

HAZLET SCHOOL DISTRICT  
HAZLET, NEW JERSEY

FISCAL YEAR ENDED JUNE 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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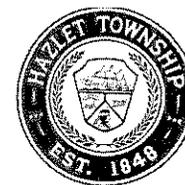
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## INTRODUCTORY SECTION

# HAZLET TOWNSHIP PUBLIC SCHOOLS



Office of the Superintendent of Schools

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November 4, 2011

Honorable President and  
Members of the Board of Education  
Hazlet Township School District  
Hazlet, New Jersey

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report ("CAFR") of the Hazlet Township School District ("District") for the fiscal year ended June 30, 2011. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U. S. Office of Management and Budget Circular A-133, Audits of States, 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. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

## 1. REPORTING ENTITY AND ITS SERVICES

The Hazlet Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Hazlet Township Board of Education and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education by providing a full range of programs and services appropriate to grades Pre-K through 12. These include regular education, programs for the very able students (gifted and talented), as well as special education for handicapped youngsters placed within and outside of the District. One Early Childhood Learning Center, three lower and two upper elementary schools, a middle school and a high school comprise the District's school facilities.

Supervising District-wide goals is a District Superintendent, an Assistant Superintendent, a School Business Administrator/Board Secretary, a Director of Curriculum, Instruction and Testing, a District-wide Supervisor of Math and Technology, a District-wide Supervisor of Language Arts, a District-wide Supervisor of Music/Athletic Director, a Director of Guidance and a Director of Special Services. Each elementary school has its own Principal. The Hazlet Middle School has one principal and one and one-half Vice Principals, and Raritan High School has one principal and two Vice Principals.

The Board of Education ("Board"), comprised of nine members, each elected to three-year terms, meets on the second Monday of each month for the agenda Board Meeting and on the fourth Monday of each month for the regular Board Meeting. During its meetings, the Board determines District goals and priorities, and conducts the business of the Board. All Board meetings are open to the public and begin at 7:00 pm.

PTOs are highly active in the District and provide community support for a variety of programs and activities for the children.

To maintain effective communications, each school maintains an active website with a monthly newsletter available for the parents of the children in the school. Information about the budget is available on the District website and conveyed through a series of budget discussions held throughout the District each school year the budget review process beginning in January. All members of the community are invited to attend these meetings. The District maintains a website that contains a wealth of District information and District contacts for public access. Each Board meeting agenda is posted on the website prior to the meeting and minutes are posted after being approved by the Board of Education.

Each of the schools in the District follows the District-wide goals and educational approaches to the teaching of children, while maintaining a unique personality that makes up that particular school. All curricula in our District have been aligned to the New Jersey Core Curriculum Content and Common Core Standards.

In March 2011, the New Jersey Department of Education released its 2011 Comparative Spending Guide for all school districts in the State. The guide compares districts with those that are similar in enrollment/configurations. The information on expenditures was taken from certified 2010-11 budgets on file with the State Department of Education. This report shows that the District budgeted \$12,706 per pupil. Of the 69 other K-12 school districts in the state with enrollments between 1,801 and 3,500 children, Hazlet ranked 30th lowest in total cost per pupil.

## ***Elementary Schools: Grades Pre-K through 6***

For the 2010-11 school year the District is comprised of an Early Childhood Learning Center serving our preschool and full day kindergarten students (Sycamore Drive), three lower elementary schools (Lillian Drive, Middle Road, and Raritan Valley) and two upper elementary schools (Beers Street and Cove Road) that offer students a comprehensive educational program.

Sycamore Drive – a grade Pre-K to K school of 299 students. There is one administrator and a staff of 22 teachers, instructional assistants and school aides. The school is located on Sycamore Drive, Hazlet.

Lillian Drive - a grade 1 to 4 school of 287 students. There is one administrator and a staff of 32 teachers, instructional assistants and school aides. The school is located on Lillian Drive, Hazlet.

Middle Road - a grade 1 to 4 school of 332 students. There is one administrator and a staff of 28 teachers, instructional assistants and school aides. The school is located on Middle Road, Hazlet.

Raritan Valley - a grade 1 to 4 school of 315 students. There is one administrator and a staff of 29 teachers, instructional assistants and school aides. The school is located on Cresci Boulevard, Hazlet.

Beers Street - a grade 5 to 6 school of 266 students. There is one administrator and staff of 23 teachers, instructional assistants and school aides. The school is located on Beers Street, Hazlet.

Cove Road - a grade 5 to 6 school of 231 students. There is one administrator and a staff of 23 teachers, instructional assistants and school aides. The school is located on Cove Road, Hazlet.

The District's philosophy is that children learn best by being active learners. Towards this end, the District has established an early literacy program where students begin pre-reading and pre-writing as soon as they enter kindergarten. Each day, students are immersed in an environment of books and educational materials.

The classroom teacher models appropriate reading and writing behaviors and reads to them regularly. Gradually, students view themselves as authors and see themselves as readers. Every attempt is made to make learning relevant. Students are taught skills that are directly applied to their reading and writing, which is then integrated into the various disciplines.

In math, students begin by using manipulatives. This tactile method enables them to develop concepts prior to being introduced to the abstract algorithms.

The Science program is hands-on and students are encouraged to investigate and explore. They are scientists using scientific methods of inquiry and discovery.

In the Social Studies program, the students learn skills and concepts of geography, history, economics and the social sciences. A tolerance curriculum has been recently integrated into the Social Studies program as well.

A World Language program begins with grade 3 where the language of focus is Spanish.

Enrichment classes exist at each grade in each elementary school. Selected students are provided with an enriched program and are expected to engage themselves in higher level thinking and creative activities.

## ***Hazlet Middle School***

### **Grades 7 and 8**

Hazlet Middle School is a grade 7-8 school of 516 students. There are two and a half administrators and a staff of 55 teachers, instructional assistants and school aides. The school is located on Union Avenue, Hazlet.

The school is organized around four learning teams (or schools within a school). Each team represents the four disciplines (Math, Language Arts, Social Studies and Science) and world language. Teachers in these teams are assigned approximately 250 students. Cross-teaming for instruction in the four major disciplines promotes a collaborative approach. Teachers get to know the students much better, which enables them to work closely with them on academic, social and behavioral issues.

The Math program is organized around the National Council of Teachers of Mathematics Standards and the Common Core Curriculum Standards. Accelerated courses are offered as Pre-Algebra in grade 7 and Algebra I in grade 8.

Language Arts encompasses reading, literature, writing, grammar, listening and vocabulary skills and public speaking. The various components of language arts are integrated so that they are more relevant to students. Research and study skills are incorporated into this program as well.

The 7<sup>th</sup> grade Social Studies curriculum focuses on a study of the Middle Ages, the Renaissance, the emergence of modern Europe and the Industrial Revolution. The 8<sup>th</sup> grade Social Studies curriculum focuses on American history. In order to provide our students a meaningful, relevant program, a thematic and chronological approach is used in both grades. Geography and civics are integrated at both levels.

The Science program in Hazlet provides students with experiences that foster an awareness of the role of science in their present and future worlds. It provides the students with an opportunity to develop their individual potential for becoming responsible members of society. In this class, they perform highly sophisticated scientific research. Accelerated Science 7A and Earth Science are offered to students who qualify for the program.

The philosophy of the middle school is to meet the unique needs of the preadolescent child. For students, this is a period of change and upheaval. This is a time when students are very interested in the world around them and have a need to explore their options. Courses available in related arts at grade 7 and/or 8 are art, music, computer technology, study skills, applied technology, health and physical education. All students in grades 7 and 8 take a full year of Everyday Spanish if they do not qualify for accelerated Spanish I or Italian I which is taught over two years.

## ***Raritan High School***

Raritan High School is a grade 9-12 school of 1,043 students. There are 3 administrators and a staff of 88 teachers, instructional assistants and school aides. The school is located at 419 Middle Road, Hazlet (no other school has the number, just the street).

This educational facility boasts a state-of-the-art auditorium, Global Communications Classroom and Television Production Studio, which benefits not only the educational community, but the Township of Hazlet as well. The school is organized by academic department. Each department represents the major academic disciplines of math, language arts, social studies, science and world language.

The math program is aligned to address both the National Council of Teachers of Mathematics Standards and the Common Core Curriculum Content State Standards. The extensive math curriculum includes integrated math, algebra, geometry, calculus, trigonometry and statistics. Honors and advanced placement classes are designed for each of these courses.

Language Arts encompasses reading, literature, writing, grammar, listening and vocabulary skills and public speaking. The various components of language arts are integrated so they are more relevant to students. Research and study skills are incorporated into this program. Honors and advanced placement courses are a key part of the curriculum.

The high school social studies curriculum engages students in exploratory research, genocide studies, current US issues as well as psychology and world history. Opportunities for advanced placement studies are provided for in the curriculum. An honors social studies program is also offered to select students.

The science program at Hazlet provides students with experiences that foster an awareness of the role of science in their present and future worlds. It provides the students with an opportunity to develop their individual potential for becoming responsible members of society. A number of students have the opportunity to take honors science. In this class, they perform highly-sophisticated scientific research.

The philosophy of high school is to meet the many needs of its students. For students, this is a period of change and preparation for career choices. Toward this end, in addition to the regular curriculum, the school offers many courses that may lead to career interest and prepare students with the academic foundation needed for college. Students are able to explore courses in art, business, home economics, performing arts and technical education.

