

**Comprehensive Annual
Financial Report**

of the

Borough of Keyport Board of Education

County of Monmouth

Keyport, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

**Borough of Keyport, Board of Education
Finance Department**



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INTRODUCTORY SECTION

THE KEYPORT BOARD OF EDUCATION

KEYPORT, NJ 07735



Joseph J. Marra
Business Administrator/Board Secretary

370 Broad Street, Keyport NJ 07735
Tel. 732-212-6100 ext. 1008
Fax 732-212-6125

October 15, 2012

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

Dear Board Members:

The comprehensive annual financial report of the Keyport Borough School District (the "District") for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Keyport Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in five sections: introductory, financial, basic financial statements, required supplementary information, and other supplementary information. The introductory section includes this transmittal letter, the roster of officials, consultants and advisors and the District's organizational chart. The financial section includes the independent auditor's report and the management's discussion and analysis. The basic financial statements included the district-wide financial statements, fund financial statements, and notes to the financial statements. The required supplementary information reports on budget comparisons for the general and special revenue funds. The other supplementary information consists of various financial statements, statistical information and single audit. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendment of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of State, and Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations 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>
2011-2012	1114.0	-2.45%
2010-2011	1142.0	-2.22%
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%

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 Workshop meeting is held on the second Wednesday of each month while the Regular meeting of the Board of Education is held on the third 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, 2011, the editions will be online. 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 Taxpayer's Guide to Education Spending for all districts in the state on an annual basis. The guide compares districts with similar enrollments. The Taxpayer's Guide to Education Spending shows that per pupil costs were \$13,792 and \$12,956 per pupil during the 2010-2011 and 2009-2010. In addition, the State average for all districts is \$13,291 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. Although the financial condition of the school district has been impacted by losses in state aid in recent years, the installation of a solar energy generating system in August of 2010 has provided additional resources to offset these state losses. In 2011-2012, sales of Solar Renewable Energy Credits (SREC'S) amounted to \$64,065. Funds generated from SREC sales are subject to variations in the energy market and in July 2012, the price of SREC's dropped to approximately 10% of the sale price in 2010-2011. The district ended the school year with a capital reserve of \$509,609, a maintenance reserve of \$650,000 and an emergency reserve of \$150,200. In addition, the Capital Projects Fund has approximately \$1 million which will be used to offset the maturity of outstanding debt in the future.

3) MAJOR INITIATIVES: The district will be upgrading the unit ventilator system in the High School. In addition, window replacement, locker replacement, air conditioning and development of the athletic facility are under consideration. Approximately 44% of the costs of the major upgrades to the unit ventilators will be funded by New Jersey School Development Agency.

District Goals

Student Achievement

1. Initiate and complete a comprehensive analysis of the District's K-12 math programs.
2. Create a new district evaluation system, for teachers and administration, to increase student achievement.
3. To successfully implement balanced literacy classrooms in grades K through Grade 8 focusing on targeted grade levels based on NJASK 2011-2012 scores.

Facilities

4. Complete an analysis of the district athletic field and create a plan for field improvement.

Keyport High School & Central School

Activities:

- Tying directly to our Language Arts initiative in Grade 6 and aligning to the student growth model, there will be an increase of 5% on the NJASK in Language Arts as measured by students in like schools.
- There will be an increase in the number of students who score a 3 or better on the English Composition Grade 11 and English Literature Grade 12 advanced placement tests.
- Implementation of best practices for sustainable change through the transition to the Common Core Standards in Mathematics and Language Arts.
- Develop an action plan to restructure Keyport Schools with the first priority being relocating the 8th grade to Central School.
- Create an outline for an academy structure for KHS for the 2013-2014 school year.
- Increase student achievement by creating a longitudinal view of student achievement that allows teachers to improve curriculum based on individual strengths and weaknesses.
- Professional Learning Communities will be expanded and implemented, as linked to the district professional development.
- Benchmark assessments will be implemented in all content areas to monitor student progress and growth.

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

As a 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, 2012, totaling \$43,302.42.

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, 2012, the District had outstanding bond debt in the amount of \$6,295,000.

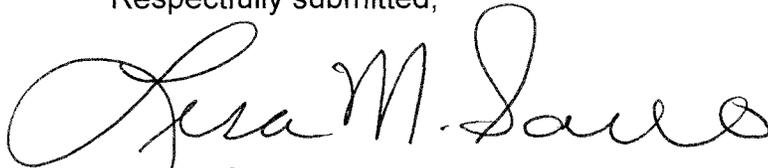
8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories (TD Bank, Hazlet Office) protected 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: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company, CPAs 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 Amendment of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit section of this report. The Board and Business Office wish to express their gratitude to the participating employees from Suplee, Clooney 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



Joseph J. Marra
Board Secretary/
Business Administrator

Keyport Board of Education
Keyport, New Jersey

Roster of Officials
June 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Peter Henning, President	2012
Joseph Biagianti, Vice President	2014
Alexandra Burke	2012
Isaiah G. Cooper	2014
Evelyn King-Cote	2012
Patricia Knudsen	2013
Elena Malinconico	2013
Ann Panzarelli	2014
Cecil Bright	2012
Desiree Durkin	2013

Other Officials

Lisa M. Savoia, Superintendent

Joseph J. Marra, Board Secretary/School Business Administrator

Maria Parry, Treasurer

Jodi Howlett, Attorney

KEYPORT BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ARCHITECT

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Michael J. Millemann, AIA
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AUDIT FIRM

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COMPUTER CONSULTANT

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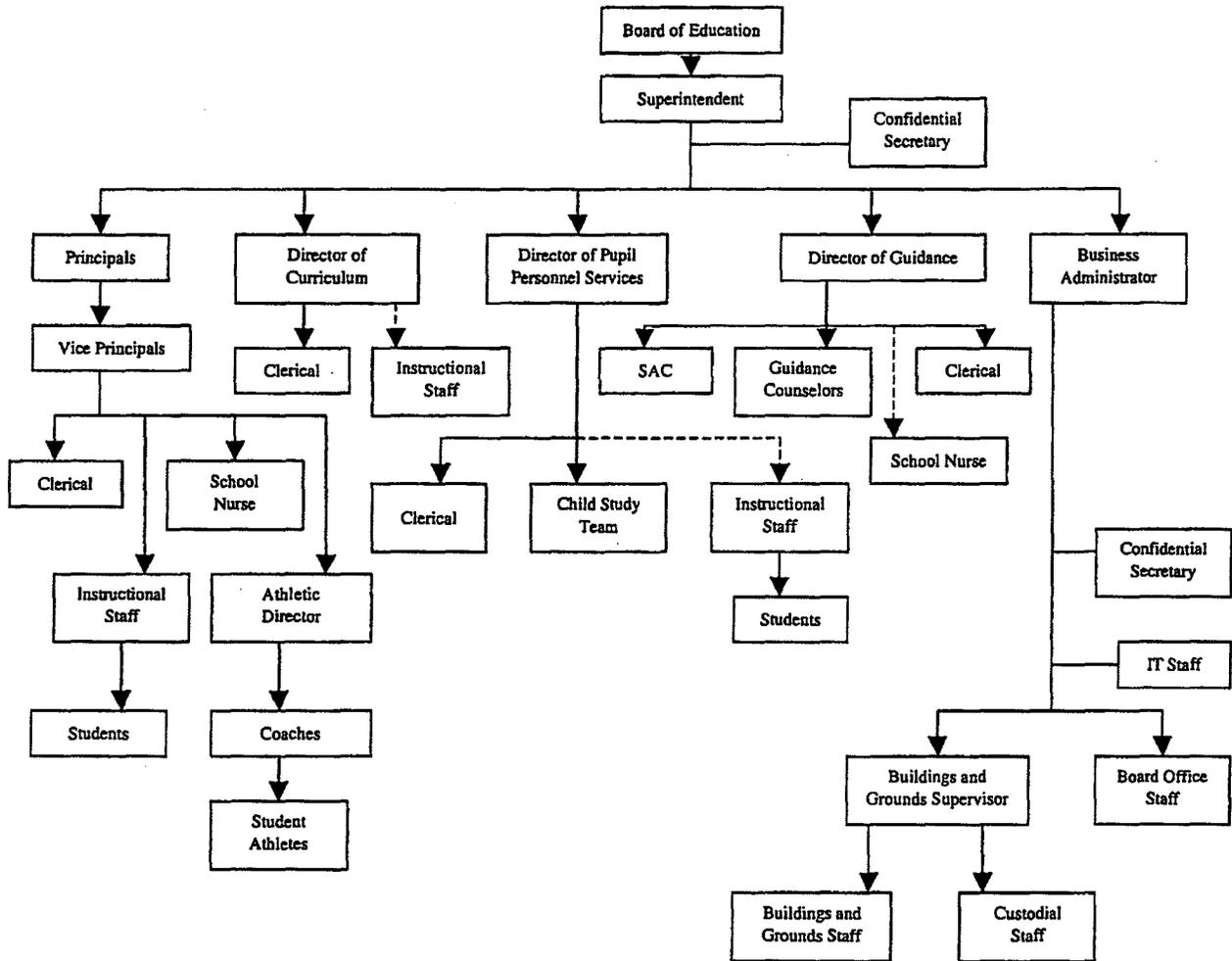
ENVIRONMENTAL ENGINEERS

Environmental Design
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OFFICIAL DEPOSITORY

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1110 ORGANIZATIONAL CHART



Adopted: 07 September 2011



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Keyport Borough School District
County of Monmouth
Keyport, New Jersey 07735

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Keyport School District, County of Monmouth, New Jersey as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the provisions of U. S. Office of Management and Budget (OMB) Circular A-133 "Audits of State, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Keyport School District, County of Monmouth, New Jersey as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2012 on our consideration of the Borough of Keyport School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the Borough of Keyport School District's financial statements that collectively comprise the basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal and State Awards, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and State of New Jersey, Department of Education, Division of Finance are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Borough of Keyport School District, County of Monmouth, New Jersey. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

SUPLEE, CLOONEY & COMPANY

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

October 15, 2012

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS -
UNAUDITED**

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

The Management's Discussion and Analysis of the Borough of Keyport School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2012. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- Revenue from governmental activities accounted for \$21,191,309.94 or 97.91 percent of total school district revenue. The other 2.08 percent of revenue was generated by the business type activities.
- Total net assets of the District increased by \$1,517,093.23.
- The Board of Education transferred \$500,000.00 into the capital reserve fund for future capital projects, \$200,000.00 into the maintenance reserve fund for future major repairs of the facilities and \$50,000.00 into the emergency reserve fund for future emergencies.
- The District reduced its outstanding long-term debt by 6.98 percent.

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include the districts food services fund.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

District-wide Financial Statements

The District-wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-wide Financial Statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- Governmental Funds: The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that 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 District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Assets and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

Financial Analysis of the District as a Whole

The District's combined net assets have significantly increased from the 2010-2011 fiscal year. The net assets from governmental funds increased by \$1,508,155.19 primarily as a result of increases in restricted net assets and assets related to debt and a decrease in long term liabilities. Net assets from business-type activities increased by \$8,938.04 due to a change in capital assets. Exhibit A-1 below reflects the District's net assets as a whole. Exhibit A-2 reflects the changes in net assets from operating results.

**Exhibit A-1
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	Change
Current and							
Other Assets	\$4,032,487.77	\$3,199,965.02	\$139,151.95	\$115,995.97	\$4,171,639.72	\$3,315,960.99	25.80%
Capital Assets	9,956,584.36	9,511,603.90	6,330.16	7,409.66	9,962,914.52	9,519,013.56	4.66%
Total Assets	13,989,072.13	12,711,568.92	145,482.11	123,405.63	14,134,554.24	12,834,974.55	10.13%
Long-Term							
Liabilities	5,774,707.67	6,285,895.65			5,774,707.67	6,285,895.65	-8.13%
Short-Term							
Liabilities	972,777.69	692,241.69	19,666.62	6,528.18	992,444.31	698,769.87	42.03%
Total Liabilities	6,747,485.36	6,978,137.34	19,666.62	6,528.18	6,767,151.98	6,984,665.52	-3.11%
Net Assets:							
Invested in							
Capital Assets							
Net of Related							
Debt	3,886,099.92	2,965,970.53	6,330.16	7,409.66	3,892,430.08	2,973,380.19	30.91%
Restricted	3,752,598.50	3,203,924.34			3,752,598.50	3,203,924.34	17.13%
Unrestricted	(397,111.65)	(436,463.29)	119,485.33	109,467.79	(277,626.32)	(326,995.50)	-15.10%
Total Net Assets	\$7,241,586.77	\$5,733,431.58	\$125,815.49	\$116,877.45	\$7,367,402.26	\$5,850,309.03	25.93%

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

Exhibit A-2

Changes in Net Assets from Operating Results

	Governmental Activities <u>FY 2012</u>	Business-Type Activities <u>FY 2012</u>	Total School District <u>FY 2012</u>
Revenue:			
Program Revenue:			
Charges for Services		\$198,739.62	\$198,739.62
Operating Grants and Contributions	\$2,682,884.82	254,326.37	2,937,211.19
General Revenue:			
Property Taxes	8,604,103.00		8,604,103.00
Federal and State Aid not restricted	5,762,136.78		5,762,136.78
Other	4,142,185.34		4,142,185.34
Total Revenue	<u>21,191,309.94</u>	<u>453,065.99</u>	<u>21,644,375.93</u>
Expenses:			
Instruction	11,954,890.76		11,954,890.76
Student & Instructional Support Services	2,448,118.96		2,448,118.96
Administrative and Business	2,000,940.39		2,000,940.39
Maintenance & Operations	2,095,165.77		2,095,165.77
Transportation	461,589.57		461,589.57
Other	573,092.58	444,127.95	1,017,220.53
Total Expenses	<u>19,533,798.03</u>	<u>444,127.95</u>	<u>19,977,925.98</u>
Disposal of Capital Assets	<u>149,356.72</u>		<u>149,356.72</u>
Increase/(Decrease) in Net Assets	<u>\$1,508,155.19</u>	<u>\$8,938.04</u>	<u>\$1,517,093.23</u>

Sources of Revenue for Fiscal Year 2012

The District's total revenue for the 2011-2012 school year was \$21,644,375.93 as reflected in Exhibit A-3 below. Property taxes and state formula aid accounted for 63.62 percent of the total revenue with the other 36.38 percent consisting of restricted state and federal aid and grants, charges for services, and miscellaneous sources including Union Beach tuition.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

**Exhibit A-3
Sources of Revenue for Fiscal Year 2012**

<u>Sources of Revenue</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$8,604,103.00	39.75%
State Formula Aid	5,165,819.80	23.87%
Other State and Federal Aid	2,463,819.50	11.38%
Federal and State Grants	1,064,843.84	4.92%
Charges for Services	198,739.62	0.92%
Other	4,147,050.17	19.16%
	<u>\$21,644,375.93</u>	<u>100.00%</u>

Expenses for the Fiscal Year 2012

The total expenditures for the 2011-2012 fiscal year for all programs and services were \$19,977,925.98. Exhibit A-4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 74.41 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in the school and administrative buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the new accounting reporting model; expenses therefore include \$426,423.48 for depreciation.

