

**SCHOOL DISTRICT  
OF THE**

**BOROUGH OF KEYPORT**

**Borough of Keyport Board of Education  
Keyport, New Jersey**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

**Comprehensive Annual**

**Financial Report**

of the

**Borough of Keyport Board of Education  
Keyport, New Jersey**

For the Fiscal Year Ended June 30, 2010

Prepared by

**Borough of Keyport Board of Education  
Business Administrator/Board Secretary  
Jo Ann Podracky**

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
<b><u>INTRODUCTORY SECTION</u></b>		
	Letter of Transmittal .....	1-6
	Organizational Chart .....	7
	Roster of Officials .....	8
	Consultants and Advisors .....	9
<b><u>FINANCIAL SECTION</u></b>		
	Independent Auditor's Report .....	10-11
<b><u>Required Supplementary Information - Part I</u></b>		
	Management's Discussion and Analysis .....	12-24
<b><u>Basic Financial Statements</u></b>		
<b><u>A. District-Wide Financial Statements</u></b>		
A-1	Statement of Net Assets .....	25
A-2	Statement of Activities .....	26
<b><u>B. Fund Financial Statements</u></b>		
Governmental Funds:		
B-1	Balance Sheet .....	27
B-2	Statement of Revenues, Expenditures and Changes in Fund Balances .....	28
B-3	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	29
Proprietary Funds:		
B-4	Statement of Net Assets .....	30
B-5	Statement of Revenues, Expenses and Changes in Fund Net Assets .....	31
B-6	Statement of Cash Flows .....	32
Fiduciary Funds:		
B-7	Statement of Fiduciary Net Assets .....	33
B-8	Statement of Changes in Fiduciary Net Assets .....	34
	Notes to Financial Statements .....	35-51

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
<b><u>FINANCIAL SECTION (CONTINUED)</u></b>		
<b><u>Required Supplementary Information - Part II</u></b>		
<b><u>C. Budgetary Comparison Schedules</u></b>		
C-1	Budgetary Comparison Schedule - General Fund.....	52-58
C-1a	Budgetary Comparison Schedule - General Fund - State Fiscal Stabilization Fund - AARA - ESF.....	59
C-1b	Budgetary Comparison Schedule - General Fund - State Fiscal Stabilization Fund - AARA - GSF.....	60
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	61
<b><u>Notes to Required Supplementary Information</u></b>		
C-3	Budget-to-GAAP Reconciliation.....	62
<b><u>Other Supplementary Information</u></b>		
<b><u>D. School Based Budget Schedules</u></b>		
D-1	Combining Balance Sheet.....	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual.....	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual.....	N/A
<b><u>E. Special Revenue Fund</u></b>		
E-1	Combining Schedule of Program Revenues and Expenditures - Special Revenue Fund - Budgetary Basis.....	63-65
E-2	Schedule of Preschool Education Aid Expenditures - Preschool - All Programs - Budgetary Basis - .....	66

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
<b><u>FINANCIAL SECTION (CONTINUED)</u></b>		
<b><u>F. Capital Projects Fund</u></b>		
F-1	Summary Schedule of Project Expenditures.....	67
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis .....	68
F-2a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis - Roof Replacement to Central School and Board of Education Building and Installation of Solar Panels at High School, Central School and Board of Education Building ..	69
F-2b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis - Upgrades and Improvements to High School and Middle School ..	70
F-2c	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis - Building Improvements and Additions to High School and Middle School.....	71
<b><u>G. Proprietary Funds</u></b>		
Enterprise Fund:		
G-1	Combining Statement of Net Assets.....	72
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	73
G-3	Combining Statement of Cash Flows.....	74
Internal Service Fund:		
G-4	Combining Statement of Net Assets.....	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	N/A
G-6	Combining Statement of Cash Flows.....	N/A
<b><u>H. Fiduciary Fund</u></b>		
H-1	Combining Statement of Fiduciary Net Assets.....	75
H-2	Combining Statement of Changes in Fiduciary Net Assets.....	76
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements .....	77
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements .....	77
H-5	Private Purpose Trust - Scholarship Fund - Schedule of Receipts and Disbursements.....	77

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
<b><u>FINANCIAL SECTION (CONTINUED)</u></b>		
<b><u>I. Long-Term Debt</u></b>		
I-1	Schedule of Serial Bonds .....	78
I-2	Schedule of Obligations Under Capital Leases .....	79
I-3	Debt Service Fund - Budgetary Comparison Schedule of Fund Balance - Budget and Actual .....	80
<b><u>STATISTICAL SECTION</u></b>		
J-1	Net Assets by Component .....	81
J-2	Changes in Net Assets .....	82
J-3	Fund Balances, Governmental Funds .....	83
J-4	Changes in Fund Balances, Governmental Funds .....	84
J-5	General Fund Other Local Revenue by Source .....	85
J-6	Assessed and Estimated Actual Value of Taxable Property .....	86
J-7	Property Tax Rates - Direct and Overlapping Government per \$100 of Assessed Valuation .....	87
J-8	Schedule of Principal Taxpayers for Year Ended December 31, 2009 .....	88
J-9	Municipal Property Tax Levies and Collections .....	89
J-10	Ratios of Outstanding Debt by Type .....	90
J-11	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	91
J-12	Computation of District and Overlapping Bonded Debt for Fiscal Year Ended December 31, 2009 .....	92
J-13	Computation of Legal Debt Margin for Fiscal Year Ended June 30, 2010 .....	93
J-14	Demographic and Economic Statistics .....	94
J-15	Principal Employers, Current Year .....	95
J-16	Full-time Equivalent District Employees by Function/Program .....	96
J-17	Operating Statistics .....	97
J-18	School Building Information .....	98
J-19	General Fund - Schedule of Required Maintenance for School Facilities for the Fiscal Year Ended June 30, 2010 .....	99
J-20	Insurance Policies, June 30, 2010 .....	100-104

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
<b><u>SINGLE AUDIT SECTION</u></b>		
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Audit Standards.....	105-106
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04.....	107-108
K-3	Schedule of Expenditures of Federal Awards - Schedule A.....	109
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B.....	110
K-5	Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance...	111-112
K-6	Schedule of Findings and Questioned Costs.....	113-116

# **Introductory Section**

# THE KEYPORT BOARD OF EDUCATION

KEYPORT, NJ 07735

Jo Ann Podracky  
Board Secretary/Business Administrator



370 Broad Street, Keyport NJ 07735  
Tel. 732-264-1321 Fax 732-888-1771

September 30, 2010

Honorable President and  
Members of the Board of Education  
Keyport School District  
County of Monmouth, New Jersey

Dear Board Member:

The comprehensive annual financial report of the Keyport School District for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principle officials at year end June 30, 2010. The financial section includes the general purpose 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 and the U.S. Office of Management and Budget Circular a-133, "Audits of State and Local Governments", and State Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Keyport School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The Keyport Board of Education and all its schools constitute the District's reporting entity.

The District provides a high quality education as well as a full range of programs appropriate to the pre-school program through grade twelve. These include regular education, programs for gifted and talented students, as well as special education for handicapped students both in district and out of district. The district consists of two schools. The elementary encompasses the pre-school program through grade seven while the high school comprises of grades eight through twelve.

Supervising district-wide goals are a District Superintendent, School Business Administrator, Director of Curriculum, Director of Pupil Personnel and Director of Guidance. Each school has a principal and a vice-principal to oversee day-to-day operations.

The following is a comparison of student enrollments for the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2009-2010	1168.0	-1.32%
2008-2009	1183.6	9.90%
2007-2008	1077.0	-7.18%
2006-2007	1160.3	-0.57%
2005-2006	1166.9	-2.54%
2004-2005	1197.3	2.32%
2003-2004	1170.2	-3.05%
2002-2003	1207.0	0.88%
2001-2002	1196.5	-1.03%
2000-2001	1208.9	-0.31%

The Board of Education is comprised of ten members. Nine members are elected to three-year terms with three seats up for election each year. One member is appointed by the Union Beach Board of Education as the Union Beach representative. This appointment is made on an annual basis. The Regular meeting of the Board of Education is held on the first Wednesday of each month while the Workshop meeting is held on the last Wednesday of each month. During its meetings, the Board determines policy, district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:30 p.m.

The Central School PTA and the High School Mothers' Club are active organizations, which provide support for a variety of programs and activities for the children.

To maintain effective communication, the District produces several editions of Keynotes, which is mailed to all residents of both Keyport and Union Beach beginning July 1, 2010, the editions will be on line. Parents also receive considerable information disseminated by the main office in each building. Information about the budget is mailed in a special newsletter to all members of the community during the budget review process.

All curricula in the district have been aligned to the state mandated New Jersey Core Curriculum Content Standards and each school follows the district-wide goals as established by the Board of Education.

The NJDOE publishes a Comparative Spending Guide for all districts in the state on an annual basis. The guide compares districts with similar enrollments. The 2010 Comparative Spending Guide shows that Keyport spent \$13,340 per pupil during the 2008-2009 school year. The average for similar enrollment group districts is \$13,338 per pupil. In addition, the State average for all districts is \$13,269 per pupil.

**2) ECONOMIC CONDITION AND OUTLOOK:** While a few new homes have been constructed in the past year, Keyport remains almost fully developed. Focus continues on the "Aero Marine" property as an area of future construction. Initial figures estimate as much as a one hundred fifty to one hundred seventy-five million-dollar increase in municipal ratables if and when this property is fully developed. There is considerable renovation of existing homes taking place as residents recognize the value of upgrading their family residence. The Borough of Keyport has gone through a re-evaluation of property. The real property value has almost doubled from calendar year ending December 2008. The town government has laid-off personnel and cut positions to part time. The financial condition of the school was challenged this past year by the loss of state aid in the amount of \$396,763. The loss of equalization aid was replaced with ARRA aid to hold

the district harmless as a result of this loss of aid. The development of the 2011-2012 budget proved to be a challenge with the additional cuts in state aid for that budget year. The district fared well by placing a moratorium on spending early in the year and only allowing necessary and contract purchases to go forth. We ended this school year with \$800,000 in reserve accounts that will be used to offset the cost of capital projects and some debt service relief in the budget of 2010-2011. After the offset of \$400,000 in debt service relief and \$360,000 for windows and unit ventilators, the district would bring this reserve down to approximately \$40,000 by year ending June 2011. The forecast for state aid is dismal and will certainly play a major role in budgeting for the future years.

**3) MAJOR INITIATIVES:** The district is continuing a window replacement project at the Central School and continues to upgrade fire doors at both schools. In 2009-2010 school year, the district purchased a large inventory of technology for the school. These purchases were not made until the end of the school year to make sure the funds were available considering the loss or take back of state aid. Installation of solar panels was completed on all three buildings. The district is waiting for their GPU resale number to begin the sale of S-RECs to generate revenue for the district. Because of factors such as loss of state aid and the financial condition of the state, it was necessary to be creative and seek other sources of revenue such as selling clean energy.

### **District Goals**

- Establish and implement new hiring process inclusive of various stakeholders from schools and community.
- Review and modify organizational chart and job descriptions.
- Create and utilize a learning walk instrument to inform instructional practices and the provision of professional development.
- Reestablish membership in the Keyport Education Foundation.
- Coordinate professional development days and services with neighboring school districts.

#### **Goal I Academics**

Implement and monitor the Long Term Plan created in collaboration with the New Jersey Department of Education.

#### **Goal II Personnel**

Create a new personnel system which includes stakeholder committees, tiered interviewing, and processes to ensure hiring and retention of best qualified candidates.

#### **Goal II Community**

Restore the Keyport Education Foundation to solicit community support for enhancement of curricular effectiveness through technology.

#### **Goal IV Interdistrict Initiatives**

Investigate opportunities to share services in order to maintain programs and services while being fiscally prudent.

### **Keyport High School 2009-2010**

Activities:

- Extended content time in math and language arts literacy is being provided to students who qualify utilizing multiple measures for selection.

- Scheduling is redesigned to incorporate a 4 by 4 block schedule.
- Benchmark assessments and curriculum utilizing the revised NJCCCS will be completed in the areas of language arts and mathematics.
- PLC's (professional learning communities) will be developed and implemented.
- Partnership with IHE (Institutions of Higher Education) for dual enrollment for students.
- The positions of literacy and mathematics teacher coaches will be established and implemented.

### **Central School**

#### Activities

- The positions of literacy and mathematics teacher coaches will be established and implemented.
- PLC's (professional learning communities) will be developed and implemented.
- Language arts and mathematics instruction time is 80 minutes.
- Benchmark assessments and curriculum utilizing the revised NJCCCS will be completed in the areas of language arts and mathematics.
- Partnership with IHE (Institutions of Higher Education) to provide professional development in remedial instruction for teachers.
- An additional 30 minute period of language arts instruction is provided to Kindergarten.

#### Business

The business office operated with the same staff while continuing to comply with additional mandates from the State. The added responsibilities proved to be challenging. Accomplishments in this school year were as follows:

- Position Control Roster and related data entered into the personnel system
- Recording certification of staff into the personnel system
- Establishing procedures for the reimbursement of NCLB and IDEA and ARRA funds.
- Recording of mandated reports for American Recovery and Reinvestment Act of 2009
- Opened bids and sold the bonds for the Roof/Solar Project.
- Prepared the 2010-2011 budget with a low impact to taxpayers considering the loss of state aid. Personnel was reduced for the 2010-2011 school year.

#### Personnel

The district employed 182 persons during the 2009-2010 school year. There were 113 certified staff, 7 administrators and 62 additional non-professional staff. On call substitute teachers and custodians were not included in this total. New teachers continue to be mentored and a number of staff development programs were offered to maintain the latest teaching methods and models.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure statements in conformity with

generally accepted accounting principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. There were open encumbrances as of June 30, 2010, totaling \$71,273.

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

**7) DEBT ADMINISTRATION:** As of June 30, 2010, the District has an outstanding debt of \$7,435,000.00.

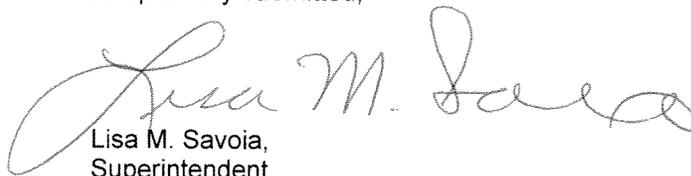
**8) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories (TD Bank, Hazlet Office) protected from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

**10) OTHER INFORMATION:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William E. Antonides & Company was selected by the 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 and the related OMB Circular a-133 and state Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules 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. The Board and Business Office wish to express their gratitude to the participating employees from William E. Antonides and Company for a thorough, efficient, professional, and pleasant audit experience.

11) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Keyport 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 Board Office Staff.

Respectfully submitted,

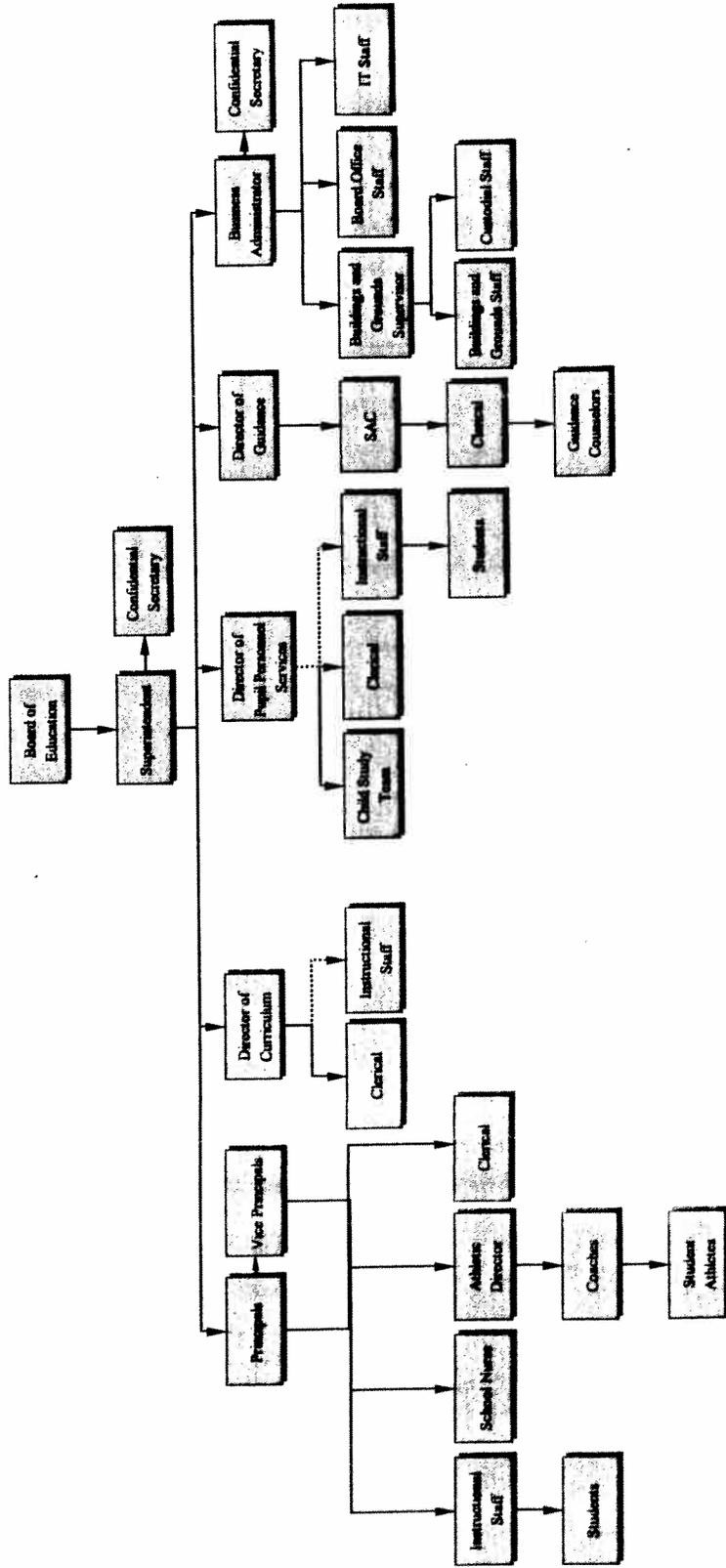


Lisa M. Savoia,  
Superintendent



Jo Ann Podracky,  
BS/Business Administrator

Keyport Public Schools  
Organizational Chart



**Keyport Board of Education  
Keyport, New Jersey**

**Roster of Officials  
June 30, 2010**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Peter Henning, President	2012
Joseph Biagianti, Vice President	2011
Sheila Bishop	2011
Alexander Burke	2012
Evelyn King-Cote	2012
Patricia Knudsen	2013
Elena Malinconico	2013
Edward J. McNamara, Ed.D.	2011
Daniel Smith, Jr.	2013
Desiree Durkin	2010

**Other Officials**

Lisa M. Savoia, Superintendent

Jo Ann Podracky, Board Secretary/School Business Administrator

Maria Parry, Treasurer

Nathanya Simon, Attorney

KEYPORT BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS

ARCHITECT

Tokarski & Millemann  
Michael J. Millemann, AIA  
228 Brick Boulevard  
Brick, NJ 08723

AUDIT FIRM

William Antonides and Company  
2807 Hurley Pond Road  
Wall, New Jersey 07719

ATTORNEY

Schwartz, Simon, Edelstein & Celso, LLC  
44 Whippany Road, Suite 200  
Morristown, NJ 07962-2355

COMPUTER CONSULTANT

System 3000  
615 Hope Road  
Eatontown, NJ 07724

ENVIRONMENTAL ENGINEERS

Environmental Design  
421 West Kings Highway  
Audubon, New Jersey 08106

OFFICIAL DEPOSITORY

Commerce Bank  
Highway 35  
Hazlet, New Jersey 07730

# **Financial Section**

# William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.  
WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

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BRIAN K. LOGAN, C.P.A., R.M.A., P.S.A.  
DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.  
DONALD F. HILL, C.P.A., P.S.A.  
CHI-LING LAI, C.P.A., P.S.A.

