |
| National Park Borough | 437,058 | 100.000% | 437,058 |
| Gloucester County General Obligation Debt | 282,044,545 | 0.660% | 1,861,494 |
| Gateway Regional School District Debt | 7,130,000 | 17.810% | 1,269,853 |
| Subtotal, overlapping debt | | | 3,568,405 |
| National Park District Direct Debt | | | 2,871,450 |
| Total direct and overlapping debt | | | 6,439,855 |

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 |
| | 2011 182,964,828 |
| | 2010 180,306,369 |
| | 2009 185,447,775 |
| | <u>548,718,972</u> |
| Average equalized valuation of taxable property | <u>182,906,324</u> |
| Debt limit (2 1/2% of average equalized value) | 4,572,658 |
| Total net debt applicable to limit | <u>3,081,450</u> |
| Legal debt margin | <u>1,491,208</u> |

| | Fiscal Year | | | | | | | | | |
|---|--------------------|--------------------|------------------|--------------------|------------------|----------------|------------------|------------------|------------------|------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Debt limit | 2,524,559 | 2,648,908 | 2,789,523 | 2,412,416 | 3,413,951 | 3,960,800 | 4,415,797 | 4,638,521 | 4,618,609 | 4,572,658 |
| Total net debt applicable to limit | 4,005,000 | 3,865,000 | 3,720,000 | 3,575,000 | 3,410,000 | 3,245,000 | 3,075,000 | 2,900,000 | 3,081,450 | 2,871,450 |
| Legal debt margin | <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>1,738,521</u> | <u>1,537,159</u> | <u>1,701,208</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 158.64% | 145.91% | 133.36% | 148.19% | 99.88% | 81.93% | 69.64% | 62.52% | 66.72% | 62.80% |
| Borough of National Park debt analysis: | | | | | | | | | | |
| Permitted debt limitation (3.5%) | 3,534,383 | 3,708,472 | 3,905,332 | 4,221,728 | 4,221,728 | | | | | |
| Less: net municipal debt | 698,425 | 614,650 | 509,875 | 420,300 | 420,300 | | | | | |
| Available borough borrowing power | 2,835,958 | 3,093,822 | 3,395,457 | 3,801,428 | 3,801,428 | | | | | |
| Less: school district use of borrowing margin | <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>1,355,517</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 |
|----------------------------------|------------|-----------------|---------------------------------|----------------------|
| 2003 | 3,201 | 100,316,139 | 31,339 | 11.00% |
| 2004 | 3,213 | 105,926,184 | 32,968 | 8.00% |
| 2005 | 3,211 | 110,776,289 | 34,499 | 6.00% |
| 2006 | 3,218 | 117,540,668 | 36,526 | 6.50% |
| 2007 | 3,237 | 123,310,278 | 38,094 | 6.50% |
| 2008 | 3,235 | 130,681,060 | 40,396 | 7.60% |
| 2009 | 3,235 | 129,561,750 | 40,050 | 11.10% |
| 2010 | 3,038 | 125,581,806 | 41,337 | 11.80% |
| 2011 | 3,045 | N/A | N/A | 11.50% |
| 2012 | 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 per personal income presented.

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

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

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

| Employer | 2012 | | | 2003 | | |
|--------------------------------|------------|------|---------------------------------------|-----------|------|---------------------------------------|
| | Employees | Rank | % of Total Municipal Employment | Employees | Rank | % of Total Municipal Employment |
| National Park School District | 70 | 1 | 3.86% | | | |
| Clancey & Associates Inc. | 22 | 2 | 1.21% | | | |
| National Park Borough | 21 | 3 | 1.16% | | | Not Available |
| Bill and Eileen's Market | 14 | 4 | 0.77% | | | |
| Kings Kids Learning Center LLC | 13 | 5 | 0.72% | | | |
| Park Place Bar & Grill | 7 | 6 | 0.39% | | | |
| | <u>147</u> | | <u>8.11%</u> | | | |

Source: Gloucester County Department of Economic Development and School District.

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

| Function/Program | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 21 | 21.5 | 21 | 21 | 21 | 22 | 22 | 22 | 21 | 21 |
| Special education | 5 | 5 | 4 | 5 | 4 | 5 | 5 | 5 | 5 | 5 |
| Support Services | | | | | | | | | | |
| Student & instruction related services | 10 | 10.5 | 12 | 13 | 9 | 10 | 10 | 10 | 11 | 10.5 |
| General administration | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | 38 | 38 | 38 | 40 | 35 | 38 | 38 | 38 | 38 | 37.5 |

Source: District Personnel Records.