**Exhibit A-4
Expenses for Fiscal Year 2012**

<u>Expense Category</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$11,954,890.76	59.84%
Student & Instruction Services	2,448,118.96	12.25%
Administrative and Business	2,000,940.39	10.02%
Maintenance & Operations	2,095,165.77	10.49%
Transportation	461,589.57	2.31%
Other	1,017,220.53	5.09%
	<u>\$19,977,925.98</u>	<u>100.00%</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

Governmental Activities

Exhibit A-5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of six major District activities: instruction, student & instructional services, administration and business, maintenance and operations, transportation, and other. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

**Exhibit A-5
Net Cost of Governmental Activities**

<u>Expense Category</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$10,090,043.96	59.91%
Student & Instruction Services	2,045,038.49	12.14%
Administrative and Business	1,803,823.84	10.71%
Maintenance & Operations	2,095,165.77	12.44%
Transportation	461,589.57	2.74%
Other	346,313.54	2.06%
	<hr/> <u>\$16,841,975.17</u>	<hr/> <u>100.00%</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts after contract negotiation settlement and staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials, computers, and equipment to meet various program needs.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

Capital Assets

During the fiscal year 2011-2012 the District's depreciation expense and retired assets exceeded capital acquisitions, therefore capital assets net of depreciation decreased. Exhibit A-6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Exhibit A-6
Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total Percentage Change</u>
	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2011</u>	
Land and Site Improvements	\$342,762.49	\$370,352.15			\$342,762.49	\$370,352.15	-7.45%
Building and Building Improvements	9,071,731.43	8,776,065.76			9,071,731.43	8,776,065.76	3.37%
Construction in Progress	88,630.08	16,259.96			88,630.08	16,259.96	445.08%
Machinery and Equipment	453,460.36	348,926.03	\$6,330.16	\$7,409.66	459,790.52	356,335.69	29.03%
Total Assets	\$9,956,584.36	\$9,511,603.90	\$6,330.16	\$7,409.66	\$9,962,914.52	\$9,519,013.56	4.66%

Debt Administration

At June 30, 2012 the District had \$6,387,489.94 of outstanding long-term debt, consisting of bonds payable from construction, for compensated absences, and for capital leases. The District will continue to pay down its debt, as the obligations are due. Exhibit A-7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

**Exhibit A-7
Outstanding Long-term Debt**

	<u>Total School Debt</u>		<u>Total Percentage Change</u>
	<u>FY 2012</u>	<u>FY 2011</u>	
Capital Leases	\$165,484.44	\$105,633.37	56.66%
Compensated Absences	317,005.50	321,304.50	-1.34%
Bonds Payable	5,905,000.00	6,440,000.00	-8.31%
	\$6,387,489.94	\$6,866,937.87	-6.98%

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

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

UNAUDITED

The District's Future

The District is presently in stable financial position. A major concern for the community is that state aid has been decreased; therefore, the burden of the rising cost of education is focused on taxpayers to support their local schools. Despite these concerns, the Borough of Keyport School District is committed to maintaining fiscal responsibility as well as achieving educational excellence for all of the students of the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joseph Marra, School Business Administrator/Board Secretary at the Keyport Borough Board of Education, 370 Broad Street, Keyport, New Jersey 07735 or email at jmarra@kpsdschools.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2012.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$1,481,793.87	\$124,456.67	\$1,606,250.54
Receivables, net	1,240,884.90	11,813.10	1,252,698.00
Inventory		2,882.18	2,882.18
Restricted assets:			
Restricted cash and cash equivalents	1,309,809.00		1,309,809.00
Capital assets:			
Land and construction in progress	141,812.08		141,812.08
Other capital assets, net	9,814,772.28	6,330.16	9,821,102.44
Total assets	<u>13,989,072.13</u>	<u>145,482.11</u>	<u>14,134,554.24</u>
LIABILITIES			
Accounts payable	278,630.94	19,066.67	297,697.61
Deferred revenue	265.00	599.95	864.95
Interest payable	81,099.48		81,099.48
Noncurrent liabilities:			
Due within one year	612,782.27		612,782.27
Due beyond one year	5,774,707.67		5,774,707.67
Total liabilities	<u>6,747,485.36</u>	<u>19,666.62</u>	<u>6,767,151.98</u>
NET ASSETS			
Investment in capital assets, net of related debt	3,886,099.92	6,330.16	3,892,430.08
Restricted for:			
Special revenue fund (deficit)	(30,485.60)		(30,485.60)
Capital projects fund	1,558,144.99		1,558,144.99
Debt service fund (deficit)	(81,097.06)		(81,097.06)
Other purposes	2,306,036.17		2,306,036.17
Unrestricted (deficit)	<u>(397,111.65)</u>	<u>119,485.33</u>	<u>(277,626.32)</u>
Total net assets	<u>\$7,241,586.77</u>	<u>\$125,815.49</u>	<u>\$7,367,402.26</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2012

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Governmental activities:						
Instruction:						
Regular	\$8,048,763.63		\$1,306,256.31	(\$6,742,507.32)		(\$6,742,507.32)
Special education	3,014,228.71		477,802.41	(2,536,426.30)		(2,536,426.30)
Other	891,898.42		80,788.08	(811,110.34)		(811,110.34)
Support services:						
Student and instruction related services	2,448,118.96		403,080.47	(2,045,038.49)		(2,045,038.49)
General administrative services	468,112.41		49,165.84	(418,946.57)		(418,946.57)
School administrative services	871,530.05		85,574.98	(785,955.07)		(785,955.07)
Central services	519,488.56		62,375.73	(457,112.83)		(457,112.83)
Administration information technology	141,809.37			(141,809.37)		(141,809.37)
Plant operations and maintenance	2,095,165.77			(2,095,165.77)		(2,095,165.77)
Student transportation services	461,589.57			(461,589.57)		(461,589.57)
Interest on long term debt	222,796.83		217,841.00	(4,955.83)		(4,955.83)
Unallocated depreciation	350,295.75			(350,295.75)		(350,295.75)
Total governmental activities	<u>19,533,798.03</u>		<u>2,682,884.82</u>	<u>(16,850,913.21)</u>		<u>(16,850,913.21)</u>
Business-type activities:						
Food service	<u>444,127.95</u>	<u>\$198,739.62</u>	<u>254,326.37</u>		<u>\$8,938.04</u>	<u>8,938.04</u>
Total business-type activities	<u>444,127.95</u>	<u>198,739.62</u>	<u>254,326.37</u>		<u>8,938.04</u>	<u>8,938.04</u>
Total primary government	<u>\$19,977,925.98</u>	<u>\$198,739.62</u>	<u>\$2,937,211.19</u>	<u>(\$16,850,913.21)</u>	<u>\$8,938.04</u>	<u>(\$16,841,975.17)</u>
			General Revenues:			
			Taxes:			
			Property taxes - general	\$8,291,418.00		\$8,291,418.00
			Property taxes - debt service	312,685.00		312,685.00
			Federal and state aid not restricted	5,762,136.78		5,762,136.78
			Miscellaneous income	4,142,185.34		4,142,185.34
			Total general revenues	<u>18,508,425.12</u>		<u>18,508,425.12</u>
			Disposal of capital assets	<u>(149,356.72)</u>		<u>(149,356.72)</u>
			Change in net Assets	1,508,155.19	\$8,938.04	1,517,093.23
			Net Assets - beginning	<u>5,733,431.58</u>	<u>116,877.45</u>	<u>5,850,309.03</u>
			Net Assets ending	<u>\$7,241,586.77</u>	<u>\$125,815.49</u>	<u>\$7,367,402.26</u>

See accompanying notes to financial statements.

MAJOR FUND FINANCIAL STATEMENTS

The Individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

BOROUGH OF KEYPORT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:					
Cash and cash equivalents	\$153,553.46		\$1,328,237.99	\$2.42	\$1,481,793.87
Capital reserve account	509,609.00				509,609.00
Maintenance reserve account	650,000.00				650,000.00
Emergency reserve account	150,200.00				150,200.00
Accounts receivable:					
Federal	5,573.81	\$119,119.12			124,692.93
State	142,550.31		229,907.00		372,457.31
Borough	724,914.00				724,914.00
Other	18,820.66				18,820.66
Interfund	148,515.72				148,515.72
Total assets	\$2,503,736.96	\$119,119.12	\$1,558,144.99	\$2.42	\$4,181,003.49
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$277,806.94	\$824.00			\$278,630.94
Deferred revenue		265.00			265.00
Interfunds payable		148,515.72			148,515.72
Total liabilities	277,806.94	149,604.72			427,411.66
Fund balances:					
Restricted for:					
Capital reserve account	509,609.00				509,609.00
Maintenance reserve	650,000.00				650,000.00
Emergency reserve	26,791.43				26,791.43
Excess surplus designated for subsequent years expenditures	300,534.00				300,534.00
Excess surplus - current year	695,693.17				695,693.17
Capital projects fund			\$1,558,144.99		1,558,144.99
Debt service fund				\$2.42	2.42
Assigned for year-end encumbrances	43,302.42				43,302.42
Unassigned:					
General fund					
Special revenue fund (Deficit)		(30,485.60)			(30,485.60)
Total fund balances/(deficit)	2,225,930.02	(30,485.60)	1,558,144.99	2.42	3,753,591.83
Total liabilities and fund balances	\$2,503,736.96	\$119,119.12	\$1,558,144.99	\$2.42	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$16,531,152.23 and the accumulated depreciation is \$6,574,567.87

9,956,584.36

Long term liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

(6,468,589.42)

Net assets of governmental activities

\$7,241,586.77

See accompanying notes to financial statements.

BOROUGH OF KEPORT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$8,291,418.00			\$312,685.00	\$8,604,103.00
Tuition	4,033,850.98				4,033,850.98
Unrestricted miscellaneous	108,334.36	\$4,864.83			113,199.19
Total revenues-local sources	12,433,603.34	4,864.83		312,685.00	12,751,153.17
State sources	6,675,070.95	303,524.40	\$229,907.00	217,841.00	7,426,343.35
Federal sources	252,493.98	761,319.44			1,013,813.42
Total revenues	19,361,168.27	1,069,708.67	229,907.00	530,526.00	21,191,309.94
EXPENDITURES:					
Current expense:					
Instruction:					
Regular	4,983,623.48	613,769.72			5,597,393.20
Special education	1,511,807.54	269,019.41			1,780,826.95
Other instruction	628,571.35				628,571.35
Support services:					
Tuition	624,007.70				624,007.70
Student and instruction related services	1,559,574.83	181,951.14			1,741,525.97
General administrative services	307,857.38				307,857.38
School administrative services	593,566.18				593,566.18
Central services	317,241.17				317,241.17
Administration information technology	141,809.37				141,809.37
Plant operations and maintenance	1,616,215.36				1,616,215.36
Student transportation services	461,589.57				461,589.57
Employee benefits	5,016,382.95				5,016,382.95
Capital outlay	555,364.01	6,244.00	576,425.16		1,138,033.17
Capital outlay debt assessment	3,118.00				3,118.00
Debt service:					
Principal				535,000.00	535,000.00
Interest				230,526.00	230,526.00
Total expenditures	18,320,728.89	1,070,984.27	576,425.16	765,526.00	20,733,664.32
Excess (deficiency) of revenues over (under) expenditures	1,040,439.38	(1,275.60)	(346,518.16)	(235,000.00)	457,645.62
Other financing sources (uses):					
Lease purchases (non budgeted)	118,352.01				118,352.01
Operating transfers in				235,000.00	235,000.00
Operating transfers out			(235,000.00)		(235,000.00)
Total financing sources (uses):	118,352.01		(235,000.00)	235,000.00	118,352.01
Net change in fund balances	1,158,791.39	(1,275.60)	(581,518.16)		575,997.63
Fund balances (Deficit), July 1, 2011	1,067,138.63	(29,210.00)	2,139,663.15	2.42	3,177,594.20
Fund balances (Deficit), June 30, 2012	\$2,225,930.02	(\$30,485.60)	\$1,558,144.99	\$2.42	\$3,753,591.83

See accompanying notes to financial statements.

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 FISCAL YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2)	\$575,997.63
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<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 estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.</p>	
Depreciation expense	(\$425,343.98)
Capital outlays	1,141,151.17
Capital outlays not capitalized	<u>(121,470.01)</u>
	594,337.18
<p>Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets and is not reported in the statements of activities.</p>	
Paid - Principal on bonds	535,000.00
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>	
Proceeds from lease purchase	(118,352.01)
<p>Repayment of long-term debt 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.</p>	
Payment of capital leases payable	58,500.94
<p>In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.</p>	
	(149,356.72)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>	
	7,729.17
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	<u>4,299.00</u>
Change in net assets of governmental activities	<u><u>\$1,508,155.19</u></u>

See accompanying notes to financial statements.

OTHER FUNDS

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUND
FOOD
SERVICE
FUND

ASSETS:

Current assets:

Cash and cash equivalents	\$124,456.67
Accounts receivable:	
State	298.19
Federal	11,514.91
Inventory	2,882.18

Total current assets	139,151.95
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Noncurrent assets:

Furniture, machinery & equipment	148,985.00
Less accumulated depreciation	(142,654.84)

Total noncurrent assets	6,330.16
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Total assets	145,482.11
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LIABILITIES AND FUND EQUITY:

Current liabilities:

Accounts payable	19,066.67
Deferred revenue	599.95

Total current liabilities	19,666.62
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NET ASSETS:

Invested in capital assets-net	6,330.16
Unrestricted	119,485.33
Total net assets	\$125,815.49

See accompanying notes to financial statements.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES</u> <u>ENTERPRISE FUND</u> <u>FOOD</u> <u>SERVICE</u>
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$119,936.99
Daily sales non-reimbursable programs	78,802.63
	198,739.62
Total operating revenue	198,739.62
OPERATING EXPENSES:	
Salaries	127,702.07
Employee benefits	48,508.61
Repairs and other	20,965.94
Supplies and materials	13,755.00
Management fee	11,005.00
Depreciation	1,079.50
Cost of sales	221,111.83
	444,127.95
Total operating expenses	444,127.95
Operating (loss)	(245,388.33)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	5,798.92
Federal sources:	
National school lunch program	196,354.80
National school breakfast program	22,952.39
Food distribution program	29,220.26
	254,326.37
Total nonoperating revenues (expenses)	254,326.37
Net Income/(Loss)	8,938.04
Total net assets - beginning	116,877.45
Total net assets - ending	\$125,815.49

See accompanying notes to financial statements.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES</u> <u>ENTERPRISE FUND</u>
	<u>FOOD</u> <u>SERVICE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$198,739.62
Payments to employees	(120,611.05)
Payments to employee benefits	(45,060.47)
Payment to suppliers	(262,795.09)
	(229,726.99)
Net cash provided (used for) by operating activities	(229,726.99)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	6,066.27
Federal sources	247,079.98
	253,146.25
Net cash provided by (used for) noncapital financing activities	253,146.25
Net increase in cash and cash equivalents	23,419.26
Cash and cash equivalents- July 1	101,037.41
Cash and cash equivalents- June 30	124,456.67
Operating (loss)	(245,388.33)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	1,079.50
Change in assets and liabilities:	
(Increase) decrease in deferred revenue	(833.23)
(Increase) decrease in inventory	1,443.40
Increase (decrease) in accounts payable	13,971.67
	13,971.67
Net cash provided (used) by operating activities	(\$229,726.99)

See accompanying notes to financial statements.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY FUNDS	
		STUDENT ACTIVITIES	PAYROLL
ASSETS:			
Cash and cash equivalents	\$73,325.11	\$45,007.35	\$37,759.50
Total assets	<u>73,325.11</u>	<u>45,007.35</u>	<u>37,759.50</u>
LIABILITIES:			
Liabilities:			
Payroll deductions & withholdings			37,759.50
Due to student groups		45,007.35	
Due to general fund			
Total liabilities		<u>45,007.35</u>	<u>37,759.50</u>
NET ASSETS:			
Reserve for scholarships	73,325.11		
Total net assets	<u>\$73,325.11</u>	<u>\$-0-</u>	<u>\$-0-</u>

See accompanying notes to financial statements.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>
ADDITIONS:	
Contributions:	
Other	\$14,580.29
Total additions	14,580.29
DEDUCTIONS:	
Scholarships awarded	10,820.00
Total deductions	10,820.00
Change in net assets	3,760.29
Net assets - July 1	69,564.82
Net assets - June 30	\$73,325.11

See accompanying notes to financial statements.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Keyport School District have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Reporting Entity

The Keyport School District is a Type II District located in Monmouth County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a ten member board. Nine members are elected to three-year terms and one member is appointed by the Union Beach Board of Education as the Union Beach representative. The Board 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 primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary, middle and high schools located in the Borough of Keyport. 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.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The district also considers the operations of the Community School as an enterprise fund.

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

Payroll and Student Activities Funds (Agency) - These are agency funds 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.

Private Purpose Scholarship Funds - A trust fund used to account for assets donated by individuals that will provide for the payment of awards to district students.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus

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

Districtwide, Proprietary, and Fiduciary Fund Financial Statements: The Districtwide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. *Ad Valorem* (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated 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 records.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund and capital projects fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future period, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

Compensated Absences

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

Under the existing policy of the 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 various employee unions.

For the District-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

Fund balance reserves are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unreserved fund balances represent the amount available for future budgetary operations.

Unrestricted retained earnings represent the remains of the District's equity in the cumulative earnings of the proprietary funds.

Deferred Revenue

Deferred revenue in the general and special revenue funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

In fiscal year 2011, the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement modifies fund balance reporting and clarifies fund type definitions. This new Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

The restricted fund balance classification includes amounts that are subject to externally enforceable legal restriction such as by constitutional provision, enabling legislation or other government imposed restrictions. The committed fund balance classification includes amounts constrained for a specific purpose by a government using its highest decision-making authority. The assigned fund balance classification includes amounts for all funds, other than the general fund with any remaining positive balances not already classified as restricted or committed. For the general fund, amounts constrained with the intent to be used for a specific purpose by the governing board or an official delegated authority by the board. The unassigned fund balance classification includes for the general fund, amounts not classified as restricted, committed or assigned. The general fund is the only fund that will report a positive unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned. Fund balance restrictions have been established for excess surplus, excess surplus-designated for subsequent year's expenditures, capital reserve, maintenance and emergency reserve

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and Non-Exchange Transactions (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, deposits in the government money market account, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Keyport School District had the following cash and cash equivalents at June 30, 2012:

	Cash in <u>Bank</u>	<u>Deletions</u>	Reconciled <u>Balance</u>
Governmental Funds	\$3,311,816.16	\$520,213.29	\$2,791,602.87
Proprietary Fund	124,456.67		124,456.67
Fiduciary Fund	195,336.63	39,244.67	156,091.96
	<u>\$3,631,609.46</u>	<u>\$559,457.96</u>	<u>\$3,072,151.50</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2012, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$3,381,609.46 was covered under the provisions of NJ GUDPA.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

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

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

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

Investments

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and;
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012 the District has no investments outstanding. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the N.J. Cash Management Fund, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$53,182.00			\$53,182.00
Construction in progress	16,259.96	\$72,370.12		88,630.08
Total capital assets that are not depreciated	<u>69,441.96</u>	<u>72,370.12</u>		<u>141,812.08</u>
Capital assets being depreciated:				
Site improvements	893,672.00			893,672.00
Building and building improvements	12,232,449.32	596,888.04		12,829,337.36
Machinery and equipment	2,465,264.51	350,423.00	\$149,356.72	2,666,330.79
Total capital assets being depreciated	<u>15,591,385.83</u>	<u>947,311.04</u>	<u>149,356.72</u>	<u>16,389,340.15</u>
Total gross assets	15,660,827.79	1,019,681.16	149,356.72	16,531,152.23
Less: accumulated depreciation for:				
Site improvements	(576,501.85)	(27,589.66)		(604,091.51)
Building and building improvements	(3,456,383.56)	(301,222.37)		(3,757,605.93)
Machinery and equipment	<u>(2,116,338.48)</u>	<u>(96,531.95)</u>		<u>(2,212,870.43)</u>
	(6,149,223.89)	(425,343.98)		(6,574,567.87)
Governmental activities capital assets, net	<u>\$9,511,603.90</u>	<u>\$594,337.18</u>	<u>\$149,356.72</u>	<u>\$9,956,584.36</u>
Business type activities:				
Machinery and equipment	\$148,985.00			\$148,985.00
Less: accumulated depreciation	<u>(141,575.34)</u>	<u>(1,079.50)</u>		<u>(142,654.84)</u>
Proprietary fund capital assets, net	<u>\$7,409.66</u>	<u>(\$1,079.50)</u>		<u>\$6,330.16</u>

Depreciation Expense was charged to governmental expenses as follows:

Instruction:	
Regular	(\$3,749.94)
Support Services:	
Student and instruction related	(59,574.89)
Plant operations and maintenance	(11,723.40)
Direct Expense of various functions	<u>(350,295.75)</u>
	<u>(\$425,343.98)</u>

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 4: LONG-TERM DEBT

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

As of June 30, 2012 the District did not have any bonds authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2012.