Monmouth County Office:  
2807 Hurley Pond Road  
Suite 200  
P.O. Box 1137  
Wall, New Jersey 07719-1137  
732-681-0980

Ocean County Office:  
506 Hooper Avenue, Suite B  
Toms River, New Jersey 08753-7704  
732-914-0004

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Borough of Keyport School District  
County of Monmouth  
Keyport, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the fund statements and the remaining fund information of the Borough of Keyport School District (the "District"), in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the fund financial statements and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the fiscal 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 a report dated November 30, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*William E. Antonides and Company*

**William E. Antonides, C.P.A.**  
**Licensed Public School Accountant**  
**Number 31**

November 30, 2010

**KEYPORT BOROUGH SCHOOL DISTRICT  
KEYPORT BOROUGH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**UNAUDITED**

The discussion and analysis of Keyport Borough Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- General revenues accounted for \$16,516,429 in revenue or 85.8 percent of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$2,721,159 or 14.2 percent of total revenues of \$19,237,588.
- Total assets of governmental activities increased by \$4,487,591 as cash and cash equivalents increased by \$2,682,940 and net capital assets increased by \$1,993,424.
- The School District had \$18,932,959 in expenses with \$3,090,095 being offset by operating grants and contributions. General revenues (primarily property taxes) of \$16,147,495 were adequate to provide for these programs.
- The General Fund had \$17,786,216 in revenues and \$17,190,574 in expenditures. The General Fund's balance increased \$195,642 over 2009. This increase was anticipated by the Board of Education.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Keyport Borough 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. In the case of Keyport Borough Public School District, the General Fund is by far the most significant fund.

### **Reporting the School District as a Whole**

#### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Government Activities** – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

### **Reporting the School District’s Most Significant Funds**

#### **Fund Financial Statements**

The analysis of the School District’s major funds begins in the section entitled “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 major governmental funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service 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. 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 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.

### Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities and as a result, these statements are essentially the same.

### The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2010 as well as a comparison to 2009. Comparison data will continue to be presented in subsequent years.

**Table 1**  
**Net Assets**

	<u>2009</u>	<u>2010</u>
<b>Assets</b>		
Current and other assets	\$1,658,397	\$4,114,587
Capital assets, net	<u>7,223,404</u>	<u>9,216,828</u>
<b>Total Assets</b>	<b><u>\$8,881,801</u></b>	<b><u>13,331,415</u></b>
<b>Liabilities</b>		
Long-term liabilities	\$3,739,932	\$7,342,330
Other liabilities	<u>127,660</u>	<u>683,833</u>
	<b><u>\$3,867,592</u></b>	<b><u>\$8,026,163</u></b>

	<u>2009</u>	<u>2010</u>
<b>Net Assets</b>		
Invested in capital assets, net of debt	\$4,054,506	\$2,460,818
Restricted	1,455,814	3,535,609
Unrestricted	<u>(496,111)</u>	<u>(691,175)</u>
<b>Total Net Assets</b>	<b><u>\$5,014,209</u></b>	<b><u>\$5,305,252</u></b>

Table 2 shows the changes in net assets from fiscal year 2010 as well as a comparison to 2009. Comparative analysis of district-wide data will continue to be presented in future years.

**Table 2**  
**Changes in Net Assets**

	<u>2009</u>	<u>2010</u>
<b>Revenues</b>		
Program revenues		
Charges for Services	\$ 228,992	\$ 227,669
Operating grants and contributions	3,021,397	3,337,134
General Revenues		
Property taxes	8,457,165	8,512,472
Grants and entitlements	4,584,921	4,621,545
Tuition	2,606,342	2,915,807
Other Governmental Units	54,253	36,572
Other	<u>77,738</u>	<u>61,099</u>
Total Revenues	<u>\$19,030,808</u>	<u>\$19,712,298</u>

	<u>2009</u>	<u>2010</u>
<b>Program Expenses</b>		
Instruction	\$ 8,526,476	\$ 8,552,392
Support services		
Pupils and instructional staff	1,779,708	1,824,262
General administration, school adm.	919,402	957,728
Operations and maintenance of facilities	1,412,813	1,478,670
Pupil Transportation	362,916	363,476
Business and other support services	468,487	437,743
Unallocated employee benefits	4,171,441	4,368,799
Food Service	428,213	480,367
Interest on debt	137,875	177,295
Capital Outlay	--	468,909
Unallocated depreciation and amortization	<u>270,601</u>	<u>303,685</u>
Total Expenses	<u>\$18,477,232</u>	<u>\$19,413,326</u>
<b>Increase in net assets</b>	<b><u>\$ 552,876</u></b>	<b><u>\$298,972</u></b>

**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 44.2 percent of revenues for governmental activities for the Keyport Borough School District for fiscal year 2010. The District's total revenues for the fiscal year ending June 30, 2010, were \$19,237,588. Federal, State, and local grants accounted for an additional 40.1 percent of total revenues while tuition made up 15 percent of total revenues.

**Sources of Revenues for Fiscal Year 2009 and 2010**

	<u>2009</u>	<u>2010</u>
Property Taxes	45.5%	44.2%
Federal/State Grants	39.7%	40.1%
Tuition	14.0%	15.1%
Other	.8%	.6%

**Expenses for Fiscal Year 2008 and 2009**

	<u>2009</u>	<u>2010</u>
Instruction	46.5%	40.3%
Support Services	9.8%	10.4%
School Administration	5.0%	2.7%
Operations & Maintenance	9.6%	6.9%
Business Services	2.5%	2.1%
Employee Benefits	22.6%	20.6%
Debt Interest & Depreciation	2.1%	1.9%
Capital Outlay	1.4%	13.1%
Other	.5%	2.0%

**Business-Type Activities**

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service expenditures exceeded revenues by \$5,659.
- Charges for services represent \$227,669 of revenue. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$247,039.

## Governmental Activities

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. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Comparisons to 2009 have been made.

**Table 3**

	<b>Total Cost of Services <u>2009</u></b>	<b>Net Cost of Services <u>2009</u></b>	<b>Total Cost of Services <u>2010</u></b>	<b>Net Cost of Services <u>2010</u></b>
Instruction	8,526,476	6,907,128	8,552,392	7,014,972
Support services				
Pupils and instructional staff	1,779,708	1,779,708	1,824,262	1,452,634
General administration, school administration	919,402	919,402	957,728	957,728
Operations and maintenance of facilities	1,412,813	1,412,813	1,478,670	1,478,670
Pupil Transportation	362,916	301,878	363,476	363,476
Business and other support services	468,487	468,487	437,743	437,743
Unallocated employee benefits	4,171,441	3,046,335	4,368,799	3,187,752
Food Service	428,213		480,367	
Capital Outlay			468,909	468,909
Interest on debt	137,875	137,875	177,295	177,295
Unallocated depreciation and amortization	<u>270,601</u>	<u>270,601</u>	<u>303,685</u>	<u>303,685</u>
<b>Total Expenses</b>	<b>\$18,477,932</b>	<b>\$15,244,227</b>	<b>19,413,326</b>	<b>15,842,864</b>

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

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

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

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

Business services activities include expenses associated with the financial supervision of the District.

Pupil transportation includes activities involved with the transportation of special education and vocational students to and from school as well as the transportation of students to and from school activities as provided by State law.

Interest on debt involves the payment of interest on debt of the School District.

Food service expenses include all charges associated with the operation of the food service program in District schools.

Unallocated depreciation and amortization includes expenses of depreciation and amortization as required by Generally Accepted Accounting Principals.

### **The School District's Funds**

Information about the School District's major funds starts in the next section of this comprehensive Annual Financial Report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e. general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$19,237,588 and expenditures of \$21,205,124. The net positive/negative change in the General Fund balance for the year was most significant in the fund. The School District is able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/Decrease from 2009</u>	<u>Percent Increase/Decrease</u>
Local Sources	11,506,405	59.8%	327,492	2.9%
State Sources	6,096,537	31.6%	(638,209)	(9.4%)
Federal Sources	1,634,646	8.6%	962,394	14.3%
<b>Total</b>	<b>\$19,237,588</b>	<b>100%</b>	<b>\$651,677</b>	<b>3.5%</b>

The increase in local sources is due to an increase in the tax levy of \$55,307 and an increase in tuition of \$309,465.

The decrease in State Sources is due to an increase in State Aid for social security and pension contributions as well as a decrease in general State Aid.

The increase in Federal Sources is attributed to an increase in ARRA funds.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2010.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/Decrease from 2009</u>	<u>Percent Increase/Decrease</u>
Current				
Instruction	8,552,392	40.4%	\$ 25,916	.03%
Undistributed Expenditures	9,453,278	44.6%	340,673	3.7%
Capital Outlay	2,793,472	13.2%	2,520,547	923.0%
Debt Service				
Principal	275,000	1.2%	20,000	7.8%
Interest	<u>130,982</u>	<u>.6%</u>	<u>(12,076)</u>	<u>(8.4%)</u>
<b>Total</b>	<b>\$21,205,124</b>	<b>100%</b>	<b>\$2,895,060</b>	<b>15.8%</b>

The increase in capital projects of \$2,520,547 is due to an increase in expenditures for roof replacement to Central School and Board of Education Building.

### **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 basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

The increase in current undistributed expenditures is primarily due to an increase in employee benefits and plant maintenance.

See attached Exhibit B-2s.

During the course of the fiscal year 2010, the School District amended its General Fund budget as needed. The School District budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- Staffing changes based on student needs.
- Accounting changes in maintenance and operations.
- Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a surplus.

- Actual revenues were less than expected, due to reduced State Aid.
- Actual expenditures were lower than expected due to expenses being less than budgeted.

### Capital Assets

At the end of fiscal year 2010, the School District had \$9,216,828 invested in land, buildings, furniture, equipment, and vehicles. Table 3 shows fiscal 2010 balances compared to fiscal 2009.

**Table 3**

	<u>2009</u>	<u>2010</u>
Construction in Progress		\$2,077,633
Land and Land Improvements	412,826	394,497
Building and Improvements	6,486,941	6,441,951
Machinery and Equipment	<u>323,637</u>	<u>302,747</u>
	\$7,223,404	\$9,216,828

Overall capital assets increased \$1,993,424 from fiscal year 2009 to fiscal year 2010. Increases in capital assets were due to building improvements in progress.

### Debt Administration

At June 30, 2010, the School District had \$7,342,330 as outstanding debt. Of this amount, \$382,520 is for compensated absences, \$54,810 for leases of equipment and the balance of \$6,905,000 was for bonds for school construction and equipment. In September of 1999, the voters of Keyport Borough approved improvements and additions in the amount of \$3,900,000. In April of 2005, voters of Keyport Borough approved roof repair and replacement and installation of a new phone system in the amount of \$800,000. In April of 2009, the voters of Keyport Borough approved roof replacement to the Central School and Board of Education Building; and installation of solar panels at the High School, Central School and Board of Education Building in the amount of \$3,900,000. During 2005 the school district advance refunded \$2,340,000 of \$3,900,000 bond issue resulting in a net interest savings of \$136,079.

At June 30, 2010, the School District's overall legal debt margin was \$31,071,782 and the unvoted debt margin was \$24,166,782.

<u>Date of Issue</u>	<u>Amount of Issue</u>
02-16-00	\$3,900,000
05-19-05	800,000
08-06-09	3,900,000

Building Improvements and Additions Roof Repair and Replacement and Installation of New Phone System  
 Roof Replacement and Installation of Solar Panels

**For the Future**

The Keyport Borough Public School District is presently in good financial condition. A major concern is the reliance on local property taxes. Future finances are not without challenges as state funding has not had a major increase in several years.

The Keyport School District has difficulty in passing school budgets.

Keyport Borough is primarily a residential community, district factor group CD, with very few ratables; thus the burden is focused on homeowners to foot the tax burden.

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for money it receives. If you have questions about this report or need additional information, contact Jo Ann Podracky, Business Administrator/Board Secretary at Keyport Borough Board of Education, 370 Broad Street, Keyport NJ 07735. Phone 732-264-1321.

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File: MDA

# **BASIC FINANCIAL STATEMENTS**

**District-wide Financial Statements - A**

**BOROUGH OF KEYPORT SCHOOL DISTRICT****STATEMENT OF NET ASSETS****Exhibit A-1****JUNE 30, 2010**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,882,278.00	\$ 82,225.00	\$ 2,964,503.00
Receivables, Net	1,024,288.00	16,218.00	1,040,506.00
Internal Balances	(23,894.00)	23,894.00	
Inventory		8,501.00	8,501.00
Deferred Bond Issuance Costs	231,915.00		231,915.00
Capital Assets, Net (Note)	9,216,828.00	73,632.00	9,290,460.00
<b>Total Assets</b>	<b><u>13,331,415.00</u></b>	<b><u>204,470.00</u></b>	<b><u>13,535,885.00</u></b>
<b>Liabilities:</b>			
Accounts Payable	10,568.00		10,568.00
Accrued Salaries Payable			
Contracts Payable	468,909.00		468,909.00
Accrued Interest Payable	98,297.00		98,297.00
Payable to Federal Government			
Payable to State Government	96,789.00		96,789.00
Deferred Revenue	9,270.00		9,270.00
Noncurrent Liabilities (Note):			
Due within One Year	505,092.00		505,092.00
Due beyond One Year	6,837,238.00		6,837,238.00
<b>Total Liabilities</b>	<b><u>8,026,163.00</u></b>	<b><u>                    </u></b>	<b><u>8,026,163.00</u></b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	2,460,818.00	73,632.00	2,534,450.00
Restricted for:			
Capital Projects	1,772,036.00		1,772,036.00
Other Purposes	1,763,573.00		1,763,573.00
Unrestricted	(691,175.00)	130,838.00	(560,337.00)
<b>Total Net Assets</b>	<b><u>\$ 5,305,252.00</u></b>	<b><u>\$ 204,470.00</u></b>	<b><u>\$ 5,509,722.00</u></b>

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

Exhibit A-2

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
<b>Functions/Programs</b>				
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 5,691,796.00	\$ 1,537,420.00	\$ (4,154,376.00)	\$ (4,154,376.00)
Special Education	1,443,825.00		(1,443,825.00)	(1,443,825.00)
Other Special Instruction	352,549.00		(352,549.00)	(352,549.00)
Other Instruction	303,693.00		(303,693.00)	(303,693.00)
Tuition	760,529.00		(760,529.00)	(760,529.00)
Support Services:				
Health Services	147,535.00		(147,535.00)	(147,535.00)
Student and Instruction Related Services	1,676,727.00	371,628.00	(1,305,099.00)	(1,305,099.00)
General Administrative Services	380,835.00		(380,835.00)	(380,835.00)
School Administrative Services	576,893.00		(576,893.00)	(576,893.00)
Plant Operations and Maintenance	1,478,670.00		(1,478,670.00)	(1,478,670.00)
Pupil Transportation	363,476.00		(363,476.00)	(363,476.00)
Business and Other Support Services	437,743.00		(437,743.00)	(437,743.00)
Unallocated Employee Benefits	4,368,799.00	1,181,047.00	(3,187,752.00)	(3,187,752.00)
Interest on Long Term Debt	177,295.00		(177,295.00)	(177,295.00)
Capital Outlay	468,909.00		(468,909.00)	(468,909.00)
Unallocated Depreciation and Amortization	303,685.00		(303,685.00)	(303,685.00)
<b>Total Governmental Activities</b>	<b>18,932,959.00</b>	<b>3,090,095.00</b>	<b>(15,842,864.00)</b>	<b>(15,842,864.00)</b>
<b>Business-type Activities:</b>				
Food Service	480,367.00	247,039.00	(5,659.00)	(5,659.00)
<b>Total Primary Government</b>	<b>\$ 19,413,326.00</b>	<b>\$ 3,337,134.00</b>	<b>\$ (15,842,864.00)</b>	<b>\$ (15,848,523.00)</b>
<b>General Revenues:</b>				
Taxes:				
Property Taxes, Levied for General Purposes, Net	\$ 8,194,027.00		\$ 8,194,027.00	\$ 8,194,027.00
Tax Levied for Debt Service	318,445.00		318,445.00	318,445.00
Tuition	2,915,807.00		2,915,807.00	2,915,807.00
Other Local government Units	36,572.00		36,572.00	36,572.00
State Aid - Unrestricted	4,513,525.00		4,513,525.00	4,513,525.00
State Aid - Debt Service	87,539.00		87,539.00	87,539.00
State Aid - Capital Outlay	20,481.00		20,481.00	20,481.00
Investment Earnings	1,300.00		1,300.00	1,300.00
Federal Aid-Restricted	19,545.00		19,545.00	19,545.00
Miscellaneous Income	40,254.00		40,254.00	40,254.00
<b>Total General Revenues</b>	<b>16,147,495.00</b>		<b>16,147,495.00</b>	<b>16,147,495.00</b>
Change in Net Assets	304,631.00		(5,659.00)	298,972.00
Adjustment for Fixed Assets and Depreciation	(13,588.00)			22,812.00
Net Assets - Beginning ( See Note)	5,014,209.00		210,129.00	5,224,338.00
<b>Net Assets - Ending</b>	<b>\$ 5,305,252.00</b>	<b>\$ 204,470.00</b>	<b>\$ 5,546,122.00</b>	<b>\$ 5,546,122.00</b>

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

**Fund Financial Statements - B**

BOROUGH OF KEYPORT SCHOOL DISTRICTBALANCE SHEET

Exhibit B-1

GOVERNMENTAL FUNDSJUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and Cash Equivalents	\$ 806,422.00	\$ (165,091.00)	\$ 2,240,945.00	\$ 2.00	\$ 2,882,278.00
Receivables from Other Governments	781,713.00	242,575.00			1,024,288.00
Total Assets	<u>1,588,135.00</u>	<u>77,484.00</u>	<u>2,240,945.00</u>	<u>2.00</u>	<u>3,906,566.00</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	10,568.00				10,568.00
Contracts Payable			468,909.00		468,909.00
Interfund Payable	23,894.00				23,894.00
Deferred Revenue		9,270.00			9,270.00
Payable to State Government		96,789.00			96,789.00
Total Liabilities	<u>34,462.00</u>	<u>106,059.00</u>	<u>468,909.00</u>		<u>609,430.00</u>
Fund Balances:					
Reserved for:					
Encumbrances	71,273.00				71,273.00
Designated for Subsequent Expenditures	492,301.00		1,371,836.00	2.00	1,864,139.00
Capital Reserve Account	801,100.00				801,100.00
Emergency Reserve	100,200.00				100,200.00
Maintenance Reserve	300,000.00				300,000.00
Unreserved, Reported in:					
General Fund	(211,201.00)				(211,201.00)
Capital Projects Fund			400,200.00		400,200.00
Special Revenue Fund		(28,575.00)			(28,575.00)
Total Fund Balances	<u>1,553,673.00</u>	<u>(28,575.00)</u>	<u>1,772,036.00</u>	<u>2.00</u>	<u>3,297,136.00</u>
Total Liabilities and Fund Balances	<u>\$ 1,588,135.00</u>	<u>\$ 77,484.00</u>	<u>\$ 2,240,945.00</u>	<u>\$ 2.00</u>	

Amounts reported for *governmental activities* in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 15,065,512.00 and the accumulated depreciation is \$ 5,848,684	9,216,828.00
The costs associated with the issues of various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The bond issuance costs are \$ 350,077 and the accumulated amortization is \$ 118,162.	231,915.00
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3).	(7,342,330.00)
Interest expense in the Statement of Net Assets was expensed in a previous period (when the liability was incurred) while in the governmental funds they are expensed when paid.	(98,297.00)
Net Assets of Governmental Activities	<u>\$ 5,305,252.00</u>