## ***Special Education***

The Special Education program is an integral part of each school. As of June 30, 2011, there were 503 students classified as educationally-handicapped in the District and 24 students were placed out-of-district. Most of the students were placed in regular classes with Resource Center support. In addition, a pre-school handicapped program is offered as well as classes for those who have mild to severe learning and/or language disabilities and classes for multiply-handicapped students.

## ***Core Curriculum Content Standards***

All District curricula are aligned with the New Jersey Core Curriculum Content Standards and the Common Core Standards for Language Arts and Mathematics.

## ***Staff Development***

The Hazlet Township Public School System provides its teaching staff with many opportunities for professional development.

- Our District focused on professional development activities in the following areas: Professional conferences, workshops, articulation meetings between buildings for Pre-K-12 staff members, regularly-scheduled departmental and grade-level programs Pre-K-12, District-wide in-service workshops and summer workshops.
- Numerous professional development activities aligned to the New Jersey Core Curriculum Content Standards and Common Core Standards are planned for the 2011-12 school year. Teacher lesson plans were monitored to include the New Jersey Core Curriculum Content and Common Core Standards. Professional Development Plans, related to building objectives, included Pupil Performance and Student Assessment.
- In October the District held its annual full-day Professional Development In-Service using many of its capable staff members to conduct training sessions. Additional afternoon workshops are schedule throughout the school year.
- Our District provides for a Tuition Reimbursement Program for approved graduate study. District Administrators, Principals, Vice-Principals and Supervisors review staff Professional Development Plans for alignment with professional growth opportunities.
- District Standardized Test results were above the State and District Factor Grouping for total student population in all grades and for all subject areas.
- The District established a three-year mentor/novice teacher training program including professional teaching portfolios and action research.
- A summer institute was established to offer support and guidance to new teachers and mentors for the start of the school year.
- Professional Development Opportunities were offered through the District's Professional Development Academy totaling over 300 workshops for staff members, administrators, parents and families.
- Partnership activities with local Universities facilitated professional development in early literacy, mathematics instruction, mentor and novice teacher training and data driven decision making.

## **MAJOR INITIATIVES**

### ***District-Wide Curriculum:***

During the 2010-11 school year; the District continued to focus on increasing student performance, with a major emphasis on early literacy; curricular initiatives included:

Kindergarten Screening  
General Education Preschool  
Directed Reading Assessment (Grades K-6)  
Updated Intervention and Referral Services procedures at all schools  
Expanded After School Tutoring and Summer Enrichment Programs  
Basic Skills Targeted Reading Program  
Increased enrichment students attending convocations  
Writers' Workshop (targeted writing program) training for elementary teachers  
Parent workshops on reading, writing, science, technology and math  
Staff workshops on literacy, mathematics and science instruction, technology integration, inclusion/co-teaching and data assessment analysis  
Study Island test preparation program  
Learnia formative assessment program  
Reading Plus and Read 180 on-line reading programs  
Acellus computer-based educational program  
Advanced Placement ("AP") teacher training  
Mandatory participation and funding of AP exams  
Increased bandwidth and upgraded Internet connectivity  
Additional Computers, Netbooks, Smart Boards, Student Response Systems, ELMOs and Wireless Tablets

### ***Technology:***

District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction. Every classroom, computer lab, media center, and office in all eight schools and the central office are linked together in local and wide area networks. All administrators, teachers, and support staff have access to computers, printers, e-mail accounts, and the Internet within their work areas. As of June 30, 2011, 7 of our 8 schools have a wireless environment with laptop carts for the students' use.

- The District has 2 full-time computer technicians, allowing 1 District technician to focus on more complex and difficult repairs, while the other focuses on basic computer maintenance and staff training. This also allows the District to host its own e-mail and maintain a District website, which was significantly enhanced and expanded this year.
- This year District was able to purchase/replace over 150 computers, including portable labs and the replacement of labs in Beers Street, Cove Road and the Hazlet Middle School.
- The District purchased numerous Smartboards, ELMOs and other devices to increase the infusion of technology in the classrooms and computer labs.

### ***Pupil Enrollment:***

The District completed the 2010-11 fiscal year with an enrollment of 3,289 students, a decrease of 19 students over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years. The table presents the actual historical pupil enrollment, as of June 30, for the school years 2000-01 through 2010-11.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010/11	3,289	(0.58%)
2009/10	3,308	(2.00%)
2008/09	3,374	(2.42%)
2007/08	3,388	(0.76%)
2006/07	3,414	(0.41%)
2005/06	3,425	0.41%
2004/05	3,411	0.32%
2003/04	3,400	(0.26%)
2002/03	3,409	1.06%
2001/02	3,374	0.09%
2000/01	3,371	(0.70%)

### ***Community Involvement:***

- The Veterans of Foreign Wars and The Ladies Auxiliary Post 4303 award bonds and certificates to our students in grades 7-12 for their participation in essay and art contests. Numerous events take place in our schools honoring Veterans Day, Flag Day, Pearl Harbor Day, Loyalty Day and Memorial Day.
- Our community continues to acknowledge October as "Learning Disabilities Month".
- The Annual Special Needs Christmas Party continues active participation involving members of the Board of Education, Hazlet staff and community members.
- Career Days are held at all schools, utilizing the talents of people both in and out of the community.
- The involvement of parents, staff and student suggestions in our Summer Reading Program continues to be successful.
- Our school facilities are used daily by community people and various organizations for meetings and recreational purposes.
- Hazlet Rotary continues to award scholarships to Raritan High School students.
- Hazlet Foundation for Excellence awarded numerous scholarships during the 2008-2009 school year.
- Hazlet Foundation for Excellence continues active participation in Special Olympics Tournament of Champions.
- The newly formed Hazlet Township Public Schools Trust Fund awarded grants to teachers for classroom needs and professional development and supported our after-school and summer programs.
- Parent literacy training were conducted by the District.
- The Athletic Department continues to raise funds from corporate sponsorship to support all high school athletic teams and to improve our athletic and school facilities.
- Our DARE program (Drug Abuse Resistance Education) for grade 5 students continues to be supported by the Hazlet Police Department.
- The continuation of a partnership by Barnes and Noble affords us to have all of our elementary schools review summer readings.
- Our Parent Special Education Advocacy Group meets regularly.
- A Rocket Launchers Booster Association comprised of parents, community members, coaches, teachers and administrators coordinates the activities of all high school booster

organizations for all athletic and extra-curricular groups. The Raritan High School Athletic Hall of Fame committee of administrators, community persons, alumni and staff held the Raritan High School Hall of Fame dinner.

- Numerous organizations including HYAL, Boy Scouts and Girl Scouts use the District Facilities to hold meetings and events.

### ***Technology:***

- During the 2010-11 school year, the District updated the 2007-2010 Three-Year Educational Technology Plan and completed the 2011-2014 Plan.
- District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction.
- In-service training were held, including classes in Word, Excel, PowerPoint, Website creation and maintenance and the use of interactive Smartboards, iPods and other instructional tools were offered to all interested staff members through our Mater Teacher Innovation Labs.
- The District hosts our own e-mail and website and all staff members have e-mail addresses.
- All Schools have had an upgraded connection to the Internet, a full wireless environment has been established in Raritan High School, Hazlet Middle School, Beers Street and Cove Road Schools, wireless access points have been installed in all the other schools.
- Upgrading/addition of computer hardware, including new computer labs, and software throughout the District.
- Increased integration of technology as a regular part of classroom instruction.
- The District maintains an up-to-date website that has been instrumental in promoting parental communications with the District.
- Raritan High School completed the final conversion of the Media Center and Communications Labs.

### ***Special Services:***

- During the 2010-11 school year, the Department of Special Services, through part-time behavior consultants, continued to address the needs of the autistic population and students with moderate to severe behavior problems. Training for teachers, aides, and Child Study Team members is on-going and includes topics such as: Applied Behavioral Analysis/Verbal Behavior, pairing, manding, prompting, prompt fading, reinforcement survey inventories, Functional Behavior Assessments, Behavior Intervention Plans and co-teaching.
- The part-time early childhood specialist provided on-going training and classroom coaching and mentoring to the preschool teachers in the state-approved curriculum, The Creative Curriculum. Data collection began with targeted goals incorporated into the Individual Education Plans, as well as progress reports distributed three times this past year.
- A half-day integrated preschool class was successful in that special education preschool students were educated in a general education preschool class, promoting federal and state mandates of instruction in the least restrictive environment. All preschool students were educated in District this year, with one exception.
- The Alternate Proficiency Assessment was administered in an effort to increase the percentage of the special education subgroup passing rate in the overall District performance for Adequate Yearly Progress.