	<u>Capital Leases Payable</u>	<u>Bonds Payable</u>	<u>Compensated Absences Payable</u>	<u>Total</u>
Balance, July 1, 2011	\$105,633.37	\$6,440,000.00	\$321,304.50	\$6,866,937.87
Additions/Issued	118,352.01		26,005.00	144,357.01
Reductions	<u>58,500.94</u>	<u>535,000.00</u>	<u>30,304.00</u>	<u>623,804.94</u>
Balance, June 30, 2012	<u>\$165,484.44</u>	<u>\$5,905,000.00</u>	<u>\$317,005.50</u>	<u>\$6,387,489.94</u>
Amounts Due Within One Year	<u>\$52,782.27</u>	<u>\$560,000.00</u>		<u>\$612,782.27</u>

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 4: LONG-TERM DEBT (CONTINUED)

Bonds Payable

The annual requirements to amortize all debt outstanding as of June 30, 2012, with interest payments on issued debt, are as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$560,000.00	\$213,188.76	\$773,188.76
2014	570,000.00	194,638.76	764,638.76
2015	585,000.00	174,963.76	759,963.76
2016	610,000.00	154,751.26	764,751.26
2017	535,000.00	132,999.26	667,999.26
2018	555,000.00	114,026.26	669,026.26
2019	575,000.00	94,320.00	669,320.00
2020	595,000.00	72,832.50	667,832.50
2021	315,000.00	50,412.50	365,412.50
2022	325,000.00	39,387.50	364,387.50
2023	340,000.00	27,200.00	367,200.00
2024	340,000.00	13,600.00	353,600.00
	<u>\$5,905,000.00</u>	<u>\$1,282,320.56</u>	<u>\$7,187,320.56</u>

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 4: LONG-TERM DEBT (CONTINUED)

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the calendar year ended December 31, 2010, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2011	\$694,757,284.00
2010	735,963,325.00
2009	749,470,855.00
	<u>\$2,180,191,464.00</u>
Average equalized valuation of property	\$726,730,488.00
School borrowing margin (4% of \$726,730,488.00)	29,069,219.52
Net bonded school debt as of December 31, 2011	<u>6,440,000.00</u>
School borrowing power available	<u>\$22,629,219.52</u>

Capital Leases Payable

The District is leasing office and computer equipment and totaling \$201,258.20 under capital leases. 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, 2012.

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$59,164.44
2014	59,164.44
2015	45,184.72
2016	14,354.40
	<u>177,868.00</u>
Total minimum lease payments	177,868.00
Less: Amount representing interest	<u>(12,383.56)</u>
Present value of net minimum lease payment	<u>\$165,484.44</u>

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 6: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions - 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 provision 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.

Significant Legislation - Chapter 89- P.L. 2008- Members of either system who became members before July 1, 2007 may retire at age 55 years with 25 years of service or at age 60 with any number of years of service without a reduction in the amount of retirement allowance the members' receive. There is a reduction in such an allowance if the member is under 55 with 25 years of service. There is also a reduction in an allowance for members of either system who became members on or after July 1, 2007 and who retire between age 55 and 60 years with 25 or more years of service.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 6: PENSION PLANS (CONTINUED)

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

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2012	\$181,206.00	100%	\$181,206.00
6/30/2011	\$174,185.00	100%	\$174,185.00
6/30/2010	\$125,635.00	100%	\$125,635.00

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$265,909.00 to the TPAF pension system on behalf of the District.

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$534,546.00 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$594,880.15 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 7: OTHER POST-RETIREMENT BENEFITS

For eligible retired employees, the School District participates in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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

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

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 7: OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$534,546 \$533,388 and \$522,718 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 8: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 9: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2011-2012 fiscal year were subject to the U.S. OMB A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and 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 11: INTERFUND RECEIVABLES AND PAYABLES

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made. The following interfund balances remained on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$148,515.72	
Special Revenue Fund		\$148,515.72
	<u>\$148,515.72</u>	<u>\$148,515.72</u>

NOTE 12: FUND BALANCE APPROPRIATED

General Fund – Of the \$2,225,930.02, General Fund fund balance at June 30, 2012, \$43,302.42 is assigned for year-end encumbrances. \$509,609.00 has been restricted in the Capital Reserve Account; \$650,000.00 has been restricted in the Maintenance Reserve; \$26,791.43 has been restricted in the Emergency Reserve; \$996,227.17 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, of which \$300,534.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2013.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 13: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the designation for Restricted 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 restrict 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. Based on this calculation, the Keyport School District has \$695,693.17 excess fund balance resulting from the year ended June 30, 2012.

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Keyport Board of Education by the inclusion of \$250,000.00 in the 2007-2008 school year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve as per N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A23A-14.1, by appropriating funds in the annual general fund budget certified for taxes. 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. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the capital reserve for withdrawal in subsequent school years. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the year ending June 30, 2012 year is as follows:

Beginning balance, July 1, 2011	\$202,816.00
Add: Transfers In - Board Resolution	500,000.00
Less: Withdrawals per 2011-2012 Budget	193,207.00
Ending balance, June 30, 2012	<u>\$509,609.00</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$1,352,793.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 15: MAINTENANCE RESERVE

A maintenance reserve was established through a board resolution by the Borough of Keyport School District in the amount of \$300,000.00 for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years. The district, by board resolution, transferred \$200,000.00 to the maintenance reserve in the fiscal year 2012 and \$150,000.00 in fiscal year 2011. The total in the maintenance reserve at June 30, 2012 is \$650,000.00.

NOTE 16: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Borough of Keyport School District in the amount of \$100,200.00 for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The emergency reserve account is used to fund unanticipated general fund current expense costs and may be established to supplement the reserve in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line item appropriation amounts in accordance with N.J.S.A. 18A:7F-41. \$100,000.00 was anticipated in the district's 2010-2011 annual budget. The district, by board resolution, transferred \$50,000.00 to the emergency reserve in the fiscal year 2012 and \$100,000.00 in fiscal year 2011. The total in the emergency reserve at June 30, 2012 is \$150,200.00.

Borough of Keyport School District
Notes to the Financial Statements
June 30, 2012

NOTE 17: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$30,485.60 in the Special Revenue Fund and an unassigned deficit fund balance of \$123,408.57 in the General Fund as of June 30, 2011 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 and liability) should be symmetry, ie, if one government recognized an asset, the other government recognized liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the Special Revenue and General Fund balance deficits do not alone indicate that the District is facing financial difficulties.

NOTE 18: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2012.

NOTE 19: INVENTORY

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

Food and Supplies	<u>\$2,882.18</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	\$8,291,418.00		\$8,291,418.00	\$8,291,418.00	
Interest earned on maintenance reserve	50.00		50.00		(\$50.00)
Interest earned on capital reserve funds	250.00		250.00		(250.00)
Tuition	4,021,012.00		4,021,012.00	4,033,850.98	12,838.98
Unrestricted miscellaneous	30,197.00		30,197.00	108,334.36	78,137.36
Total revenues-local sources	12,342,927.00		12,342,927.00	12,433,603.34	90,676.34
State sources:					
Categorical special education aid	515,405.00		515,405.00	515,405.00	
Equalization aid	4,510,530.00		4,510,530.00	4,684,380.00	173,850.00
Extraordinary aid	54,289.00		54,289.00	113,816.00	59,527.00
On-behalf TPAF pension - post retirement medical (non budgeted)				534,546.00	534,546.00
On-behalf TPAF pension contribution (non-budgeted)				265,909.00	265,909.00
Reimbursed TPAF social security cont. (non-budgeted)				594,880.15	594,880.15
Total - state sources	5,080,224.00		5,080,224.00	6,708,936.15	1,628,712.15
Federal sources:					
Medicaid reimbursement	28,229.00		28,229.00	56,978.98	28,749.98
Education Jobs Fund	189,576.00		189,576.00	195,515.00	5,939.00
Total - federal sources	217,805.00		217,805.00	252,493.98	34,688.98
Total revenues	17,640,956.00		17,640,956.00	19,395,033.47	1,754,077.47
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	396,174.00	\$3,838.26	400,012.26	398,278.25	1,734.01
Grades 1-5	1,257,604.00	(52,464.94)	1,205,139.06	1,187,740.74	17,398.32
Grades 6-8	763,785.00	(46,265.57)	717,519.43	715,708.31	1,811.12
Grades 9-12	2,116,313.00	78,328.23	2,194,641.23	2,184,544.23	10,097.00
Home instruction - regular programs:					
Salaries of teachers	2,800.00	2,345.00	5,145.00	5,145.00	
Purchased professional educational services	7,500.00	(647.50)	6,852.50	5,868.70	983.80

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	\$48,368.00	(\$100.00)	\$48,268.00	\$48,268.00	
Purchased professional educational services	25,500.00	1,486.54	26,986.54	23,244.85	\$3,741.69
Other purchased services	7,200.00	(3,605.44)	3,594.56	3,594.56	
General supplies	290,868.00	45,365.30	336,233.30	335,507.86	725.44
Textbooks	70,000.00	(23,839.12)	46,160.88	46,160.88	
Total regular programs	4,986,112.00	4,440.76	4,990,552.76	4,954,061.38	36,491.38
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	102,550.00		102,550.00	102,550.00	
Other salaries for instruction	30,969.00	0.24	30,969.24	30,969.24	
Total learning and/or language disabilities	133,519.00	0.24	133,519.24	133,519.24	
Multiple disabilities:					
Salaries of teachers	65,980.00		65,980.00	65,980.00	
Total multiple disabilities	65,980.00		65,980.00	65,980.00	
Resource room/resource center:					
Salaries of teachers	1,245,483.00		1,245,483.00	1,219,405.00	26,078.00
Other salaries for instruction	38,674.00	0.32	38,674.32	38,674.32	
Total resource room/center	1,284,157.00	0.32	1,284,157.32	1,258,079.32	26,078.00
Preschool disabilities - part time:					
Salaries of teachers	39,790.00		39,790.00	39,790.00	
Other salaries for instruction	8,854.00	(0.40)	8,853.60	8,853.60	
Total disabilities	48,644.00	(0.40)	48,643.60	48,643.60	
Special education - home instruction:					
Salaries of teachers	5,000.00	(375.00)	4,625.00	2,345.00	2,280.00
Purchased professional-educational services	3,000.00	375.00	3,375.00	3,240.38	134.62
Total home instruction	8,000.00		8,000.00	5,585.38	2,414.62
Total special education	1,540,300.00	0.16	1,540,300.16	1,511,807.54	28,492.62
Basic skills/remedial:					
Salaries of teachers	124,775.00	1,925.00	126,700.00	125,978.00	722.00
Total basic skills/remedial	124,775.00	1,925.00	126,700.00	125,978.00	722.00
Bilingual education:					
Salaries of teachers	137,489.00	(1,925.00)	135,564.00	135,564.00	
General supplies	3,000.00		3,000.00	2,016.95	983.05
Textbooks	1,240.00		1,240.00		1,240.00
Total bilingual education	\$141,729.00	(\$1,925.00)	\$139,804.00	\$137,580.95	\$2,223.05

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
School sponsored cocurricular activities:					
Salaries	\$58,610.00	\$5,415.00	\$64,025.00	\$52,916.00	\$11,109.00
Supplies and materials	165.00		165.00		165.00
Total school sponsored cocurricular activities	58,775.00	5,415.00	64,190.00	52,916.00	11,274.00
School sponsored athletics:					
Salaries	214,215.00	4,560.00	218,775.00	211,697.00	7,078.00
Purchased services	37,550.00	79.00	37,629.00	37,560.00	69.00
Supplies and materials	68,275.00	(4,639.00)	63,636.00	62,839.40	796.60
Other objects	3,500.00		3,500.00		3,500.00
Total school sponsored athletics	323,540.00		323,540.00	312,096.40	11,443.60
Total other instructional programs	648,819.00	5,415.00	654,234.00	628,571.35	25,662.65
Total - instruction	7,175,231.00	9,855.92	7,185,086.92	7,094,440.27	90,646.65
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's regular	20,000.00		20,000.00	18,372.30	1,627.70
Tuition to other LEAs within the state-special	154,882.00		154,882.00	68,422.08	86,459.92
Tuition to county voc. school dist. - regular	75,000.00		75,000.00	52,757.50	22,242.50
Tuition to county voc. school dist. - special ed.	51,000.00		51,000.00	39,000.00	12,000.00
Tuition for private schools for handicapped within the state	497,562.00		497,562.00	445,455.82	52,106.18
Total instruction	798,444.00		798,444.00	624,007.70	174,436.30
Health services:					
Salaries	146,180.00		146,180.00	143,810.00	2,370.00
Purchased professional and technical services	11,975.00		11,975.00	10,176.65	1,798.35
Supplies and materials	4,450.00		4,450.00	3,742.60	707.40
Total - health services	\$162,605.00		\$162,605.00	\$157,729.25	\$4,875.75

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other support services - students-related services:					
Salaries	\$156,463.00		\$156,463.00	\$156,463.00	
Total other support services - students-related services	156,463.00		156,463.00	156,463.00	
Other support services students - extra services					
Salaries	77,423.00	(\$1,199.90)	76,223.10	72,243.47	\$3,979.63
Purchased professional - educational services	10,000.00	1,200.00	11,200.00	10,140.49	1,059.51
Total other support services students - extra services	87,423.00	0.10	87,423.10	82,383.96	5,039.14
Other support services - students-regular					
Salaries of other professional staff	333,604.00		333,604.00	333,604.00	
Salaries of secretarial and clerical assistants	49,764.00		49,764.00	49,764.00	
Purchased professional educational services	8,000.00	(3,000.00)	5,000.00		5,000.00
Other purchased services	10,750.00		10,750.00	10,440.50	309.50
Supplies and materials	3,850.00	3,000.00	6,850.00	2,790.00	4,060.00
Other objects	6,985.00		6,985.00	4,052.83	2,932.17
Total other support services - students-regular	412,953.00		412,953.00	400,651.33	12,301.67
Other support services - students - special services:					
Salaries of other professional staff	290,268.00	(1,910.00)	288,358.00	288,358.00	
Salaries of secretarial and clerical assistants	79,803.00		79,803.00	79,803.00	
Travel		1,910.00	1,910.00	849.00	1,061.00
Total other support services - students - special services	370,071.00		370,071.00	369,010.00	1,061.00
Improvement of instructional services:					
Salary of supervisor of instruction	227,108.00	(14,364.39)	212,743.61	210,218.00	2,525.61
Salaries of other professional staff	10,000.00	587.25	10,587.25	10,587.25	
Salaries of secretary and clerical assistant	44,789.00		44,789.00	44,789.00	
Total improvement of instructional services	281,897.00	(13,777.14)	268,119.86	265,594.25	2,525.61
Educational media/school library:					
Salaries	105,156.00	19,242.18	124,398.18	95,160.72	29,237.46
Purchased professional and technical services	3,000.00	(1,564.00)	1,436.00	1,435.56	0.44
Other purchased services	5,500.00		5,500.00	4,705.80	794.20
Supplies and materials	20,520.00	(1,347.56)	19,172.44	18,642.61	529.83
Total educational media/school library	\$134,176.00	\$16,330.62	\$150,506.62	\$119,944.69	\$30,561.93

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Instructional staff training services:					
Other objects	\$25,000.00	(\$408.00)	\$24,592.00	\$7,798.35	\$16,793.65
Total Instructional staff training services	25,000.00	(408.00)	24,592.00	7,798.35	16,793.65
Support services general administration:					
Salaries	187,502.00	2,000.00	189,502.00	185,233.74	4,268.26
Legal services	55,000.00	(3,200.00)	51,800.00	29,740.90	22,059.10
Audit fees	25,000.00		25,000.00	22,500.00	2,500.00
Other purchased professional services	30,000.00	900.00	30,900.00	14,891.87	16,008.13
Communications/telephone	45,000.00	3,401.00	48,401.00	34,116.07	14,284.93
BOE other purchased services	2,000.00		2,000.00	1,262.81	737.19
Other purchased services (400-500 series)	10,000.00	(4,602.00)	5,398.00	1,143.72	4,254.28
General supplies	7,000.00	(109.76)	6,890.24	6,867.75	22.49
Miscellaneous expenditures	2,500.00	1,437.91	3,937.91	3,927.67	10.24
BOE membership dues and fees	8,000.00	172.85	8,172.85	8,172.85	
Total support services general administration	372,002.00		372,002.00	307,857.38	64,144.62
Support services school administration:					
Salaries of principals/assistant principals	405,906.00		405,906.00	395,378.80	10,527.20
Salaries of secretarial and clerical assistants	161,681.00		161,681.00	161,336.50	344.50
Purchased professional and technical services	12,000.00		12,000.00	11,321.00	679.00
Supplies and materials	18,500.00	75.00	18,575.00	14,001.63	4,573.37
Other objects	12,000.00	(75.00)	11,925.00	11,528.25	396.75
Total support services school administration	610,087.00		610,087.00	593,566.18	16,520.82
Central services:					
Salaries	287,025.00	(358.35)	286,666.65	285,142.91	1,523.74
Purchased professional services		2,831.10	2,831.10	2,831.10	
Purchased technical services	16,000.00	\$1,648.20	17,648.20	17,648.20	
Misc. purchased services (400-500 series)	13,120.00	(8,856.26)	4,263.74	4,082.51	181.23
Supplies and materials	5,500.00	(\$839.25)	4,660.75	4,650.15	10.60
Miscellaneous expenditures	5,000.00	(1,850.00)	3,150.00	2,886.30	263.70
Total central services	\$326,645.00	(\$7,424.56)	\$319,220.44	\$317,241.17	\$1,979.27