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****Exhibit B-2****GOVERNMENTAL FUNDS****FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 8,194,027.00	\$	\$	\$ 318,445.00	\$ 8,512,472.00
Tuition Charges	2,915,807.00				2,915,807.00
Other Local Government Units	36,572.00				36,572.00
Interest Earned	1,300.00				1,300.00
Miscellaneous	40,054.00		200.00		40,254.00
Total - Local Sources	<u>11,187,760.00</u>		<u>200.00</u>	<u>318,445.00</u>	<u>11,506,405.00</u>
State Sources	5,694,572.00	293,945.00	20,481.00	87,539.00	6,096,537.00
Federal Sources	903,884.00	730,762.00			1,634,646.00
Total Revenues	<u>17,786,216.00</u>	<u>1,024,707.00</u>	<u>20,681.00</u>	<u>405,984.00</u>	<u>19,237,588.00</u>
Expenditures:					
Current:					
Regular Instruction	4,318,706.00	488,751.00			4,807,457.00
ARRA	884,339.00				884,339.00
Special Education Instruction	1,443,825.00				1,443,825.00
Other Special Instruction	352,549.00				352,549.00
Other Instruction	303,693.00				303,693.00
Tuition	596,199.00	164,330.00			760,529.00
Support Services and Undistributed Costs:					
Health Services	147,535.00				147,535.00
Student and Instruction Related Services	1,411,591.00	286,222.00			1,697,813.00
General Administrative Services	380,835.00				380,835.00
School Administrative Services	576,893.00				576,893.00
Plant Operations and Maintenance	1,478,670.00				1,478,670.00
Pupil Transportation	355,429.00	8,047.00			363,476.00
Business and Other Support Services	437,743.00				437,743.00
Unallocated Employee Benefits	4,292,037.00	78,276.00			4,370,313.00
Debt Service:					
Principal				275,000.00	275,000.00
Interest and Other Charges				130,982.00	130,982.00
Capital Outlay	210,530.00		2,582,942.00		2,793,472.00
Total Expenditures	<u>17,190,574.00</u>	<u>1,025,626.00</u>	<u>2,582,942.00</u>	<u>405,982.00</u>	<u>21,205,124.00</u>
Excess (Deficiency) of Revenues over Expenditures	595,642.00	(919.00)	(2,562,261.00)	2.00	(1,967,536.00)
Other Financing Sources (Uses):					
Bond proceeds			3,900,000.00		3,900,000.00
Transfers In			400,000.00		400,000.00
Transfers Out	(400,000.00)				(400,000.00)
Total Other Financing Sources and Uses	<u>(400,000.00)</u>		<u>4,300,000.00</u>		<u>3,900,000.00</u>
Net Change in Fund Balances	195,642.00	(919.00)	1,737,739.00	2.00	1,932,464.00
Fund Balance - July 1	1,358,031.00	(27,656.00)	34,297.00		1,364,672.00
Fund Balance - June 30	<u>\$ 1,553,673.00</u>	<u>\$ (28,575.00)</u>	<u>\$ 1,772,036.00</u>	<u>\$ 2.00</u>	<u>\$ 3,297,136.00</u>

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Exhibit B-3

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 1,932,464.00
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (281,151.00)	
Capital Outlays	<u>2,288,163.00</u>	2,007,012.00
Repayment of bond principal and capital leases 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.		296,088.00
Bond Proceeds are reported as other financing sources in the governmental funds.		(3,900,000.00)
Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.		13,866.00
Some expenses reported in the Governmental Funds such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the Statement of Activities.		1,514.00
Some expenditures reported in the government funds such as interest were expensed in the Statement of Activities in a previous period (when the liability was incurred).		<u>(46,313.00)</u>
Change in Net Assets of Governmental Activities (A-2)		<u>\$ 304,631.00</u>

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT****STATEMENT OF NET ASSETS**

Exhibit B-4

**PROPRIETARY FUNDS****JUNE 30, 2010**

	<b><u>Enterprise Fund</u></b>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 82,225.00
Accounts Receivable	40,112.00
Inventories	8,501.00
Total Current Assets	<u>130,838.00</u>
Noncurrent Assets:	
Building and Equipment	268,877.00
Less - Accumulated Depreciation	<u>(195,245.00)</u>
Total Noncurrent Assets	<u>73,632.00</u>
Total Assets	<u>204,470.00</u>
Net Assets:	
Unrestricted	<u>204,470.00</u>
Total Net Assets	<u><u>\$ 204,470.00</u></u>

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT****STATEMENT OF REVENUES, EXPENSES AND****Exhibit B-5****CHANGES IN FUND NET ASSETS****PROPRIETARY FUNDS****JUNE 30, 2010**

	<b><u>Enterprise Fund</u></b>
Operating Revenues:	
Daily Sales - School Lunch Program	\$ 227,669.00
Total Operating Revenues	<u>227,669.00</u>
Operating Expenses:	
Salaries	127,677.00
Employee Benefits	27,759.00
Purchased Professional Services	14,076.00
Travel	1,000.00
Insurance	11,706.00
Other Purchased Services	5,288.00
Supplies and Materials	22,459.00
Cleaning, Repair and Maintenance Services	4,731.00
Energy	20,423.00
Depreciation	14,093.00
Cost of Sales	231,155.00
Total Operating Expenses	<u>480,367.00</u>
Operating (Loss) Income	<u>(252,698.00)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	10,466.00
Federal Sources:	
National School Lunch Program	209,468.00
Food Distribution Program	27,105.00
Total Nonoperating Revenues	<u>247,039.00</u>
Change In Net Assets	(5,659.00)
Net Assets, July 1	<u>210,129.00</u>
Net Assets, June 30	<u>\$ 204,470.00</u>

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT****STATEMENT OF CASH FLOWS**

Exhibit B-6

**PROPRIETARY FUNDS****JUNE 30, 2010**

	<b><u>Enterprise Fund</u></b>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 227,669.00
Payments for Outside Purchased Services	(14,469.00)
Payments to Suppliers	(423,702.00)
Net Cash Provided by (Used for) Operating Activities	<u>(210,502.00)</u>
Cash Flow from Noncapital Financing Activities:	
State Sources	9,244.00
Federal Sources	184,830.00
Interfund	37,977.00
Net Cash Provided by Non-Capital Financing Activities	<u>232,051.00</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Contributions:	
Purchase of Equipment and Building Improvements	(60,610.00)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(60,610.00)</u>
Net Decrease in Cash and Cash Equivalents	(39,061.00)
Balance, July 1	<u>121,286.00</u>
Balance, June 30	<u>\$ 82,225.00</u>
Cash Flows from Operating Activities:	
Operating (Loss) Income	\$ (252,698.00)
Adjustments to Reconcile Operating Loss to Cash Provided by Operating Activities:	
Depreciation	14,093.00
Federal Commodities	27,105.00
Changes in Assets and Liabilities:	
Decrease in Inventory	998.00
Decrease in Accounts Payable	
Net Cash Provided by (Used for) Operating Activities	<u>\$ (210,502.00)</u>

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET ASSETS**

Exhibit B-7

**JUNE 30, 2010**

	<b>Private Purpose Trust - Scholarship Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and Cash Equivalents	\$ 69,384.00	\$ 130,182.00
Total Assets	<u>\$ 69,384.00</u>	<u>\$ 130,182.00</u>
Liabilities:		
Payroll Deductions and Withholdings	\$	\$ 78,991.00
Due to Student Groups	<u>                    </u>	<u>51,191.00</u>
Total Liabilities	<u>\$</u>	<u>\$ 130,182.00</u>
Net Assets:		
Reserved - Scholarships	\$ <u>69,384.00</u>	
Total Net Assets	<u>\$ 69,384.00</u>	

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

Exhibit B-8

**JUNE 30, 2010**

	<b><u>Private Purpose Trust - Scholarship Fund</u></b>
Additions:	
Private Contributions	\$ 45,044.00
Interest Earned	79.00
Total Additions	<u>45,123.00</u>
Deductions:	
Scholarships Awarded	<u>5,300.00</u>
Total Deductions	<u>5,300.00</u>
Change in Net Assets	39,823.00
Net Assets, June 30, 2009	<u>29,561.00</u>
Net Assets, June 30, 2010	<u><u>\$ 69,384.00</u></u>

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

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (the "Board") of the Borough of Keyport School District (the "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. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is 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 operations of the District include elementary, junior and senior high schools located in the Borough of Keyport.

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**B. Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and municipal tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****B. Government-wide and Fund Financial Statements (Continued)***Fund Financial Statements*

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with GAAP. The District's reporting entity applies all relevant GASB pronouncements and applicable Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The District's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are 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 apply current liabilities (current financial resources). Expenditures are recorded when the related fund liability is incurred and paid in a timely manner from current financial resources. Long-term liabilities are reported as expenditures in the year due. General capital asset acquisitions are reported as expenditures in governmental funds.

Major revenue sources susceptible to accrual includes intergovernmental revenues, and the tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting**

**Governmental Funds**

The District reports the following governmental funds:

**General Fund** - The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - The District accounts for the proceeds of specific revenue sources (other than expendable trusts, major capital projects, enterprise or internal service funds) that are legally restricted to expenditures for specified purposes in the special revenue fund.

**Capital Projects Fund** - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**Proprietary Funds**

The District reports the following proprietary funds:

**Enterprise Fund** - The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**Fiduciary Funds**

The District reports the following fiduciary funds:

**Trust and Agency Funds** - The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

**Private-Purpose Trust Fund** - The trust fund encompasses other trust fund arrangements for which principal and income benefit individuals outside of the school district. The District issued scholarships to students.

**Agency Funds (Payroll and Student Activities Fund)** - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 and are voted upon at the annual school election on the third Tuesday in April.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriation for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 60:20-2A.2 (m) 1. All budget amendments/transfers must be approved by 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 GAAP with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

A reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule (C-2) to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2) is presented in the Budget-to-GAAP Reconciliation (C-3).

**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 year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues and/or reductions of receivables of other governments 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. 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 and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out ("FIFO") method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

**I. Allowance for Uncollectible Accounts**

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

**J. Capital Assets and Depreciation**

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****J. Capital Assets and Depreciation (Continued)**

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

Buildings and Improvements	20 - 50
Equipment and Vehicles	5 - 20
Furniture and Fixtures	5 - 20

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

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions Deletions Net</u>	<u>Balance June 30, 2010</u>
Governmental Activities:			
Capital Assets not being Depreciated			
Land	\$ 53,182	\$	\$ 53,182
Construction in Progress		2,077,633	2,077,633
Total Capital Assets not being Depreciated	<u>53,182</u>	<u>2,077,633</u>	<u>2,130,815</u>
Depreciable Assets:			
Land Improvements	876,672	17,000	893,672
Buildings	9,482,099	194,157	9,676,256
Equipment	2,248,510	116,259	2,364,769
Total Depreciable Assets	<u>12,607,281</u>	<u>327,416</u>	<u>12,934,697</u>
Less: Accumulated Depreciation:			
Land Improvements	517,028	35,329	552,357
Buildings	2,995,158	239,147	3,234,305
Equipment	1,924,873	137,149	2,062,022
Total Accumulated Depreciation	<u>5,437,059</u>	<u>411,625</u>	<u>5,848,684</u>
Net Depreciable Assets	<u>7,170,222</u>	<u>(84,209)</u>	<u>7,086,013</u>
Governmental Activities Capital Assets (Net)	<u>\$ 7,223,404</u>	<u>\$ 1,993,424</u>	<u>\$ 9,216,828</u>

Accumulated depreciation was allocated to governmental activities as follows:

	<u>Prior Years' Accumulated Depreciation</u>	<u>Current Year Depreciation Expense</u>	<u>Total Accumulated Depreciation</u>
Instruction	\$ 1,217,579	\$ 14,056	\$ 1,231,635
Support Services	271,124	52,541	323,665
Unallocated	3,948,356	345,028	4,293,384
	<u>\$ 5,437,059</u>	<u>\$ 411,625</u>	<u>\$ 5,848,684</u>

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****J. Capital Assets and Depreciation (Continued)**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Balance June 30, 2010</u>
Business-Type Activities:			
Equipment	\$ 208,266	\$ 60,611	\$ 268,877
Less: Accumulated Depreciation:			
Equipment	<u>181,152</u>	<u>14,093</u>	<u>195,245</u>
Business-Type Capital Assets (Net)	<u>\$ 27,114</u>	<u>\$ 46,518</u>	<u>\$ 73,632</u>

Accumulated depreciation was allocated to business-type activities as follows:

	<u>Prior Years' Accumulated Depreciation</u>	<u>Current Year Depreciation Expense</u>	<u>Total Accumulated Depreciation</u>
Support Services	\$ <u>181,152</u>	\$ <u>14,093</u>	\$ <u>195,245</u>

**K. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB Statement No. 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. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded as current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

**L. Deferred Revenue**

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

**M. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The General Fund reserve for restricted purposes includes net assets relating to capital reserve.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

Investments are stated at cost, which approximates market. The District classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**A. Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (“FDIC”), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

At year-end the carrying amount of the District’s deposits was \$3,081,844 and the bank balance amount was \$3,477,830. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey’s Governmental Unit Deposit Protection Act covered the remaining \$3,227,830.

**B. Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS****C. Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2010</u>	<u>2009</u>
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	<u>3,227,830</u>	<u>961,942</u>
	\$ <u>3,477,830</u>	\$ <u>1,211,942</u>

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the District.

**NOTE 3. DEBT****A. Short-term Obligations**

The District had no short-term debt at June 30, 2010.

**B. Long-term Obligations**

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences Payable	\$ 384,034	\$ 63,573	\$ 65,087	\$ 382,520	\$ 17,679
Bonds Payable	3,280,000	3,900,000	275,000	6,905,000	465,000
Capital Leases Payable	<u>75,898</u>		<u>21,088</u>	<u>54,810</u>	<u>22,413</u>
	\$ <u>3,739,932</u>	\$ <u>3,963,573</u>	\$ <u>361,175</u>	\$ <u>7,342,330</u>	\$ <u>505,092</u>

**NOTE 3. DEBT (CONTINUED)**

**C. Refunding Bonds**

The Series 2000 School Bonds were originally issued on February 1, 2000 in the amount of \$3,900,000. The bonds were issued for construction of the addition to the Central School, as well as various renovations to both the Central School and the High School. At June 30, 2010 the principal outstanding on these bonds was \$2,490,000 with interest from 3.5% to 4.05% maturing February 1, 2020.

The Series 2000 School Bonds maturing on or after February 1, 2011, are subject to optional redemption on February 1, 2010, at a redemption price of 100%. In order to provide the District with the optimal amount of debt service savings, the bonds maturing on February 1, 2011 through February 1, 2020, in the total principal amount of \$2,340,000 will be advance refunded. Refunding bonds were sold on May 17, 2005 for \$2,595,000. This issue is fully insured. The issuing funds have been deposited in an escrow deposit trust fund to defease all the callable bonds on February 1, 2011.

**D. School Project Bonds, Series 2005**

On April 19, 2005 the District passed a referendum for \$800,000 for the purpose of repairing and replacing the roofs at both the Central School and High School, as well as installing a new phone system at both schools and the administrative offices. The District issued \$800,000 of School Project Bonds dated May 15, 2005 maturing on February 1, 2016. The bond proceeds are supplemented by a State grant in the amount of approximately \$473,077 from the School Construction Corporation. At June 30, 2010 the principal outstanding on these bonds was \$515,000 with interest from 3.5% to 4.00% maturing February 1, 2016.

**E. School Project Bonds, Series 2009**

On April 21, 2009 the District passed a referendum for \$3,900,000 for the purpose of replacing the roofs at the Central School and Board of Education building and installation of solar panels at the High School, Central School and Board of Education building. The District issued \$3,900,000 of School Project Bonds dated August 6, 2009 maturing on February 1, 2024. At June 30, 2010 the principal outstanding on these bonds was \$3,900,000 with interest from 2.5% to 4.0% maturing February 1, 2024.

**F. Bonds Payable**

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

School bonds dated February 1, 2000 amounting to \$3,900,000 were advanced refunded on May 17, 2005. Refunding Bonds of \$2,595,000 were issued to advance refund \$2,340,000 of School Bonds due February 1, 2011 through February 1, 2020. 2005 School Project Bonds for \$800,000 dated May 15, 2005 were issued maturing on February 1, 2016. Principal and interest due on the serial bonds subsequently issued is as follows:

**NOTE 3. DEBT (CONTINUED)****F. Bonds Payable (Continued)**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 465,000	\$ 306,896	\$ 771,896
2012	535,000	230,527	765,527
2013	560,000	213,189	773,189
2014	570,000	194,639	764,639
2015	585,000	174,964	759,964
2016-2020	2,870,000	568,929	3,438,929
2021-2024	<u>1,320,000</u>	<u>130,600</u>	<u>1,450,600</u>
	\$ <u>6,905,000</u>	\$ <u>1,819,744</u>	\$ <u>8,724,744</u>

**G. Bonds Authorized but not Issued**

As of June 30, 2010 the District did not have any bonds authorized but not issued.

**H. Capital Leases Payable**

The District is leasing office equipment totaling \$108,306 under capital leases. The accumulated depreciation is \$64,984 with a net book value at June 30, 2010 of \$43,322. All capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

<u>Year</u>	<u>Amount</u>
2010	\$ 58,978
Less: Amount representing interest	<u>4,168</u>
Present value of net minimum lease payments	\$ <u>54,810</u>

**NOTE 4. PENSION PLANS****Description of Plans**

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits (the "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, P.O. Box 295, Trenton, New Jersey, 08625.

**NOTE 4. PENSION PLANS (CONTINUED)****Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund ("TPAF") was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF 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**

The Public Employees' Retirement System ("PERS") was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS 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-administrated retirement system or other State or local jurisdiction.

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**NOTE 4. PENSION PLANS (CONTINUED)****Significant Legislation**

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Contribution Requirements**

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

**Three-Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/10	\$ 125,635	100%	\$ -0-
6/30/09	114,407	100%	-0-
6/30/08	78,000	100%	-0-

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/10	\$ 550,550	100%	\$ -0-
6/30/09	522,317	100%	-0-
6/30/08	1,216,757	100%	-0-

**NOTE 4. PENSION PLANS (CONTINUED)**

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District) (Continued)**

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$550,550 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$630,497 during the year ended June 30, 2010 for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 24.

**NOTE 5. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Borough of Keyport Board of Education by inclusion of \$250,000 on March 19, 2008 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital purposes in the District’s approved Long Range Facilities Plan (“LRFP”). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2009	\$ 800,000
Interest Earnings	1,100
Deposits Board Resolution	<u>400,000</u>
	1,201,100
Withdrawals:	
2009-10 Budget	<u>(400,000)</u>
Ending Balance, June 30, 2010	\$ <u>801,100</u>

**NOTE 6. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 394 and P.L. 1980, c. 6 requires TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**NOTE 6. POST-RETIREMENT BENEFITS (CONTINUED)**

The State made post-retirement ("PRM") contributions of \$1.38 billion for fiscal year 2009 and 3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992, c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

**NOTE 7. INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$	\$ 23,984
Enterprise Fund	<u>23,984</u>	<u>          </u>
	\$ <u>23,984</u>	\$ <u>23,984</u>

The above interfund which represents May 2010 federal and state lunch subsidies deposited in the General Fund is expected to be liquidated within the next year.

**NOTE 8. ECONOMIC DEPENDENCY**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

**NOTE 9. RISK MANAGEMENT**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

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

**NOTE 10. DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$28,575 in the Special Revenue Fund and \$211,201 in the General Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). P.L. 2003, C. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognized an asset, the other government recognized a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund and General Fund balance deficits do not alone indicate that the district is facing financial difficulties.

**NOTE 11. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$1,553,673 General Fund fund balance at June 30, 2010 \$492,301 has been appropriated and included as anticipated revenue for the year ending June 30, 2011, \$71,273 is reserved for encumbrances, \$801,100 is in a capital reserve, \$300,000 is in a maintenance reserve, \$100,200 is in an emergency reserve and \$(211,201) is unreserved and undesignated.