- High school students continue to participate in community-based experiences that promote career awareness, job readiness and pre-vocational skills. The focus remains on socialization skills within the community and appropriate social skills interpersonally. A school social worker provides weekly group social skill lessons weekly to students, based on the research by Jed Baker.
- In the high school, the Structured Learning Experience Educator provided daily instruction to special education upper classmen in the areas of job readiness, career awareness, job applications, and daily living skills. The successful students received 15 credits for their participation in the program that took them to work in the community at locations such as: Best Buy, Barnes and Noble, Bayshore Health Center, and Lunch Break.
- The special education Parents' Advisory Group held two meetings in District that provided information on "Guardianship" presented by a special education attorney and "How Parents Can Support their Child in School", presented by the New Jersey Statewide Parent and Information Resource Center. The group shared this service by inviting surrounding District Parent Advisory Groups, while Hazlet Township was, in turn, invited to attend other District group meetings. The sharing of this service was successful and it is anticipated will expand to more communities.
- The Professional Development Academy provided numerous trainings to special education teachers, Child Study Team members, related service providers, nurses and aides. Some of the workshops covered the following topics: Intervention and Referral Service pre-referral interventions, co-teaching models, Assessment of Basic Learning and Language Skills data collection, Special Education Medicaid Initiative, feeding/eating disorders, consultative and integrative models for speech, occupational and physical therapy,
- Four special education teachers were trained and certified in Wilson Reading Level 1. It is expected that the teachers will utilize the Wilson reading strategies in the resource rooms next year and turnkey the strategies to untrained staff to expand the number of students being served by this remedial reading program.
- All home instruction procedures and documents were reviewed and revised to be current with District practices. This work was done in collaboration with the high school guidance Director.
- Special Education Guidelines were electronically sent to all principals for publication in their Parent Handbooks for the 2010-11 school year.
- There were articulation meetings between 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> grade teachers to improve understanding of middle school and high school academic expectations for special education students. Revised Individual Education Plan goals and objectives reflect more realistic and meaningful information to be included in the Present Levels of Academic and Functional Performance section of the Individual Educational Plan.

High school curriculum maps were completed through a collaborative effort between special education teachers and general education content specialists in the areas of English, math and social studies.

### ***Business:***

Accomplishment and initiatives for the 2010-11 school year were as follows:

- The Business Office sought out competitive bids on numerous projects. The Business Office provides direct access to its budgetary system for all schools for input of purchase orders and budgetary account review. This system was also used to develop the 2011-12 District budget.
- The District entered into a Power Purchase Agreement for the acquisition of electricity, this agreement will save the District \$1.7 million over the next fifteen years.
- The District refinanced their 2001 bonds. This action will save the District an average of \$50,000 annually for the next twenty years.
- The District became self-insured for our prescription drug program. The District is scheduled to save in excess of \$300,000 in the first year of operations.
- The District made a profit in food service operations during the year and some of those funds were reinvested into new equipment for the program, including the new kitchen at the Middle Road School.
- The District entered into shared services agreements with the Highlands Elementary School District for Superintendent and Business Services. This venture generated the District \$66,000 in revenue in the 2010-2011 school year.
- The District updated its 2005-2010 Long Range Facilities Plan for submission to the New Jersey Department of Education and continued maintenance of our facilities.
- The District applied for and has received commitment for over \$500,000 in construction grants from the New Jersey Economic Development Authority.

### ***Personnel:***

The District employed 446.4 full time equivalent persons during the 2010-11 school years. The certificated staff numbered 330; 21 administrators and supervisors; and 309 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.); 116.4 other employees, including instructional assistants, school aides, bus attendants, secretaries and custodial and maintenance employees were also part of the staff.

One of the greatest challenges of a school district is to retain high standards for its staff, especially during a period when teacher shortages in some areas persisted. The District was able to accomplish this through a highly-competitive recruitment and selection process. Additionally, an impressive array of in-service opportunities allowed staff members to stay current and to improve their instructional skills; a hallmark of a progressive and innovative school district.

The District, for example, continued its new teacher mentoring program. All newly-certified teachers and most teachers new to the District were assigned mentors as well as supervisory advocates to assist them in their first year. District administrators further provided these teachers with an extensive in-service program and meetings throughout the school year designed to help them acclimate to their new working environment.

#### **4. INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse; and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally-accepted accounting principles ("GAAP"). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the district management. As part of the District's single audit, described earlier, tests are made to determine adequacy of the internal control system, 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.

The District has retained Strauss Esmay Associates to assist in the revision and adoption of the District Policy Manual and Regulations and the work has been completed.

A Standard Operating Procedures Manual has been drafted and is expected to be completed soon.

## 5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Funds, and the Debt Service Fund. Transfers among line items are approved by the Board of Education and reconciled with the requirements of P.L. 2004, C.73, commonly known as S-1701. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.

## 6. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in the Notes to the Basic Financial Statements, Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## 7. 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, fidelity bonds and worker's compensation. A Schedule of Insurance Coverage is found in Schedule J-20.

## 8. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Hutchins, Farrell, Meyer & Allison, P.A., was selected by the Board to perform the audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet requirements of the

Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Hazlet Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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 Business Office staff.

Respectfully submitted,

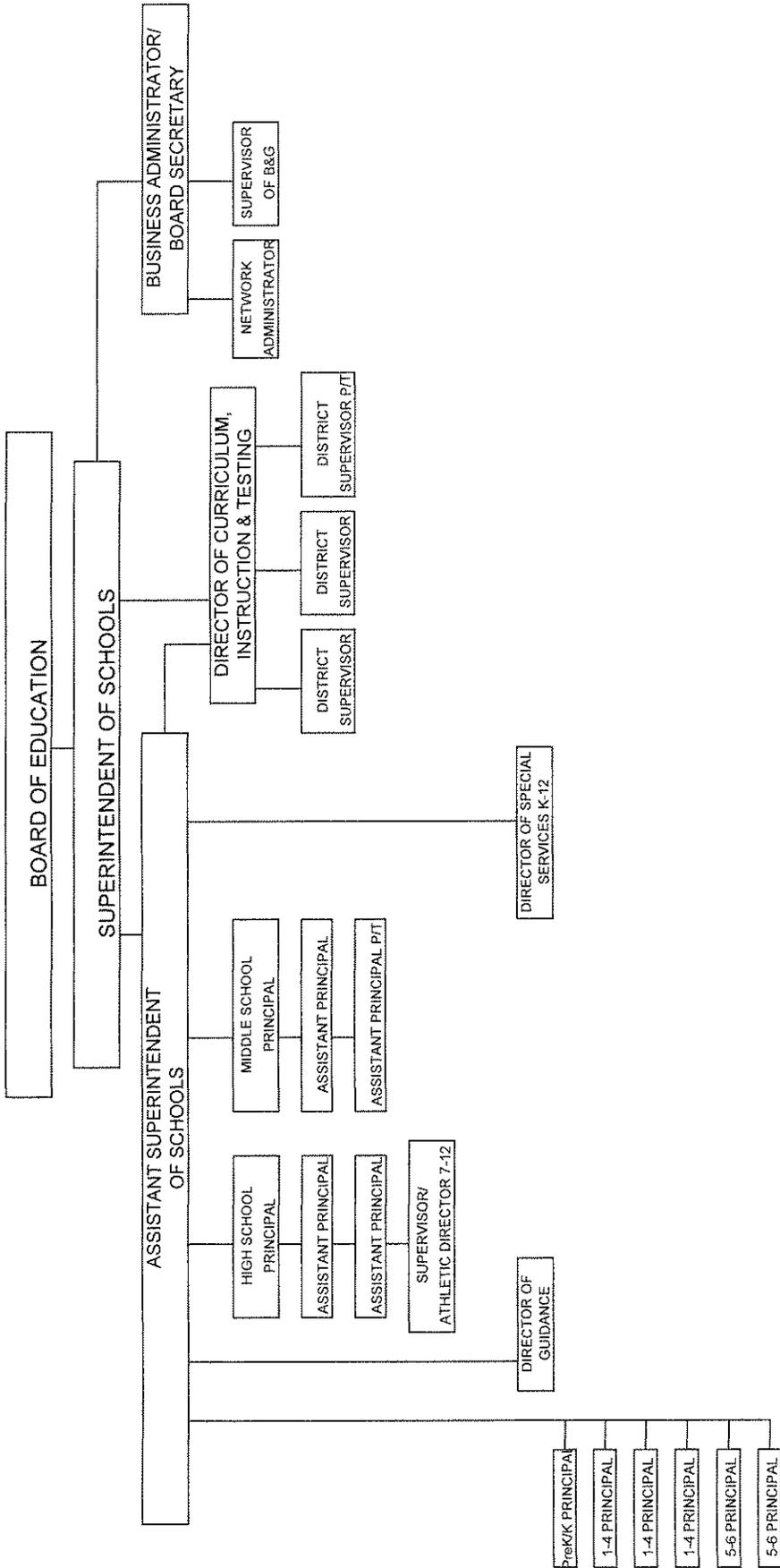


Bernard F. Bragen, Ed. D.  
Asst. Superintendent of Schools



Christopher J. Mullins  
School Business Administrator/Board Secretary

# HAZLET BOARD OF EDUCATION ORGANIZATIONAL CHART



HAZLET BOARD OF EDUCATION  
HAZLET, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Steven Willig, President	2012
William Kolibas, Jr., Vice-President	2014
Francis J. McGrath	2012
Marlene Tredy O'Connor	2012
Nelyda Perez	2013
Carol Gaffney	2013
Lauri J. O'Leary	2013
Sameer Doshi	2014
Joseph Lamb	2014

Other Officials

Dr. William O. George, III, Superintendent

Dr. Bernard Bragen, Assistant Superintendent

Christopher J. Mullins, CPA, School Business Administrator/Board Secretary

Ronald J. Mehlhorn Sr., Treasurer of School Monies

HAZLET BOARD OF EDUCATION  
HAZLET, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2011

Auditor/Audit Firm

Robert W. Allison, CPA, RMA  
Hutchins, Farrell, Meyer & Allison, P.A.  
912 Highway 33, Suite 2  
Freehold, New Jersey 07728

Attorneys

Michael Gross, Esq.  
Kenney, Gross, Kovats & Campbell  
130 Maple Avenue  
Building #8  
Red Bank, New Jersey 07701

Special Education --  
Parker McCay, P.A.  
1009 Lenox Drive  
Building 4 East, Suite 102A  
Lawrenceville, New Jersey 08648