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Administration information technology:					
Salaries	\$91,074.00		\$91,074.00	\$91,073.73	\$0.27
Purchased technical services	33,000.00	(\$267.52)	32,732.48	31,068.12	1,664.36
Supplies and materials	11,000.00	8,667.52	19,667.52	19,667.52	
Total administration information technology	135,074.00	8,400.00	143,474.00	141,809.37	1,664.63
Required maintenance for school facilities:					
Salaries	141,791.00	(0.32)	141,790.68	111,060.35	30,730.33
Cleaning, repair, and maintenance services	218,775.00	181,790.00	400,565.00	357,453.58	43,111.42
General supplies	164,741.00	(140,800.00)	23,941.00	23,941.00	
Other objects	6,557.00		6,557.00	3,456.00	3,101.00
Total required maintenance for school facilities	531,864.00	40,989.68	572,853.68	495,910.93	76,942.75
Other operations and maintenance of plant:					
Salaries	572,207.00	(0.46)	572,206.54	527,869.33	44,337.21
Purchased professional and technical services	7,834.00		7,834.00	6,790.25	1,043.75
Cleaning, repair and maint. services	59,680.00	3,000.00	62,680.00	60,539.91	2,140.09
Other purchased property services	55,200.00		55,200.00	45,457.04	9,742.96
Insurance	95,000.00	31.00	95,031.00	95,031.00	
Miscellaneous purchased services	16,000.00	(31.00)	15,969.00	8,746.32	7,222.68
General supplies	50,400.00		50,400.00	49,903.28	496.72
Energy (natural gas)	14,500.00	10,000.00	24,500.00	22,270.00	2,230.00
Energy (heat and electricity)	150,000.00		150,000.00	132,065.68	17,934.32
Energy (oil)	130,000.00	(10,000.00)	120,000.00	87,779.72	32,220.28
Total other operations and maintenance of plant	1,150,821.00	2,999.54	1,153,820.54	1,036,452.53	117,368.01
Care and upkeep of grounds:					
Salaries	58,470.00		58,470.00	58,470.00	
General supplies	16,000.00		16,000.00	14,407.90	1,592.10
Total care and upkeep of grounds	74,470.00		74,470.00	72,877.90	1,592.10
Security:					
Cleaning, repair, and maintenance services	11,200.00		11,200.00	10,974.00	226.00
Total security	11,200.00		11,200.00	10,974.00	226.00
Total operations and maintenance of plant services	1,768,355.00	43,989.22	1,812,344.22	1,616,215.36	196,128.86
Student transportation services:					
Contracted services (other than between home and school) - vendors	95,000.00		95,000.00	77,527.67	17,472.33
Contracted services (special education students) vendors	156,019.00	(49,908.73)	106,110.27	84,123.80	21,986.47
Contracted services (special education students) - ESCs and CTSA's	255,209.00	49,908.73	305,117.73	299,938.10	5,179.63
Total student transportation services	\$506,228.00	(\$0.00)	\$506,228.00	\$461,589.57	\$44,638.43

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits:					
Social security contributions	\$144,000.00	\$50,794.00	\$194,794.00	\$184,486.58	\$10,307.42
Other retirement contributions - PERS	200,000.00	(18,794.00)	181,206.00	181,206.00	
Other retirement contributions - regular	1,200.00		1,200.00	842.25	357.75
Unemployment compensation	40,000.00		40,000.00	17,038.82	22,961.18
Workmen's compensation	123,800.00		123,800.00	121,921.21	1,878.79
Health benefits	3,555,000.00	(76,000.00)	3,479,000.00	3,037,542.00	441,458.00
Tuition reimbursement	30,000.00	4,500.00	34,500.00	28,253.00	6,247.00
Other employee benefits	72,000.00		72,000.00	47,504.98	24,495.02
Total unallocated benefits	4,166,000.00	(39,500.00)	4,126,500.00	3,618,794.84	507,705.16
On-behalf TPAF pension - post retirement medical (non budgeted)				534,546.00	(534,546.00)
On-behalf TPAF pension contribution (non-budgeted)				265,909.00	(265,909.00)
Reimbursed TPAF social security contributions (non-budgeted)				594,880.15	(594,880.15)
				1,395,335.15	(1,395,335.15)
Total undistributed expenditures	10,313,423.00	7,610.24	10,321,033.24	10,635,991.55	(314,958.31)
Interest earned on maintenance reserve	50.00		50.00		50.00
TOTAL EXPENDITURES - CURRENT EXPENSE	17,488,704.00	17,466.16	17,506,170.16	17,730,431.82	(224,261.66)
CAPITAL OUTLAY:					
Interest deposit to capital reserve	250.00		250.00		250.00
Equipment:					
Undist. expend. - required maint. for school facilities	245,732.00	193,217.00	438,949.00	437,012.00	1,937.00
Total equipment	245,732.00	193,217.00	438,949.00	437,012.00	1,937.00
Facilities acquisition and construction services:					
Other objects	3,118.00		3,118.00	3,118.00	
Total facilities acquisition and construction services	3,118.00		3,118.00	3,118.00	
Assets acquired under capital leases (non-budgeted)					
Undistributed expenditures				118,352.01	(118,352.01)
				118,352.01	(118,352.01)
TOTAL CAPITAL OUTLAY:	249,100.00	193,217.00	442,317.00	558,482.01	2,187.00

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
SPECIAL SCHOOLS:					
Instruction:					
Salaries of teachers	\$24,625.00	\$3,746.76	\$28,371.76	\$28,371.76	
Other salaries for instruction	5,000.00	(3,921.24)	1,078.76	1,078.76	
General supplies		196.52	196.52	111.58	\$84.94
Total instruction	<u>29,625.00</u>	<u>22.04</u>	<u>29,647.04</u>	<u>29,562.10</u>	<u>84.94</u>
Support services:					
Employee benefits	2,275.00	(22.04)	2,252.96	2,252.96	
Total support services	<u>2,275.00</u>	<u>(22.04)</u>	<u>2,252.96</u>	<u>2,252.96</u>	
TOTAL SPECIAL SCHOOLS:	<u>31,900.00</u>	<u>(0.00)</u>	<u>31,900.00</u>	<u>31,815.06</u>	<u>84.94</u>
GENERAL FUND GRAND TOTAL	<u>17,769,704.00</u>	<u>210,683.16</u>	<u>17,980,387.16</u>	<u>18,320,728.89</u>	<u>(221,989.72)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$128,748.00)</u>	<u>(\$210,683.16)</u>	<u>(\$339,431.16)</u>	<u>\$1,074,304.58</u>	<u>\$1,532,087.75</u>
Other financing sources (uses):					
Capital lease purchase (non-budgeted)				118,352.01	118,352.01
Total other financing sources (uses)				<u>118,352.01</u>	<u>118,352.01</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(128,748.00)</u>	<u>(210,683.16)</u>	<u>(339,431.16)</u>	<u>1,192,656.59</u>	<u>1,650,439.76</u>
Fund balances, July 1	<u>1,552,349.83</u>		<u>1,552,349.83</u>	<u>1,552,349.83</u>	
Fund balances, June 30	<u>\$1,423,601.83</u>	<u>(\$210,683.16)</u>	<u>\$1,212,918.67</u>	<u>\$2,745,006.42</u>	<u>\$1,650,439.76</u>
Recapitulation:					
Assigned - year-end encumbrances				\$43,302.42	
Restricted - capital reserve				509,609.00	
Restricted - emergency reserve				150,200.00	
Restricted - maintenance reserve				650,000.00	
Restricted - excess surplus - designated for subsequent year's expenditures				300,533.42	
Restricted - excess surplus - current year				695,693.17	
Committed - designated for subsequent year's expenditures				0.58	
Unassigned fund balance				<u>395,667.83</u>	
				2,745,006.42	
Reconciliation to Government Fund Statements					
Last State Aid payment not recognized on GAAP basis				<u>(519,076.40)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$2,225,930.02</u>	

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - EDUCATION JOBS
FOR FISCAL YEARS ENDED JUNE 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Federal sources	<u>\$189,576.00</u>	<u>\$5,939.00</u>	<u>\$195,515.00</u>	<u>\$195,515.00</u>	<u> </u>
Total revenues	<u>\$189,576.00</u>	<u>\$5,939.00</u>	<u>\$195,515.00</u>	<u>\$195,515.00</u>	<u> </u>
EXPENDITURES:					
Unallocated benefits					
Health benefits	<u>\$189,576.00</u>	<u>\$5,939.00</u>	<u>\$195,515.00</u>	<u>\$195,515.00</u>	<u> </u>
Total unallocated benefits	<u>189,576.00</u>	<u>5,939.00</u>	<u>195,515.00</u>	<u>195,515.00</u>	<u> </u>
Total expenditures	<u>\$189,576.00</u>	<u>\$5,939.00</u>	<u>\$195,515.00</u>	<u>\$195,515.00</u>	<u> </u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State sources	\$304,800.00	\$265.00	\$305,065.00	\$304,800.00	\$265.00
Federal sources	546,697.00	\$270,319.23	817,016.23	752,934.04	\$64,082.19
Other sources		4,864.83	4,864.83	4,864.83	
Total revenues	<u>\$851,497.00</u>	<u>\$275,449.06</u>	<u>\$1,126,946.06</u>	<u>\$1,062,598.87</u>	<u>\$64,347.19</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$420,699.00	\$28,852.97	\$449,551.97	\$430,414.46	\$19,137.51
Other salaries for instruction	113,122.00	(54,336.11)	58,785.89	58,785.89	
Purchased professional & technical services	50,000.00	56,117.68	106,117.68	103,525.95	2,591.73
Tuition	122,306.00	45,832.16	168,138.16	168,138.16	
General supplies	48,979.00	76,817.35	125,796.35	124,432.05	1,364.30
Total instruction	<u>755,106.00</u>	<u>153,284.05</u>	<u>908,390.05</u>	<u>885,296.51</u>	<u>23,093.54</u>
Support services:					
Other salaries		1,013.14	1,013.14	1,013.14	
Purchased professional & technical services	31,300.00	6,388.45	37,688.45	37,416.97	271.48
Purchased prof. educational services		2,231.00	2,231.00	2,231.00	
Personal services - employee benefits	23,000.00	49,267.94	72,267.94	39,074.74	33,193.20
Other purchased services	7,000.00	6,540.59	13,540.59	12,010.94	1,529.65
Supplies and materials	35,091.00	50,479.89	85,570.89	79,311.57	6,259.32
Total support services	<u>96,391.00</u>	<u>115,921.01</u>	<u>212,312.01</u>	<u>171,058.36</u>	<u>41,253.65</u>
Facilities acquisition & construction services:					
Non-Instructional equipment		6,244.00	6,244.00	6,244.00	
		6,244.00	6,244.00	6,244.00	
Total expenditures	<u>\$851,497.00</u>	<u>\$275,449.06</u>	<u>\$1,126,946.06</u>	<u>\$1,062,598.87</u>	<u>\$64,347.19</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$19,395,033.47	\$1,062,598.87
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		8,385.40
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	485,211.20	29,210.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(519,076.40)</u>	<u>(30,485.60)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$19,361,168.27</u>	<u>\$1,069,708.67</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$18,328,194.36	\$1,062,598.87
Difference - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		8,385.40
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund.		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$18,328,194.36</u>	<u>\$1,070,984.27</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

BOROUGH OF KEYPORT SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	TITLE I	TITLE I	TITLE II	TITLE II	TITLE II	TITLE III	TITLE III
	<u>TITLE I</u>	<u>CARRYOVER</u>	<u>PART A</u>	<u>PART A</u>	<u>PART A</u>		<u>CARRYOVER</u>
				<u>SUMMER</u>	<u>CARRYOVER</u>		
REVENUES:							
State sources							
Federal sources	\$261,536.57	\$106,019.10	\$35,717.47	\$6,758.00	\$17,292.46	\$13,641.46	\$15,126.00
Other sources							
Total revenues	<u>\$261,536.57</u>	<u>\$106,019.10</u>	<u>\$35,717.47</u>	<u>\$6,758.00</u>	<u>\$17,292.46</u>	<u>\$13,641.46</u>	<u>\$15,126.00</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$171,548.58	\$6,080.00	\$18,140.00		\$605.00	\$476.60	\$4,375.00
Other salaries for instruction							
Purchased professional & technical services	23,310.00	158.08					
Tuition							
Other purchased services							
General supplies	29,894.29	37,958.13		\$514.00	3,920.44	11,896.61	2,600.37
Total instruction	<u>224,752.87</u>	<u>44,196.21</u>	<u>18,140.00</u>	<u>514.00</u>	<u>4,525.44</u>	<u>12,373.21</u>	<u>6,975.37</u>
Support services:							
Other salaries							
Purchased professional & technical services	22,390.00	4,900.00				1,000.00	
Purchased professional educational services					2,231.00		
Personal services - employee benefits	810.00	31,913.80	294.00			36.00	334.69
Other purchased services	5,274.34		255.77		1,434.39		532.00
Supplies and materials	8,309.36	25,009.09	17,027.70		9,101.63	232.25	7,283.94
Total support services	<u>36,783.70</u>	<u>61,822.89</u>	<u>17,577.47</u>		<u>12,767.02</u>	<u>1,268.25</u>	<u>8,150.63</u>
Facilities acquisition & construction services:							
Non-instructional equipment				6,244.00			
Total facilities acquisitions & construction services				<u>6,244.00</u>			
Total expenditures	<u>\$261,536.57</u>	<u>\$106,019.10</u>	<u>\$35,717.47</u>	<u>\$6,758.00</u>	<u>\$17,292.46</u>	<u>\$13,641.46</u>	<u>\$15,126.00</u>

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BOROUGH OF KEYPORT SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	IDEA BASIC	IDEA PRESCHOOL	IDEA BASIC CARRYOVER	IDEA PRESCHOOL SUMMER	IDEA PRESCHOOL CARRYOVER	ARRA TITLE I
REVENUES:						
State sources						
Federal sources	\$252,011.04	\$7,932.00	\$11,972.52	\$59.66	\$4,924.66	\$4,750.64
Other sources						
Total revenues	<u>\$252,011.04</u>	<u>\$7,932.00</u>	<u>\$11,972.52</u>	<u>\$59.66</u>	<u>\$4,924.66</u>	<u>\$4,750.64</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers					\$3,585.28	
Other salaries for instruction			\$6,471.85	\$59.66		
Purchased professional & technical services	\$69,636.87	\$7,932.00	2,489.00			
Tuition	166,771.40		1,366.76			
Other purchased services						
General supplies	626.02					
Total instruction	<u>237,034.29</u>	<u>7,932.00</u>	<u>10,327.61</u>	<u>59.66</u>	<u>3,585.28</u>	
Support services:						
Other salaries					1,013.14	
Purchased professional & technical services	6,408.02					\$70.00
Purchased professional educational services						
Personal services - employee benefits			495.09		326.24	4,680.64
Other purchased services	3,364.62		1,149.82			
Supplies and materials	5,204.11					
Total support services	<u>14,976.75</u>		<u>1,644.91</u>		<u>1,339.38</u>	<u>4,750.64</u>
Facilities acquisition & construction services:						
Non-instructional equipment						
Total facilities acquisitions & constructic						
Total expenditures	<u>\$252,011.04</u>	<u>\$7,932.00</u>	<u>\$11,972.52</u>	<u>\$59.66</u>	<u>\$4,924.66</u>	<u>\$4,750.64</u>

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BOROUGH OF KEYPORT SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ARRA IDEA BASIC	ARRA IDEA PRESCHOOL	PRESCHOOL AID	SECURITY	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
					TOTAL 2012	TOTAL 2011
REVENUES:						
State sources			\$304,800.00		\$304,800.00	\$292,100.00
Federal sources	\$12,807.74	\$2,384.72			752,934.04	873,689.07
Other sources				\$4,864.83	4,864.83	4,968.77
Total revenues	\$12,807.74	\$2,384.72	\$304,800.00	\$4,864.83	\$1,062,598.87	\$1,170,757.84
EXPENDITURES:						
Instruction:						
Salaries of teachers		\$2,214.00	\$223,390.00		\$430,414.46	\$518,697.69
Other salaries for instruction	\$174.38		52,080.00		58,785.89	42,241.34
Purchased professional & technical services					103,525.95	82,897.06
Tuition					168,138.16	
Other purchased services						176,346.29
General supplies	7,692.19		29,330.00		124,432.05	88,324.72
Total instruction	7,866.57	2,214.00	304,800.00		885,296.51	908,507.10
Support services:						
Other salaries					1,013.14	26,345.54
Purchased professional & technical services	2,648.95				37,416.97	56,375.26
Purchased professional educational services					2,231.00	20,252.55
Personal services - employee benefits	13.56	170.72			39,074.74	83,146.54
Other purchased services					12,010.94	9,993.77
Supplies and materials	2,278.66			\$4,864.83	79,311.57	66,137.08
Total support services	4,941.17	170.72		4,864.83	171,058.36	262,250.74
Facilities acquisition & construction services:						
Non-instructional equipment					6,244.00	
Total facilities acquisitions & construction services					6,244.00	
Total expenditures	\$12,807.74	\$2,384.72	\$304,800.00	\$4,864.83	\$1,062,598.87	\$1,170,757.84