**NOTE 12. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$32,639.

**NOTE 13. COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2010	\$ 8,512,472	\$ 8,512,472	100%
2009	8,457,165	8,457,165	100%
2008	8,698,680	8,698,680	100%

**NOTE 14. RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2010 through November 30, 2010.

**Budgetary Comparison Schedules - C**

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Exhibit C-1  
 Sheet 1 of 7

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:							
Local Sources:							
Local Tax Levy	\$ 8,194,027.00	\$ 8,194,027.00	\$ 8,194,027.00		\$ 8,194,027.00	\$ 8,194,027.00	\$
Tuition	2,915,807.00	2,915,807.00	2,915,807.00		2,915,807.00	2,915,807.00	
Other Local Governmental Units	23,500.00	23,500.00	23,500.00		23,500.00	36,572.00	13,072.00
Interest Earned on Current Expense Emergency Reserve	200.00	200.00	200.00		200.00	200.00	
Interest Earned on Capital Reserve Funds	1,100.00	1,100.00	1,100.00		1,100.00	1,100.00	
Miscellaneous	65,000.00	65,000.00	65,000.00		65,000.00	40,054.00	(24,946.00)
Total Local Sources	11,199,634.00	11,199,634.00	11,199,634.00		11,199,634.00	11,187,760.00	(11,874.00)
State Sources:							
Equalization Aid	4,873,842.00	4,873,842.00	4,873,842.00	(884,339.00)	3,989,503.00	3,708,606.00	(280,897.00)
Transportation Aid	87,990.00	87,990.00	87,990.00		87,990.00	57,193.00	(30,797.00)
Special Education Aid	515,405.00	515,405.00	515,405.00		515,405.00	515,405.00	
Security Aid	243,055.00	243,055.00	243,055.00		243,055.00	157,986.00	(85,069.00)
Extraordinary Aid	59,879.00	59,879.00	59,879.00		59,879.00	76,803.00	16,924.00
Non-budgeted:							
On-behalf TPAF Pension Contributions						550,550.00	550,550.00
Reimbursed TPAF Social Security Contributions						630,497.00	630,497.00
Total State Sources	5,780,171.00	5,780,171.00	5,780,171.00	(884,339.00)	4,895,832.00	5,697,040.00	801,208.00
Federal Sources:							
ARRA- ESF				851,381.00	851,381.00	851,381.00	
ARRA - GSF				32,958.00	32,958.00	32,958.00	
Medicaid	5,200.00		5,200.00		5,200.00	19,545.00	14,345.00
Total Federal Sources	5,200.00		5,200.00	884,339.00	889,539.00	903,884.00	14,345.00
Total Revenues	16,985,005.00	16,985,005.00	16,985,005.00		16,985,005.00	17,788,684.00	803,679.00
Expenditures:							
Current Expense:							
Instruction Regular Programs:							
Salaries of Teachers:							
Preschool/Kindergarten	371,200.00		371,200.00	(865.00)	370,335.00	364,263.00	6,072.00
Grades 1-5	1,266,773.00		1,266,773.00	35,927.00	1,302,700.00	1,293,347.00	9,353.00
Grades 6-8	770,648.00		770,648.00	(38,651.00)	731,997.00	701,996.00	30,001.00
Grades 9-12	2,301,395.00		2,301,395.00	(11,732.00)	2,289,663.00	2,289,662.00	1.00
Regular Programs - Home Instruction:							
Salaries of Teachers	6,000.00		6,000.00	3,483.00	9,483.00	9,483.00	
Purchased Professional Educational Services	2,750.00		2,750.00	15,829.00	18,579.00	18,578.00	1.00
Regular Programs - Undistributed Instruction:							
Other Salaries for Instruction	55,181.00		55,181.00	(1,812.00)	53,369.00	52,394.00	2,787.00
Purchased Professional Educational Services	20,000.00		20,000.00		18,188.00	15,942.00	2,246.00
Other Purchased Services	8,000.00		8,000.00		8,000.00	5,733.00	2,267.00
General Supplies	279,592.00		279,592.00	78,815.00	358,407.00	342,125.00	16,282.00
Textbooks	156,575.00		156,575.00	(9,800.00)	146,775.00	109,522.00	37,253.00
Total Regular Programs	5,238,114.00		5,238,114.00	71,194.00	5,309,308.00	5,203,045.00	106,263.00

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Exhibit C-1  
 Sheet 2 of 7

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (Continued):							
Current Expense (Continued):							
Instruction Regular Programs (Continued):							
Special Education Programs:							
Learning and/or Language Disabilities:							
Salaries of Teachers	\$ 114,385.00	\$	\$ 114,385.00		\$ 114,385.00	\$ 95,250.00	\$ 19,135.00
Other Salaries for Instruction	29,054.00		29,054.00		29,054.00	29,054.00	
Total Learning or Language and/or Disabilities	143,439.00		143,439.00		143,439.00	124,304.00	19,135.00
Multiple Disabilities							
Salaries of Teachers	60,215.00		60,215.00		60,215.00	60,215.00	
Other Salaries for Instruction	14,527.00		14,527.00		14,527.00	14,527.00	
Total Multiple Disabilities	74,742.00		74,742.00		74,742.00	74,742.00	
Resource Room Instruction:							
Salaries of Teachers	1,152,658.00		1,152,658.00	6,237.00	1,158,895.00	1,149,780.00	9,115.00
Other Salaries for Instruction	45,355.00		45,355.00	9,071.00	54,426.00	53,255.00	1,171.00
Total Resource Room Instruction	1,198,013.00		1,198,013.00	15,308.00	1,213,321.00	1,203,035.00	10,286.00
Preschool Disabilities Full Time Instruction:							
Salaries of Teachers	22,738.00		22,738.00	9,090.00	31,828.00	31,828.00	
Other Salaries for Instruction	7,264.00		7,264.00		7,264.00	7,264.00	
Total Preschool Disabilities Full Time Instruction	30,002.00		30,002.00	9,090.00	39,092.00	31,828.00	7,264.00
Special Education Home Instruction							
Salaries of Teachers	5,000.00		5,000.00	180.00	5,180.00	5,180.00	
Purchased Professional Educational Services	2,000.00		2,000.00	3,000.00	5,000.00	4,736.00	264.00
Total Special Education Home Instruction	7,000.00		7,000.00	3,180.00	10,180.00	9,916.00	264.00
Total Special Education	1,453,196.00		1,453,196.00	27,578.00	1,480,774.00	1,443,825.00	36,949.00
Basic Skills Instruction							
Salaries and Wages	204,182.00		204,182.00	(11,860.00)	192,322.00	174,024.00	18,298.00
Bilingual Education Instruction:							
Salaries of Teachers	130,525.00		130,525.00		130,525.00	130,525.00	
General Supplies	2,875.00		2,875.00	(690.00)	2,185.00	697.00	1,486.00
Textbooks	390.00		390.00		390.00	390.00	
Total Bilingual Education	133,788.00		133,788.00	(690.00)	133,098.00	131,222.00	1,876.00
School-Sponsored Cocurricular Activities Instruction:							
Salaries	48,350.00		48,350.00	690.00	49,040.00	47,503.00	1,737.00
Supplies	163.00		163.00		163.00	163.00	
Total School Sponsored Cocurricular Activities	48,513.00		48,513.00	690.00	49,203.00	47,503.00	1,900.00

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Exhibit C-1  
Sheet 3 of 7

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures (Continued):</b>							
<b>Current Expense (Continued):</b>							
<b>Instruction Regular Programs (Continued):</b>							
School-Sponsored Athletic Instruction:							
Salaries	\$ 204,470.00	\$	\$ 204,470.00		\$ 204,470.00	\$ 203,191.00	\$ 1,279.00
Purchased Services	37,500.00		37,500.00		37,500.00	34,438.00	3,062.00
Supplies and Materials	68,000.00		68,000.00		68,000.00	62,564.00	5,436.00
Transfers to Cover Deficit (Agency Funds)	3,500.00		3,500.00		3,500.00	3,500.00	
Total School-Sponsored Athletic Instruction	313,470.00		313,470.00		313,470.00	303,693.00	9,777.00
Total - Instruction	7,391,263.00		7,391,263.00	86,912.00	7,478,175.00	7,303,112.00	175,063.00
<b>Undistributed Expenditures:</b>							
<b>Instruction:</b>							
Tuition to Other LEA's within the State - Regular	36,774.00		36,774.00	(11,500.00)	25,274.00	9,397.00	15,877.00
Tuition to County Vocational School District - Regular	65,500.00		65,500.00	(5,000.00)	60,500.00	51,500.00	9,000.00
Tuition to County Vocational School District - Special	45,000.00		45,000.00	16,500.00	61,500.00	61,488.00	12.00
Tuition to Private School for the Disabled within the State	814,887.00		814,887.00	(133,324.00)	681,563.00	473,814.00	207,749.00
Total Instruction	962,161.00		962,161.00	(133,324.00)	828,837.00	596,199.00	232,638.00
<b>Attendance and Social Work Services:</b>							
Salaries	13,076.00		13,076.00	650.00	13,726.00	13,726.00	
Other Purchased Services	190.00		190.00	(88.00)	102.00	72.00	30.00
Total Attendance and Social Work Services	13,266.00		13,266.00	562.00	13,828.00	13,798.00	30.00
<b>Health Services:</b>							
Salaries	133,450.00		133,450.00		133,450.00	133,450.00	
Purchased Professional Technical Services	11,850.00		11,850.00		11,850.00	10,517.00	1,333.00
Supplies and Materials	5,411.00		5,411.00		5,411.00	3,568.00	1,843.00
Total Health Services	150,711.00		150,711.00		150,711.00	147,535.00	3,176.00
<b>Speech - OI, PT - Related Services:</b>							
Salaries	146,590.00		146,590.00		146,590.00	146,590.00	
<b>Other Support Services Students - Extra Services:</b>							
Salaries	73,036.00		73,036.00	6,863.00	79,899.00	77,893.00	2,006.00
Purchased Professional Educational Services	10,000.00		10,000.00	(3,047.00)	6,953.00	6,953.00	
Total Other Support Services Students - Extra Services	83,036.00		83,036.00	3,816.00	86,852.00	77,893.00	8,959.00

BOROUGH OF KEYPORT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit C-1  
Sheet 4 of 7

	<u>Official Budget</u>	<u>Prior Year Encumbered</u>	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Guidance:							
Salaries of Other Professional Staff	\$ 327,955.00	\$	\$ 327,955.00	\$ 3,047.00	\$ 331,002.00	\$ 325,934.00	\$ 5,068.00
Salaries of Secretarial and Clerical Assistants	45,704.00		45,704.00	920.00	46,624.00	46,624.00	3,195.00
Purchased Professional Educational Services	11,800.00		11,800.00	3,195.00	11,800.00	11,786.00	14.00
Other Purchased Services	9,800.00		9,800.00		9,800.00	7,274.00	2,526.00
Other Objects	395,259.00		395,259.00	7,162.00	402,421.00	391,618.00	10,803.00
Total Guidance							
Child Study Teams:							
Salaries of Other Professional Staff	287,200.00		287,200.00	(17,680.00)	269,520.00	235,725.00	33,795.00
Salaries of Secretarial and Clerical Assistants	86,898.00		86,898.00	3,750.00	90,648.00	79,726.00	10,922.00
Total Child Study Teams	374,098.00		374,098.00	(13,930.00)	360,168.00	315,451.00	44,717.00
Improvement of Instructional Services:							
Salaries of Supervisor of Instruction	230,433.00		230,433.00		230,433.00	204,124.00	26,309.00
Salaries of Other Professional Staff	5,000.00		5,000.00		5,000.00	5,000.00	5,000.00
Salaries of Secretarial and Clerical Assistant	41,004.00		41,004.00	920.00	41,924.00	41,924.00	1,767.00
Total Improvement of Instructional Services	276,437.00		276,437.00	920.00	277,357.00	246,048.00	31,309.00
Educational Media Services/School Library:							
Salaries	164,530.00		164,530.00		164,530.00	164,530.00	1,767.00
Purchased Professional Technical Services	3,000.00		3,000.00		3,000.00	3,000.00	344.00
Other Purchased Services	6,000.00		6,000.00	(1,500.00)	4,500.00	2,733.00	36,828.00
Supplies and Materials	37,172.00		37,172.00		37,172.00	36,828.00	2,111.00
Total Educational Media Services/School Library	210,702.00		210,702.00	(1,500.00)	209,202.00	207,091.00	2,111.00
Instructional Staff Training Services:							
Salaries of Supervisor of Instruction	18,000.00		18,000.00		18,000.00	13,102.00	18,000.00
Other Objects	15,450.00		15,450.00	952.00	16,402.00	16,402.00	3,300.00
Total Instructional Staff Training Services	33,450.00		33,450.00	952.00	34,402.00	33,504.00	21,300.00

BOROUGH OF KEYPORT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit C-1  
Sheet 5 of 7

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Support Services General Administration:							
Salaries	\$ 205,533.00	\$	\$ 205,533.00	\$ (16,830.00)	\$ 188,703.00	\$ 176,533.00	\$ 12,170.00
Legal Services	40,250.00		40,250.00	26,308.00	66,558.00	66,557.00	1.00
Audit Fees	23,000.00		23,000.00		23,000.00	23,000.00	
Other Purchased Professional Services	33,300.00	2,481.00	35,781.00	3,467.00	39,248.00	38,847.00	401.00
Communications/Telephone	55,000.00		55,000.00	(1,970.00)	53,030.00	48,701.00	4,329.00
BOE Other Purchased Services	4,000.00		4,000.00		4,000.00	1,886.00	2,114.00
Miscellaneous Purchased Services	8,800.00		8,800.00		8,800.00	7,059.00	1,741.00
General Supplies	4,000.00		4,000.00	4,000.00	8,000.00	7,205.00	795.00
BOE In-house Training/Meeting Supplies	900.00		900.00		900.00	143.00	757.00
Miscellaneous Expenditures	4,550.00		4,550.00		4,550.00	2,304.00	2,246.00
BOE Membership Dues and Fees	12,000.00		12,000.00		12,000.00	8,600.00	3,400.00
Total Support Services General Administration	<u>391,333.00</u>	<u>2,481.00</u>	<u>393,814.00</u>	<u>14,975.00</u>	<u>408,789.00</u>	<u>380,835.00</u>	<u>27,954.00</u>
Support Services School Administration:							
Salaries of Principals/Assistant Principals	399,155.00		399,155.00	5,595.00	404,750.00	402,063.00	2,687.00
Salaries of Secretarial and Clerical Assistants	148,166.00		148,166.00	1,900.00	150,066.00	141,654.00	8,412.00
Purchased Technical Services	15,000.00		15,000.00		15,000.00	10,420.00	4,580.00
Supplies and Materials	18,880.00		18,880.00		18,880.00	13,273.00	5,607.00
Other Objects	10,815.00		10,815.00		10,815.00	9,483.00	1,332.00
Total Support Services School Administration	<u>592,016.00</u>		<u>592,016.00</u>	<u>7,495.00</u>	<u>599,511.00</u>	<u>576,893.00</u>	<u>22,618.00</u>
Required Maintenance for School Facilities:							
Salaries	129,449.00		129,449.00	(52,482.00)	76,967.00	75,572.00	1,395.00
Cleaning, Repairing and Maintenance Services	109,350.00	1,053.00	110,403.00	12,300.00	122,703.00	122,703.00	
General Supplies	34,000.00		34,000.00	7,000.00	41,000.00	40,949.00	51.00
Other Objects	7,400.00		7,400.00		7,400.00	2,978.00	4,422.00
Total Required Maintenance for School Facilities	<u>280,199.00</u>	<u>1,053.00</u>	<u>281,252.00</u>	<u>(33,182.00)</u>	<u>248,070.00</u>	<u>242,202.00</u>	<u>5,868.00</u>
Custodial Services:							
Salaries	563,764.00		563,764.00	62,111.00	625,875.00	612,453.00	13,422.00
Purchased Professional and Technical Services	7,250.00		7,250.00	(200.00)	7,050.00	6,738.00	312.00
Cleaning, Repair and Maintenance Services	62,980.00		62,980.00	(4,600.00)	58,380.00	56,098.00	2,282.00
Other Purchased Property Services	51,500.00		51,500.00	(3,375.00)	48,125.00	48,036.00	89.00
Insurance	81,657.00		81,657.00	6,000.00	87,657.00	84,061.00	3,596.00
Miscellaneous Purchased Services	15,500.00		15,500.00	(3,440.00)	12,060.00	12,057.00	3.00
General Supplies	52,000.00		52,000.00		52,000.00	59,415.00	(7,415.00)
Energy (Heat and Electricity)	273,300.00		273,300.00	22,254.00	295,554.00	289,636.00	5,918.00
Total Custodial Services	<u>1,107,951.00</u>		<u>1,107,951.00</u>	<u>86,165.00</u>	<u>1,194,116.00</u>	<u>1,168,494.00</u>	<u>25,622.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Exhibit C-1  
 Sheet 6 of 7

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Care and Upkeep of Grounds	\$ 48,742.00	\$	\$ 48,742.00	\$ 125.00	\$ 48,867.00	\$ 40,722.00	\$ 8,145.00
Salaries	16,500.00		16,500.00		16,500.00	16,500.00	
General Supplies	65,242.00		65,242.00	125.00	65,367.00	57,222.00	8,145.00
Total Care and Upkeep of Grounds							
Security	11,000.00		11,000.00		11,000.00	10,752.00	248.00
Cleaning, Repair and Maintenance Services							
Student Transportation Services:							
Contracted Services	93,600.00		93,600.00	(31,534.00)	62,066.00	62,066.00	
Other Than Between Home and School - Vendors	145,500.00		145,500.00	(2,521.00)	142,979.00	81,031.00	61,948.00
Special Education Students - Vendors	65,000.00		65,000.00	3,526.00	68,526.00	68,512.00	14.00
Regular Students - ESC and CISA	145,300.00		145,300.00	(1,479.00)	143,821.00	143,820.00	1.00
Special Education - ESC and CISA	449,400.00		449,400.00	(32,008.00)	417,392.00	355,429.00	61,963.00
Total Student Transportation Services							
Central Services:							
Salaries	300,998.00		300,998.00	(5,000.00)	295,998.00	272,684.00	23,314.00
Purchased Technical Services	17,500.00		17,500.00		17,500.00	13,952.00	3,548.00
Miscellaneous Purchased Services	22,000.00		22,000.00		22,000.00	17,117.00	4,883.00
Supplies and Materials	6,300.00		6,300.00		6,300.00	6,285.00	15.00
Miscellaneous Expenditures	7,900.00		7,900.00		7,900.00	7,320.00	580.00
Total Central Services	354,698.00		354,698.00	(5,000.00)	349,698.00	317,358.00	32,340.00
Administrative Information Technology							
Salaries	112,965.00		112,965.00		112,965.00	94,823.00	18,142.00
Purchased Technical Services	22,960.00		22,960.00	9,000.00	31,960.00	20,407.00	11,553.00
Supplies and Materials	18,000.00		18,000.00	(2,390.00)	15,610.00	5,155.00	10,455.00
Total Administrative Information Technology	153,925.00		153,925.00	6,610.00	160,535.00	120,385.00	40,150.00
Unallocated Benefits - Employee Benefits:							
Social Security Contributions	96,360.00		96,360.00	63,761.00	160,121.00	160,120.00	1.00
Other Retirement Contributions - Regular	131,000.00		131,000.00		131,000.00	125,635.00	5,365.00
Unemployment Compensation	24,610.00		24,610.00	7,613.00	32,223.00	32,223.00	
Workmen's Compensation	119,603.00		119,603.00		119,603.00	116,265.00	3,338.00
Health Benefits	2,802,895.00		2,802,895.00	(90,962.00)	2,711,933.00	2,599,029.00	112,904.00
Tuition Reimbursement	30,000.00		30,000.00	(10,750.00)	19,250.00	12,631.00	6,619.00
Other Employee Benefits	31,500.00		31,500.00	33,588.00	65,088.00	65,087.00	1.00
Total Personal Services - Employee Benefits	3,235,968.00		3,235,968.00	3,250.00	3,239,218.00	3,110,990.00	128,228.00
Interest Earned on Current Expense Emergency	200.00		200.00		200.00	200.00	
Non-budgeted:							
On-behalf TPAF Pension Contributions						550,550.00	(550,550.00)
Reimbursed TPAF Social Security Contributions						630,497.00	(630,497.00)
Total Non-budgeted						1,181,047.00	(1,181,047.00)
Total Undistributed Expenditures	9,287,642.00	3,534.00	9,291,176.00	(86,912.00)	9,204,264.00	9,676,932.00	(472,668.00)
Total Expenditures - Current Expense	16,678,905.00	3,534.00	16,682,439.00		16,682,439.00	16,980,044.00	(297,605.00)

BOROUGH OF KEYPORT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit C-1  
Sheet 7 of 7