Property/Casualty Broker

Boynton & Boynton  
PO Box 887  
Red Bank, New Jersey 07701

Health Insurance Brokers

Gary Goldfarb  
LDP Consulting Group, Inc.  
80 Lambert Lane, Suite 14  
Lambertville, New Jersey 08530

## FINANCIAL SECTION

# Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA, CFF  
Eugene M. Farrell, CPA, RMA, CFP  
Robert W. Allison, CPA, RMA  
Alan E. Meyer, CPA/ABV, CFF  
Joann DiLieto, CPA

Patrice R. Antonucci, CPA  
Glenn G. VanPell, CPA  
Karen D. Davis, CPA, CVA  
Crystal L. Fitzpatrick, CPA  
Hélène T. Morizzo, CPA

Monmouth County Office

912 Highway 33 • Suite 2  
Freehold, NJ 07728  
(732) 409-0800  
Fax: (732) 866-9312

Ocean County Office

512 Main Street • PO Box 1778  
Toms River, NJ 08754  
(732) 240-5600  
Fax: (732) 505-8358

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Hazlet School District, in the County of Monmouth, State of New Jersey as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Hazlet Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Hazlet Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable President and Members  
of the Board of Education  
Hazlet School District  
County of Monmouth  
Hazlet, New Jersey  
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2011 on our consideration of the Hazlet Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 20 through 29 and 68 through 75 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 to inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hazlet Board of Education's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid, respectively, and are also not a required part of the basic financial statements. The Combining and Individual Fund Financial Statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

Honorable President and Members  
of the Board of Education  
Hazlet School District  
County of Monmouth  
Hazlet, New Jersey  
Page 3

prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



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Robert W. Allison  
Licensed Public School Accountant  
No. 897  
Hutchins, Farrell, Meyer & Allison, P.A.

November 4, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

HAZLET TOWNSHIP PUBLIC SCHOOL DISTRICT  
HAZLET TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNAUDITED

The discussion and analysis of Hazlet Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- ◆ General revenues accounted for \$50,072,262 in revenue or 98.80% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$609,068 or 1.20% to total revenues of \$50,681,348.
- ◆ Total assets of governmental activities increased by \$711,006.
- ◆ The School District had \$50,275,405 in expenses; only \$609,068 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$50,072,262 were adequate to provide for these programs.
- ◆ The General Fund had \$48,374,569 in revenues and \$48,255,199 in expenditures and transfers. The General Fund's balance increased \$119,370 over 2010. This increase was anticipated by the Board of Education.

HAZLET TOWNSHIP PUBLIC SCHOOL DISTRICT  
HAZLET TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNAUDITED

The discussion and analysis of Hazlet Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hazlet Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Hazlet Township Public School District, the General Fund is by far the most significant fund.

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

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

### **Fund Financial Statements**

The analysis of the School District's major (all) funds is included in the 2010-11 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

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

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

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

Table 1 provides a summary comparison of the School District's net assets for 2010 and 2011.

Table 1

Net Assets as of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 388,235.64	\$ 2,720,543.98
Receivables, Net	4,698.80	18,911.10
Inventory	12,376.70	14,061.53
Receivables From Other Governments	1,167,607.24	1,125,182.89
Interfund Receivable		1,715.37
Deferred Bond Issuance Costs	84,619.83	
Capital Assets, Net	<u>18,077,346.95</u>	<u>18,632,960.30</u>
<b>Total Assets</b>	<u>23,234,885.16</u>	<u>22,513,375.17</u>
<b>Liabilities:</b>		
Accounts Payable	135,844.91	293,220.88
Accrued Expenses	106,917.71	148,146.11
Interfund Payable		1,715.37
Deferred Revenue	88,532.13	175,189.23
<b>Noncurrent Liabilities:</b>		
Due Within One Year	493,935.97	545,663.05
Due Beyond One Year	<u>9,224,687.82</u>	<u>9,417,417.13</u>
<b>Total Liabilities</b>	<u>10,049,918.54</u>	<u>10,581,351.77</u>
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	11,046,122.60	11,372,960.30
<b>Restricted for:</b>		
Capital Projects	2,008,435.58	1,223,971.23
Debt Service	29,390.19	
General Fund	2,738,678.71	1,447,215.14
Unrestricted	<u>(2,637,660.46)</u>	<u>(2,112,123.27)</u>
<b>Total Net Assets</b>	<u>\$13,184,966.62</u>	<u>\$11,932,023.40</u>

Table 2 provides a comparison analysis of District-wide changes in net assets from fiscal years 2010 and 2011.

Table 2

Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 941,002	\$ 944,281
Operating Grants and Contributions	436,816	746,470
Capital Grants and Contributions	78,268	479,922
General Revenues:		
Property Taxes	33,764,949	32,025,779
Grants and Entitlements	16,184,646	17,103,661
Other	<u>122,668</u>	<u>123,064</u>
Total Revenues	<u>51,528,349</u>	<u>51,423,177</u>
<u>Program Expenses</u>		
Instruction	30,193,175	28,765,824
Support Services:		
Pupils and Instructional Staff	5,964,681	6,429,637
General Administration, School Administration, Business Operations and Maintenance of Facilities	10,847,642	11,157,292
Pupil Transportation	1,848,570	2,153,743
Food Service	956,250	1,022,707
Other	<u>465,088</u>	<u>472,100</u>
Total Expenses	<u>50,275,406</u>	<u>50,001,303</u>
Increase in Net Assets	<u>\$ 1,252,943</u>	<u>\$ 1,421,874</u>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 65.53% of revenues for governmental activities for the Hazlet Township Public School District for fiscal year 2011. The School District's total governmental revenues were \$51,528,349 for the fiscal year ended June 30, 2011. Federal, state and local grants accounted for 31.41%.

The total cost of all programs and services was \$50,275,406. Instruction comprises 60.05% of School District expenses.

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

- ◆ Food service expenses exceeded revenues by \$(168,741).
- ◆ Charges for services represent \$787,509 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$225,198.

### Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3

#### Governmental Activities

	2011		2010	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 30,193,175	\$ 30,096,625	\$ 28,765,824	\$ 28,230,502
Support Services:				
Pupils and Instructional Staff	5,964,681	5,964,681	6,429,637	6,429,637
General Administration, School Administration, Business	5,171,090	5,171,090	5,426,329	5,426,329
Operation and Maintenance of Facilities	5,676,550	5,598,283	5,730,963	5,730,963
Pupil Transportation	1,848,570	1,699,215	2,153,743	1,610,551
Other	<u>465,088</u>	<u>345,882</u>	<u>472,100</u>	<u>472,100</u>
Total Expenses	<u>\$49,319,154</u>	<u>\$43,875,776</u>	<u>\$48,978,596</u>	<u>\$47,900,082</u>

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

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

General administration, school administration and business include expenses associated with administrative and financial supervision of the School District.

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Other includes Special School expenses and interest and fiscal charges associated with the payment of interest and other related charges to debt of the School District.

### The School District's Funds

Information about the School District's major funds is included in the 2010-11 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund presented in the fund-based statements) had total revenues and transfers of \$58,896,621 and expenditures and transfers of \$57,469,418.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2009/10</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 34,040,741	67.49%	\$ 1,820,843	5.65%
State Sources	14,879,920	29.50	445,284	3.08
Federal Sources	<u>1,516,344</u>	<u>3.01</u>	<u>(1,668,597)</u>	(43.74)
Total	<u>\$ 50,437,005</u>	<u>100.00%</u>	<u>\$ 597,530</u>	<u>1.20%</u>

The increase in Local Sources is attributed to an increase in real estate taxes.

The increase in State Sources is due to an increase in State Aid.

The decrease in Federal Sources is due to the loss of Federal Stimulus funds.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2011.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2009/10</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 21,276,722	43.52%	\$ 113,180	0.53%
Undistributed Expenditures	26,661,199	54.53	(51,108)	(0.19)
Capital Outlay	437,539	0.89	(342,646)	(43.92)
Debt Service:				
Principal	280,000	0.57	75,000	36.59
Interest	<u>236,939</u>	<u>0.49</u>	<u>(123,154)</u>	<u>(34.20)</u>
Total	<u>\$ 48,892,399</u>	<u>100.00%</u>	<u>\$ (328,728)</u>	<u>(0.67)%</u>

The increase in Current - Instruction is attributed to regular operating increases including Salaries, Benefits and Tuition.

The decrease in Current - Undistributed Expenditures is attributed to fiscal constraints on the District which required a cutting-back on non-instructional expenses.

The decrease in Capital Outlay is attributed to a reduction in the budgetary amount.

### **General Fund Budgeting Highlights**

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

During the course of the fiscal year 2011, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student expenses both in regular education and special education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.
- ◆ Additional needs for technology and textbooks.

While the School District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$199,502 increase in surplus funds for a total unrestricted free balance (GAAP) of \$(155,116) at June 30, 2011.

## Capital Assets

At the end of the fiscal year 2011, the School District had \$17,846,028 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Land	\$ 4,492,635	\$ 4,492,635
Construction in Progress	75,587	
Site Improvements	1,094,046	1,334,453
Building and Improvements	11,491,908	11,850,245
Machinery and Equipment	<u>691,582</u>	<u>770,085</u>
Total	<u>\$ 17,846,028</u>	<u>\$ 18,447,418</u>

## Debt Administration

At June 30, 2011, the School District had \$9,557,399 as outstanding debt. Of this amount, \$2,687,399 is for compensated absences, and \$6,870,000 is for bonds for school construction. In 1999, the voters of Hazlet Township approved an addition to Hazlet Middle School and renovations to all eight schools in the amount of \$7,755,000.