BOROUGH OF KEYPORT SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	2012		
	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$223,390.00	\$223,390.00	
Other salaries of instruction	52,080.00	52,080.00	
General supplies	29,330.00	29,330.00	
Total Instruction	304,800.00	304,800.00	
Total expenditures	\$304,800.00	\$304,800.00	\$-0-

CALCULATION OF BUDGET AND CARRYOVER

Total 2011-2012 Preschool Education Aid Allocation	\$304,800.00
Add: Actual ECPA/ Preschool Education Aid Carryover (June 30, 2011)	
Add: budgeted transfer from general Fund 2011-12	
Total Preschool Education Aid Available for 2011-2012 Budget	304,800.00
Less: 2011-2012 Budgeted Preschool Education Aid (including prior year budgeted carryover)	(304,800.00)
Available and Unbudgeted Preschool Education Funds as of June 30, 2012	0.00
Add: June 30, 2012 Unexpended Preschool Education Aid	0.00
2011-2012 Carryover - Preschool Education Aid Programs	\$0.00
2011-2012 Preschool Education Aid Carryover Budgeted for Preschool Programs 2012-2013	\$0.00

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

BOROUGH OF KEYPORT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>ISSUE / PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATION</u>	<u>ADJUSTMENT/ TRANSFER TO DEBT SERVICE</u>	<u>EXPENDITURES TO DATE</u>		<u>(MEMO ONLY) UNEXPENDED BALANCE JUNE 30, 2012</u>
				<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Remove and Replace Boiler/Hot Water Heater	03/14/11	\$483,620.00		\$16,301.55	\$467,318.45	
Remove and Replace Classroom and Office Area HVAC Systems	03/14/11	768,980.00		2,970.00	72,370.12	\$693,639.88
Remove and Replace Domestic Water Heater	03/14/11	33,725.00		8,388.41	25,336.59	
Roof Replacement to Central School and Board of Education and Installation of Solar Panels at High School, Central School and Board of Education Building	04/21/09	4,300,200.00	\$635,000.00	2,576,189.96		1,089,010.04
Upgrades and Improvements to Schools	04/19/05	1,339,077.00		1,221,847.93		117,229.07
		<u>\$6,925,602.00</u>	<u>\$635,000.00</u>	<u>\$3,825,697.85</u>	<u>\$565,025.16</u>	<u>\$1,899,878.99</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

EXPENDITURES AND OTHER FINANCING USES:

Purchased professional and technical services	\$12,773.17
Construction services	552,251.99
Operating transfers out - debt service fund	235,000.00
	<hr/>
Total expenditures and other financing uses	800,025.16
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(800,025.16)
	<hr/>
Fund balance - July 1	2,699,904.15
	<hr/>
Fund balance - June 30	<u>\$1,899,878.99</u>

Expenditures - budgetary basis	\$565,025.16
Add: prior year encumbrances	11,400.00
	<hr/>
	576,425.16
	<hr/>
Less: current year encumbrances	<hr/>
	<hr/>
Expenditures - GAAP basis (B-2)	<u>\$576,425.16</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - REMOVE AND REPLACE BOILER AND HOT WATER HEATER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SCC grant	\$214,920.00		\$214,920.00	\$214,920.00
Transfer from capital reserve	268,700.00		268,700.00	268,700.00
Total revenues and other financing sources	483,620.00		483,620.00	483,620.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	16,301.55	\$28.05	16,329.60	16,329.60
Construction services		467,290.40	467,290.40	467,290.40
Total expenditures and other financing uses	16,301.55	467,318.45	483,620.00	483,620.00
Excess (deficiency) of revenues over (under) expenditures	<u>\$467,318.45</u>	<u>(\$467,318.45)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	2430-060-10-1003			
Grant date	3/14/11			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$483,620.00			
Additional authorized cost				
Revised authorized cost	\$483,620.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	12/2011			
Revised target completion date	N/A			

BOROUGH OF KEYPORT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - REMOVE AND REPLACE CLASSROOM AND OFFICE AREA HVAC SYSTEMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SCC grant	\$341,734.00		\$341,734.00	\$341,734.00
Transfer from capital reserve	427,246.00		427,246.00	427,246.00
Total revenues and other financing sources	<u>768,980.00</u>		<u>768,980.00</u>	<u>768,980.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	\$2,970.00	\$11,620.12	14,590.12	34,380.00
Construction services		60,750.00	60,750.00	734,600.00
Total expenditures and other financing uses	<u>2,970.00</u>	<u>72,370.12</u>	<u>75,340.12</u>	<u>768,980.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$766,010.00</u>	<u>(\$72,370.12)</u>	<u>\$693,639.88</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	2430-050-10-1002			
Grant date	3/14/11			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$768,980.00			
Additional authorized cost				
Revised authorized cost	\$768,980.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	10.00%			
Original target completion date	12/2012			
Revised target completion date	12/2013			

BOROUGH OF KEYPORT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - REMOVE AND REPLACE DOMESTIC WATER HEATER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - SCC grant	\$14,987.00		\$14,987.00	\$14,987.00
Transfer from capital reserve	18,738.00		18,738.00	18,738.00
Total revenues and other financing sources	<u>33,725.00</u>		<u>33,725.00</u>	<u>33,725.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	8,388.41	\$1,125.00	9,513.41	9,513.41
Construction services		24,211.59	24,211.59	24,211.59
Total expenditures and other financing uses	<u>8,388.41</u>	<u>25,336.59</u>	<u>33,725.00</u>	<u>33,725.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$25,336.59</u>	<u>(\$25,336.59)</u>	<u>\$-0-</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	2430-050-10-1001			
Grant date	3/14/11			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$33,725.00			
Additional authorized cost				
Revised authorized cost	\$33,725.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	12/2011			
Revised target completion date	N/A			

BOROUGH OF KEYPORT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - UPGRADES AND IMPROVEMENTS TO HIGH SCHOOL AND CENTRAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<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
State sources - SCC grant	66,000.00		66,000.00	66,000.00
Transfer from capital outlay	473,077.00		473,077.00	473,077.00
	<u>1,339,077.00</u>		<u>1,339,077.00</u>	<u>1,339,077.00</u>
Total revenues and other financing sources				
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	73,440.93		73,440.93	190,670.00
Construction services	1,132,406.00		1,132,406.00	1,132,406.00
Supplies and materials	16,001.00		16,001.00	16,001.00
	<u>1,221,847.93</u>		<u>1,221,847.93</u>	<u>1,339,077.00</u>
Total expenditures and other financing uses				
Excess (deficiency) of revenues over (under) expenditures	<u>\$117,229.07</u>		<u>\$117,229.07</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	2430-050-05-1000			
Grant date	5/6/05			
Bond authorization date	4/19/05			
Bonds authorized	\$800,000.00			
Bonds issued	\$800,000.00			
Original authorized cost	\$866,000.00			
Additional authorized cost	\$473,077.00			
Revised authorized cost	\$1,339,077.00			
Percentage increase over original authorized cost	54.63%			
Percentage completion	100.00%			
Original target completion date	3/2006			
Completion date	6/2010			

BOROUGH OF KEYPORT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - ROOF REPLACEMENT AND INSTALLATION OF SOLAR PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<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
State sources - SCC grant	400,000.00		400,000.00	400,000.00
Transfer from capital outlay	200.00		200.00	200.00
	<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	324,499.50		324,499.50	331,231.42
Construction services	2,251,690.46		2,251,690.46	3,568,968.58
Transfer to debt service fund	400,000.00	\$235,000.00	635,000.00	400,000.00
	<u>2,976,189.96</u>	<u>235,000.00</u>	<u>3,211,189.96</u>	<u>4,300,200.00</u>
Total expenditures and other financing uses				
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,324,010.04</u>	<u>(\$235,000.00)</u>	<u>\$1,089,010.04</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	2430-060-04-2001			
Grant date	5/6/05			
Bond authorization date	4/21/09			
Bonds authorized	\$3,900,000.00			
Bonds issued	\$3,900,000.00			
Original authorized cost	\$3,900,000.00			
Additional authorized cost	\$400,200.00			
Revised authorized cost	\$4,300,200.00			
Percentage increase over original authorized cost	10.26%			
Percentage completion	100.00%			
Original target completion date	12/2009			
Completion date	8/2010			

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund: This fund provides for the operation of food services in all schools within the school district.

Community School Fund: This fund provides for the operation of a community school program.

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

ASSETS:	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>ENTERPRISE FUND</u>		
	<u>FOOD SERVICE FUND</u>	<u>COMPARATIVE TOTALS</u> <u>JUNE 30</u>	
		<u>2012</u>	<u>2011</u>
Current assets:			
Cash and cash equivalents	\$124,456.67	\$124,456.67	\$101,037.41
Accounts receivable:			
State	298.19	298.19	565.54
Federal	11,514.91	11,514.91	10,067.44
Interfunds			
Inventories	2,882.18	2,882.18	4,325.58
Total current assets	<u>139,151.95</u>	<u>139,151.95</u>	<u>115,995.97</u>
Noncurrent assets			
Furniture, machinery & equipment	148,985.00	148,985.00	148,985.00
Less: Accumulated depreciation	(142,654.84)	(142,654.84)	(141,575.34)
Total noncurrent assets	<u>6,330.16</u>	<u>6,330.16</u>	<u>7,409.66</u>
TOTAL ASSETS	<u>145,482.11</u>	<u>145,482.11</u>	<u>123,405.63</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	19,066.67	19,066.67	225.00
Deferred Revenue	599.95	599.95	1,433.18
Interfunds			4,870.00
Total current liabilities	<u>19,666.62</u>	<u>19,666.62</u>	<u>6,528.18</u>
NET ASSETS:			
Invested in capital assets net of related debt	6,330.16	6,330.16	7,409.66
Unrestricted	119,485.33	119,485.33	109,467.79
TOTAL NET ASSETS	<u>\$125,815.49</u>	<u>\$125,815.49</u>	<u>\$116,877.45</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES -</u>		<u>COMPARATIVE TOTALS</u>	
	<u>ENTERPRISE FUND</u>		<u>JUNE 30</u>	
	<u>FOOD</u> <u>SERVICE</u>		<u>2012</u>	<u>2011</u>
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs	\$119,936.99		\$119,936.99	\$127,237.50
Daily sales non-reimbursable programs	78,802.63		78,802.63	89,518.16
Total operating revenue	<u>198,739.62</u>		<u>198,739.62</u>	<u>216,755.66</u>
OPERATING EXPENSES:				
Salaries	127,702.07		127,702.07	139,826.21
Employee benefits and taxes	48,508.61		48,508.61	45,626.24
Management fee	11,005.00		11,005.00	10,795.00
Supplies and materials	13,755.00		13,755.00	14,986.49
Repairs and other	20,965.94		20,965.94	39,052.87
Depreciation	1,079.50		1,079.50	1,293.50
Cost of sales	221,111.83		221,111.83	224,043.36
Total operating expenses	<u>444,127.95</u>		<u>444,127.95</u>	<u>475,623.67</u>
Operating income (loss)	<u>(245,388.33)</u>		<u>(245,388.33)</u>	<u>(258,868.01)</u>
Nonoperating revenues (expenses) :				
State sources:				
State school lunch program	5,798.92		5,798.92	5,623.58
State school breakfast program				
Other state aid				285.13
Federal sources:				
National school lunch program	196,354.80		196,354.80	190,100.54
National school breakfast program	22,952.39		22,952.39	22,559.98
National food distribution commodities	29,220.26		29,220.26	17,635.31
Noncurrent asset adjustment				<u>(64,928.84)</u>
Total nonoperating revenues	<u>254,326.37</u>		<u>254,326.37</u>	<u>171,275.70</u>
Net income (loss)	8,938.04		8,938.04	(87,592.31)
Net assets - July 1	<u>116,877.45</u>		<u>116,877.45</u>	<u>204,469.76</u>
Net assets - June 30	<u>\$125,815.49</u>		<u>\$125,815.49</u>	<u>\$116,877.45</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>ENTERPRISE FUND</u>	<u>COMPARATIVE TOTALS</u>	
	FOOD SERVICE	JUNE 30	
		2012	2011
Cash flows from operating activities:			
Receipts from customers	\$198,739.62	\$198,739.62	\$216,755.66
Payments to employees	(120,611.05)	(120,611.05)	(134,956.21)
Payments for employee benefits	(45,060.47)	(45,060.47)	(45,626.24)
Payments to suppliers	(262,795.09)	(262,795.09)	(259,150.36)
Net cash provided (used) by operating activities	<u>(229,726.99)</u>	<u>(229,726.99)</u>	<u>(222,977.15)</u>
Cash flows from noncapital financing activities:			
State sources	6,066.27	6,066.27	6,125.17
Federal sources	247,079.98	247,079.98	235,664.40
Net cash provided (used) by noncapital financing activities	<u>253,146.25</u>	<u>253,146.25</u>	<u>241,789.57</u>
Net increase(decrease) in cash and cash equivalents	23,419.26	23,419.26	18,812.42
Cash and cash equivalents, July 1	<u>101,037.41</u>	<u>101,037.41</u>	<u>82,224.99</u>
Cash and cash equivalents, June 30	<u><u>\$124,456.67</u></u>	<u><u>\$124,456.67</u></u>	<u><u>\$101,037.41</u></u>
Operating income(loss)	(\$245,388.33)	(\$245,388.33)	(\$258,868.01)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	1,079.50	1,079.50	1,293.50
Change in assets and liabilities:			
Increase (Decrease) in deferred revenue	(833.23)	(833.23)	1,433.18
(Increase) Decrease in inventory	1,443.40	1,443.40	4,175.42
(Increase) Decrease in accounts receivable			23,893.76
Increase (Decrease) in accounts payable	13,971.67	13,971.67	5,095.00
Net cash provided (used) by operating activities	<u><u>(\$229,726.99)</u></u>	<u><u>(\$229,726.99)</u></u>	<u><u>(\$222,977.15)</u></u>

FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

Unemployment Compensation Insurance Trust Fund:	This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.
Scholarship Trust Fund:	This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.
Student Activity Fund:	This agency fund is used to account for student funds held at the schools.
Payroll Agency Fund:	This agency fund is used to account for the payroll transactions of the school district

BOROUGH OF KEYPORT SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	AGENCY		COMPARATIVE TOTALS	
		STUDENT ACTIVITIES	PAYROLL	JUNE 30	
				2012	2011
ASSETS:					
Cash and cash equivalents	\$73,325.11	\$45,007.35	\$37,759.50	\$156,091.96	\$229,391.88
Total assets	<u>73,325.11</u>	<u>45,007.35</u>	<u>37,759.50</u>	<u>156,091.96</u>	<u>229,391.88</u>
LIABILITIES:					
Liabilities:					
Payroll deductions and withholdings			37,759.50	37,759.50	77,549.63
Due to student groups		45,007.35		45,007.35	55,080.40
Due to general fund					27,197.03
Total liabilities		<u>45,007.35</u>	<u>37,759.50</u>	<u>82,766.85</u>	<u>159,827.06</u>
NET ASSETS:					
Reserve for scholarships	73,325.11			73,325.11	69,564.82
Total net assets	<u>\$73,325.11</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$73,325.11</u>	<u>\$69,564.82</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	PRIVATE PURPOSE SCHOLARSHIP FUNDS	TOTAL
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Other	\$14,580.29	\$14,580.29
	<u> </u>	<u> </u>
Total additions	14,580.29	14,580.29
	<u> </u>	<u> </u>
DEDUCTIONS:		
Scholarships awarded	10,820.00	10,820.00
	<u> </u>	<u> </u>
Total deductions	10,820.00	10,820.00
	<u> </u>	<u> </u>
Change in net assets	3,760.29	3,760.29
Net assets - July 1	69,564.82	69,564.82
	<u> </u>	<u> </u>
Net assets - June 30	\$73,325.11	\$73,325.11
	<u> </u>	<u> </u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
FIDUCIARY FUND
STUDENT ACTIVITY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
ASSETS:				
Cash and cash equivalents	\$55,080.40	\$141,943.22	\$152,016.27	\$45,007.35
Total assets	<u>\$55,080.40</u>	<u>\$141,943.22</u>	<u>\$152,016.27</u>	<u>\$45,007.35</u>
LIABILITIES:				
Due student groups:				
High school/elementary	\$54,869.97	\$94,595.33	\$104,596.41	\$44,868.89
Athletic activities	210.43	47,347.89	47,419.86	138.46
Total liabilities	<u>\$55,080.40</u>	<u>\$141,943.22</u>	<u>\$152,016.27</u>	<u>\$45,007.35</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
FIDUCIARY FUND
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BALANCE</u> <u>JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2012</u>
ASSETS:				
Cash and cash equivalents	<u>\$104,746.66</u>	<u>\$4,960,768.18</u>	<u>\$5,027,755.34</u>	<u>\$37,759.50</u>
Total assets	<u><u>\$104,746.66</u></u>	<u><u>\$4,960,768.18</u></u>	<u><u>\$5,027,755.34</u></u>	<u><u>\$37,759.50</u></u>
LIABILITIES:				
Interfunds payable	\$27,197.03		\$27,197.03	
Deductions payable	<u>77,549.63</u>	<u>\$4,960,768.18</u>	<u>5,000,558.31</u>	<u>\$37,759.50</u>
Total liabilities	<u><u>\$104,746.66</u></u>	<u><u>\$4,960,768.18</u></u>	<u><u>\$5,027,755.34</u></u>	<u><u>\$37,759.50</u></u>