NATIONAL PARK SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

| Fiscal Year Ended June 30, | Enrollment | Operating Expenditures | Cost per Pupil | Percentage Change | Teaching Staff | Pupil/Teacher Ratio Elementary | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change Average Daily Enrollment | Student Attendance Percentage |
|----------------------------------|------------|---------------------------|-------------------|----------------------|-------------------|--------------------------------------|---|---|--|-------------------------------------|
| 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 | 8.3 | 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 | 8.9 | 306 | 286 | 1.32% | 93% |
| 2009 | 324 | 4,140,763 | 12,780 | -7.45% | 27 | 8.3 | 298 | 280 | -2.61% | 94% |
| 2010 | 316 | 4,161,354 | 13,169 | 3.04% | 27 | 8.5 | 311 | 295 | 4.36% | 95% |
| 2011 | 292 | 4,046,703 | 13,859 | 5.24% | 26 | 8.9 | 286 | 272 | -8.04% | 95% |
| 2012 | 275 | 4,064,579 | 14,780 | 6.65% | 26 | 9.5 | 263 | 251 | -8.04% | 95% |

Source: Enrollment based on annual October district count.

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

| District Building | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 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 | 281 | 289 | 309 | 315 | 306 | 302 | 324 | 316 | 292 | 275 |

Number of Schools at June 30, 2012
 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
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

| * School Facilities | Gross Square | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Elementary | 52,073 | 55,465 | 59,684 | 59,448 | 63,683 | 70,666 | 86,902 | 81,903 | 98,048 | 79,118 | 87,756 |

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

Source: District records.

NATIONAL PARK SCHOOL DISTRICT
Insurance Schedule
June 30, 2012
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 | 125,000,000 | |
| 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
102 West High Street, Suite 100 • 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
516 Lakehurst Avenue
National Park, New Jersey 08063

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, 2012, which collectively comprise the National Park School District's basic financial statements and have issued our report thereon dated November 13, 2012. 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 Office of School Finance, Department of Education, State of New Jersey.

Internal Control over Financial Reporting

Management of the National Park School District is responsible for establishing and maintaining effective 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 matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School 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

November 13, 2012

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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Deanna L. Roller, CPA, RMA

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

Honorable President and Members of the
Board of Education
National Park School District
516 Lakehurst Avenue
National Park, New Jersey 08063

Compliance

We have audited the Board of Education of the National Park School District's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the National Park School District's major state programs for the year ended June 30, 2012. National Park School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the National Park School District's management. Our responsibility is to express an opinion on the National Park School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the audit requirements as prescribed by the Office of School 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 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 compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the National Park School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered National Park School District's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the 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 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 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

National Park School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit National Park School District's responses and, accordingly, we express no opinion on the responses.

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

A handwritten signature in black ink that reads "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