At June 30, 2011, the School District's overall legal debt margin was \$62,634,523.

	<u>Date of Issue</u>	<u>Amount of Issue</u>
Construction of additions and renovations to Hazlet Middle School, Beers Street School, Cove Road School, Lillian Drive School, Middle Road School, Raritan Valley School, Sycamore Drive School and Raritan High School	02/01/00	\$ 7,775,000

## For the Future

The Hazlet Township Public School District is in good financial condition presently, having just received a "Aa-" bond rating from Standard & Poor's. A major concern is the continued freeze or decrease in State Aid to education causing an increased reliance on local property taxes.

Hazlet Township is primarily a residential community with very few ratables; thus, the burden is focused on homeowners to foot the tax burden.

During the budget process in the spring, it was a concern to the Administration and Board of Education how future budgets would be financed. Therefore, during the past year and continuing into the present, the Board of Education and Administration have conducted a program review of costs centers in the School District to determine where cost savings may be effectuated.

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

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Christopher J. Mullins, School Business Administrator/Board Secretary at Hazlet Township Board of Education, 421 Middle Road, Hazlet, NJ 07730 or email at [cmullins@hazlet.org](mailto:cmullins@hazlet.org).

## BASIC FINANCIAL STATEMENTS

## 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.

## HAZLET SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business -Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,658,644.49	\$ 229,591.15	\$ 3,888,235.64
Accounts Receivable		4,698.80	4,698.80
Receivables From Other			
Governments	1,155,486.75	12,120.49	1,167,607.24
Inventories		12,376.70	12,376.70
Deferred Bond Issuance Costs	84,619.83		84,619.83
Capital Assets, Net (Note 9)	<u>17,846,027.84</u>	<u>231,319.11</u>	<u>18,077,346.95</u>
Total Assets	<u>22,744,778.91</u>	<u>490,106.25</u>	<u>23,234,885.16</u>
Liabilities:			
Accounts Payable	86,561.35	49,283.56	135,844.91
Accrued Expenses	106,917.71		106,917.71
Deferred Revenue	83,883.83	4,648.30	88,532.13
Noncurrent Liabilities:			
Due Within One Year	493,935.97		493,935.97
Due Beyond One Year	<u>9,224,687.82</u>		<u>9,224,687.82</u>
Total Liabilities	<u>9,995,986.68</u>	<u>53,931.86</u>	<u>10,049,918.54</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	10,814,803.49	231,319.11	11,046,122.60
Restricted for:			
Capital Projects	2,008,435.58		2,008,435.58
General Fund	2,738,678.71		2,738,678.71
Debt Service Fund	29,390.19		29,390.19
Unrestricted	<u>(2,842,515.74)</u>	<u>204,855.28</u>	<u>(2,637,660.46)</u>
Total Net Assets	<u>\$ 12,748,792.23</u>	<u>\$ 436,174.39</u>	<u>\$ 13,184,966.62</u>

HAZLET SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES

June 30, 2011

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Total	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
<b>GOVERNMENTAL ACTIVITIES</b>								
Instruction:								
Regular	\$ 17,096,168.87	\$ 7,813,048.40	\$ 24,909,217.27	\$ 96,550.00				\$ (24,812,667.27)
Special Education	2,831,412.45	218,110.08	3,049,522.53					(3,049,522.53)
Other Special Instruction	528,136.00	533,641.64	1,061,777.64					(1,061,777.64)
Other Instruction	821,004.68	351,652.14	1,172,656.82					(1,172,656.82)
Support Services:								
Tuition	1,125,364.44		1,125,364.44					(1,125,364.44)
Student and Instruction Related Services	4,253,628.58	585,687.73	4,839,316.31					(4,839,316.31)
School Administrative Services	2,206,522.94	736,684.57	2,943,207.51					(2,943,207.51)
Central Services	481,392.77		481,392.77					(481,392.77)
Administrative Information Technology General and Business Administrative Services	203,627.72		203,627.72					(203,627.72)
Plant Operations and Maintenance	932,755.92	610,106.87	1,542,862.79					(1,542,862.79)
Pupil Transportation	4,527,947.30	1,148,703.58	5,676,650.88	56,942.50	\$ 92,412.11	\$ 78,267.97		(5,598,282.91)
Special Schools	1,805,411.83	43,157.62	1,848,569.55		119,206.00			(1,699,214.94)
Interest on Long-Term Debt	102,772.81		102,772.81					16,433.19
	236,939.31	125,376.11	362,315.42					(362,315.42)
Total Government Activities	37,152,985.72	12,166,168.74	49,319,154.46	153,482.50	211,618.11	78,267.97		(48,875,775.88)
<b>BUSINESS-TYPE ACTIVITIES</b>								
Food Service	956,250.24		956,250.24	787,509.48	225,197.77			56,457.01
Total Business-Type Activities	956,250.24		956,250.24	787,509.48	225,197.77			56,457.01
Total Primary Government	\$ 38,109,235.96	\$ 12,166,168.74	\$ 50,275,404.70	\$ 941,001.98	\$ 436,815.88	\$ 78,267.97		\$ (48,819,318.87)
<b>GENERAL REVENUES</b>								
Property Taxes Levied for:								
General Purposes								\$ 33,315,527.00
Debt Service								449,422.00
Federal and State Aid Not Restricted								16,184,645.57
Investment Earnings								11,016.38
Miscellaneous Income								111,282.63
Total General Revenues								50,071,893.58
Change in Net Assets								1,196,117.70
Net Assets - Beginning								11,932,023.40
Net Assets - Ending								\$ 13,128,141.10

## FUND FINANCIAL STATEMENTS

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

## HAZLET SCHOOL DISTRICT

## BALANCE SHEET

## GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 2,881,452.71	\$ 27,549.14	\$ 697,954.57	\$ 51,688.07	\$ 3,658,644.49
Due From Other Funds	266,208.66				266,208.66
Receivables From Other Governments	267,787.48	329,509.30	558,189.97		1,155,486.75
<b>Total Assets</b>	<b>3,415,448.85</b>	<b>357,058.44</b>	<b>1,256,144.54</b>	<b>51,688.07</b>	<b>5,080,339.90</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	79,595.40	3,378.48			82,973.88
Interfund Payable		266,208.66			266,208.66
Payable To Federal Government		2.47			2.47
Payable To State Government		3,585.00			3,585.00
Deferred Revenue		83,883.83			83,883.83
<b>Total Liabilities</b>	<b>79,595.40</b>	<b>357,058.44</b>			<b>436,653.84</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	752,291.04				752,291.04
Excess Surplus - Current Year	1,028,292.59				1,028,292.59
Excess Surplus - Prior Year - Designated for Subsequent Years' Expenditures	913,468.16				913,468.16
Capital Projects Fund			995,868.83		995,868.83
<b>Committed:</b>					
Other Purposes - Year-End Encumbrances			260,275.71		260,275.71
<b>Assigned:</b>					
Other Purposes - Year-End Encumbrances Designated by BOE for Subsequent Years' Expenditures	514,942.12			51,688.07	514,942.12
Unassigned	(155,116.30)				(155,116.30)
<b>Total Fund Balances</b>	<b>3,335,853.45</b>		<b>1,256,144.54</b>	<b>51,688.07</b>	<b>4,643,686.06</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,415,448.85</b>	<b>\$ 357,058.44</b>	<b>\$ 1,256,144.54</b>	<b>\$ 51,688.07</b>	

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 governmental funds. The cost of the assets is \$33,412,775.43 and the accumulated depreciation is \$15,566,747.59 (See Note 9).	17,846,027.84
The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance cost are \$89,073.50 and the accumulated amortization is \$4,453.67.	84,619.83
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 10).	(9,718,623.79)
Accrued interest on long-term liabilities are not reported as liabilities in the fund.	(106,917.71)
<b>Net Assets of Governmental Activities</b>	<b>\$ 12,748,792.23</b>