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

BOROUGH OF KEYPORT SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2012

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2011</u>	<u>DECREASES</u>	<u>BALANCE JUNE 30, 2012</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding Bonds	05/26/05	\$2,595,000.00	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%			
						\$2,275,000.00	\$220,000.00	\$2,055,000.00
Repair and Replace Roofs and Install New Phone System	05/26/05	800,000.00	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%			
Building Improvements and Additions to High School and Middle School	02/01/10	3,900,000.00	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%			
						3,730,000.00	235,000.00	3,495,000.00
						<u>\$6,440,000.00</u>	<u>\$535,000.00</u>	<u>\$5,905,000.00</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES / LEASE PURCHASES
JUNE 30, 2012

<u>DESCRIPTION</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2011</u>	<u>ISSUED CURRENT YEAR</u>	<u>RETIRED CURRENT YEAR</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2012</u>
2008 Copy Machines	6.00%	\$108,306.00	\$32,397.00		\$32,397.00	
2011 Copy Machines	5.34%	75,440.72	73,236.37		13,645.22	\$59,591.15
2012 Computers	Various	118,352.01		\$118,352.01	12,458.72	105,893.29
			<u>\$105,633.37</u>	<u>\$118,352.01</u>	<u>\$58,500.94</u>	<u>\$165,484.44</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012			2011		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:						
Local sources:						
Local tax levy	\$312,685.00	\$312,685.00		\$175,534.00	\$175,534.00	
State aid	217,841.00	217,841.00		196,361.00	196,361.00	
Total revenues	<u>530,526.00</u>	<u>530,526.00</u>		<u>371,895.00</u>	<u>371,895.00</u>	
EXPENDITURES:						
Regular debt service:						
Interest on bonds	230,526.00	230,526.00		306,895.00	306,895.00	
Redemption of principal	535,000.00	535,000.00		465,000.00	465,000.00	
Total regular debt service-expenditures	<u>765,526.00</u>	<u>765,526.00</u>		<u>771,895.00</u>	<u>771,895.00</u>	
Excess (deficiency) of revenues over(under) expenditures	(235,000.00)	(235,000.00)		(400,000.00)	(400,000.00)	
Other financing sources (uses):						
Operating transfer in - capital projects fund	235,000.00	235,000.00		400,000.00	400,000.00	
Excess (deficiency) of revenues & other financing sources over(under) expenditures						
Fund balance, July 1	<u>2.42</u>	<u>2.42</u>		<u>2.42</u>	<u>2.42</u>	
Fund balance, June 30	<u><u>\$2.42</u></u>	<u><u>\$2.42</u></u>	<u><u>\$-0-</u></u>	<u><u>\$2.42</u></u>	<u><u>\$2.42</u></u>	<u><u>\$-0-</u></u>

STATISTICAL SECTION
(UNAUDITED)

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BOROUGH OF KEYPORT SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

BOROUGH OF KEYPORT SCHOOL DISTRICT
NET ASSETS BY COMPONENT
UNAUDITED

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities										
Invested in capital assets, net of related debt	\$3,886,099.92	\$2,965,970.53	\$2,692,732.99	\$4,054,506.00	\$4,377,780.00	\$4,224,400.00	\$3,742,060.00	\$2,413,317.00	\$2,566,324.00	\$2,290,439.00
Restricted	3,752,598.50	3,203,924.34	3,535,609.00	1,455,814.00	1,086,906.00	453,009.00	415,418.00	1,023,882.00	232,905.00	402,730.00
Unrestricted	(397,111.65)	(436,463.29)	(691,175.00)	(496,111.00)	(375,288.00)	(206,042.00)	(357,143.00)	(290,860.00)	(570,437.00)	(596,615.00)
Total governmental activities net assets	<u>\$7,241,586.77</u>	<u>\$5,733,431.58</u>	<u>\$5,537,166.99</u>	<u>\$5,014,209.00</u>	<u>\$5,089,398.00</u>	<u>\$4,471,367.00</u>	<u>\$3,800,335.00</u>	<u>\$3,146,339.00</u>	<u>\$2,228,792.00</u>	<u>\$2,096,554.00</u>
Business-type activities										
Invested in capital assets, net of related debt	\$6,330.16	\$7,409.66	\$73,632.00							
Unrestricted	119,485.33	109,467.79	130,837.76	210,129.00	193,445.00	171,489.00	145,631.00	116,199.00	97,795.00	74,057.00
Total business-type activities net assets	<u>\$125,815.49</u>	<u>\$116,877.45</u>	<u>\$204,469.76</u>	<u>\$210,129.00</u>	<u>\$193,445.00</u>	<u>\$171,489.00</u>	<u>\$145,631.00</u>	<u>\$116,199.00</u>	<u>\$97,795.00</u>	<u>\$74,057.00</u>
District-wide										
Invested in capital assets, net of related debt	\$3,892,430.08	\$2,973,380.19	\$2,766,364.99	\$4,054,506.00	\$4,377,780.00	\$4,224,400.00	\$3,742,060.00	\$2,413,317.00	\$2,566,324.00	\$2,290,439.00
Restricted	3,752,598.50	3,203,924.34	3,535,609.00	1,455,814.00	1,086,906.00	453,009.00	415,418.00	1,023,882.00	232,905.00	402,730.00
Unrestricted	(277,626.32)	(326,995.50)	(560,337.24)	(285,982.00)	(181,843.00)	(34,553.00)	(211,512.00)	(174,661.00)	(472,642.00)	(522,558.00)
Total district net assets	<u>\$7,367,402.26</u>	<u>\$5,850,309.03</u>	<u>\$5,741,636.75</u>	<u>\$5,224,338.00</u>	<u>\$5,282,843.00</u>	<u>\$4,642,856.00</u>	<u>\$3,945,966.00</u>	<u>\$3,262,538.00</u>	<u>\$2,326,587.00</u>	<u>\$2,170,611.00</u>

Source: CAFR Schedule A-1

BOROUGH OF KEYPORT SCHOOL DISTRICT
CHANGES IN NET ASSETS
UNAUDITED

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES										
Governmental activities										
Instruction:										
Regular	\$8,048,763.63	\$7,716,362.93	\$7,688,124.55	\$7,432,978.45	\$7,410,749.00	\$7,073,823.40	\$6,760,254.55	\$6,116,605.10	\$5,721,172.75	\$5,760,275.65
Special education	3,014,228.71	3,032,314.89	3,089,309.86	3,196,637.74	3,261,543.40	2,472,817.28	2,370,231.86	2,164,320.32	2,072,825.70	2,151,780.98
Other instruction	891,898.42	827,333.71	614,676.94	608,296.46	462,491.60	422,661.12	369,442.94	339,700.28	310,901.30	282,502.42
Support Services:										
Student & instruction related services	2,448,118.96	2,424,713.70	2,435,893.86	2,363,709.74	2,449,906.40	3,146,595.28	2,828,261.86	3,180,705.32	2,962,071.70	2,796,458.98
General administrative services	468,112.41	503,109.32	511,898.97	486,546.23	529,334.80	484,843.56	486,599.97	457,876.14	425,416.65	407,113.71
School administrative services	871,530.05	853,267.24	839,020.94	808,285.46	812,481.60	792,286.12	732,420.94	700,309.28	664,555.30	627,635.42
Central services & administrative technology	661,297.93	622,203.10	612,494.96	635,344.64	604,131.40	663,467.08	629,890.96	582,097.52	499,697.20	488,934.28
Plant operations and maintenance	2,095,165.77	1,948,183.68	1,828,173.92	1,746,528.28	1,859,284.80	1,664,779.16	1,609,000.92	1,598,114.04	1,369,751.40	1,228,049.56
Pupil Transportation	461,589.57	380,362.85	363,476.00	362,916.00	442,163.00	401,781.00	409,577.00	350,302.00	403,497.00	361,043.00
Interest on long-term debt	222,796.83	297,426.65	177,295.00	137,875.00	149,621.00	158,972.00	173,673.00	142,270.00	191,152.00	199,402.00
Unallocated depreciation	350,295.75	294,742.69	303,885.00	270,601.00	273,531.00	307,887.00	271,397.00	288,069.00	453,837.00	401,587.00
Total governmental activities expenses	<u>19,533,798.03</u>	<u>18,900,020.76</u>	<u>18,464,050.00</u>	<u>18,049,719.00</u>	<u>18,255,238.00</u>	<u>17,589,915.00</u>	<u>16,640,751.00</u>	<u>15,920,369.00</u>	<u>15,074,878.00</u>	<u>14,704,783.00</u>
Business-type activities:										
Food Service	444,127.95	475,623.67	480,367.00	428,213.00	428,380.00	402,947.00	388,350.00	364,605.00	360,815.00	345,578.00
Total business-type activities expense	<u>444,127.95</u>	<u>475,623.67</u>	<u>480,367.00</u>	<u>428,213.00</u>	<u>428,380.00</u>	<u>402,947.00</u>	<u>388,350.00</u>	<u>364,605.00</u>	<u>360,815.00</u>	<u>345,578.00</u>
Total district expenses	<u>\$19,977,925.98</u>	<u>\$19,375,644.43</u>	<u>\$18,944,417.00</u>	<u>\$18,477,932.00</u>	<u>\$18,683,618.00</u>	<u>\$17,992,862.00</u>	<u>\$17,029,101.00</u>	<u>\$16,284,974.00</u>	<u>\$15,435,693.00</u>	<u>\$15,050,361.00</u>
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$2,682,884.82	\$2,520,453.35	\$3,090,095.00	\$2,805,492.00	\$3,623,679.00	\$3,447,598.00	\$3,511,843.00	\$2,803,009.00	\$2,577,649.00	\$2,406,070.00
Total governmental activities program revenues	<u>2,682,884.82</u>	<u>2,520,453.35</u>	<u>3,090,095.00</u>	<u>2,805,492.00</u>	<u>3,623,679.00</u>	<u>3,447,598.00</u>	<u>3,511,843.00</u>	<u>2,803,009.00</u>	<u>2,577,649.00</u>	<u>2,406,070.00</u>
Business-type activities:										
Charges for services										
Food Service	198,739.62	216,755.66	227,669.00	228,992.00	250,444.00	251,249.00	248,932.00	237,807.00	232,783.00	200,701.00
Operating grants and contributions	254,326.37	236,204.54	247,039.00	215,905.00	199,892.00	177,556.00	168,850.00	145,202.00	151,541.00	130,697.00
Total business type activities program revenues	<u>453,065.99</u>	<u>452,960.20</u>	<u>474,708.00</u>	<u>444,897.00</u>	<u>450,336.00</u>	<u>428,805.00</u>	<u>417,782.00</u>	<u>383,009.00</u>	<u>384,324.00</u>	<u>331,398.00</u>
Total district program revenues	<u>\$3,135,950.81</u>	<u>\$2,973,413.55</u>	<u>\$3,564,803.00</u>	<u>\$3,250,389.00</u>	<u>\$4,074,015.00</u>	<u>\$3,876,403.00</u>	<u>\$3,929,625.00</u>	<u>\$3,186,018.00</u>	<u>\$2,961,973.00</u>	<u>\$2,737,468.00</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
CHANGES IN NET ASSETS
UNAUDITED

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
NET (EXPENSE)/REVENUE										
Governmental activities	(\$16,850,913.21)	(\$16,379,567.41)	(\$15,373,955.00)	(\$15,244,227.00)	(\$14,631,559.00)	(\$14,142,317.00)	(\$13,128,908.00)	(\$13,117,360.00)	(\$12,497,229.00)	(\$12,298,713.00)
Business-type activities	8,938.04	(22,663.47)	(5,659.00)	16,684.00	21,956.00	25,858.00	29,432.00	18,404.00	23,509.00	(14,180.00)
Total district-wide net expense	<u>(\$16,841,975.17)</u>	<u>(\$16,402,230.88)</u>	<u>(\$15,379,614.00)</u>	<u>(\$15,227,543.00)</u>	<u>(\$14,609,603.00)</u>	<u>(\$14,116,459.00)</u>	<u>(\$13,099,476.00)</u>	<u>(\$13,098,956.00)</u>	<u>(\$12,473,720.00)</u>	<u>(\$12,312,893.00)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Property taxes levied for general purposes, net	\$8,291,418.00	\$8,291,418.00	\$8,194,027.00	\$8,145,192.00	\$8,396,583.00	\$8,160,176.00	\$7,819,524.00	\$7,512,534.00	\$7,124,709.00	\$6,610,745.00
Taxes levied for debt service	312,685.00	175,534.00	318,445.00	311,973.00	302,087.00	321,317.00	238,387.00	244,607.00	246,936.00	252,848.00
Tuition	4,033,850.98	2,731,243.35	2,915,807.00	2,606,342.00	2,545,332.00	2,431,481.00	1,990,862.00	1,740,362.00	1,611,971.00	1,671,628.00
Other local government units			36,572.00	37,668.00	40,349.00	113,184.00				
Unrestricted grants and contributions	5,762,136.78	5,144,978.23	4,641,090.00	4,584,921.00	3,871,102.00	3,659,072.00	3,652,154.00	3,687,110.00	3,617,735.00	3,291,999.00
Bond Proceeds								800,000.00		
Investment earnings	3,941.27	7,166.24	13,534.00	15,548.00	57,336.00	81,021.00	51,555.00	22,970.00	2,928.00	9,928.00
Miscellaneous income	104,393.09	239,872.19	28,020.00	78,775.00	36,791.00	47,098.00	30,422.00	27,324.00	25,188.00	22,516.00
Disposal of capital assets	(149,356.72)	(14,380.01)								
Total governmental activities	<u>18,359,068.40</u>	<u>16,575,832.00</u>	<u>16,147,495.00</u>	<u>15,780,419.00</u>	<u>15,249,590.00</u>	<u>14,813,349.00</u>	<u>13,782,904.00</u>	<u>14,034,907.00</u>	<u>12,629,467.00</u>	<u>11,859,664.00</u>
Business-type activities:										
Miscellaneous Income									229.00	281.00
Disposal of capital assets		(64,928.84)								
Total business-type activities	<u>0.00</u>	<u>(64,928.84)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>229.00</u>	<u>281.00</u>
Total district-wide	<u>\$18,359,068.40</u>	<u>\$16,510,903.16</u>	<u>\$16,147,495.00</u>	<u>\$15,780,419.00</u>	<u>\$15,249,590.00</u>	<u>\$14,813,349.00</u>	<u>\$13,782,904.00</u>	<u>\$14,034,907.00</u>	<u>\$12,629,696.00</u>	<u>\$11,859,945.00</u>
CHANGE IN NET ASSETS										
Governmental activities	\$1,508,155.19	\$196,264.59	\$773,540.00	\$536,192.00	\$618,031.00	\$671,032.00	\$653,996.00	\$917,547.00	\$132,238.00	(\$439,049.00)
Business-type activities	8,938.04	(87,592.31)	(5,659.00)	16,684.00	21,956.00	25,858.00	29,432.00	18,404.00	23,738.00	(13,899.00)
Total district	<u>\$1,517,093.23</u>	<u>\$108,672.28</u>	<u>\$767,881.00</u>	<u>\$552,876.00</u>	<u>\$639,987.00</u>	<u>\$696,890.00</u>	<u>\$683,428.00</u>	<u>\$935,951.00</u>	<u>\$155,976.00</u>	<u>(\$452,948.00)</u>

Source: CAFR Schedule A-2

BOROUGH OF KEYPORT SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund										
Restricted	\$2,306,036.17	\$1,086,188.42								
Assigned	43,302.42	17,476.16								
Committed		96,109.00								
Unassigned	(\$123,408.57)	(\$132,634.95)								
Reserved			\$1,764,874.00	\$1,421,517.00	\$990,158.00	\$337,919.00	\$246,000.00	\$170,249.00	\$175,000.00	\$325,602.00
Unreserved			(211,201.00)	(63,486.00)	55,437.00	235,287.00	85,411.00	111,023.00	73,003.00	65,345.00
Total general fund	<u>\$2,225,930.02</u>	<u>\$1,067,138.63</u>	<u>\$1,553,673.00</u>	<u>\$1,358,031.00</u>	<u>\$1,045,595.00</u>	<u>\$573,206.00</u>	<u>\$331,411.00</u>	<u>\$281,272.00</u>	<u>\$248,003.00</u>	<u>\$390,947.00</u>
All Other Governmental Funds										
Restricted	\$1,558,147.41	\$2,128,265.57								
Committed		11,400.00								
Reserved			\$1,772,038.00	\$34,297.00	\$96,748.00	\$126,683.00	\$185,581.00	858,882.00	\$57,905.00	77,128.00
Unassigned, reported in:										
Special revenue fund (deficit)	(30,485.60)	(29,210.00)	(28,575.00)	(27,656.00)	(53,518.00)	(44,255.00)	(44,255.00)	(44,255.00)	(44,642.00)	(\$47,672.00)
Total all other governmental funds	<u>\$1,527,661.81</u>	<u>\$2,110,455.57</u>	<u>\$1,743,463.00</u>	<u>\$6,641.00</u>	<u>\$43,230.00</u>	<u>\$82,428.00</u>	<u>\$141,326.00</u>	<u>\$814,627.00</u>	<u>\$13,263.00</u>	<u>\$29,456.00</u>