November 13, 2012

NATIONAL PARK SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2012

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2011 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2012 | | | Cumulative Total Expenditures |
|--|---------------------|-------------------------------|-------------------------|--------------|---------|-----------------------|-----------------------------|---------------|------------------------|-------------|------------------------------------|--------------------------|------------------|----------------|-------------------------------|
| | | | | From | To | | | | | | | Accounts Receivable | Deferred Revenue | Due to Grantor | |
| U.S. Department of Education | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Education Jobs Fund | 84.410A | ARRA | 72,824 | 8/1/10 | 9/30/12 | | | | (72,824) | | | (72,824) | | | 72,824 |
| Total General Fund | | | | | | | | | (72,824) | | | (72,824) | | | 72,824 |
| U.S. Department of Education | | | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| Title I, Part A | 84.010 | NCLB349012 | 55,953 | 9/1/11 | 8/31/12 | | | | (55,953) | | | (55,953) | | | 55,953 |
| Title I, Part A | 84.010 | NCLB349011 | 48,092 | 9/1/10 | 8/31/11 | (48,092) | | 48,092 | | | | | | | 48,092 |
| Title I, ARRA | 84.389 | ARRA349011 | 17,382 | 7/1/09 | 8/31/11 | (8,805) | | 8,805 | | | | | | | 17,382 |
| IDEA Part B, Basic Regular | 84.027 | FT349012 | 87,142 | 9/1/11 | 8/31/12 | | | | (68,098) | | | (68,098) | | | 68,098 |
| IDEA Part B, Basic Regular Carryover | 84.027 | FT349012 | 21,207 | 9/1/11 | 8/31/12 | | | | (21,207) | | | (21,207) | | | 21,207 |
| IDEA Part B, Basic Regular | 84.027 | FT349011 | 87,757 | 9/1/10 | 8/31/11 | (66,550) | | 66,550 | | | | | | | 66,550 |
| IDEA Part B, Basic Regular Carryover | 84.027 | FT349011 | 16,735 | 9/1/09 | 8/31/10 | (16,735) | | 16,735 | | | | | | | 16,735 |
| IDEA Part B, ARRA | 84.391 | ARRA349012 | 3,158 | 9/1/11 | 8/31/12 | | | | (3,158) | | | | | | 3,158 |
| IDEA Part B, ARRA | 84.391 | ARRA349011 | 69,659 | 9/1/10 | 8/31/11 | (23,831) | | 23,831 | | | | | | | 66,501 |
| IDEA Part B, Preschool | 84.173 | FT349012 | 3,113 | 9/1/11 | 8/31/12 | | | | (3,113) | | | (3,113) | | | 3,113 |
| IDEA Part B, Preschool | 84.173 | FT349011 | 3,143 | 9/1/10 | 8/31/11 | (3,143) | | 3,143 | | | | | | | 3,143 |
| IDEA Part B, Preschool ARRA | 84.392 | ARRA349012 | 2,511 | 9/1/11 | 8/31/12 | | | 2,511 | (2,511) | | | | | | 2,511 |
| Title II Part A | 84.367 | NCLB349012 | 469 | 9/1/11 | 8/31/12 | | | | (469) | | | | | | 469 |
| Title II Part A Carryover | 84.367 | NCLB349012 | 14,775 | 9/1/11 | 8/31/12 | | | | (13,663) | | | (13,663) | | | 13,663 |
| Title II Part A | 84.367 | NCLB349011 | 15,920 | 9/1/10 | 8/31/11 | (15,451) | | 15,451 | | | | | | | 15,451 |
| Title II Part A Carryover | 84.367 | NCLB349011 | 26 | 9/1/10 | 8/31/11 | (26) | | 26 | | | | | | | 161 |
| Title II Part D | 84.318 | NCLB349011 | 92 | 9/1/10 | 8/31/11 | (92) | | 92 | | | | | | | 92 |
| Total Special Revenue Fund | | | | | | (182,725) | | 188,394 | (168,172) | | | (162,503) | | | 402,279 |
| Total Federal Financial Awards | | | | | | (182,725) | | 188,394 | (240,996) | | | (235,327) | | | 475,103 |