HAZLET SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 33,315,527.00			\$ 449,422.00	\$ 33,764,949.00
Tuition From Individuals	96,550.00				96,550.00
Transportation Fees	56,942.50				56,942.50
Interest Earned on Capital Reserve	1,866.81				1,866.81
Other Restricted Miscellaneous	8,650.00				8,650.00
Unrestricted Miscellaneous	<u>37,503.52</u>	<u>\$ 74,278.68</u>			<u>111,782.20</u>
<b>Total - Local Sources</b>	<b>33,517,039.83</b>	<b>74,278.68</b>		<b>449,422.00</b>	<b>34,040,740.51</b>
State Sources	14,747,261.99	13,452.00	\$ 78,267.97	119,206.00	14,958,187.96
Federal Sources	<u>110,266.74</u>	<u>1,406,076.95</u>			<u>1,516,343.69</u>
<b>Total Revenues</b>	<b><u>48,374,568.56</u></b>	<b><u>1,493,807.63</u></b>	<b><u>78,267.97</u></b>	<b><u>568,628.00</u></b>	<b><u>50,515,272.16</u></b>
<b>Expenditures:</b>					
<b>Current:</b>					
Regular Instruction	16,221,716.11	874,452.76			17,096,168.87
Special Education Instruction	2,831,412.45				2,831,412.45
Other Special Instruction	528,136.00				528,136.00
Other Instruction	821,004.68				821,004.68
<b>Support Services and Undistributed Costs:</b>					
Tuition	1,125,364.44				1,125,364.44
Student and Instruction Related Services	3,839,481.71	362,896.64			4,202,378.35
General Administration	932,755.92				932,755.92
School Administrative Services	2,206,522.94				2,206,522.94
Central Services	481,392.77				481,392.77
Administrative Information Technology	203,627.72				203,627.72
Plant Operations and Maintenance	4,527,847.30				4,527,847.30
Pupil Transportation	1,805,411.93				1,805,411.93
Unallocated Benefits	11,073,124.42				11,073,124.42
Special Schools	102,772.81				102,772.81
<b>Debt Service:</b>					
Principal				280,000.00	280,000.00
Interest and Other Charges				236,939.31	236,939.31
Capital Outlay	<u>331,080.51</u>	<u>106,458.23</u>	<u>195,670.43</u>		<u>633,209.17</u>
<b>Total Expenditures</b>	<b><u>47,031,651.71</u></b>	<b><u>1,343,807.63</u></b>	<b><u>195,670.43</u></b>	<b><u>516,939.31</u></b>	<b><u>49,088,069.08</u></b>
<b>Excess/(Deficiency) of Revenues Over/Under Expenditures</b>	<b><u>1,342,916.85</u></b>	<b><u>150,000.00</u></b>	<b><u>(117,402.46)</u></b>	<b><u>51,688.69</u></b>	<b><u>1,427,203.08</u></b>
<b>Other Financing Sources/(Uses):</b>					
Transfers In			1,373,547.00		1,373,547.00
Transfers Out	(1,223,547.00)	(150,000.00)			(1,373,547.00)
Proceeds of Refunding Debt				7,007,801.49	7,007,801.49
Payments To Refunded Debt Escrow Agent				(7,007,801.49)	(7,007,801.49)
<b>Total Other Financing Sources/(Uses)</b>	<b><u>(1,223,547.00)</u></b>	<b><u>(150,000.00)</u></b>	<b><u>1,373,547.00</u></b>		<b><u>1,373,547.00</u></b>
<b>Net Change in Fund Balances</b>	<b>119,369.85</b>		<b>1,256,144.54</b>	<b>51,688.69</b>	<b>1,427,203.08</b>
<b>Fund Balance - July 1</b>	<b><u>3,216,483.60</u></b>			<b><u>(0.62)</u></b>	<b><u>3,216,482.98</u></b>
<b>Fund Balance - June 30</b>	<b><u>\$ 3,335,853.45</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$ 1,256,144.54</u></b>	<b><u>\$ 51,688.07</u></b>	<b><u>\$ 4,643,686.06</u></b>

## HAZLET 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, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 1,427,203.08
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
<p>Capital outlays for fixed assets are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (983,348.94)	
Capital Outlay	381,958.94	(601,390.00)
<p>Bond discount, bond premium and issuance costs are amortized over the lives of the bonds in the Statement of Activities but are recorded as a reduction from the proceeds from sales of bonds in the governmental funds.</p>		
		(76,604.51)
<p>Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.</p>		
		7,320,000.00
<p>In the governmental funds, bond proceeds are reported as another financing source. These proceeds are a reduction to the reconciliation.</p>		
		(6,930,000.00)
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		15,680.73
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is an addition in the reconciliation.</p>		
		41,228.40
Change in Net Assets of Governmental Activities		\$ 1,196,117.70

HAZLET SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS

June 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 229,591.15
Accounts Receivable:	
State	760.33
Federal	11,360.16
Other	4,698.80
Inventories	<u>12,376.70</u>
Total - Current Assets	<u>258,787.14</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	620,988.44
Less:	
Accumulated Depreciation	<u>(389,669.33)</u>
Total - Noncurrent Assets	<u>231,319.11</u>
Total Assets	<u><u>\$ 490,106.25</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable	\$ 49,283.56
Deferred Revenue	<u>4,648.30</u>
Total Liabilities	<u><u>\$ 53,931.86</u></u>
Net Assets:	
Invested in Capital Assets Net of Related Debt	\$ 231,319.11
Unrestricted	<u>204,855.28</u>
Total Net Assets	<u><u>\$ 436,174.39</u></u>

## HAZLET SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

## PROPRIETARY FUNDS

For the fiscal year ended June 30, 2011

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 410,431.48
Daily Sales - Non-Reimbursable Programs	375,667.00
Special Functions	<u>1,411.00</u>
Total Operating Revenues	<u>787,509.48</u>
Operating Expenses:	
Salaries	267,097.48
Support Services - Employee Benefits	68,886.29
Purchased Professional/Technical Services	131,031.50
Other Purchased Services	22,153.22
Supplies and Materials	4,833.70
Depreciation	32,881.66
Cost of Sales	410,198.99
Miscellaneous Expenditures	<u>19,167.40</u>
Total Operating Expenses	<u>956,250.24</u>
Operating Loss	<u>(168,740.76)</u>
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	11,043.49
Federal Sources:	
National School Lunch Program	173,416.68
Food Distribution Program	40,737.60
Interest and Investment Income	<u>368.51</u>
Total Nonoperating Revenues	<u>225,566.28</u>
Change in Net Assets	56,825.52
Total Net Assets - Beginning	<u>379,348.87</u>
Total Net Assets - Ending	<u>\$ 436,174.39</u>

HAZLET SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the fiscal year ended June 30, 2011

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 786,627.49
Payments To Employees	(249,325.40)
Payments For Employee Benefits	(64,121.36)
Payments To Suppliers	<u>(614,577.55)</u>
Net Cash Used For Operating Activities	<u>(141,396.82)</u>
Cash Flows From Noncapital Financing Activities:	
Interest	368.51
Interfund - General Operating Fund	1,715.37
State Sources	11,432.58
Federal Sources	<u>176,757.94</u>
Net Cash Provided By Noncapital Financing Activities	<u>190,274.40</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(78,658.31)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(78,658.31)</u>
Net Decrease in Cash and Cash Equivalents	(29,780.73)
Balance - Beginning of Year	<u>259,371.88</u>
Balance - End of Year	<u>\$ 229,591.15</u>
Reconciliation of Operating Income/(Loss) To Net Cash Provided/(Used) By Operating Activities:	
Operating Loss	\$ (168,740.76)
Adjustments To Reconcile Operating Loss To Net Cash Used For Operating Activities:	
(Increase)/Decrease in Accounts Receivable	(1,638.54)
Depreciation	32,881.66
Donated Commodities Received During the Year	40,737.60
Increase/(Decrease) in Deferred Revenue	756.55
(Increase)/Decrease in Inventories	1,684.83
Increase/(Decrease) in Accounts Payable	<u>(47,078.16)</u>
Total Adjustments	<u>27,343.94</u>
Net Cash Used For Operating Activities	<u>\$ (141,396.82)</u>

## HAZLET SCHOOL DISTRICT

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>	<u>Totals</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 67,001.89	\$ 45.41	\$ 311,646.34	\$ 378,693.64
Investments		5,928.00		5,928.00
Due From State of New Jersey	<u>2,839.72</u>			<u>2,839.72</u>
Total Assets	<u>\$ 69,841.61</u>	<u>\$ 5,973.41</u>	<u>\$ 311,646.34</u>	<u>\$ 387,461.36</u>
<u>Liabilities:</u>				
Payable to Student Groups			\$ 171,436.91	\$ 171,436.91
Payroll Deductions and Withholdings			<u>140,209.43</u>	<u>140,209.43</u>
Total Liabilities			<u>311,646.34</u>	<u>311,646.34</u>
<u>Net Assets:</u>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 69,841.61			69,841.61
Reserved for Scholarship		<u>\$ 5,973.41</u>		<u>5,973.41</u>
Total Net Assets	<u>69,841.61</u>	<u>5,973.41</u>		<u>75,815.02</u>
Total Liabilities and Net Assets	<u>\$ 69,841.61</u>	<u>\$ 5,973.41</u>	<u>\$ 311,646.34</u>	<u>\$ 387,461.36</u>

HAZLET SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	<u>Totals</u>
Additions:			
Employee Contributions	\$ 57,713.40		\$ 57,713.40
Board Contribution	<u>89,580.00</u>		<u>89,580.00</u>
Total Contributions	<u>147,293.40</u>		<u>147,293.40</u>
Investment Earnings/(Losses):			
Appreciation		\$ 736.61	736.61
Interest	<u>99.75</u>	<u>148.08</u>	<u>247.83</u>
Total Additions/(Deletions)	<u>147,393.15</u>	<u>884.69</u>	<u>148,277.84</u>
Deductions:			
Quarterly Contribution Reports	16,974.54		16,974.54
Unemployment Claims	151,610.26		151,610.26
Scholarship Awarded		<u>650.00</u>	<u>650.00</u>
Total Deductions	<u>168,584.80</u>	<u>650.00</u>	<u>169,234.80</u>
Change in Net Assets	(21,191.65)	234.69	(20,956.96)
Net Assets - Beginning of Year	<u>91,033.26</u>	<u>5,738.72</u>	<u>96,771.98</u>
Net Assets - End of Year	<u>\$ 69,841.61</u>	<u>\$ 5,973.41</u>	<u>\$ 75,815.02</u>

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education ("Board") of the Hazlet School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity:**

The Hazlet School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-12. The Hazlet School District had an approximate enrollment of 3,300 students at June 30, 2011.