	<u>Official Budget</u>	<u>Prior Year Encumbered</u>	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures (Continued):							
Capital Outlay:							
Interest Earned on Capital Reserve	\$ 1,100.00	\$	\$ 1,100.00	\$	\$ 1,100.00	\$	\$ 1,100.00
Facilities Acquisition and Construction Services:							
Window Replacement	105,000.00	193,483.00	298,483.00		298,483.00	189,030.00	109,453.00
Unit Ventilators/Pipes	200,000.00	24,500.00	224,500.00		224,500.00	21,500.00	203,000.00
Total Facilities Acquisition and Construction Services	<u>305,000.00</u>	<u>217,983.00</u>	<u>522,983.00</u>		<u>522,983.00</u>	<u>210,530.00</u>	<u>312,453.00</u>
Transfer to Capital Projects	400,000.00		400,000.00		400,000.00	400,000.00	
Total Expenditures - Capital Outlay	<u>706,100.00</u>	<u>217,983.00</u>	<u>924,083.00</u>		<u>924,083.00</u>	<u>610,530.00</u>	<u>313,553.00</u>
Total Expenditures	<u>17,385,005.00</u>	<u>221,517.00</u>	<u>17,606,522.00</u>		<u>17,606,522.00</u>	<u>17,590,574.00</u>	<u>15,948.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(400,000.00)	(221,517.00)	(621,517.00)		(621,517.00)	198,110.00	819,627.00
Fund Balances, July 1	<u>2,004,397.00</u>	<u>2,004,397.00</u>	<u>2,004,397.00</u>		<u>2,004,397.00</u>	<u>2,004,397.00</u>	
Fund Balances, June 30	<u>\$ 1,604,397.00</u>	<u>\$ 1,782,880.00</u>	<u>\$ 1,382,880.00</u>	\$	<u>\$ 1,382,880.00</u>	<u>\$ 2,202,507.00</u>	<u>\$ 819,627.00</u>
Recapitulation:							
Reserve for Encumbrances						\$ 71,273.00	
Legally Restricted - Designated for Subsequent Year's Expenditures						492,301.00	
Capital Reserve						801,100.00	
Emergency Reserve						100,200.00	
Maintenance Reserve						300,000.00	
Reserve for Excess Surplus						32,639.00	
Unrestricted Fund Balance						404,994.00	
						<u>2,202,507.00</u>	
Reconciliation to Governmental Funds Statements ( GAAP):							
Last State Aid Payment not Recognized on GAAP Basis)						648,834.00	
						<u>\$ 1,553,673.00</u>	

**BOROUGH OF KEYPORT SCHOOL DISTRICT****GENERAL FUND**

Exhibit C-1a

**BUDGETARY COMPARISON SCHEDULE****STATE FISCAL STABILIZATION FUND****AARA - ESF**

	<b>State Fiscal Stabilization Fund</b>		
	<b>Adjusted Balance</b>	<b>ARRA - ESF</b>	
		<b>Expended</b>	<b>Funds Available</b>
Salaries of Teachers 100-101	\$ 851,381.00	851,381.00	\$ -0-
Total ARRA - ESF	\$ 851,381.00	\$ 851,381.00	\$ -0-

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**GENERAL FUND**

Exhibit C-1b

**BUDGETARY COMPARISON SCHEDULE**

**STATE FISCAL STABILIZATION FUND**

**AARA - GSF**

	<u>State Fiscal Stabilization Fund</u>		
	<u>Adjusted</u>	<u>ARRA - GSF</u>	
	<u>Balance</u>	<u>Expended</u>	<u>Funds Available</u>
Salaries of Teachers 100-101	\$ 32,958.00	32,958.00	\$ -0-
Total ARRA - GSF	<u>\$ 32,958.00</u>	<u>\$ 32,958.00</u>	<u>\$ -0-</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit C-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Aid	\$ 490,171.00	\$ 579,182.00	\$ 1,069,353.00	\$ 730,762.00	\$ (338,591.00)
State Aid	406,783.00	(24,086.00)	382,697.00	294,864.00	(87,833.00)
Total Revenues	<u>896,954.00</u>	<u>555,096.00</u>	<u>1,452,050.00</u>	<u>1,025,626.00</u>	<u>(426,424.00)</u>
Expenditures:					
Instruction:					
Salaries of Teachers	749,574.00	(251,395.00)	498,179.00	369,871.00	128,308.00
Other Salaries for Instruction	43,581.00	6,080.00	49,661.00	43,581.00	6,080.00
Purchased Professional Technical Services	1,522.00	40,462.00	41,984.00	21,840.00	20,144.00
Other Purchased Services		650.00	650.00		650.00
Tuition		164,330.00	164,330.00	164,330.00	
Supplies and Materials	1,057.00	124,765.00	124,765.00	44,345.00	80,420.00
General Supplies	8,313.00	1,943.00	3,000.00	3,000.00	3,000.00
Textbooks	801.00	801.00	9,114.00	9,114.00	
Total Instruction	<u>804,047.00</u>	<u>87,636.00</u>	<u>891,683.00</u>	<u>653,081.00</u>	<u>238,602.00</u>
Support Services:					
Salaries of Supervisors		21,629.00	21,629.00	19,840.00	1,789.00
Salaries of Other Professional Staff	11,220.00	86,606.00	97,826.00	69,254.00	28,572.00
Personal Services - Employee Benefits	28,369.00	94,286.00	122,655.00	78,276.00	44,379.00
Purchased Professional Technical Services		171,058.00	171,058.00	154,147.00	16,911.00
Purchased Professional Educational Services		43,995.00	43,995.00	16,858.00	27,137.00
Rentals		5,800.00	5,800.00	4,531.00	1,269.00
Travel		8,966.00	8,966.00	8,047.00	919.00
Miscellaneous Purchased Services		2,320.00	2,320.00	2,320.00	
Supplies and Materials		42,201.00	42,201.00	42,201.00	
Miscellaneous Expenditures	47,504.00	(3,587.00)	43,917.00	21,592.00	22,325.00
Total Support Services	<u>87,093.00</u>	<u>473,274.00</u>	<u>560,367.00</u>	<u>372,545.00</u>	<u>187,822.00</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	5,814.00	(5,814.00)			
Total Expenditures	\$ <u>896,954.00</u>	\$ <u>555,096.00</u>	\$ <u>1,452,050.00</u>	\$ <u>1,025,626.00</u>	\$ <u>426,424.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**BUDGET-TO-GAAP RECONCILIATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Exhibit C-3

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

	<u>Ref.</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:			
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	C-1,2	\$ 17,788,684.00	\$ 1,025,626.00
Differences - Budget to GAAP:			
Prior Year State Aid Payment Recognized on GAAP basis		646,366.00	27,656.00
Last State Aid Payment not Recognized on GAAP basis		<u>(648,834.00)</u>	<u>(28,575.00)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			
	B-2	<u>\$ 17,786,216.00</u>	<u>\$ 1,024,707.00</u>
Uses/Outflows of Resources:			
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	C-1,2	\$ 17,190,574.00	\$ 1,025,626.00
Differences - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		<u>-0-</u>	<u>-0-</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			
	B-2	<u>\$ 17,190,574.00</u>	<u>\$ 1,025,626.00</u>

**School Level Schedules - D**  
**N/A**

**Special Revenue Fund - E**

BOROUGH OF KEYPORT SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

Sheet 1 of 3

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	2009-10 Title I Part A Disadvantaged Children	Title I Part A Carryover 2009	2009-10 Title I Part A ARRA	Title I Part A SIA ARRA	Title I Part A Carryover 2008	Title I Part A SIA Carryover 2009	2009-10 Title III English Language Enhancement
Revenues:							
Federal Aid							
State Aid	\$ 145,182.00	\$ 24,137.00	\$ 18,197.00	\$ 1,813.00	\$ 3,041.00	\$ 2,174.00	\$ 14,436.00
Total Revenues	<u>145,182.00</u>	<u>24,137.00</u>	<u>18,197.00</u>	<u>1,813.00</u>	<u>3,041.00</u>	<u>2,174.00</u>	<u>14,436.00</u>
Expenditures:							
Instruction:							
Salaries of Teachers	105,787.00	15.00	14,468.00		3,041.00	2,000.00	
Other Salaries for Instruction							
Purchased Professional Technical Services	21,340.00						
Tuition							
Supplies and Materials	5,000.00	122.00	2,625.00	1,813.00		21.00	7,436.00
Textbooks							
Total Instruction	<u>132,127.00</u>	<u>137.00</u>	<u>17,093.00</u>	<u>1,813.00</u>	<u>3,041.00</u>	<u>2,021.00</u>	<u>7,436.00</u>
Support Services:							
Salaries of Supervisors							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits		23,061.00	1,104.00			153.00	
Purchased Professional Technical Services	8,050.00						
Purchased Professional Educational Services							
Rentals							
Travel							
Supplies and Materials	5,005.00	939.00					
Total Support Services	<u>13,055.00</u>	<u>24,000.00</u>	<u>1,104.00</u>			<u>153.00</u>	<u>7,000.00</u>
Total Expenditures	\$ <u>145,182.00</u>	\$ <u>24,137.00</u>	\$ <u>18,197.00</u>	\$ <u>1,813.00</u>	\$ <u>3,041.00</u>	\$ <u>2,174.00</u>	\$ <u>14,436.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**SPECIAL REVENUE FUND**

Exhibit E-1

**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES**

Sheet 2 of 3

**BUDGETARY BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Title III Immigration Carryover 2009</u>	<u>Title III English Language Enhancement Carryover 2009</u>	<u>Preschool Carryover 2006</u>	<u>Basic</u>	<u>Preschool</u>	<u>ARRA</u>	<u>Part B Basic Carryover 2009</u>
Revenues:							
Federal Aid	\$ 1,593.00	\$ 1,715.00	\$ 329.00	210,924.00	\$ 6,642.00	\$ 200,615.00	\$ 57,059.00
State Aid							
Total Revenues	<u>1,593.00</u>	<u>1,715.00</u>	<u>329.00</u>	<u>210,924.00</u>	<u>6,642.00</u>	<u>200,615.00</u>	<u>57,059.00</u>
Expenditures:							
Instruction:							
Salaries of Teachers	1,250.00			15,175.00	6,131.00	995.00	7,709.00
Other Salaries for Instruction							
Purchased Professional Technical Services							
Tuition				31,006.00		133,324.00	
Supplies and Materials		1,715.00		340.00	65.00	25,208.00	
Textbooks							
Total Instruction	<u>1,250.00</u>	<u>1,715.00</u>		<u>46,521.00</u>	<u>6,196.00</u>	<u>159,527.00</u>	<u>7,709.00</u>
Support Services:							
Salaries of Supervisors							
Salaries of Other Professional Staff	343.00			39,575.00	446.00		29,233.00
Personal Services - Employee Benefits				13,000.00		76.00	11,211.00
Purchased Professional Technical Services			329.00	90,998.00		40,904.00	6,496.00
Purchased Professional Educational Services							329.00
Rentals				2,450.00			2,081.00
Travel				8,047.00			
Supplies and Materials				10,333.00		108.00	
Total Support Services	<u>343.00</u>		<u>329.00</u>	<u>164,403.00</u>	<u>446.00</u>	<u>41,088.00</u>	<u>49,350.00</u>
Total Expenditures	<u>\$ 1,593.00</u>	<u>\$ 1,715.00</u>	<u>\$ 329.00</u>	<u>\$ 210,924.00</u>	<u>\$ 6,642.00</u>	<u>\$ 200,615.00</u>	<u>\$ 57,059.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**SPECIAL REVENUE FUND**

Exhibit E-1

**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES**

Sheet 3 of 3

**BUDGETARY BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Title II A Teacher & Principal Recruiting & Training	Title II A Carryover 2009	Title II D Carryover 2009	Non-Public Textbooks	2009-10 Pre-School Program Aid	Title IV Carryover 2009	Totals 2010
Revenues:							
Federal Aid	\$ 29,822.00	\$ 12,176.00	\$ 877.00	\$	\$	\$ 30.00	\$ 730,762.00
State Aid				9,114.00	285,750.00		294,864.00
Total Revenues	<u>29,822.00</u>	<u>12,176.00</u>	<u>877.00</u>	<u>9,114.00</u>	<u>285,750.00</u>	<u>30.00</u>	<u>1,025,626.00</u>
Expenditures:							
Instruction:							
Salaries of Teachers					213,800.00		370,371.00
Other Salaries for Instruction					43,581.00		43,581.00
Purchased Professional Technical Services							21,340.00
Tuition							164,330.00
Supplies and Materials							44,345.00
Textbooks				9,114.00			9,114.00
Total Instruction				<u>9,114.00</u>	<u>257,381.00</u>		<u>653,081.00</u>
Support Services:							
Salaries of Supervisors	10,739.00	9,101.00					19,840.00
Salaries of Other Professional Staff							69,254.00
Personal Services - Employee Benefits		959.00	370.00		28,369.00		78,276.00
Purchased Professional Technical Services	14,527.00	2,002.00					154,147.00
Purchased Professional Educational Services							16,858.00
Rentals							4,531.00
Travel						30.00	8,047.00
Supplies and Materials	4,556.00	114.00	507.00				21,592.00
Total Support Services	<u>29,822.00</u>	<u>12,176.00</u>	<u>877.00</u>		<u>28,369.00</u>	<u>30.00</u>	<u>372,545.00</u>
Total Expenditures	<u>\$ 29,822.00</u>	<u>\$ 12,176.00</u>	<u>\$ 877.00</u>	<u>\$ 9,114.00</u>	<u>\$ 285,750.00</u>	<u>\$ 30.00</u>	<u>\$ 1,025,626.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**SPECIAL REVENUE FUND**

Exhibit E-2

**SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES**

**PRESCHOOL - ALL PROGRAMS**

**BUDGETARY BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted</u>	<u>2010 Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 213,800.00	\$ 213,800.00	\$
Other Salaries for Instruction	43,581.00	43,581.00	
Total Instruction	<u>257,381.00</u>	<u>257,381.00</u>	
Support Services:			
Personal Services - Employee Benefits	28,369.00	28,369.00	
Total Support Services	<u>28,369.00</u>	<u>28,369.00</u>	
Total Expenditures	<u>\$ 285,750.00</u>	<u>\$ 285,750.00</u>	<u>\$ -0-</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2009-10 Preschool Education Program Aid Allocation	\$ 285,750.00
Total Preschool Funds Available for 2009-10 Budget	<u>285,750.00</u>
Less: 2009-10 Budgeted Preschool Funds	<u>285,750.00</u>
Available and Unbudgeted Preschool Funds as of June 30, 2010	<u>                    </u>
Add: Unexpended 2009-10	<u>                    </u>
Actual Carryover - Preschool Funds	<u>\$ -0-</u>
2009-10 Preschool Carryover Budgeted in 2010-11	<u>\$ -0-</u>

**Capital Projects Fund - F**

BOROUGH OF KEYPORT SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2010</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Building Improvements and Additions to High School and Middle School	02/01/00	\$ 3,900,000.00	\$ 3,900,000.00	\$	\$
Upgrades and Improvements to High School and Middle School	04/19/05	1,339,077.00	1,221,848.00		117,229.00
Roof Replacement to Central School and Board of Education Building and Installation of Solar Panels at High School, Central School and Board of Education Building	04/21/09	4,300,200.00	62,451.00	2,582,942.00	1,654,807.00
<b>Totals</b>		<u>\$ 9,539,277.00</u>	<u>\$ 5,184,299.00</u>	<u>\$ 2,582,942.00</u>	<u>\$ 1,772,036.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT****CAPITAL PROJECTS FUND**

Exhibit F-2

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN****FUND BALANCE - BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Revenues and Other Financing Sources:	
State Sources - SCC Grant	\$ 20,481.00
Bond Proceeds	3,900,000.00
Interest	200.00
Transfer from Capital Outlay	400,000.00
Total Revenues and Other Financing Sources	<u>4,320,681.00</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	283,232.00
Construction Services	2,362,161.00
Total Expenditures	<u>2,645,393.00</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ <u>1,675,288.00</u>
Fund Balance - Beginning	<u>96,748.00</u>
Fund Balance - Ending	\$ <u>1,772,036.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT****CAPITAL PROJECTS FUND**

Exhibit F-2a

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES****AND PROJECT STATUS - BUDGETARY BASIS****ROOF REPLACEMENT TO CENTRAL SCHOOL AND BOARD OF EDUCATION****BUILDING AND INSTALLATION OF SOLAR PANELS AT HIGH SCHOOL,****CENTRAL SCHOOL AND BOARD OF EDUCATION BUILDING****FROM INCEPTION AND THE YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds	\$	\$ 3,900,000.00	\$ 3,900,000.00	\$ 3,900,000.00
Transfer from Capital Reserve		400,000.00	400,000.00	400,000.00
Interest Earned		200.00	200.00	200.00
Total Revenues and Other Financing Sources		<u>4,300,200.00</u>	<u>4,300,200.00</u>	<u>4,300,200.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	62,451.00	220,781.00	283,232.00	283,232.00
Construction Services		2,362,161.00	2,362,161.00	4,016,968.00
Supplies and Materials				
Total Expenditures and Other Financing Uses	<u>62,451.00</u>	<u>2,582,942.00</u>	<u>2,645,393.00</u>	<u>4,300,200.00</u>
Excess Revenues Over Expenditures	\$ <u>(62,451.00)</u>	\$ <u>1,717,258.00</u>	\$ <u>1,654,807.00</u>	\$ <u>                    </u>
Additional Project Information:				
Project Numbers		2430-060-04-2001		
Grant Date		05/06/05		
Bond Authorization Date		04/21/09		
Bond Authorized		\$ 3,900,000		
Bonds Issued		\$ 0		
Original Authorized Cost		\$ 3,900,000		
Additional Authorized Cost		\$ 400,200		
Revised Authorized Cost		\$ 4,300,200		
Percentage Increase over Original Authorized Cost		10%		
Percentage Completion		62%		
Original Target Completion Date		December 2009		
Revised Target Completion Date		December 2010		

**BOROUGH OF KEYPORT SCHOOL DISTRICT****CAPITAL PROJECTS FUND**

Exhibit F-2b

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES****AND PROJECT STATUS - BUDGETARY BASIS****UPGRADES AND IMPROVEMENTS TO HIGH SCHOOL AND MIDDLE SCHOOL****FROM INCEPTION AND THE YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds	\$ 800,000.00	\$	\$ 800,000.00	\$ 800,000.00
Transfer from Capital Outlay	66,000.00		66,000.00	66,000.00
State Sources - SCC Grant	452,596.00	20,481.00	473,077.00	473,077.00
Total Revenues and Other Financing Sources	<u>1,318,596.00</u>	<u>20,481.00</u>	<u>1,339,077.00</u>	<u>1,339,077.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	73,441.00		73,441.00	209,784.00
Construction Services	1,132,406.00		1,132,406.00	1,113,292.00
Supplies and Materials	16,001.00		16,001.00	16,001.00
Total Expenditures and Other Financing Uses	<u>1,221,848.00</u>	<u>                    </u>	<u>1,221,848.00</u>	<u>1,339,077.00</u>
Excess Revenues Over Expenditures	<u>\$ 96,748.00</u>	<u>\$ 20,481.00</u>	<u>\$ 117,229.00</u>	<u>\$</u>
Additional Project Information:				
Project Numbers	2430-050-05-1000			
Grant Date	05/06/05			
Bond Authorization Date	04/19/05			
Bond Authorized	\$ 800,000			
Bonds Issued	\$ 800,000			
Original Authorized Cost	\$ 866,000			
Additional Authorized Cost	\$ 473,077			
Revised Authorized Cost	\$ 1,339,077			
Percentage Increase over Original Authorized Cost	52%			
Percentage Completion	93%			
Original Target Completion Date	March 2006			
Revised Target Completion Date	December 2011			

**BOROUGH OF KEYPORT SCHOOL DISTRICT****CAPITAL PROJECTS FUND**

Exhibit F-2c

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES****AND PROJECT STATUS - BUDGETARY BASIS****BUILDING IMPROVEMENTS AND ADDITIONS TO HIGH SCHOOL AND MIDDLE SCHOOL****FROM INCEPTION AND THE YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds and Transfers	\$ 3,900,000.00	\$	\$ 3,900,000.00	\$ 3,900,000.00
Transfer from Capital Outlay	50,000.00		50,000.00	50,000.00
Total Revenues and Other Financing Sources	<u>3,950,000.00</u>		<u>3,950,000.00</u>	<u>3,950,000.00</u>
Expenditures and Other Financing Uses:				
Other Professional and Technical Services	497,201.00		497,201.00	497,201.00
Construction Services	449,699.00		449,699.00	449,699.00
Supplies and Materials	2,415,290.00		2,415,290.00	2,415,290.00
Equipment Purchases	587,810.00		587,810.00	587,810.00
Total Expenditures and Other Financing Uses	<u>3,950,000.00</u>		<u>3,950,000.00</u>	<u>3,950,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>                    </u>	\$ <u>                    </u>	\$ <u>                    </u>	\$ <u>                    </u>
Additional Project Information:				
Project Numbers	200037/200038			
Grant Date	N/A			
Bond Authorization Date	2/01/00			
Bond Authorized	\$ 3,900,000			
Bonds Issued	\$ 3,900,000			
Original Authorized Cost	\$ 3,950,000			
Additional Authorized Cost	\$ 0			
Revised Authorized Cost	\$ 3,950,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100%			
Original Target Completion Date	September 2003			
Revised Target Completion Date	January 2006			