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, 2012

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2011 | | | | Budgetary Expenditures | Adjustments/Repayment of Prior Years' Balances | Balance June 30, 2012 | | | MEMO | |
|--|-------------------------------|-------------------------|--------------|---------|--|----------------|-----------------------------|---------------|------------------------|--|-----------------------|------------------------------------|----------------|----------------------|-------------------------------|
| | | | From | To | Deferred Revenue (Accounts Receivable) | Due to Grantor | Carryover (Walkover) Amount | Cash Received | | | Accounts Receivable | Deferred Revenue/Interfund Payable | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Special Education Categorical Aid | 12-495-034-5120-089 | 144,881 | 7/1/11 | 6/30/12 | | | | 144,881 | (144,881) | | | | | 14,055 | 144,881 |
| Equalization Aid | 12-495-034-5120-078 | 1,873,123 | 7/1/11 | 6/30/12 | | | | 1,873,123 | (1,873,123) | | | | | 184,414 | 1,873,123 |
| Reimbursement of Nonpublic Transportation | N/A | 870 | 7/1/11 | 6/30/12 | | | | | (870) | | (870) | | | | 870 |
| Reimbursement of Nonpublic Transportation | N/A | 870 | 7/1/10 | 6/30/11 | (870) | | | 870 | | | | | | | 870 |
| Anti-Bullying Bill of Rights Act | N/A | 2,483 | 7/1/11 | 6/30/12 | | | | 2,483 | (2,483) | | | | | | 2,483 |
| On-behalf TPAF Pension Contribution | 12-495-034-5095-006 | 55,264 | 7/1/11 | 6/30/12 | | | | 55,264 | (55,264) | | | | | | 55,264 |
| On-behalf TPAF Postretirement Contribution | 12-495-034-5095-001 | 111,095 | 7/1/11 | 6/30/12 | | | | 111,095 | (111,095) | | | | | | 111,095 |
| Reimbursed TPAF Social Security Aid | 12-495-034-5095-002 | 125,825 | 7/1/11 | 6/30/12 | | | | 125,527 | (125,825) | | (298) | | | | 125,825 |
| Reimbursed TPAF Social Security Aid | 12-495-034-5095-002 | 128,741 | 7/1/10 | 6/30/11 | (6,288) | | | 6,288 | | | | | | | 128,741 |
| Total General Fund | | | | | (7,158) | 0 | 0 | 2,319,531 | (2,313,541) | | (1,168) | | | 198,469 | 2,443,152 |
| State Department of Education | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| Preschool Education Aid | 12-495-034-5120-086 | 103,860 | 7/1/11 | 6/30/12 | | | | 103,860 | (103,860) | | | | | 10,386 | 103,860 |
| Department of Community Affairs | | | | | | | | | | | | | | | |
| Passed through County of Gloucester | | | | | | | | | | | | | | | |
| Municipal Alliance | N/A | 750 | 7/1/11 | 6/30/12 | | | | 750 | (714) | | | 36 | | | 714 |
| Municipal Alliance | N/A | 600 | 7/1/10 | 6/30/11 | 600 | | | | | | | 600 | | | |
| Municipal Alliance | N/A | 2,400 | 7/1/09 | 6/30/10 | 400 | | | | | | | 400 | | | 2,000 |
| Total Special Revenue Fund | | | | | 1,000 | 0 | 0 | 104,610 | (104,574) | 0 | 0 | 1,036 | | 10,386 | 106,574 |
| NJ Schools Development Authority | | | | | | | | | | | | | | | |
| Capital Projects Fund: | | | | | | | | | | | | | | | |
| SDA Grant | 3490-050-10-1001 | 599,550 | 12/14/10 | N/A | (99,395) | | | | (421,399) | | (520,794) | | | | 520,794 |
| Total Capital Project Fund | | | | | (99,395) | | | | (421,399) | | (520,794) | | | | 520,794 |
| State Department of Education | | | | | | | | | | | | | | | |
| Debt Services Fund: | | | | | | | | | | | | | | | |
| State Department of Education | | | | | | | | | | | | | | | |
| Debt Service Aid Type II | 12-100-034-5120-125 | 124,085 | 7/1/11 | 6/30/12 | | | | 124,085 | (124,085) | | | | | | 124,085 |
| Total Debt Service Fund | | | | | 0 | | | 124,085 | (124,085) | 0 | 0 | 0 | | | 124,085 |
| Total State Financial Assistance | | | | | (105,553) | 0 | 0 | 2,548,226 | (2,963,599) | 0 | (521,962) | 1,036 | | 208,855 | 3,194,605 |

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with NJSA 18A:22-4.2.

NATIONAL PARK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$13,256) for the general fund and \$3,462 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 | 72,824 | 2,300,285 | 2,373,109 |
| Special revenue fund | 168,172 | 108,036 | 276,208 |
| Debt service fund | | 124,085 | 124,085 |
| Total awards & financial assistance | <u>240,996</u> | <u>2,532,406</u> | <u>2,773,402</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 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. 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, 2012.

NATIONAL PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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? X yes 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 NJ OMB Circular Letter 04-04? X yes no

Identification of major programs:

| <u>GMIS Number(s)</u> | <u>Name of State Program</u> |
|-----------------------|------------------------------|
| 495-034-5120-078 | Equalization Aid |
| 495-034-5120-089 | Special Education Aid |
| 3490-050-10-1001 | SDA Grant |

NATIONAL PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section II – Financial Statement Findings

No matters were reported.

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

STATE AWARDS

Finding 2012-1

Information on State Program: 3490-050-10-1001 SDA Grant

Criteria: The District should submit quarterly status reports to the grant analyst within three weeks following the end of each calendar quarter.

Condition: The District has not submitted the required status reports.

Effect: The District is not in compliance with the grant requirements.

Cause: The District was not aware of the requirement to submit quarterly status reports.

Recommendation: The District file the required status reports with the grant analyst on a quarterly basis.

Management's Response: The Business Administrator agrees with the finding and will address this matter in the corrective action plan.

NATIONAL PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

No matters were reported.