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the Organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the Organization
- the District appoints a voting majority of the Organization's Board
- the District is able to impose its will on the Organization
- the Organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the Organization on the District

Based on the aforementioned criteria, the District has no component units.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

**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 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 requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the 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.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation, Basis of Accounting (Cont'd):**

**Basis of Presentation (Cont'd)**

The District reports the following governmental funds:

**General Fund** - The General Fund is the general operating fund of the District and is used to account for all 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 NJDOE, 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 the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation, Basis of Accounting (Cont'd):**

**Basis of Presentation (Cont'd)**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's 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 costs (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's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund-type operating statements present increases/(revenues) and decreases/(expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation, Basis of Accounting (Cont'd):**

**Basis of Presentation (Cont'd):**

The District reports the following fiduciary funds:

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund and the Scholarship Account.

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. At June 30, 2011, the District had no Non-Expendable Trust Funds.

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

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation, Basis of Accounting (Cont'd):**

**Basis of Accounting**

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

**District-Wide, Proprietary, and Fiduciary Fund Financial Statements:** The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the 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 is 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 transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. 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 Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. 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, except for the Special Revenue Fund. The legal level of budgetary control is established at line item accounts within each Fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year).

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

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2011, there was a reconciling difference of \$217,301.00 between the budgetary basis and GAAP basis in the General Fund and of \$104,047.76 in the Special Revenue Fund.

The following presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General and Special Revenue Funds to the GAAP basis of Accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year-end as expenditures in the General Fund since the General Fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

HAZLET SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Budgets/Budgetary Control (Cont'd):**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>SOURCES/INFLOWS OF RESOURCES</b>		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 48,157,267.56	\$ 1,389,759.87
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		104,047.76
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,324,842.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,107,541.00)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 48,374,568.56</u>	<u>\$ 1,493,807.63</u>
<b>USES/OUTFLOWS OF RESOURCES</b>		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 47,031,651.71	\$ 1,389,759.87
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 reporting purposes.		<u>104,047.76</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 47,031,651.71</u>	<u>\$ 1,493,807.63</u>

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. 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, 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.

**E. Assets, Liabilities, and Equity:**

**Interfund Transactions:**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the first year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Assets, Liabilities, and Equity (Cont'd):**

**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. The District does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15
Software	3-5

**Compensated Absences:**

The District accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting 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 the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the District-wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Assets, Liabilities, and Equity (Cont'd):**

**Compensated Absences (Cont'd):**

The liability for vested compensated absences of the proprietary fund-types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund.

**Deferred Revenue:**

Deferred Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as Deferred Revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as Deferred Revenue.

**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.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Assets, Liabilities, and Equity (Cont'd):**

**Fund Balance Reserves:**

The District reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved Fund Balance indicates that portion which is available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent years expenditures.

**Revenues – Exchange and Nonexchange Transactions:**

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

Nonexchange Transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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 to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Assets, Liabilities, and Equity (Cont'd):**

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. 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 that program. Depreciation expense, where practicable, is specifically identified by function and is included in the Indirect Expense column of the Statement of Activities. Depreciation expense that could not be attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt 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 in occurrence. Special Items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**2. CAPITAL RESERVE ACCOUNT**

A Capital Reserve Account was established by the Hazlet Board of Education on September 20, 2000 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 by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board Resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

The activity of the Capital Reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010		\$ 1,223,971.23
Add:		
Board Contribution	\$ 750,000.00	
Interest Earnings	<u>1,866.81</u>	
		<u>751,866.81</u>
		1,975,838.04
Less:		
Transfer to Capital Projects		<u>1,223,547.00</u>
Ending Balance, June 30, 2011		<u>\$ 752,291.04</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted Capital Projects at June 30, 2011 is approximately \$42,000,000.00.

**3. TRANSFERS TO CAPITAL OUTLAY**

During the year ending June 30, 2011, the District transferred \$88,361.98 to the Capital Outlay accounts. Of the transfer, \$65,000.00 was for Equipment from current expense and \$9,254.00 was the result of prior-year encumbrances.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**4. DEPOSITS AND INVESTMENTS**

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey cash Management Fund as Cash and Cash Equivalents.

Deposits

The Board's deposits are insured through the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At June 30, 2011 and 2010, the book value of the Board's deposits were \$4,266,929.28 and \$3,520,721.67, respectively.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2011 and 2010, the Board's bank balances were \$5,279,267.52 and \$3,509,929.01, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2011</u>	<u>2010</u>
Insured	\$ 5,279,267.52	\$ 3,509,929.01

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no investments.

HAZLET SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**4. DEPOSITS AND INVESTMENTS (CONT'D)**

Investments (Cont'd)

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**5. RECEIVABLES**

Receivables at June 30, 2011 consisted of interfund, intergovernmental and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
Federal Aid	\$ 334,433.80	\$ 345,793.93
State Aid	821,052.95	821,813.28
Other		4,698.80
Interfunds	<u>266,208.66</u>	<u>                    </u>
	1,421,695.41	1,172,306.04
Less Allowance for Uncollectibles	<u>0.00</u>	<u>0.00</u>
Total Receivables, Net	<u>\$ 1,421,695.41</u>	<u>\$ 1,172,306.04</u>

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**6. INTERFUND BALANCES AND TRANSFERS**

Balances due to/from other funds at June 30, 2011 consist of the following:

<u>\$ 266,208.66</u>	Due to General Operating Fund from Special Revenue Fund representing cash advances.
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**Transfers**

As of June 30, 2011, the District's operating transfers consisted of \$1,223,547.00 from the General Operating Fund to the Capital Projects Fund and \$150,000.00 from the Special Revenue Fund to the Capital Projects Fund.

**7. INVENTORY**

Inventory in the Food Service Fund at June 30, 2011 consisted of the following:

Food	\$ 9,866.33
Supplies	<u>2,510.37</u>
	<u>\$12,376.70</u>

The value of Federal-donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) 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.

**8. DEFERRED BOND ISSUANCE COSTS**

In the governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The amortization expense for the fiscal year ended June 30, 2011 amounted to \$4,453.67.

HAZLET SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**9. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,492,635.00			\$ 4,492,635.00
Construction in Progress		\$ 75,587.43		75,587.43
Total Capital Assets Not Being Depreciated	<u>4,492,635.00</u>	<u>75,587.43</u>		<u>4,568,222.43</u>
Capital Assets Being Depreciated:				
Site Improvements	3,184,114.62			3,184,114.62
Building and Building Improvements	23,541,631.49	279,500.99		23,821,132.48
Machinery and Equipment	1,812,435.38	26,870.52		1,839,305.90
Totals at Historical Cost	<u>28,538,181.49</u>	<u>306,371.51</u>		<u>28,844,553.00</u>
Less Accumulated Depreciation for:				
Site Improvements	1,849,661.38	240,407.41		2,090,068.79
Building and Building Improvements	11,691,386.55	637,838.77		12,329,225.32
Machinery and Equipment	1,042,350.72	105,102.76		1,147,453.48
Total Accumulated Depreciation	<u>14,583,398.65</u>	<u>983,348.94</u>		<u>15,566,747.59</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>13,954,782.74</u>	<u>(676,977.43)</u>		<u>13,277,805.31</u>
Government Activity Capital Assets, Net	<u>18,447,417.74</u>	<u>(601,390.00)</u>		<u>17,846,027.74</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	542,330.13	78,658.31		620,988.44
Less Accumulated Depreciation	(356,787.67)	(32,881.66)		(389,669.33)
Enterprise Fund Capital Assets, Net	<u>185,542.46</u>	<u>45,776.65</u>		<u>231,319.11</u>
Total	<u>\$ 18,632,960.20</u>	<u>\$ (555,613.35)</u>	<u>\$ 0.00</u>	<u>\$ 18,077,346.85</u>

HAZLET SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**9. CAPITAL ASSETS (CONT'D)**

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at \$2,000.00.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 768,978.87
Special Education	58,017.59
Other Instruction	31,467.17
Student Services	46,217.40
School Administrative Services	24,583.72
General and Business Administrative Services	5,900.09
Plant Operations and Maintenance	<u>48,184.10</u>
 Total	 <u>\$ 983,348.94</u>

**10. LONG-TERM OBLIGATIONS**

**A. Refunding:**

The Board adopted a refunding bond resolution on, and a resolution on, for the purpose of issuing Refunding Bonds ("the Refunding Bonds") in order to advance refund a portion of the outstanding 2001 Bond Issuance dated June 15, 2001, ("the Prior Bonds") which were issued to finance the construction of additions to and renovations of the existing schools.

The approval was obtained from the New Jersey Local Finance Board in the Department of Community Affairs on .

On October 28, 2010, the Board issued \$6,930,000.00 in general obligation bonds with an average interest rate of 3.608% to advance refund \$6,840,000.00 of outstanding series bonds with an average interest rate of 4.96%. The net proceeds of \$7,007,801.49 (after payment of \$89,073.50 in underwriting fees, insurance and other issuance costs) including an original issuance premium of \$169,709.85 and accrued interest. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the series bonds. As a result, the series bonds are considered to be defeased and the liability for these bonds has been removed from net assets.