**Proprietary Funds - G**

**BOROUGH OF KEYPORT SCHOOL DISTRICT****COMBINING STATEMENT OF NET ASSETS**

Exhibit G-1

**ENTERPRISE FUND****JUNE 30, 2010**

	<b><u>Food Services</u></b>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 82,225.00
Accounts Receivable:	
State	782.00
Federal	15,436.00
Interfund	23,894.00
Inventories	8,501.00
Total Current Assets	<u>130,838.00</u>
Fixed Assets:	
Building and Equipment	268,877.00
Less: Accumulated Depreciation	<u>(195,245.00)</u>
Total Fixed Assets	<u>73,632.00</u>
Total Assets	<u>\$ 204,470.00</u>
Fund Equity:	
Invested in Capital Assets	\$ 73,632.00
Unreserved Retained Earnings	<u>130,838.00</u>
Total Liabilities and Fund Equity	<u>\$ 204,470.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**

Exhibit G-2

**ENTERPRISE FUND**

**JUNE 30, 2010**

	<b><u>Food Services</u></b>
Operating Revenues:	
Daily Sales:	
School Lunch Program	\$ 227,669.00
Total Operating Revenues	<u>227,669.00</u>
Operating Expenses:	
Salaries	127,677.00
Employee Benefits	27,759.00
Purchased Professional Services	14,076.00
Travel	1,000.00
Insurance	11,706.00
Other Purchased Services	5,288.00
Supplies and Materials	22,459.00
Cleaning , Repair and Maintenance Services	4,731.00
Energy	20,423.00
Depreciation	14,093.00
Cost of Sales	231,155.00
Total Operating Expenses	<u>480,367.00</u>
Operating Loss	<u>(252,698.00)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	10,466.00
Federal Sources:	
National School Lunch Program	209,468.00
Food Distribution Program	27,105.00
Total Nonoperating Revenues	<u>247,039.00</u>
Change in Net Assets	(5,659.00)
Net Assets, July 1	<u>210,129.00</u>
Net Assets, June 30	<u>\$ 204,470.00</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**

Exhibit G-3

**ENTERPRISE FUND**

**JUNE 30, 2010**

	<b><u>Food Services</u></b>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 227,669.00
Payments for Outside Purchased Services	(14,469.00)
Payments to Suppliers for Goods and Services	(423,702.00)
Net Cash Provided by (Used for) Operating Activities	<u>(210,502.00)</u>
Cash Flow from Noncapital Financing Activities:	
State Sources	9,244.00
Federal Sources	184,830.00
Interfund	37,977.00
Net Cash Provided by Non-Capital Financing Activities	<u>232,051.00</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Contributions	
Purchase of Equipment and Building Improvements	<u>(60,610.00)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(60,610.00)</u>
Net Increase in Cash and Cash Equivalents	(39,061.00)
Balance, July 1	<u>121,286.00</u>
Balance, June 30	<u>\$ 82,225.00</u>
Cash Flows from Operating Activities:	
Operating Loss	\$ (252,698.00)
Adjustments to Reconcile Operating Loss to	
Cash Provided by Operating Activities:	
Depreciation	14,093.00
Federal Commodities	27,105.00
Changes in Assets and Liabilities:	
Decrease in Inventory	<u>998.00</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (210,502.00)</u>

**Fiduciary Fund - H**

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

Exhibit H-1

**JUNE 30, 2010**

	<b>Private Purpose Trust - Scholarship Fund</b>	<b>Student Activity</b>	<b>Agency Payroll</b>	<b>Total</b>
Assets:				
Cash and Cash Equivalents	\$ <u>69,384.00</u>	\$ <u>51,191.00</u>	\$ <u>78,991.00</u>	\$ <u>130,182.00</u>
Total Assets	\$ <u><u>69,384.00</u></u>	\$ <u><u>51,191.00</u></u>	\$ <u><u>78,991.00</u></u>	\$ <u><u>130,182.00</u></u>
Liabilities:				
Payroll Deductions and Withholdings	\$	\$	\$ 78,991.00	\$ 78,991.00
Due to Student Groups	<u>                    </u>	<u>51,191.00</u>	<u>                    </u>	<u>51,191.00</u>
Total Liabilities	<u>                    </u>	\$ <u><u>51,191.00</u></u>	\$ <u><u>78,991.00</u></u>	\$ <u><u>130,182.00</u></u>
Net Assets:				
Reserved - Scholarships	<u>69,384.00</u>			
Total Net Assets	\$ <u><u>69,384.00</u></u>			

**BOROUGH OF KEYPORT SCHOOL DISTRICT****COMBINING STATEMENT OF CHANGES IN****FIDUCIARY NET ASSETS****JUNE 30, 2010****Exhibit H-2**

	<b>Private Purpose Trust - Scholarship Fund</b>
Additions:	
Interest Earned	\$ 79.00
Private Contributions	45,044.00
Total Additions	<u>45,123.00</u>
Deductions:	
Scholarships Awarded	<u>5,300.00</u>
Change in Net Assets	39,823.00
Net Assets June 30, 2009	<u>29,561.00</u>
Net Assets June 30, 2010	<u><u>\$ 69,384.00</u></u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT****STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS****JUNE 30, 2010**

	<b>Balance July 1, 2009</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Transfers</b>	<b>Balance June 30, 2010</b>
Athletic Fund	\$ 365.00	\$ 47,414.00	\$ 47,715.00	\$	\$ 64.00
Elementary School	18,517.00	28,842.00	26,803.00	90.00	20,646.00
High School	42,432.00	72,939.00	84,800.00	(90.00)	30,481.00
Total All Schools	<u>\$ 61,314.00</u>	<u>\$ 149,195.00</u>	<u>\$ 159,318.00</u>	<u>\$</u>	<u>\$ 51,191.00</u>

**PAYROLL AGENCY FUND****SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

Exhibit H-4

**JUNE 30, 2010**

	<b>Balance July 1, 2009</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance June 30, 2010</b>
Payroll Deductions and Withholdings	\$ 113,416.00	\$ 5,121,859.00	\$ 5,156,599.00	\$ 78,676.00
Net Payroll	250.00	6,397,666.00	6,397,601.00	315.00
	<u>\$ 113,666.00</u>	<u>\$ 11,519,525.00</u>	<u>\$ 11,554,200.00</u>	<u>\$ 78,991.00</u>

**PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND****SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

Exhibit H-5

**JUNE 30, 2010**

	<b>Balance July 1, 2009</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance June 30, 2010</b>
Scholarships	\$ 29,561.00	\$ 45,123.00	\$ 5,300.00	\$ 69,384.00

**Long-Term Debt - I**

BOROUGH OF KEYPORT SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-1

SCHEDULE OF SERIAL BONDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30, 2010</u>	
			<u>Date</u>	<u>Amount</u>						
Building Improvements and Additions Refunding Bonds	02/16/00	\$ 3,900,000.00	02/01/10	175,000.00	5.60%	\$ 175,000.00				
	05/26/05	2,595,000.00	02/01/11	215,000.00	3.50%					
			02/01/12	220,000.00	3.625%					
			02/01/13	230,000.00	3.75%					
			02/01/14	235,000.00	4.00%					
			02/01/15	240,000.00	4.00%					
			02/01/16	250,000.00	4.00%					
			02/01/17	260,000.00	4.125%					
			02/01/18	270,000.00	4.00%					
			02/01/19	280,000.00	4.25%					
			02/01/20	290,000.00	4.05%		2,515,000.00	25,000.00		2,490,000.00
	Repair and Replace Roofs and Install New Phone System	05/26/05	800,000.00	02/01/11	80,000.00	3.50%				
				02/01/12	80,000.00	3.50%				
	Building Improvements and Additions to High School and Middle School			02/01/13	85,000.00	3.75%				
				02/01/14	85,000.00	4.00%				
				02/01/15	90,000.00	4.00%				
			02/01/16	95,000.00	4.00%			75,000.00	515,000.00	
			02/01/11	170,000.00	2.50%					
			02/01/12	235,000.00	2.75%					
			02/01/13	245,000.00	2.75%					
			02/01/14	250,000.00	2.75%					
			02/01/15	255,000.00	2.75%					
			02/01/16	265,000.00	3.00%					
		02/01/17	275,000.00	3.00%						
		02/01/18	285,000.00	3.125%						
		02/01/19	295,000.00	3.25%						
		02/01/20	305,000.00	3.50%						
		02/01/21	315,000.00	3.50%						
		02/01/22	325,000.00	3.75%						
		02/01/23	340,000.00	4.00%						
		02/01/24	340,000.00	4.00%						
						\$ 3,280,000.00	\$ 3,900,000.00	\$ 275,000.00	\$ 3,900,000.00	
									\$ 6,905,000.00	

BOROUGH OF KEYPORT SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2010

Series	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2009	Retired Current Year	Balance June 30, 2010
2008 Copiers	<u>6.00%</u>	<u>\$ 108,306</u>	<u>\$ 75,898</u>	<u>\$ 21,088</u>	<u>\$ 54,810</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT****DEBT SERVICE FUND**

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE****OF FUND BALANCE - BUDGET AND ACTUAL****FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local Sources:				
Local Tax Levy	\$ 318,445	\$ 318,445	\$ 318,445	\$
State Sources:				
Debt Service Aid Type II	87,539	87,539	87,539	
Total Revenues	<u>405,984</u>	<u>405,984</u>	<u>405,984</u>	
Expenditures:				
Regular Debt Service:				
Interest	130,984	130,984	130,982	2
Redemption of Principal	275,000	275,000	275,000	
Total Regular Debt Service	<u>405,984</u>	<u>405,984</u>	<u>405,982</u>	<u>2</u>
Total Expenditures	<u>405,984</u>	<u>405,984</u>	<u>405,982</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>          </u>	<u>          </u>	<u>          2</u>	<u>          2</u>
Fund Balance, June 30, 2010	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 2</u>

# **Statistical Section**

Borough of Keyport School District  
Net Assets by Component, Last Eight Fiscal Years

	Fiscal Year Ending June 30							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets, net of related debt	2,460,818	4,054,506	4,377,780	4,224,400	3,742,060	2,413,317	2,566,324	2,290,439
Restricted	3,535,609	1,455,814	1,086,906	453,009	415,418	1,023,882	232,905	402,730
Unrestricted	-691,175	-496,111	-375,288	-206,042	-357,143	-290,860	-570,437	-596,615
Total governmental activities net assets	<u>5,305,252</u>	<u>5,014,209</u>	<u>5,089,398</u>	<u>4,471,367</u>	<u>3,800,335</u>	<u>3,146,339</u>	<u>2,228,792</u>	<u>2,096,554</u>
Business - type activities								
Invested in capital assets, net of related debt								
Restricted								
Unrestricted	204,470	210,129	193,445	171,489	145,631	116,199	97,795	74,057
Total business-type activities net assets	<u>204,470</u>	<u>210,129</u>	<u>193,445</u>	<u>171,489</u>	<u>145,631</u>	<u>116,199</u>	<u>97,795</u>	<u>74,057</u>
District-wide								
Invested in capital assets, net of related debt	2,534,450	4,081,620	4,377,780	4,224,400	3,742,060	2,413,317	2,566,324	2,290,439
Restricted	3,535,609	1,455,814	1,086,906	453,009	415,418	1,023,882	232,905	402,730
Unrestricted	-560,337	-313,096	-181,843	-34,553	-357,143	-290,860	-472,642	-522,558
Total District net assets	<u>5,509,722</u>	<u>5,224,338</u>	<u>5,282,843</u>	<u>4,642,856</u>	<u>3,945,966</u>	<u>3,262,538</u>	<u>2,326,587</u>	<u>2,170,611</u>

Source: CAFR Schedule A-1

Borough of Keyport School District  
Changes in Net Assets, Last Eight Fiscal Years

	Fiscal Year Ending June 30							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>								
Governmental Activities								
Instruction								
Regular	5,691,796	5,525,856	5,247,973	5,010,904	5,019,010	4,615,102	4,363,599	4,556,126
Special Education	1,493,825	1,373,277	1,537,532	1,500,165	1,476,711	1,359,297	1,334,326	1,344,027
Other special instruction	352,549	358,010	177,890	151,188	141,119	143,720	133,712	125,809
Other Instruction	303,693	299,743	282,639	268,706	288,150	310,508	286,538	289,491
Tuition	710,529	904,565	742,708	37,455	39,649			
Nonpublic school programs		65,025	62,858	59,925	61,781	68,279	67,174	181,594
Support Services:								
Tuition				700,236	719,982	790,973	934,675	864,954
Health Services	147,535	141,808	136,626	129,230	122,201	115,572	111,658	102,424
Student & Instruction related services	1,676,727	1,637,900	1,649,210	1,683,692	1,453,323	1,817,473	1,502,297	1,463,463
General Administrative services	380,835	361,403	387,034	349,107	372,438	359,886	336,822	328,767
School Administrative services	576,893	557,999	527,880	520,815	504,097	504,329	487,366	470,942
Other Administrative services			4,612	6,000	6,739	11,116	12,916	10,866
Business Administrative services	437,743	468,487	409,785	476,485	470,936	440,328	368,655	373,606
Plant operations and maintenance	1,478,670	1,412,813	1,479,816	1,302,815	1,304,569	1,336,807	1,133,499	1,019,125
Pupil Transportation	363,476	362,916	442,163	401,781	409,577	350,302	403,497	361,043
Unallocated Employee Benefits	4,368,799	4,171,441	4,743,360	4,524,552	3,805,399	3,266,338	2,953,155	2,611,557
Interest on long term debt	177,295	137,875	149,621	158,972	173,673	142,270	191,152	199,402
Capital Outlay	468,909							
Unallocated Depreciation	303,685	270,601	273,531	307,887	271,397	288,069	453,837	401,587
Total governmental activities	18,932,959	18,049,719	18,255,238	17,589,915	16,640,751	15,920,369	15,074,878	14,704,783
Business -type activities:								
Food Service	480,367	428,213	428,380	402,947	388,350	364,605	360,815	345,578
Total business -type activities expense	480,367	428,213	428,380	402,947	388,350	364,605	360,815	345,578
Total district expenses	19,413,326	18,477,932	18,683,618	17,992,862	17,029,101	16,284,974	15,435,693	15,050,361
<b>Program Revenues</b>								
Governmental Activities:								
Charges for Services:								
Operating Grants and Contributions	3,090,095	2,805,492	3,623,679	3,447,598	3,511,843	2,803,009	2,577,649	2,406,070
Total Governmental activities program revenues	3,090,095	2,805,492	3,623,679	3,447,598	3,511,843	2,803,009	2,577,649	2,406,070
Business-type activities:								
Charges for services:								
Food service	227,669	228,992	250,444	251,249	248,932	237,807	232,783	200,701
Operating Grants and Contributions	247,039	215,905	199,892	177,556	168,850	145,202	151,541	130,697
Total Business activities program revenues	474,708	444,897	450,336	428,805	417,782	383,009	384,324	331,398
Total district program revenues	3,564,803	3,250,389	4,074,015	3,876,403	3,929,625	3,186,018	2,961,973	2,737,468
<b>Net (Expense/ Revenue)</b>								
Governmental Activities:	-15,842,864	-15,244,227	-14,631,559	-14,142,317	-13,128,908	-13,117,360	-12,497,229	-12,298,713
Business-type activities:	-5,659	16,684	21,956	25,858	29,432	18,404	23,509	-14,180
Total district - wide net expense	-15,848,523	-15,227,543	-14,609,603	-14,116,459	-13,099,476	-13,098,956	-12,473,720	-12,312,893
<b>General Revenues and Other Charges In Net Assets</b>								
Governmental activities:								
Property taxes levied for general purposes, net	8,194,027	8,145,192	8,396,583	8,160,176	7,819,524	7,512,534	7,124,709	6,610,745 00
Taxes levied for debt service	318,445	311,973	302,097	321,317	238,387	244,607	246,936	252,848 00
Tuition	2,915,807	2,606,342	2,545,332	2,431,481	1,990,862	1,740,362	1,611,971	1,671,628 00
Other Local Government Units	36,572	37,668	40,349	113,184 00				
Unrestricted grants and contributions	4,641,090	4,584,921	3,871,102	3,659,072	3,652,154	3,687,110	3,617,735	3,291,999 00
Bond Proceeds						800,000		
Investment Earnings	13,534	15,548	57,336	81,021	51,555	22,970	2,928	9,928 00
Miscellaneous Income	28,020	78,775	36,791	47,098	30,422	27,324	25,188	22,516 00
Total governmental activities	16,147,495	15,780,419	15,249,590	14,813,349	13,782,904	14,034,907	12,629,467	11,859,664 00
Business -type activities:								
Investment earnings								
Transfers								
Miscellaneous Income							229	281
Total Business -type activities							229	281
Total district-wide	16,147,495	15,780,419	15,249,590	14,813,349	13,782,904	14,034,907	12,629,696	11,859,945 00
<b>Change in Net Assets</b>								
Governmental Activities	304,631	536,192	618,031	671,032	653,996	917,547	132,238	-439,049 00
Business -type activities	-5,659	16,684	21,956	25,858	29,432	18,404	23,738	-13,899 00
Total District	298,972	552,876	639,987	696,890	683,428	935,951	155,976	-452,948 00

Source: CAFR Schedule A-2

Borough of Keyport School District  
Fund Balances, Governmental Funds,  
Last Eight Fiscal Years

	Fiscal Year Ending June 30							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund								
Reserved	1,764,874	1,421,517	990,158	337,919	246,000	170,249	175,000	325,602
Unreserved	-211,201	-63,486	55,437	235,287	85,411	111,023	73,003	65,345
Total General Fund	<u>1,553,673</u>	<u>1,358,031</u>	<u>1,045,595</u>	<u>573,206</u>	<u>331,411</u>	<u>281,272</u>	<u>248,003</u>	<u>390,947</u>
All Other Governmental Funds								
Reserved	1,772,038	34,297	96,748	126,683	185,581	858,882	57,905	77,128
Unreserved, reported in:								
Special Revenue Fund	-28,575	-27,656	-53,518	-44,255	-44,255	-44,255	-44,642	-47,672
Total all other Governmental Funds	<u>1,743,463</u>	<u>6,641</u>	<u>43,230</u>	<u>82,428</u>	<u>141,326</u>	<u>814,627</u>	<u>13,263</u>	<u>29,456</u>

Source: CAFR Schedule B-1

Borough of Keyport School District  
Changes in Fund Balances, Governmental Funds  
Last Eight Fiscal Years