Source: CAFR Schedule B-1

BOROUGH OF KEYPORT SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Tax levy	\$8,604,103.00	\$8,466,952.00	\$8,512,472.00	\$8,457,165.00	\$8,698,680.00	\$8,481,493.00	\$8,057,911.00	\$7,757,141.00	\$7,371,645.00	\$6,863,593.00
Tuition charges	4,033,850.98	2,731,243.35	2,915,807.00	2,606,342.00	2,545,332.00	2,431,481.00	1,990,862.00	1,740,362.00	1,611,971.00	1,671,628.00
Other local government units			36,572.00	37,668.00	40,349.00	113,184.00				
Interest earnings	3,941.27	7,166.24	13,534.00	15,548.00	57,336.00	80,306.00	51,555.00	22,970.00	2,928.00	9,928.00
Miscellaneous	109,257.92	244,840.96	26,020.00	62,190.00	36,791.00	47,813.00	30,422.00	27,323.00	25,188.00	22,516.00
State sources	7,426,343.35	6,778,166.94	6,098,537.00	6,734,746.00	6,878,311.00	6,430,540.00	6,356,630.00	5,794,677.00	5,589,597.00	5,146,078.00
Federal sources	1,013,813.42	882,295.87	1,634,646.00	672,252.00	607,207.00	676,130.00	807,367.00	695,442.00	605,787.00	551,991.00
Total revenue	<u>21,191,309.94</u>	<u>19,110,665.36</u>	<u>19,237,588.00</u>	<u>18,585,911.00</u>	<u>18,864,006.00</u>	<u>18,260,947.00</u>	<u>17,294,747.00</u>	<u>16,037,915.00</u>	<u>15,207,116.00</u>	<u>14,265,734.00</u>
Expenditures										
Instruction										
Regular instruction	5,597,393.20	5,585,183.65	5,691,796.00	5,525,856.00	5,247,973.00	5,010,904.00	5,019,010.00	4,666,075.00	4,346,333.00	4,466,084.00
Special education instruction	1,780,826.95	1,780,239.28	1,443,825.00	1,438,302.00	1,600,390.00	1,560,090.00	1,538,492.00	1,427,576.00	1,401,500.00	1,515,029.00
Other instruction	628,571.35	579,861.43	656,242.00	657,753.00	460,529.00	419,894.00	429,269.00	454,228.00	420,250.00	415,300.00
Support Services:										
Tuition	624,007.70	665,810.06	760,529.00	904,565.00	742,708.00	737,691.00	759,631.00	790,973.00	934,675.00	864,954.00
Student & instruction related services	1,741,525.97	1,742,096.74	1,845,348.00	1,799,557.00	1,803,763.00	1,845,473.00	1,680,019.00	1,794,057.00	1,772,838.00	1,561,284.00
General administrative services	307,857.38	352,890.38	380,835.00	361,403.00	387,034.00	349,107.00	372,438.00	359,886.00	336,822.00	324,780.00
School administrative services	593,566.18	590,623.69	576,893.00	557,999.00	527,880.00	520,815.00	504,097.00	504,329.00	487,366.00	462,012.00
Central services & administrative technology	459,050.54	447,705.07	437,743.00	468,487.00	414,397.00	482,485.00	477,675.00	451,444.00	381,571.00	380,121.00
Plant operations and maintenance	1,616,215.36	1,480,517.86	1,478,670.00	1,412,813.00	1,479,816.00	1,302,815.00	1,304,569.00	1,335,466.00	1,264,499.00	1,279,684.00
Pupil transportation	461,589.57	380,362.85	363,476.00	362,916.00	442,163.00	401,781.00	409,577.00	350,302.00	403,497.00	361,043.00
Unallocated employee benefits	5,016,382.95	4,729,538.78	4,370,313.00	4,149,430.00	4,764,765.00	4,526,283.00	3,792,331.00	3,364,430.00	2,982,473.00	2,611,557.00
Debt service:										
Principal	535,000.00	465,000.00	275,000.00	255,000.00	245,000.00	240,000.00	190,000.00	155,000.00	150,000.00	150,000.00
Interest and other charges	230,526.00	306,895.00	130,982.00	143,058.00	154,610.00	165,970.00	138,090.00	186,340.00	194,590.00	202,840.00
Capital outlay	1,141,151.17	198,923.83	2,793,472.00	272,925.00	159,787.00	514,742.00	1,302,711.00	163,176.00	289,839.00	225,992.00
Total expenditures	<u>20,733,664.32</u>	<u>19,305,648.62</u>	<u>21,205,124.00</u>	<u>18,310,064.00</u>	<u>18,430,815.00</u>	<u>18,078,050.00</u>	<u>17,917,909.00</u>	<u>16,003,282.00</u>	<u>15,366,253.00</u>	<u>14,820,680.00</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$457,645.62</u>	<u>(\$194,983.26)</u>	<u>(\$1,967,536.00)</u>	<u>\$275,847.00</u>	<u>\$433,191.00</u>	<u>\$182,897.00</u>	<u>(\$623,162.00)</u>	<u>\$34,633.00</u>	<u>(\$159,137.00)</u>	<u>(\$554,946.00)</u>
Other Financing sources (uses)										
Capital leases (non-budgeted)	\$118,352.01	\$75,440.72								
Bond Proceeds			\$3,900,000.00				\$800,000.00			
Transfers in	\$235,000.00	\$1,198,284.00								
Transfers out	(235,000.00)	(1,198,284.00)								
Total other financing sources (uses)	<u>118,352.01</u>	<u>75,440.72</u>	<u>3,900,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>800,000.00</u>	<u>0.00</u>	<u>0.00</u>
Net change in fund balances	<u>\$575,997.63</u>	<u>(\$119,542.54)</u>	<u>\$3,900,000.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$800,000.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Debt service as a percentage of noncapital expenditures	3.91%	4.04%	2.21%	2.21%	2.19%	2.31%	1.97%	2.15%	2.29%	2.42%

Source: CAFR Schedule B-2

BOROUGH OF KEYPORT SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Solar Renewable</u> <u>Energy Credits</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$4,033,850.98	\$3,941.27	\$64,747.75	\$39,645.37	\$4,142,185.37
2011	2,731,243.35	7,166.24	190,256.00	49,616.19	2,978,281.78
2010	2,915,807.00	13,534.00		28,020.00	2,957,361.00
2009	2,606,342.00	15,548.00		62,190.00	2,684,080.00
2008	2,545,332.00	57,336.00		36,791.00	2,639,459.00
2007	2,431,481.00	81,021.00		47,098.00	2,559,600.00
2006	1,990,862.00	51,555.00		30,422.00	2,072,839.00
2005	1,740,362.00	22,970.00		27,323.00	1,790,655.00
2004	1,611,971.00	2,928.00		25,188.00	1,640,087.00
2003	1,671,628.00	9,928.00		22,516.00	1,704,072.00

Source: District Records

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

<u>Year</u>	<u>Net Assessed Valuation Taxable</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2011	\$750,625,915.00	\$701,437,099.00	107.01%
2010	752,522,500.00	740,866,869.00	101.57%
2009	755,166,800.00	754,395,228.00	100.10%
2008	327,303,150.00	797,784,250.00	41.03%
2007	331,110,697.00	787,274,527.00	42.06%
2006	329,933,774.00	710,648,220.00	46.43%
2005	328,694,446.00	647,418,645.00	50.77%
2004	328,069,901.00	673,797,273.00	48.69%
2003	322,846,200.00	484,609,146.00	66.62%
2002	327,253,630.00	366,301,354.00	89.34%

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

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

BOROUGH OF KEYPORT SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Year	Borough of Keyport Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Borough of Keyport	Monmouth County	
2012	1.103	0.042	1.145	0.750	0.291	2.186
2011	1.102	0.023	1.125	0.736	0.299	2.160
2010	1.087	0.041	1.128	0.758	0.255	2.141
2009	1.016	0.092	1.108	0.739	0.259	2.106
2008	2.493	0.097	2.590	1.604	0.570	4.764
2007	2.490	0.072	2.562	1.434	0.554	4.550
2006	2.399	0.074	2.473	1.370	0.554	4.397
2005	2.305	0.075	2.380	1.241	0.557	4.178
2004	2.200	0.078	2.278	1.177	0.531	3.986
2003	2.076	0.078	2.154	0.948	0.522	3.624

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

(b) Rates for debt service are based on each year's requirements.

BOROUGH OF KEYPORT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>	<u>% of Total District Net Assessed Value</u>
Green Grove Associates/Richard Kurtz	\$12,371,300.00	1	1.65%	\$5,400,000.00	2	1.65%
251 Atlantic LLC	9,095,500.00	2	1.21%	3,857,000.00	4	1.18%
Building Keyport LLC & Wren Keyport	8,200,000.00	3	1.09%	8,446,400.00	1	2.58%
Straub Motores, Inc	7,499,600.00	4	1.00%	3,214,000.00	5	0.98%
NJ Bell Telephone Co Tax Manager	6,909,427.00	5	0.92%	4,420,300.00	3	1.35%
Keyport Marine Basin, Inc	5,286,000.00	6	0.70%	1,705,000.00	8	0.52%
Holmdel Point Apartments	4,511,200.00	7	0.60%	2,165,000.00	6	0.66%
417 Associates, LLC	4,185,200.00	8	0.56%			
Blue 62 Associates	3,773,800.00	9	0.50%			0.47%
Swift Family Partnership, LP	3,727,800.00	10	0.50%	1,656,000.00	10	0.51%
Fragrance Resources, Inc				1,750,000.00	7	0.55%
NJ Bell Telephone Co Tax Manager				1,675,000.00	9	0.51%
Total	\$65,559,827.00		8.73%	\$34,288,700.00		10.96%

Source: Municipal Tax Assessor

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>30-Jun</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2012	\$8,604,103.00	\$7,879,189.00	91.57%	\$724,914.00
2011	8,466,951.00	7,775,999.50	91.84%	690,951.50
2010	8,512,472.00	7,829,630.00	91.98%	682,842.00
2009	8,457,165.00	7,721,045.16	91.30%	736,119.84
2008	8,698,680.00	8,698,680.00	100.00%	
2007	8,481,493.00	8,481,493.00	100.00%	
2006	8,057,911.00	8,057,911.00	100.00%	
2005	7,757,141.00	7,757,141.00	100.00%	
2004	7,371,645.00	7,371,645.00	100.00%	
2003	6,863,593.00	6,863,593.00	100.00%	

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

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

BOROUGH OF KEYPORT SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Capital Leases/ Lease Purchases	Bond Anticipation Notes			
2012	\$5,905,000.00	\$165,484.44		\$6,070,484.44	0.94%	\$837.65
2011	6,440,000.00	105,633.37		6,545,633.37	0.87%	903.47
2010	6,905,000.00	54,810.00		6,959,810.00	0.82%	930.21
2009	3,280,000.00	75,898.00		3,355,898.00	1.66%	449.13
2008	3,535,000.00	95,747.00		3,630,747.00	1.63%	484.68
2007	3,780,000.00	14,631.00		3,794,631.00	1.52%	502.33
2006	4,020,000.00	229,551.00		4,249,551.00	1.03%	558.49
2005	4,210,000.00	326,391.00		4,536,391.00	1.08%	593.22
2004	3,310,000.00	126,200.00		3,436,200.00	1.38%	449.71
2003	3,460,000.00	112,600.00		3,572,600.00	1.24%	468.91

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

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

(a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF KEYPORT SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2012	\$5,905,000.00		\$5,905,000.00	0.78668%	\$814.82
2011	6,440,000.00		6,440,000.00	0.85795%	888.89
2010	6,905,000.00		6,905,000.00	0.91758%	922.88
2009	3,280,000.00		3,280,000.00	0.43434%	438.97
2008	3,535,000.00		3,535,000.00	1.08004%	473.10
2007	3,780,000.00		3,780,000.00	1.14161%	504.61
2006	4,020,000.00		4,020,000.00	1.21843%	532.17
2005	4,210,000.00		4,210,000.00	1.28082%	553.29
2004	3,310,000.00		3,310,000.00	1.00893%	432.85
2003	3,460,000.00		3,460,000.00	1.07172%	452.82
2002	3,610,000.00		3,610,000.00	1.10312%	473.82

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

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

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

BOROUGH OF KEYPORT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
UNAUDITED

Net Direct Debt of School District as of December 31, 2011	\$6,440,000.00
Overlapping County Debt	2,786,933.00
Municipal Debt	<u>12,705,291.00</u>
Total Direct and Overlapping Bonded Debt	<u>\$21,932,224.00</u>

Source: Borough of Keyport Chief Financial Officer

BOROUGH OF KEYPORT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Calendar Year 2011:

Equalized Valuation Basis

Calendar Year

2011	\$694,757,284.00
2010	735,963,325.00
2009	749,470,855.00
	<u>\$2,180,191,464.00</u>

Average Equalized Valuation of Taxable Property \$726,730,488.00

Debt Limit (4% (a) of average equalization value)	29,069,219.52
Total Net Debt Applicable to Limit	<u>(6,440,000.00)</u>
Legal Debt Margin	<u>\$22,629,219.52</u>

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	Calendar Year Ending December 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$29,069,219.52	\$30,416,150.89	\$30,522,917.00	\$28,475,670.00	\$25,586,243.00	\$22,556,433.00	\$19,634,058.00	\$16,865,622.00	\$14,930,568.00	\$13,481,354.00
Total Net Debt Applicable To Limit	<u>6,440,000.00</u>	<u>6,905,000.00</u>	<u>7,180,423.00</u>	<u>3,535,000.00</u>	<u>3,940,000.00</u>	<u>4,020,000.00</u>	<u>4,210,687.00</u>	<u>3,310,000.00</u>	<u>3,460,000.00</u>	<u>3,610,000.00</u>
Legal Debt Margin	<u>\$22,629,219.52</u>	<u>\$23,511,150.89</u>	<u>\$23,342,494.00</u>	<u>\$24,940,670.00</u>	<u>\$21,646,243.00</u>	<u>\$18,536,433.00</u>	<u>\$15,423,371.00</u>	<u>\$13,555,622.00</u>	<u>\$11,470,568.00</u>	<u>\$9,871,354.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	22.15%	22.70%	23.52%	12.41%	15.40%	17.82%	21.45%	19.63%	23.17%	26.78%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation
(a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

BOROUGH OF KEYPORT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2011	7,247	not available	not available	9.90%
2010	7,245	\$412,638,975.00	\$56,955.00	9.80%
2009	7,482	417,226,248.00	55,764.00	9.70%
2008	7,472	443,343,648.00	59,334.00	5.90%
2007	7,491	432,155,790.00	57,690.00	4.60%
2006	7,554	405,770,664.00	53,716.00	5.10%
2005	7,609	374,126,921.00	49,169.00	4.70%
2004	7,647	362,268,978.00	47,374.00	5.10%
2003	7,641	337,938,507.00	44,227.00	5.80%
2002	7,619	333,750,295.00	43,805.00	4.20%

Source:

(a) Population information provided by the NJ Dept. of Labor and Workforce Development.

(b) Personal income has been estimated based upon the municipal population and per capita personal income presented.

(c) Per capita personal income by municipality was computed using Census Bureau midyear population estimates.

Estimates for 2000-2010 reflect county population.

(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

BOROUGH OF KEYPORT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND FIVE YEARS AGO
UNAUDITED

<u>Employer</u>	<u>2011</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u> <u>[Optional]</u>	<u>Percentage of</u> <u>Total Employment</u>	<u>Employees</u>	<u>Rank</u> <u>[Optional]</u>	<u>Percentage of</u> <u>Total Employment</u>
Keyport Board of Education	185	1	36.35%	175	1	35.07%
Stop 'n Shop	100	2	19.65%	100	2	20.04%
Straub Motors	95	3	18.66%	95	3	19.04%
Borough of Keyport	85	4	16.70%	85	4	17.03%
Fragrance Resources, Inc	44	5	8.64%	44	5	8.82%
Total	<u>509</u>		<u>100.00%</u>	<u>499</u>		<u>100.00%</u>

Source: District and Borough

BOROUGH OF KEYPORT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

Function/program	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction:						
Regular	76	76	76	76	98	88
Special education	26	28	27	27	21	21
Other special education - aides	6	8	8	8		10
Other instruction - aides /para's	13	13	13	13	21	8
Support services:						
Student and instruction related services	20	22	24	24	22	14
General administrative services	2	4	4	4	4	4
School administrative services	8	8	8	8	8	13
Central services and technology	5	5	6	6	6	5
Plant operations and maintenance	16	16	16	17	16	16
Total	<u>172</u>	<u>180</u>	<u>182</u>	<u>183</u>	<u>196</u>	<u>179</u>

Source: District Personnel Records

BOROUGH OF KEYPORT SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio		Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	High School				
2012	1,114	\$18,833,241.15	\$16,905.96	5.30%	114	1:9.8	1:9.8	1,118	1,040	-0.62%	93.02%
2011	1,142	18,334,829.79	16,055.02	4.85%	123	1:11.4	1:11.4	1,125	1,047	-3.68%	93.07%
2010	1,152	17,639,081.00	15,311.70	4.47%	116	1:9.8	1:10.7	1,168	1,087	-1.27%	93.05%
2009	1,178	17,265,374.00	14,656.51	-3.91%	129	1:11	1:10	1,183	1,108	9.84%	93.63%
2008	1,077	16,426,689.00	15,252.26	18.78%	125	1:23	1:10	1,077	991	-7.18%	91.98%
2007	1,186	15,229,096.00	12,840.72	-4.77%	125	1:15	1:9	1,160	1,081	-0.57%	93.16%
2006	1,182	15,938,259.00	13,484.14	6.22%	125	1:10	1:9	1,167	1,082	-2.54%	92.72%
2005	1,209	15,347,030.00	12,693.99	3.02%	125	1:11.9	1:9	1,197	1,100	2.32%	91.86%
2004	1,171	14,429,178.00	12,322.10	9.31%	124	1:9.3	1:10	1,170	1,083	-3.05%	92.53%
2003	1,241	13,989,040.00	11,272.39	-6.92%	128	1:10.7	1:10.1	1,207	1,120	0.88%	92.75%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(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).