	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>								
Tax levy	8,512,472	8,457,165	8,698,680	8,481,493	8,057,911	7,757,141	7,371,645	6,863,593
Tuition Charges	2,915,807	2,606,342	2,545,332	2,431,481	1,990,862	1,740,362	1,611,971	1,671,628
Other Local Government Units	36,572	37,668	40,349	113,184				
Interest Earnings	13,534	15,548	57,336	80,306	51,555	22,970	2,928	9,928
Miscellaneous	26,020	62,190	36,791	47,813	30,422	27,323	25,188	22,516
State Sources	6,098,537	6,734,746	6,878,311	6,430,540	6,356,630	5,794,677	5,589,597	5,146,078
Federal Sources	1,634,646	672,252	607,207	676,130	807,367	695,442	605,787	551,991
<b>Total Revenues</b>	<b>19,237,588</b>	<b>18,585,911</b>	<b>18,864,006</b>	<b>18,260,947</b>	<b>17,294,747</b>	<b>16,037,915</b>	<b>15,207,116</b>	<b>14,265,734</b>
<b>Expenditures</b>								
<b>Instruction</b>								
Regular	5,691,796	5,525,856	5,247,973	5,010,904	5,019,010	4,666,075	4,346,333	4,466,084
Special	1,443,825	1,373,277	1,537,532	1,500,165	1,476,711	1,359,297	1,334,326	1,333,435
Other Special Instruction	352,549	358,010	177,890	151,188	141,119	143,720	133,712	125,809
Other Instruction	303,693	299,743	282,639	268,706	288,150	310,508	286,538	289,491
Tuition	760,529	904,565	742,708	37,455	39,649			
Nonpublic School Programs		65,025	62,858	59,925	61,781	68,279	67,174	181,594
<b>Support Services and Undistributed Costs:</b>								
Tuition				700,236	719,982	790,973	934,675	864,954
Health Services	147,535	141,808	136,626	129,230	122,201	115,572	111,658	102,424
Student and Inst. Related Services	1,697,813	1,657,749	1,667,137	1,716,243	1,557,818	1,678,485	1,661,180	1,458,860
General Administrative Services	380,835	361,403	387,034	349,107	372,438	359,886	336,822	324,780
School Administrative Services	576,893	557,999	527,880	520,815	504,097	504,329	487,366	462,012
Other Administrative Services			4,612	6,000	6,739	11,116	12,916	10,866
Plant Operation & Maintenance	1,478,670	1,412,813	1,479,816	1,302,815	1,304,569	1,335,466	1,264,499	1,279,684
Pupil Transportation	363,476	362,916	442,163	401,781	409,577	350,302	403,497	361,043
Business & Other Supp. Services	437,743	468,487	409,785	476,485	470,936	440,328	368,655	369,255
Unallocated Employee Benefits	4,370,313	4,149,430	4,764,765	4,526,283	3,792,331	3,364,430	2,982,473	2,611,557
<b>Debt Service:</b>								
Principal	275,000	255,000	245,000	240,000	190,000	155,000	150,000	150,000
Interest and Other Charges	130,982	143,058	154,610	165,970	138,090	186,340	194,590	202,840
Capital outlay	2,793,472	272,925	159,787	514,742	1,302,711	163,176	289,839	225,992
<b>Total Expenditures</b>	<b>21,205,124</b>	<b>18,310,064</b>	<b>18,430,815</b>	<b>18,078,050</b>	<b>17,917,909</b>	<b>16,003,282</b>	<b>15,366,253</b>	<b>14,820,680</b>
Excess ( Deficiency) of revenues over ( under) expenditures	-1,967,536	275,847	433,191	182,897	-623,162	34,633	-159,137	-554,946
<b>Other Financing Sources (uses)</b>								
Bond Proceeds	3,900,000					800,000		
Total Other Financing Sources (uses)						800,000		
<b>Net Change in Fund Balances</b>	<b>1,932,464</b>	<b>275,847</b>	<b>433,191</b>	<b>182,897</b>	<b>-623,162</b>	<b>834,633</b>	<b>-159,137</b>	<b>-554,946</b>
<b>Debt Service as a percentage of noncapital expenditures</b>								
	2.20%	2.26%	2.30%	2.30%	2.00%	2.20%	2.30%	2.40%

Source CAFR Schedule B-2

BOROUGH OF KEYPORT SCHOOL DISTRICT  
GENERAL FUND LOTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS

Unaudited

<b>Year Ended</b>	<b>Tuition</b>	<b>Investments</b>	<b>Misc.</b>
2010	\$ 2,915,807	\$ 13,534	28,020
2009	\$ 2,606,342	\$ 15,548	62,190
2008	\$ 2,545,332	\$ 57,336	36,791
2007	\$ 2,431,481	\$ 81,021	47,098
2006	\$ 1,990,862	\$ 51,555	30,422
2005	\$ 1,740,362	\$ 22,970	27,323
2004	\$ 1,611,971	\$ 2,928	25,188
2003	\$ 1,671,628	\$ 9,928	22,516
2002	\$ 1,737,659	\$ 37,077	35,022
2001	\$ 1,662,882	\$ 274,169	23,167

BOROUGH OF KEYPORT SCHOOL DISTRICT  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 Unaudited

YEAR	NET ASSESSED VALUATION TAXABLE	ESTIMATED FULL CASH VALUATIONS	PERCENTAGE OF NET ASSESSED TO ESTIMATED FULL CASH VALUATIONS
1993	\$327,427,725	\$320,061,169	102.31%
1994	325,401,527	309,140,725	105.26%
1995	333,878,029	322,899,448	103.40%
1996	322,593,458	311,985,936	103.40%
1997	321,569,254	301,348,753	106.71%
1998	322,168,969	305,518,226	105.45%
1999	325,362,907	311,680,148	104.39%
2000	331,598,307	328,510,310	100.94%
2001	327,061,837	345,310,271	96.01%
2002	327,253,630	366,301,354	89.34%
2003	322,846,200	484,609,146	67.11%
2004	328,039,901	573,797,273	57.17%
2005	328,694,446	647,418,645	50.77%
2006	329,933,774	710,648,220	46.25%
2007	331,110,697	787,274,527	41.90%
2008	327,303,150	797,784,250	41.13%
2009	774,286,800	754,395,228	100.76%

Source: Municipal Tax Collector

## BOROUGH OF KEYPORT SCHOOL DISTRICT

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENT  
PER \$100 OF ASSESSED VALUATION

Unaudited

ASSESS- MENT	KEYPORT SCHOOL TAX	KEYPORT BOROUGH	MONMOUTH COUNTY	MUNIC OPEN SPACE FUND	OPEN SPACE FUND	TOTAL
1995	\$1.456	\$.841	\$.450			\$2.756
1996	1.517	.835	.453			2.805
1997	1.587	.845	.444			2.876
1998	1.616	.845	.449			2.910
1999	1.657	.855	.443			2.955
2000	1.761	.856	.448			3.065
2001	1.887	.881	.463			3.231
2002	2.005	.916	.471			3.392
2003	2.154	.948	.522			3.824
2004	2.278	1.177	.500		.031	3.986
2005	2.380	1.216	.526	.025	.031	4.178
2006	2.473	1.345	.524	.025	.030	4.397
2007	2.562	1.409	.521	.025	.033	4.550
2008	2.590	1.579	.534	.025	.036	4.764
2009	1.108	.714	.243	.025	.016	2.106
2010	1.128	.733	.240	.025	.015	2.141

\*\* Business Improvement District rate of .061 is not included above.

Source: Municipal Tax Collector

## BOROUGH OF KEYPORT SCHOOL DISTRICT

SCHEDULE OF PRINCIPAL TAXPAYERS FOR YEAR ENDED DECEMBER  
31, 2009  
Unaudited

Taxpayer	Assessed Value - 2009	As a Percent of Net Assessed Valuation Taxable
Bldg Keyport LLC & Wren Keyport	14,061,200	1.92%
Green Grove Associates/Richard Kurtz	12,371,300	1.69%
251 Atlantic LLC	9,095,500	1.24%
Straub Motors, Inc.	7,499,600	1.03%
Keyport Marine Basin, Inc.	5,286,000	0.72%
N.J. Bell Telephone Co. Tax Manager	4,934,406	0.67%
Holmdel Point Apartments	4,511,200	0.62%
417 Associates, LLC	4,185,200	0.57%
Blue 62 Associates	3,773,800	0.52%
Swift Family Partnership, LP	3,727,800	0.51%
Fragrance Resources, Inc.	3,706,100	0.51%
	73,131,244	10.00%

BOROUGH OF KEYPORT SCHOOL DISTRICT  
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS  
Unaudited

YEAR ENDED DECEMBER 31	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF TAX LEVY COLLECTED
1994	\$8,681,262.12	\$8,268,600.43	94.24%
1995	8,927,658.85	8,478,356.74	94.37%
1996	9,071,837.78	8,578,170.79	94.55%
1997	9,281,042.15	8,870,279.75	95.57%
1998	9,401,417.38	8,891,686.01	94.58%
1999	9,822,160.03	9,350,105.40	95.19%
2000	10,108,050.23	9,636,762.32	95.33%
2001	10,640,272.76	10,209,458.02	95.94%
2002	11,358,917.23	10,982,796.15	96.68%
2003	12,118,819.22	11,618,981.31	95.87%
2004	13,358,446.09	12,874,275.95	96.37%
2005	13,732,853.72	13,479,871.45	96.29%
2006	14,790,417.37	14,301,678.91	96.69%
2007	15,292,059.05	14,720,012.16	96.25%
2008	15,925,408.28	15,319,518.92	96.19%
2009	16,134,107.55	15,447,238.93	95.73%

Source: Municipal Tax Collector

**Keyport Borough Board of Education  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities				Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Total District		
2001	\$ 3,755,000.00	0	-	\$ 3,755,000	0.07%	43,525
2002	\$ 3,610,000.00	133,227	-	\$ 3,743,227	0.08%	42,975
2003	\$ 3,460,000.00	112,600	-	\$ 3,572,600	0.08%	43,207
2004	\$ 3,310,000.00	126,200	-	\$ 3,436,200	0.08%	46,568
2005	\$ 4,210,000.00	326,391	-	\$ 4,536,391	0.09%	48,506
2006	\$ 4,020,000.00	229,551	-	\$ 4,249,551	1.21%	51,455
2007	\$ 3,780,000.00	14,631	-	\$ 3,794,631	1.36%	51,437
2008	\$ 3,535,000.00	95,747	-	\$ 3,630,747	1.51%	54,801
2009	\$ 3,280,000.00	75,898	-	\$ 3,355,898	1.69%	56,755
2010	\$ 6,905,000.00	54,810	-	\$ 6,959,810		

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

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

<sup>a</sup> See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**BOROUGH OF KEYPORT SCHOOL DISTRICT  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS\***

FISCAL YEAR ENDED JUNE 30	SCHOOL DISTRICT POPULATION (1)	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET ASSESSED VALUATION TAXABLE AT DECEMBER 31	NET BONDED DEBT	RATIO OF BONDED DEBT OF NET		BONDED DEBT PER CAPITA
						ASSESSED VALUATION TAXABLE	TAXABLE	
2000	7,591	\$ 3,900,000.00	\$ -	\$ 325,362,907.00	\$ 3,900,000.00	1.1987%		\$ 513.77
2001	7,581	\$ 3,755,000.00	\$ -	\$ 331,598,307.00	\$ 3,755,000.00	1.1324%		\$ 495.32
2002	7,579	\$ 3,610,000.00	\$ -	\$ 327,061,837.00	\$ 3,610,000.00	1.1038%		\$ 476.32
2003	7,583	\$ 3,460,000.00	\$ -	\$ 327,253,630.00	\$ 3,460,000.00	1.0573%		\$ 456.28
2004	7,567	\$ 3,310,000.00	\$ -	\$ 322,841,200.00	\$ 3,310,000.00	1.0253%		\$ 437.43
2005	7,512	\$ 4,210,000.00	\$ -	\$ 328,039,901.00	\$ 4,210,000.00	1.2834%		\$ 560.44
2006	7,471	\$ 4,020,000.00	\$ -	\$ 328,694,446.00	\$ 4,020,000.00	1.2230%		\$ 538.08
2007	7,556	\$ 3,780,000.00	\$ -	\$ 331,110,697.00	\$ 3,780,000.00	1.1416%		\$ 500.26
2008	7,502	\$ 3,535,000.00	\$ -	\$ 329,310,230.00	\$ 3,535,000.00	1.0750%		\$ 471.21
2009	7,476	\$ 3,280,000.00	\$ -	\$ 774,286,800.00	\$ 3,280,000.00	0.4236%		\$ 438.74
2010	7,482	\$ 6,905,000.00	\$ -					

\*GASB requires that ten years of statistical data be presented. In FY 03 only statistical data for five years need be presented. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Details regarding the district's outstanding debt can be found in the notes to the financial statements a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-13.

Source: Data regarding School District population was given by school officials. Net assessed valuation taxable was provided by the Abstract of Rates, Monmouth County Board of Taxation.

(1) Monmouth County Planning Board

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

BOROUGH OF KEYPORT SCHOOL DISTRICT  
COMPUTATION OF DISTRICT AND OVERLAPPING BONDED DEBT  
FOR FISCAL YEAR ENDED DECEMBER 31, 2009  
Unaudited

NET DIRECT DEBT OF SCHOOL DISTRICT AS OF DECEMBER 31, 2009	7,180,000.00
OVERLAPPING COUNTY DEBT	3,345,122.00
MUNICIPAL DEBT	<u>15,004,934.00</u>
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	25,530,056.00

Source: Municipal CFO

## BOROUGH OF KEYPORT SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN FOR FISCAL YEAR ENDED  
 JUNE 30, 2010  
 Unaudited

YEAR	EQUALIZATION VALUATION BASIS
2009	749,470,822.00
2008	795,777,170.00
2007	785,135,680.00
 AVERAGE EQUALIZED VALUATION OF TAXABLE PROPERTY	 776,794,557.00
 SCHOOL BORROWING MARGIN (4.0% OF 776,794,557)	 31,071,782.00
 SERIAL BONDS ISSUED AS OF JUNE 30, 2010	 6,905,000.00
BONDS & NOTES AUTHORIZED BUT NOT ISSUED	<u>0.00</u>
NET BONDED & BONDS AND NOTES AUTHORIZED BUT NOT ISSUED AS OF JUNE 30, 2010	6,905,000.00
 SCHOOL BORROWING MARGIN AVAILABLE	 24,166,782.00

Source: Municipal CFO

**Keyport Borough Board of Education  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
1997	7,679	\$ 34,583	\$ 34,583	4.2%
1998	7,698	37,190	37,190	3.8%
1999	7,568	38,651	38,651	3.1%
2000	7,568	42,636	42,636	3.4%
2001	7,540	43,437	43,437	3.2%
2002	7,559	42,819	42,819	4.2%
2003	7,570	42,962	42,962	5.8%
2004	7,546	46,066	46,066	5.1%
2005	7,505	47,724	47,724	4.7%
2006	7,756	51,455	51,455	5.1%
2007	7,502	51,437	51,437	4.6%
2008	7,476	54,801	54,801	5.90%
2009	7,482	56,755	56,755	9.70%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income Monmouth County

<sup>c</sup> Per Capita Monmouth County

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Principal Employers,  
Current Year**

<b>2010</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank (Optional)</b>	<b>Percentage of Total Employment</b>
Keyport Board of Education	185	1	36.35%
Stop 'n Shop	100	2	19.65%
Straub Motors	95	3	18.66%
Borough of Keyport	85	4	16.70%
Fragrance Resources, Inc.	44	5	8.64%
	<b>509</b>		<b>100.00%</b>

**Source:** District

This schedule should include the ten largest employers, unless fewer are required to reach 50 percent of total employment.

Keyport Borough Board of Education  
 Full-time Equivalent District Employees by Function/Program,  
 Last Ten Fiscal Years Beginning 2007

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction				
Regular	88	98	76	76
Special education	21	21	27	27
Other special education - AIDES	10	0	8	8
Vocational		0	-	-
Other instruction-Aides/Para's	8	21	13	13
Nonpublic school programs	-	0	-	-
Adult/continuing education programs	-	0	-	-
		0		
		0		
		0		
Support Services:				
Tuition	-	0	-	-
Student & instruction related services	14	22	24	24
General administrative services	4	4	4	4
School administrative services	13	8	8	8
Business administrative services	5	6	6	6
Plant operations and maintenance	16	16.3	17.3	16.3
Pupil transportation	-	0		
Special Schools	-	0		
Food Service	-	0		
Child Care	-	0		
		0		
<b>Total</b>	<b>179</b>	<b>196.3</b>	<b>183</b>	<b>182</b>

Source: District Personnel Records

Data Unavailable

Keyport Borough Board of Education  
 Operating Statistics  
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change Per Pupil Cost	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	High School				
1997-1998	1217.0	11,979,961	9,844		138	1:13.7	1:09.5	1199.4	1389.5		90.00%
1998-1999	1221.0	12,207,631	9,998	1.57%	130	1:11.9	1:10.2	1205.9	1122.4	0.54%	93.10%
1999-2000	1228.0	12,796,251	10,420	4.22%	127	1:09.3	1:11.3	1212.6	1132.9	0.56%	93.40%
2000-2001	1217.5	12,952,204	10,638	2.09%	127	1:10	1:12.5	1208.9	1126.0	-0.31%	93.10%
2001-2002	1191.5	14,429,221	12,110	13.83%	130	1:15	1:04	1196.5	1107.5	-1.03%	92.60%
2002-2003	1241.0	13,989,040	11,272	-6.92%	128	1:10.7	1:10.1	1207.0	1119.5	0.88%	92.80%
2003-2004	1171.0	14,429,178	12,322	9.31%	124	1:09.3	1:10	1170.2	1082.8	-3.05%	92.50%
2004-2005	1209.0	15,347,030	12,694	3.02%	125	1:11.9	1:9	1197.3	1099.8	2.32%	91.90%
2005-2006	1182.0	15,938,259	13,484	6.22%	125	1:10	1:09	1166.9	1082.0	-2.54%	92.70%
2006-2007	1186.0	15,229,096	12,534	-7.05%	125	2:31	0:00	1160.3	1080.9	-0.57%	92.00%
2007-2008	1077.0	16,426,689	11,822	-5.68%	125	2:47	0:00	1077.0	990.6	-7.18%	92.00%
2008-2009	1178.0	17,265,374	12,666	7.14%	129	1:11	1:10	1183.6	1107.7	9.90%	93.00%
2009-2010	1152.0	17,639,081	13,340	5.32%	116	1:9.81	1:10.7	1168.0	1086.8	-1.32%	93.00%

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

Note: Enrollment based on annual October district count.

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

Keyport Borough Board of Education  
 School Building Information  
 Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Elementary</b>												
Central School (1961)												
Square Feet	75,236	75,236	75,236	96,185	96,185	96,185	96,185	96,185	96,185	96,185	96,185	96,185
Capacity (students)												
Enrollment	732	645	630	662	617	612	613	611	601	625	620	638
<b>High School</b>												
Keyport High School (1927)												
Square Feet	83,548	83,548	84,948	84,948	84,948	198,820	84,948	84,948	84,948	84,948	84,948	84,948
Capacity (students)												
Enrollment	486	547	611	509	592	597	569	575	556	553	530	514
<b>Other</b>												
Administration Building												
Square Feet	N/A	N/A	N/A	4,930	4,930	4,930	4,930	4,930	1,930	1,930	1,930	1,930

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

**Source:** District records, ASSA  
 Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of  
 and additions. Enrollment is based on the annual October district count.

KEYPORT SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
 UNAUDITED

Undistributed Expenditures - Required  
 Maintenance for School Facilities  
 11-000-261-xxx

School Facilities	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Keyport Central School	152,824	296,800	291,696	120,766	123,507.87	165,505	174,626	127,433	332,985
Keyport High School	135,524	263,200	158,527	106,657	109,092.95	146,181	154,236	114,375	298,866

SCHEDULE OF YOUR CURRENT INSURANCE

A SERVICE OF  
**G.R. MURRAY INSURANCE**  
 DIVISION OF O'GORMAN & YOUNG  
 707 STATE ROAD - P.O. BOX 83  
 PRINCETON, NEW JERSEY 08542  
 PHONE: 609 924-5000

Prepared For: Keyport Board of Education  
 335 Broad Street  
 Keyport, NJ 07755

Page 1 of 4

DATE PREPARED: 8/15/2009

COVERAGE	AMOUNTS/LIMITS	TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
<b>MULTI PERIL PACKAGE POLICY</b>							
<b>Property</b>		1 Yr.	7/1/2010	SAIF	NJSA18A: 18B-1ET	\$42,419	Employees Benefits Legal Incidental Medical Building Ordinance Agreed Amount Flood/Earthquake
Blanket Building & Contents	\$38,177,968						
Boiler & Machinery	\$38,177,968						
Extra Expense	\$1,000,000						
Valuable Papers	500,000						
Deductible	1,000						
<b>General Liability</b>							
General Aggregate	\$5,000,000						
Personal & Advertising Injury	\$5,000,000						
Each Occurrence	\$5,000,000						
Fire Damage	\$5,000,000						
Medical Expense	\$5,000						
<b>Crime</b>							
Blanket Dishonesty	\$100,000						
Forgery	\$50,000						
We present this schedule so you may get an overall picture of your insurance protection. If you have policies from other insurance offices we suggest you add them to this list to present the complete picture.							
Please examine this schedule with particular reference to the amount or limits of your insurance. Today's property values and liability judgements are higher and insurance should be adjusted to cover.							

SCHEDULE OF YOUR CURRENT INSURANCE

A SERVICE OF  
**G.R. MURRAY INSURANCE**  
 DIVISION OF O'GORMAN & YOUNG  
 707 STATE ROAD - P.O. BOX 83  
 PRINCETON, NEW JERSEY 08542  
 PHONE: 609 924-5000

Prepared For: Keyport Board of Education  
 335 Broad Street  
 Keyport, NJ 07755

Page 2 of 4

DATE PREPARED: 8/15/2009

COVERAGE	AMOUNTS/LIMITS TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
Inland Marine						
Computer Coverage	incl in prop limit					Limits are per building
<b><u>SCHOOL BOARD LEGAL</u></b>						
Coverage A	\$6,000,000	7/1/2010	NJSBAIG	E524AA	\$17,585	
Coverage B	100,000/300,000					
<b><u>AUTOMOBILE</u></b>						
Bodily Injury & Property Damage	\$5,000,000	7/1/2010	SAIF	NJSA18A: 18B-1ET	Incl in pkg	Non Owned/Hired Car
Uninsured Motorists	\$5,000,000					
Comprehensive	\$1,000					
Collision	\$1,000					
<b><u>WORKERS COMPENSATION</u></b>						
Section "B"	\$2,000,000 \$2,000,000 \$2,000,000	7/1/2010	NJSBAIG	W524AA	\$112,244	

Please examine this schedule with particular reference to the amount or limits of your insurance. Today's property values and liability judgements are higher and insurance should be adjusted to cover.

We present this schedule so you may get an overall picture of your insurance protection. If you have policies from other insurance offices we suggest you add them to this list to present the complete picture.

SCHEDULE OF YOUR CURRENT INSURANCE

A SERVICE OF  
**G.R. MURRAY INSURANCE**  
**DIVISION OF O'GORMAN & YOUNG**  
 707 STATE ROAD - P.O. BOX 83  
 PRINCETON, NEW JERSEY 08542  
 PHONE: 609 924-5000

Prepared For: Keyport Board of Education  
 335 Broad Street  
 Keyport, NJ 07735

Page 3 of 4

DATE PREPARED 8/15/2009

COVERAGE	AMOUNTS/LIMITS TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
<b><u>CAP POLICY</u></b>						
Limit of Liability	\$50,000,000	7/1/2010	Firemans Fund	SHX91420240	\$5,051	#
<b><u>BONDS</u></b>						
Board Secretary JoAnn Podracky	25,000	9/1/2010	Selective	B1027602	\$250	
Treasurer of School Monies Patrick Collum	197,908	8/20/2011	W. Surety	68895221	\$1,514	
We present this schedule so you may get an overall picture of your insurance protection. If you have policies from other insurance offices we suggest you add them to this list to present the complete picture.						
Please examine this schedule with particular reference to the amount or limits of your insurance. Today's property values and liability judgements are higher and insurance should be adjusted to cover.						

SCHEDULE OF YOUR CURRENT INSURANCE

A SERVICE OF  
**G.R. MURRAY INSURANCE**  
 DIVISION OF O'GORMAN & YOUNG  
 707 STATE ROAD - P.O. BOX 83  
 PRINCETON, NEW JERSEY 08542  
 PHONE: 609 924-5000

Prepared For: Keyport Board of Education

Page 4 of 4

DATE PREPARED: 8/6/2008

COVERAGE	AMOUNTS/LIMITS TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
<u>SUPPLEMENTAL WORKERS COMP</u>						
Benefit Up to one week	\$1,400	7/1/2010	Chubb	64755768	\$2,980	
<u>ENVIRONMENTAL LIABILITY</u>						
Limit of Liability	\$1,000,000 per occurrence \$25,000,000 Group aggregate	7/1/2010	SAIF	TO FOLLOW		INCL IN PKG
Deductible	10,000					
<p>We present this schedule so you may get an overall picture of your insurance protection. If you have policies from other insurance offices we suggest you add them to this list to present the complete picture.</p> <p>Please examine this schedule with particular reference to the amount or limits of your insurance. Today's property values and liability judgements are higher and insurance should be adjusted to cover.</p>						

**Schedule of Student Athletic Insurance****Bollinger**

101 JFK Parkway  
Short Hills, New Jersey 07078

*Insured:* Keyport Board of Education  
*Invoice #* 013762  
*Policy #:* P826  
*Effective Date:* 08/01/09  
*Underwriting Company:* Monumental Life Insurance Company

*Coverage:* \$5,000,000 Maximum Benefit Student Accident Insurance For All Students Including Interscholastic Athletics & Sr. HS Football. Standard Plan, \$0 Deductible, Full Excess Plan with a Lifetime Benefit Period.

*Coverage:* \$500,000 Maximum Benefit Round the Clock Voluntary Student Coverage Excluding School Sponsored Athletics and Activities Purchased Individually by Students Standard Plan, \$0 Deductible, Non-Excess Plan with a 5 Year Benefit Period.

***Premium Due:* \$20,776.00**

*Bollinger Contact:* Joseph S. Mignon, CLU, ChFC, CEBS  
1-800-350-8005, ext. 8055

# **Single Audit Section**

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS BASED ON**  
**AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**  
**ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and Members  
of the Board of Education  
Borough of Keyport School District  
County of Monmouth  
Keyport, New Jersey

We have audited the financial statements of the Board of Education of the Borough of Keyport School District (the "District"), in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

### **Internal Control Over Financial Reporting (Continued)**

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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the District in the separate report entitled, Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance dated November 30, 2010.

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

*William E. Antonides and Company*

November 30, 2010

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members  
of the Board of Education  
Borough of Keyport School District  
County of Monmouth  
Keyport, New Jersey

**Compliance**

We have audited the compliance of the Board of Education of the Borough of Keyport School District (the "District"), in the County of Monmouth, State of New Jersey, with types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. The District's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

## **Internal Control Over Compliance**

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

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

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

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

*William E. Antonides and Company*

November 30, 2010

Schedule A

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal C.F.D.A. No.	Federal Grant/Pass-Through Grantor/Program Title	Federal Grant Period	Award Amount	Balance at June 30, 2009		Cash Received	Budgetary Expenditures	Balance at June 30, 2010	
				(Accounts Receivable)	Deferred Revenue			(Accounts Receivable)	Deferred Revenue
	Special Revenue Fund:								
84 010	Title I, IASA Part A	09/01/09 - 08/31/10	\$ 201,158.00	\$	\$	\$ 91,522.00	\$ 145,182.00	\$ (53,660.00)	\$
84 010	Title I, IASA Part A, Carryover	09/01/08 - 08/31/10	216,172.00	(22,707.00)	22,026.00	24,137.00	24,137.00	(24,818.00)	3.00
84 010	Title I, IASA Part A, Carryover	09/01/07 - 08/31/09	203,732.00	3,044.00		3,041.00		(880.00)	
84 389	Title I, ARRA Part A	09/01/09 - 08/31/10	102,361.00		17,317.00	18,197.00		(1,813.00)	
84 389	Title I, SIA ARRA	09/01/09 - 08/31/10	1,813.00			1,813.00			
84 389	Title I, SIA	09/01/09 - 08/31/10	12,688.00			2,174.00		(2,174.00)	
84 389	Title I, SIA	09/01/08 - 08/31/09	2,174.00			210,924.00		(80,400.00)	
84 027	I.D.E.A. Part B, Basic	09/01/09 - 08/31/10	270,378.00						
84 027	I.D.E.A. Part B, Basic, Carryover	09/01/08 - 08/31/09	272,124.00	(89,983.00)	57,059.00	57,059.00			
84 027	I.D.E.A. Part B, Basic, Carryover	09/01/08 - 08/31/10	272,124.00						
84 027	I.D.E.A. Part B, Preschool	09/01/09 - 08/31/10	7,914.00						
84 027	I.D.E.A. Part B, Preschool	09/01/08 - 08/31/09	7,934.00	(631.00)	7,278.00	6,642.00	5.00		
000	I.D.E.A. Part B, Preschool	09/01/08 - 08/31/09	7,934.00						
84 027	I.D.E.A. Part B, Preschool, Carryover	09/01/05 - 08/31/07	15,248.00	342.00	764.00	329.00		(36,317.00)	777.00
84 391	I.D.E.A. Part B, ARRA	09/01/09 - 08/31/10	268,393.00		164,298.00	200,615.00			
84 391	I.D.E.A. Part B, Preschool ARRA	09/01/09 - 08/31/10	9,665.00						
84 367A	Title II-A, Teacher and Principal Training and Recruiting	09/01/09 - 08/31/10	48,522.00		39,087.00	29,822.00		9,265.00	
84 367A	Title II-A, Teacher and Principal Training and Recruiting	09/01/08 - 08/31/09	50,242.00	(16,730.00)	4,805.00	12,176.00		(24,101.00)	
84 367A	Title II-A, Teacher and Principal Training and Recruiting	09/01/08 - 08/31/09	45,582.00	5,743.00		877.00		(427.00)	5,743.00
84 367A	Title II-A, Teacher and Principal Training and Recruiting, Carryover	09/01/07 - 08/31/09	1,790.00	(602.00)	1,052.00				
84 318X	Title II-D, Enhancing Education Through Technology	09/01/08 - 08/31/09	1,790.00						
84 318X	Title II-D, Enhancing Education Through Technology	09/01/08 - 08/31/09	1,459.00	58.00	681.00	14,436.00		(13,755.00)	58.00
84 365 A	Title II-D, Enhancing Education Through Technology	09/01/07 - 08/31/09	19,898.00		5,411.00	1,715.00		(1,715.00)	
84 365 A	Title III, English Language Enhancement	09/01/08 - 08/31/09	19,251.00	(5,411.00)					
84 365 A	Title III, English Language Enhancement	09/01/08 - 08/31/09	19,251.00						
84 365 A	Title III, English Language Enhancement	09/01/08 - 08/31/09	4,859.00	(3,266.00)	3,566.00	1,593.00		(1,293.00)	
84 365	Title III, Immigration	09/01/08 - 08/31/09	4,300.00	(3,521.00)					
84 188	Title IV, Safe and Drug Free Schools	09/01/08 - 08/31/09	6,022.00		2,329.00	30.00		(1,222.00)	1,224.00
84 188	Title IV, Safe and Drug Free Schools, Carryover	09/01/07 - 08/31/09	7,332.00	1,224.00					1,115.00
84 298	Title IV, Safe and Drug Free Schools, Carryover	09/01/06 - 08/31/08	2,096.00	8.00					8.00
84 298	Title V, Innovative Programs, Carryover	09/01/07 - 08/31/09	1,876.00	28.00					28.00
84 298	Title V, Innovative Programs, Carryover	09/01/06 - 08/31/08	1,876.00						
	Total Special Revenue Fund			<u>(142,853.00)</u>	<u>637,704.00</u>	<u>730,762.00</u>	<u>9,270.00</u>	<u>(242,575.00)</u>	<u>8,956.00</u>
	General Fund								
84 394	ARRA-ESF Educational State Grants	07/01/09 - 06/30/10	851,381.00		851,381.00	851,381.00			
84 397	ARRA-GSF Government Services	07/01/09 - 06/30/10	32,958.00		32,958.00	32,958.00			
93 778	Direct Service - Special Education - Medicaid Initiative	07/01/08 - 06/30/09	16,585.00	(8,895.00)	8,895.00				
93 778	Direct Service - Special Education - Medicaid Initiative	07/01/08 - 06/30/10	19,345.00		17,437.00	19,545.00		(2,108.00)	
	Total General Fund			<u>(8,895.00)</u>	<u>910,671.00</u>	<u>903,884.00</u>		<u>(2,108.00)</u>	
	Enterprise Fund								
10 555	National School Lunch Program	07/01/08 - 06/30/09	162,724.00	(11,963.00)	11,963.00	187,298.00		(13,561.00)	
10 555	National School Lunch Program	07/01/09 - 06/30/10	187,298.00		173,737.00				
10 553	National School Breakfast Program	07/01/08 - 06/30/09	19,764.00	(1,584.00)	1,584.00	22,170.00		(1,875.00)	
10 553	National School Breakfast Program	07/01/09 - 06/30/10	22,170.00		20,295.00				
10 550	Food Distribution Program	07/01/09 - 06/30/10	27,105.00		27,105.00	27,105.00			
	Total Enterprise Fund			<u>(13,547.00)</u>	<u>234,684.00</u>	<u>236,573.00</u>		<u>(13,436.00)</u>	
	Total Federal Awards			<u>\$ (165,295.00)</u>	<u>\$ 1,783,059.00</u>	<u>\$ 1,871,219.00</u>	<u>\$ 9,270.00</u>	<u>\$ (260,119.00)</u>	<u>\$ 8,956.00</u>

The accompanying Notes to Schedules of Financial Assistance are an integral part of this statement.

**BOROUGH OF KEYPORT SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Schedule B

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2009		Cash Received	Budgetary Expenditures	Adjustments Repayment of Prior Years Balances	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	(Memo) Cumulative Total Expenditures
				Accounts Receivable	Deferred Revenue								
General Fund													
State Department of Education:													
Equalization Aid	10-495-034-5120-78	07/01/09 - 06/30/10	\$ 3,708,606.00	\$	\$	\$ 3,708,606.00	\$ 3,708,606.00	\$	\$	\$	\$ 487,386.00	\$ 3,708,606.00	
Transportation Aid	10-495-034-5120-014	07/01/09 - 06/30/10	57,193.00		57,193.00	57,193.00	57,193.00				8,799.00	57,193.00	
Special Education Aid	10-495-034-5120-089	07/01/09 - 06/30/10	515,405.00		515,405.00	515,405.00	515,405.00				51,540.50	515,405.00	
Special Education Categorical Aid	10-495-034-5120-084	07/01/08 - 06/30/09	243,055.00		157,986.00	157,986.00	157,986.00				24,305.50	157,986.00	
Security Aid - Categorical	09-495-034-5120-044	07/01/08 - 06/30/09	114,408.00	(114,408.00)		114,408.00							
Extraordinary Aid	10-495-034-5120-044	07/01/08 - 06/30/09	76,803.00		537,058.00	76,803.00	76,803.00		(76,803.00)		76,803.00	76,803.00	
Extraordinary Aid	10-495-034-5120-044	07/01/09 - 06/30/10	630,497.00		120,474.00	630,497.00	630,497.00		(93,439.00)			630,497.00	
T P A.P. Social Security Aid	10-495-034-5095-002	07/01/09 - 06/30/10	602,789.00	(120,474.00)		5,211,130.00	5,146,490.00		(170,242.00)			648,834.00	
T P A.P. Social Security Aid	09-495-034-5095-002	07/01/08 - 06/30/09		(234,882.00)								5,069,687.00	
Total General Fund													
Special Revenue Fund													
State Department of Education:													
Preschool Education Aid	10-495-034-5120-086	07/01/09 - 06/30/10	285,750.00		257,175.00	285,750.00	285,750.00		(28,575.00)			285,750.00	
Preschool Education Aid	09-495-034-5120-086	07/01/08 - 06/30/09	276,524.00	(27,656.00)		27,656.00							
NJ Character Education Initiative, Carryover	06-100-034-5120-418	07/01/05 - 06/30/07	4,000.00		1,766.00			1,766.00					
New Jersey Non-Public Aid:													
Textbook Aid	09-100-034-5120-064	07/01/08 - 06/30/09	9,779.00		497.00	9,114.00	9,114.00		497.00			9,114.00	
Textbook Aid	10-100-034-5120-064	07/01/09 - 06/30/10	9,114.00										
Handicapped Aid Ch. 193	09-100-034-5120-066	07/01/08 - 06/30/09	57,043.00		1,118.00			1,118.00					
Nursing Services Aid	09-100-034-5120-070	07/01/08 - 06/30/09	13,201.00		8.00			8.00					
Technical Upgrade Aid	09-100-034-5120-373	07/01/08 - 06/30/09	6,840.00		182.00			182.00					
Total State Department of Education				(27,656.00)	3,571.00	381,778.00	294,864.00	3,571.00	(28,575.00)		87,833.00	294,864.00	
State Department of Health													
Office of Emergency Medical Services		To Completion	19,222.00			19,222.00	19,222.00					19,222.00	
E.M.T. Training 09-10	N/A				3,571.00	401,000.00	314,086.00	3,571.00	(28,575.00)		87,833.00	314,086.00	
Total Special Revenue Fund				(27,656.00)	3,571.00	401,000.00	314,086.00	3,571.00	(28,575.00)		87,833.00	314,086.00	
Debt Service Fund:													
State Department of Education:													
Type II Debt Service Aid	10-495-034-5120-017	07/01/09 - 06/30/10	87,539.00			87,539.00	87,539.00					87,539.00	
Enterprise Fund:													
State Department of Agriculture:													
National School Lunch Program (State)	09-100-010-3350-023	07/01/08 - 06/30/09	8,278.00	(599.00)	599.00	8,982.00	8,982.00		(653.00)			8,982.00	
National School Lunch Program (State)	10-100-010-3350-023	07/01/09 - 06/30/10	8,328.62		8,329.00	106.00	106.00					1,484.00	
National School Breakfast Program (State)	09-100-010-3350-021	07/01/08 - 06/30/09	1,366.00	(106.00)	1,355.00	1,355.00	1,355.00		(129.00)			1,484.00	
National School Breakfast Program (State)	08-100-010-3350-021	07/01/09 - 06/30/10	1,354.80	(705.00)	10,389.00	10,466.00	10,466.00		(782.00)			10,466.00	
Total Enterprise Fund				(705.00)	10,389.00	10,389.00	10,466.00		(782.00)			10,466.00	
Total State Financial Assistance				(263,243.00)	3,571.00	5,710,938.00	5,558,581.00	3,571.00	(199,599.00)		87,833.00	5,481,778.00	

The accompanying Note to Schedules of Financial Assistance are an integral part of this statement

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1.      GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state financial award activity of the Borough of Keyport School District (the "District"). The District is defined in Note 1(A) to the District's basic financial statements. All federal and state financial awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the schedules 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 Notes 1(C) and 1(D) to the District'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 for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last 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.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$14,456 for the general fund and \$919 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) and Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 903,884	\$ 5,680,116	\$ 6,584,000
Special Revenue Fund	730,762	294,864	1,025,626
Capital Projects Fund		20,481	20,481
Debt Service Fund		87,539	87,539
Food Service Fund	<u>236,573</u>	<u>10,466</u>	<u>247,039</u>
Total Financial Assistance	\$ <u>1,871,219</u>	\$ <u>6,093,466</u>	\$ <u>7,964,685</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Commodities Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*Section I - Summary of Auditor's Results*

**Financial Statements**

[Reference - Section .510 and .520 of Circular OMB-133]

Type of auditor's report issued:	_____	Unqualified
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
2) Significant deficiencies identified that are not considered to material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ <u>X</u> No

**Federal Awards**

Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
2) Significant deficiencies identified that are not considered to material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Type of auditor's report issued on compliance for major programs:	_____	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No

Identification of major programs:

**CFDA Number(s)**

84.010  
84.027  
84.391  
84.394

**Name of Federal Program or Cluster**

Title I - I.A.S.A.  
I.D.E.A. - Basic  
I.D.E.A. Part B - ARRA  
ARRA - ESF Educational State Grants

Dollar threshold used to distinguish between type A and type B programs: [520]	_____	\$300,000
Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*Section I - Summary of Auditor's Results (Continued)*

**State Awards Section**

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 material weaknesses?

       Yes        X   None reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?

       Yes        X   No

Identification of major programs:

**State Grant/Project Number(s)**

10-495-034-5120-078  
 10-495-034-5120-085  
 10-495-034-5120-089

**Name of State Program**

Equalization Aid  
 Preschool Education Aid  
 Special Education Aid

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*Section II - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

**BOROUGH OF KEYPORT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR JUNE 30, 2010**

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

This section identifies audit findings required to be reported by Section .510(a) of USOMB Circular A-133 and NJOMB Circular 04-04.

**FEDERAL AWARDS**

Finding: None

Information on the federal program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

**STATE AWARDS**

Finding: None

Information on the state program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A