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	<u>2012</u>	<u>2011</u>	<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>District Buildings</u>										
Elementary School(s):										
Central School (1961)										
Square Feet	96,185	96,185	96,185	96,185	96,185	96,185	96,185	96,185	96,185	96,185
Capacity (students)	632	632	632	632	632	632	632	632	632	632
Enrollment	616	618	638	620	625	601	611	613	612	617
Keyport High School (1927)										
Square Feet	84,958	84,958	84,948	84,948	84,948	84,948	84,948	84,948	198,820	84,948
Capacity (students)	524	524	524	524	524	524	524	524	524	524
Enrollment	498	522	514	530	553	556	575	569	597	592
Other:										
Administration Building										
Square Feet	1,930	1,930	1,930	1,930	1,930	1,930	4,930	4,930	4,930	4,930

Number of Schools at June 30, 2011

- Elementary = 1
- High School = 1

Source: District records

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

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities * Project #(s)	<u>Total</u>	<u>Keyport Central School</u>	<u>Keyport High School</u>
2012	\$495,910.93	\$262,832.79	\$233,078.14
2011	290,250.00	153,832.00	136,418.00
2010	288,348.00	152,824.00	135,524.00
2009	560,000.00	296,800.00	263,200.00
2008	450,223.00	291,696.00	158,527.00
2007	227,423.00	120,766.00	106,657.00
2006	232,600.82	123,507.87	109,092.95
2005	311,686.00	165,505.00	146,181.00
2004	328,862.00	174,626.00	154,236.00
2003	241,808.00	127,433.00	114,375.00
Total School Facilities	<u>\$3,427,111.75</u>	<u>\$1,869,822.66</u>	<u>\$1,557,289.09</u>

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

Source: District records

BOROUGH OF KEYPORT SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	<u>Coverage Amount</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Property Coverage:		
Blanket Real & Personal Property	\$51,335,168.00	\$1,000.00
Blanket Extra Expense	250,000,000.00	1,000.00
Blanket Valuable Papers & Records	500,000.00	1,000.00
Boiler & Machinery Coverage:		
Property Damage	51,335,168.00	1,000.00
Crime Coverage:		
Faithful Performance Limit	100,000.00	1,000.00
Forgery and Altercation	50,000.00	
Money & Securities Limit		
Public Official Bond Limit - Board Secretary	25,000.00	
Public Official Bond Limit - Board Treasurer	201,700.00	
General Liability Coverage:		
General Aggregate	5,000,000.00	1,000.00
Bodily Injury & Property Damage	5,000,000.00	
Each occurrence	5,000,000.00	
Fire Damage	5,000,000.00	
Medical expense	500.00	
Automobile Coverage:		
Bodily Injury & Property Damage	5,000,000.00	1,000.00
Uninsured/Underinsured Motorists	5,000,000.00	

Source: District Records

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-1"

308 East Broad Street, Westfield, New Jersey 07090-2122

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E-mail info@scnco.com

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

Honorable President and Members
of the Board of Education
Keyport Borough School District
County of Monmouth
Keyport, New Jersey 07735

We have audited the basic financial statements of the Borough of Keyport School District, County of Monmouth, New Jersey as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards, 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 Borough of Keyport School District, County of Monmouth, New Jersey internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Keyport School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Keyport School 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 possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

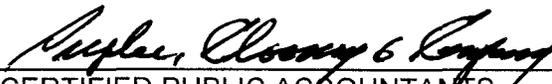
SUPLEE, CLOONEY & COMPANY

Our consideration of the internal control over financial reporting was limited for the 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 Borough of Keyport School District's basic 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 basic 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.

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

October 15, 2012



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-2"

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members
of the Board of Education
Keyport Borough School District
County of Monmouth
Keyport, New Jersey 07735

Compliance

We have audited the compliance of the Borough of Keyport School District with the types of compliance requirements described in the New Jersey State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2012. The Borough of Keyport School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Borough of Keyport School District's management. Our responsibility is to express an opinion on Borough of Keyport School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Keyport School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Keyport School District's compliance with those requirements.

SUPLEE, CLOONEY & COMPANY

In our opinion, the Borough of Keyport School 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 year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

October 15, 2012

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2011	ADJUSTMENT / CARRYOVER AMOUNT	CASH RECEIPTS	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR'S BALANCE	BALANCE AT JUNE 30, 2012		
										(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR
General Fund												
U.S. Department of Education												
Medicaid Assistance Program (SEM)	93 778	N/A	7/1/11 - 6/30/12	\$56,978.98			\$51,405.17	(\$56,978.98)		(\$5,573.81)		
Medicaid Assistance Program (SEM)	93 778	N/A	7/1/10 - 6/30/11	30,106.43	(\$4,787.23)		4,787.23					
Education Jobs Fund	84 410	N/A	7/1/11 - 6/30/12	195,515.00			195,515.00	(195,515.00)				
Total General Fund					(4,787.23)		251,707.40	(252,493.98)		(5,573.81)		
Enterprise Funds												
U.S. Department of Agriculture												
Passed-through State Department of Education												
Commodity Supplemental Food Program	10 565	N/A	7/1/10 - 6/30/11	19,068.49	1,433.18			(1,433.18)				
Commodity Supplemental Food Program	10 565	N/A	7/1/11 - 6/30/12	28,387.03			28,387.03	(27,787.08)			\$599.95	
National School Lunch Program	10 555	N/A	7/1/10 - 6/30/11	190,100.54	(8,927.50)		8,927.50					
National School Lunch Program	10 555	N/A	7/1/11 - 6/30/12	196,354.80			186,148.04	(196,354.80)		(10,206.76)		
National School Breakfast Program	10 553	N/A	7/1/10 - 6/30/11	22,559.98	(1,139.94)		1,139.94					
National School Breakfast Program	10 553	N/A	7/1/11 - 6/30/12	22,952.39			21,644.24	(22,952.39)		(1,308.15)		
Total Enterprise Fund					(8,634.26)		246,246.75	(248,527.45)		(11,514.91)		599.95
Special Revenue Funds												
U.S. Department of Education												
Passed-through State Department of Education:												
Title I - carryover	84 010	NCLB252430-08	9/1/08 - 8/31/09	203,732.00	3.00					(\$3.00)		
Title I - carryover	84 010	NCLB252430-09	9/1/09 - 8/31/10	216,172.00	(217.00)	\$217.00						
Title I - summer	84 010	NCLB252430-10	9/1/10 - 8/31/11	201,158.00								
Title I	84 010	NCLB252430-11	9/1/11 - 8/31/12	381,189.00	(65,823.00)							
Title I	84 010	NCLB252430-12	9/1/11 - 8/31/12	303,013.00								
Title I - ARRA	84 389	ARRA252430-10	9/1/09 - 8/31/11	102,361.00	(8,620.78)							
Title I - SIA - carryover	84 010	NCLB252430-09	9/1/09 - 8/31/10	4,624.00	(2,368.00)	1,103.00						
Title I - SIA - summer	84 010	NCLB252430-10	9/1/09 - 8/31/10	12,688.00	(1,778.18)							
Title II - Part A - carryover	84 367	NCLB252430-08	9/1/08 - 8/31/09	45,582.00	5,743.00				(5,743.00)			
Title II - Part A	84 367	NCLB252430-12	9/1/11 - 8/31/12	46,000.00			33,053.00	(35,717.47)		(2,664.47)		
Title II - Part A - summer	84 367	NCLB252430-10	9/1/09 - 8/31/10	48,522.00	883.05	(883.05)						
Title II - Part A	84 367	NCLB252430-10	9/1/10 - 8/31/11	48,522.00	(1,020.00)		1,020.00	(6,758.00)		(6,282.00)		
Title II - Part A	84 367	NCLB252430-11	9/1/11 - 8/31/12	51,695.00	(13,201.05)	3,537.55	20,361.45	(17,292.46)		(6,594.51)		
Title II - Part D - carryover	84 318	NCLB252430-08	9/1/08 - 8/31/09	1,459.00	58.00				(58.00)			
Title II - carryover	84 365	NCLB252430-09	9/1/08 - 8/31/09	19,251.00	(1,715.00)		1,715.00					
Title III - summer	84 365	NCLB252430-10	9/1/10 - 8/31/11	19,898.00	(3,338.69)	1,115.40		(45.00)				
Title III	84 365	NCLB252430-11	9/1/11 - 8/31/12	29,088.00	(2,450.71)		5,453.71	(15,081.00)		(12,078.00)		
Title III	84 365	NCLB252430-12	9/1/11 - 8/31/12	18,432.00			3,230.00	(13,641.46)		(10,411.46)		
Title III - immigration	84 365	NCLB252430-09	9/1/08 - 8/31/09	4,859.00	(1,293.00)		1,293.00					
Title IV - carryover	84 186	NCLB252430-07	9/1/07 - 8/31/08	7,332.00	1,115.00				(1,115.00)			
Title IV - carryover	84 186	NCLB252430-08	9/1/08 - 8/31/09	6,022.00	1,224.00				(1,224.00)			
Title V - carryover	84 298	NCLB252430-07	9/1/07 - 8/31/08	1,876.00	28.00				(28.00)			
Title V - carryover	84 298	NCLB252430-08	9/1/08 - 8/31/09	2,096.00	8.00				(8.00)			
I.D.E.A. Part B, Basic - carryover	84 027	IDEA252430-10	9/1/10 - 8/31/11	270,378.00	(11,052.10)		11,052.10					
I.D.E.A. Part B, Basic	84 027	IDEA252430-11	9/1/11 - 8/31/12	257,658.00	(46,991.48)		58,964.00	(11,972.52)				
I.D.E.A. Part B, Basic	84 027	IDEA252430-12	9/1/11 - 8/31/12	254,588.00			222,752.00	(252,011.04)		(29,259.04)		
I.D.E.A. Part B, Basic - ARRA	84 391	ARRA252430-09	9/1/09 - 8/31/11	268,393.00	(18,392.32)		31,200.06	(12,807.74)				
I.D.E.A. Part B-Preschool - carryover	84 173	IDEA252430-05	9/1/06 - 8/31/07	15,248.00	777.00				(777.00)			
I.D.E.A. Part B-Preschool - summer	84 173	IDEA252430-10	9/1/09 - 8/31/10	7,914.00	(435.09)		435.09					
I.D.E.A. Part B-Preschool	84 173	IDEA252430-10	9/1/10 - 8/31/11	7,914.00	(0.34)		80.00	(59.66)				
I.D.E.A. Part B-Preschool	84 173	IDEA252430-11	9/1/11 - 8/31/12	8,083.00			4,489.91	(4,924.66)		(434.75)		
I.D.E.A. Part B-Preschool	84 173	IDEA252430-12	9/1/11 - 8/31/12	7,980.00			7,932.00	(7,932.00)				
I.D.E.A. Part B-Preschool - ARRA	84 392	ARRA252430-09	9/1/09 - 8/31/11	9,665.00	(852.28)		3,237.00	(2,384.72)				
Total Special Revenue Fund					(169,709.97)	6,109.90	797,811.31	(752,934.04)	(8,956.00)	(127,678.80)		
Total Expenditures of Federal Awards					(\$183,131.46)	\$6,109.90	\$1,295,765.46	(\$1,253,955.47)	(\$8,956.00)	(\$144,767.52)		\$599.95

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BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	BALANCE AT JUNE 30, 2011			CARRY OVER AMOUNT	CASH RECEIPTS	BUDGETARY EXPENDITURES	ADJUSTMENT	REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE AT JUNE 30, 2012			MEMO CUMULATIVE TOTAL	
			AWARD AMOUNT	DEFERRED REVENUE (ACCTS RECEIVABLE)	DUE TO GRANTOR						(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	EXPENDITURES
State Department of Education															
General Funds															
Special Education Categorical Aid	12-495-034-5120-089	7/1/11 - 6/30/12	\$515,405 00				\$463,966 00	(\$515,405 00)		\$51,439 00				\$51,439 00	\$515,405 00
Equalization Aid	12-495-034-5120-078	7/1/11 - 6/30/12	4,684,380 00				4,216,742 80	(4,684,380 00)		467,637 40				467,637 40	4,684,380 00
Extraordinary Aid	11-100-034-5120-473	7/1/10 - 6/30/11	99,161 00	(\$99,161 00)			99,161 00								99,161 00
Extraordinary Aid	12-100-034-5120-473	7/1/11 - 6/30/12	113,816 00					(113,816 00)			(\$113,816 00)				113,816 00
Reimbursed TPAF social security contributions	11-495-034-5095-002	7/1/10 - 6/30/11	616,972 14	(90,669 07)			90,669 07								616,972 14
Reimbursed TPAF social security contributions	12-495-034-5095-002	7/1/11 - 6/30/12	594,680 15				566,145 70	(594,680 15)			(28,734 45)			28,734 45	594,680 15
Total General Fund				(189,830 07)			5,436,684 37	(5,908,461 15)		519,076 40		(142,550 45)		547,810 85	6,624,614 29
Special Revenue Fund															
State Department Education															
Preschool Education Aid	11-495-034-5120-086	7/1/10 - 6/30/11	292,100 00	(29,210 00)			29,210 00								\$292,100 00
Preschool Education Aid	12-495-034-5120-086	7/1/11 - 6/30/12	304,800 00				274,314 40	(304,800 00)			(30,485 60)				304,800 00
Anti-Bullying		7/1/11 - 6/30/12	265 00				265 00						\$265 00		
New Jersey Non Public Aid															
Auxiliary Services - chapter 192	10-100-034-5120-067	7/1/09 - 6/30/10	42,227 00												
Handicapped Services - chapter 193	10-100-034-5120-066	7/1/09 - 6/30/10	45,605 00												
Total Special Revenue Fund				(29,210 00)			303,789 40	(304,800 00)			(30,485 60)		265 00		596,900 00
Enterprise Fund															
State School Lunch Program	11-100-010-3360-087	7/1/10 - 6/30/11	5,908 71	(565 54)			565 54								5,908 71
State School Lunch Program	12-100-010-3360-087	7/1/11 - 6/30/12	5,798 92				5,500 73	(5,798 92)			(298 19)				5,798 92
Total Enterprise Fund				(565 54)			6,066 27	(5,798 92)			(298 19)				11,707 63
Capital Projects Fund															
Remove and Replace Boiler and Hot Water Heater	2430-060-10-1003	various	214,920 00					(214,920 00)			(214,920 00)				\$214,920 00
Remove and Replace HVAC Systems	2430-050-10-1002	various	341,734 00												
Remove and Replace Domestic Water Heater	2430-050-10-1001	various	14,987 00					(14,987 00)			(14,987 00)				14,987 00
Total Capital Projects Fund								(229,907 00)			(229,907 00)				229,907 00
Debt Service Fund															
Debt Service	12-495-034-5120-017	7/1/11 - 6/30/12	217,841 00				217,841 00	(217,841 00)							217,841 00
Total State Financial Assistance Subject to OMB 04-04				(\$219,605 61)			\$5,964,381 04	(\$6,666,828 07)		\$519,076 40		(\$403,241 24)	\$265 00	\$547,810 85	\$7,680,969 92
On-behalf TPAF Pension - post retirement medical	12-495-034-5095-001	7/1/11 - 6/30/12	534,546 00				534,546 00	(534,546 00)							
On-behalf TPAF pension contribution	12-495-034-5095-006	7/1/11 - 6/30/12	265,909 00				265,909 00	(265,909 00)							
Total Expenditures of State Financial Assistance							6,764,836 04	(7,467,263 07)							

See accompanying notes to schedules of expenditures of awards and financial assistance.

Borough of Keyport School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2012

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Borough of Keyport School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2012

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$33,865.20) for the general fund and \$7,109.80 for the special revenue fund and \$229,907.00 for the capital projects fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$252,493.98	\$6,675,070.95	\$6,927,564.93
Special Revenue Fund	761,319.44	303,524.40	1,064,843.84
Capital Projects Fund		229,907.00	229,907.00
Debt Service Fund		217,841.00	217,841.00
Food Service Fund	<u>248,527.45</u>	<u>5,798.92</u>	<u>254,326.37</u>
Total Awards & Financial Assistance	<u>\$1,262,340.87</u>	<u>\$7,432,142.27</u>	<u>\$8,694,483.14</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 in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2012.

Borough of Keyport School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|-------------|
| (1) | Type of Auditor’s Report Issued: | Unqualified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|---|---------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unqualified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | None Reported |

Borough of Keyport School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results (Continued)

Federal Program(s) (Continued)

(4) Identification of Major Federal Program(s):

<u>Program</u>	<u>Grant Number</u>
Education Jobs Fund	84.410A
Child Nutrition Cluster:	
National School Lunch Program	10.555
School Breakfast Program	10.553

(5) Program Threshold Determination:

Type A Federal Program Threshold > \$300,000.00

Type B Federal Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Borough of Keyport School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? N/A
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unqualified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04 and listed in Section III of this schedule? None Reported
- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002
State Aid -Public Cluster:	
Special Education Aid	12-495-034-5120-089
Equalization Aid	12-495-034-5120-078

- 5) Program Threshold Determination:
Type A State Program Threshold > \$300,000.00
Type B State Program Threshold <= \$300,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Borough of Keyport School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section II – Financial Statement Audit – Reported Findings
Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Borough of Keyport School District
Schedule of Prior Year Audit Findings

Not Applicable