This refunding resulted in a net present value savings of \$767,223.20. In addition, the savings resulted from the refunding was as follows:

Cash Flow Requirements to Service (Old) Debt	\$ 10,738,212.50
Less: Cash Flow Requirements for New Debt	<u>9,868,213.06</u>
 Net Savings from Refunding	 <u>\$ 869,999.44</u>

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**10. LONG-TERM OBLIGATIONS (CONT'D)**

**B. Long-Term Obligation Activity:**

Changes in Long-Term Obligations for the year ended June 30, 2011, are as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	\$ 2,703,080.17	\$ 379,035.71	\$ 394,716.44	\$ 2,687,399.44	\$ 233,935.97
Capital Leases	200,000.00		200,000.00		
Bonds Payable	<u>7,060,000.00</u>	<u>6,930,000.00</u>	<u>7,120,000.00</u>	<u>6,870,000.00</u>	<u>260,000.00</u>
	<u>\$ 9,963,080.17</u>	<u>\$ 7,309,035.71</u>	<u>\$ 7,714,716.44</u>	<u>\$ 9,557,399.44</u>	<u>\$ 493,935.97</u>
			Net Premium/(Discount)	\$ 161,224.35	
			Current Portion of Long-Term Debt	<u>(493,935.97)</u>	
				<u>\$ 9,224,687.82</u>	

Compensated absences and capital leases have been liquidated in the General Fund.

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

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

Rebatable arbitrage liabilities related to the District debt are not recorded in governmental funds. There is no recognition in the Balance Sheet or Income Statement until rebatable amounts are due and payable to the Federal Government.

	<u>Government Activities</u>			
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance June 30, 2011</u>
Bonds Payable	10/28/10	2.50-4.00%	02/01/12-30	<u>\$ 6,870,000.00</u>

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**10. LONG-TERM OBLIGATIONS (CONT'D):**

**C. Bonds Payable**

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

Debt Service Requirements on serial bonds payable at June 30, 2011 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 260,000.00	\$ 256,602.50	\$ 516,602.50
2013	265,000.00	246,202.50	511,202.50
2014	275,000.00	239,577.50	514,577.50
2015	290,000.00	228,577.50	518,577.50
2016	300,000.00	216,977.50	516,977.50
2017	310,000.00	204,977.50	514,977.50
2018	320,000.00	194,127.50	514,127.50
2019	330,000.00	184,527.50	514,527.50
2020	340,000.00	171,327.50	511,327.50
2021	360,000.00	157,727.50	517,727.50
2022	365,000.00	143,327.50	508,327.50
2023	380,000.00	131,465.00	511,465.00
2024	385,000.00	118,640.00	503,640.00
2025	410,000.00	105,550.00	515,550.00
2026	425,000.00	91,200.00	516,200.00
2027	435,000.00	74,200.00	509,200.00
2028	455,000.00	56,800.00	511,800.00
2029	470,000.00	38,600.00	508,600.00
2030	<u>495,000.00</u>	<u>19,800.00</u>	<u>514,800.00</u>
	<u>\$ 6,870,000.00</u>	<u>\$ 2,880,207.50</u>	<u>\$ 9,750,207.50</u>

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**10. LONG-TERM OBLIGATIONS (CONT'D):**

**D. Capital Leases Payable**

On April 6, 2006, the District entered into a \$1,000,000.00 capital lease with Bank of America to finance synthetic turf at Raritan High School, and a District-wide phone system.

On February 15, 2011, a final payment of \$200,000.00 for principal was made. No new capital lease agreements were entered into during the school year.

**11. OPERATING LEASES**

As of June 30, 2011, the District had not entered into any operating leases.

**12. 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 TPAF is considered a cost-sharing multiple-employer plan with a special funding situation as, under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the System's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional, and certified.

**Public Employees' Retirement System ("PERS")**

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

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**12. PENSION PLANS (CONT'D)**

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members always full 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**

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market-related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

**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 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

<u>Year Funding June 30,</u>	<u>Three-Year Trend Information for PERS</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 478,380.00	100%	\$ 478,380.00
2010	341,540.00	100	341,540.00
2009	285,913.00	100	285,913.00

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**12. PENSION PLANS (CONT'D)**

**Contribution Requirements (cont'd)**

<b><u>Three-Year Trend Information for TPAF (Paid on Behalf of the District)</u></b>			
<b><u>Year Funding June 30,</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
2011	\$ 1,541,187.00	100%	\$ 0.00
2010	1,490,938.00	100	0.00
2009	1,433,445.00	100	0.00

During the year ended June 30, 2011, the State of New Jersey contributed \$69,298.00 to the TPAF for NCGI premiums and \$1,471,889.00 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A: 66-66, the State of New Jersey reimbursed the District \$1,686,122.08 during the year ended June 30, 2011 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 general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1991 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their district.

**13. POST – RETIREMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

HAZLET SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**14. DEFERRED COMPENSATION**

The Board offers its employees a choice of Deferred Compensation Plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, 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. The Plan administrators are as follows:

Equitable	Valic
Met Life	Lincoln Invest.
Siracusa	

**15. RISK MANAGEMENT**

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

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

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and the previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010/11	\$ 89,580.00	\$ 57,713.40	\$ 151,610.26	\$ 69,841.61
2009/10	48,992.00	62,290.35	106,335.44	91,033.26
2008/09	0.00	54,022.09	32,044.66	103,839.63

**16. CONTINGENT LIABILITIES**

**Grant Programs**

The District participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**17. FUND BALANCE APPROPRIATED**

The District has implemented GASB 54 during fiscal year 2011.

As such, fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable Fund Balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance – amounts a District *intends* to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the General Fund.

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**17. FUND BALANCE APPROPRIATED (CONT'D)**

**Classification Totals**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Fund Balances:					
Restricted	\$ 2,694,051.79			\$ 995,868.83	\$ 3,689,920.62
Committed				260,275.71	260,275.71
Assigned	796,917.96		\$ 51,688.07		848,606.03
Unassigned	<u>(155,116.30)</u>				<u>(155,116.30)</u>
	<u>\$ 3,335,853.45</u>	<u>\$ 0.00</u>	<u>\$ 51,688.07</u>	<u>\$1,256,144.54</u>	<u>\$ 4,643,686.06</u>

**18. CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$1,028,296.39.

**19. SERVICE AGREEMENT - MOESC**

The Monmouth-Ocean Educational Services Commission ("MOESC") provides the following services to the Board:

	<u>Grant Amount</u>	<u>Expenditures</u>	<u>Balance*</u>
Non-Public Exam/Class	\$ 4,945.00	\$ 4,945.00	
Non-Public Speech	1,565.00		\$ 1,565.00
Non-Public Supplemental Inst.	2,362.00	2,362.00	

\* We have been advised that Monmouth-Ocean Educational Services Commission will be responsible for returning unexpended balances to the state.

HAZLET SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**20. DEFICIT FUND BALANCE**

The District has a deficit fund balance of \$(155,116.30) in the General Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district can not recognize the June state aid payments (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(155,116.30) is less than the last state aid payment

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

HAZLET SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 33,315,527.00		\$ 33,315,527.00	\$ 33,315,527.00	\$ 58,550.00
Tuition From Individuals	38,000.00		38,000.00	96,550.00	16,942.50
Transportation Fees From Individuals	40,000.00		40,000.00	56,942.50	(20,000.00)
Transportation Fees From Other LEAs	20,000.00		20,000.00	50.00	1,866.81
Interest Earned on Capital Reserve Funds	50.00		50.00	8,650.00	(16,350.00)
Other Restricted Miscellaneous Revenues	25,000.00		25,000.00	37,503.52	(102,546.48)
Unrestricted Miscellaneous Revenues	140,050.00		140,050.00		
<b>Total Local Sources</b>	<b>33,578,627.00</b>		<b>33,578,627.00</b>	<b>33,517,039.83</b>	<b>(61,587.17)</b>
<b>State Sources:</b>					
Extraordinary Aid	125,000.00		125,000.00	162,124.00	37,124.00
Categorical Special Education Aid	576,175.00	\$ 1,248,742.00	1,824,917.00	1,824,917.00	
Equalization Aid	10,549,610.00	(1,248,742.00)	9,300,868.00	9,300,868.00	
Other State Aids				14,742.91	14,742.91
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,471,889.00	1,471,889.00
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				69,298.00	69,298.00
TPAF Social Security (Reimbursed - Non-Budgeted)				1,686,122.08	1,686,122.08
<b>Total State Sources</b>	<b>11,250,785.00</b>		<b>11,250,785.00</b>	<b>14,529,960.99</b>	<b>3,279,175.99</b>
<b>Federal Sources:</b>					
Education Jobs Fund		445,882.00	445,882.00	78,444.00	(367,438.00)
Medicaid Reimbursement	15,084.00		15,084.00	31,822.74	16,738.74
<b>Total Federal Sources</b>	<b>15,084.00</b>	<b>445,882.00</b>	<b>460,966.00</b>	<b>110,266.74</b>	<b>(350,699.26)</b>
<b>Total Revenues</b>	<b>44,844,496.00</b>	<b>445,882.00</b>	<b>45,290,378.00</b>	<b>48,157,267.56</b>	<b>2,866,889.56</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	350,425.00	(67,275.00)	283,150.00	283,150.00	
Kindergarten - Salaries of Teachers	952,704.00	(30,349.58)	922,354.42	915,928.30	6,426.12
Grades 1-5 - Salaries of Teachers	5,272,289.00	108,880.54	5,381,169.54	5,063,876.32	317,293.22
Grades 6-8 - Salaries of Teachers	3,871,022.00	112,671.98	3,983,693.98	3,923,688.10	60,007.88
Grades 9-12 - Salaries of Teachers	4,837,728.00	(90,618.28)	4,747,109.72	4,740,166.40	6,921.32
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	35,000.00	7,207.69	42,207.69	42,207.69	
Purchased Professional - Educational Services	14,000.00	17,291.00	31,291.00	16,678.86	14,612.14
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	35,900.00	5,485.44	40,485.44	40,485.44	
Purchased Professional - Educational Services	2,000.00		2,000.00	1,900.00	100.00
Purchased Technical Services	167,107.00	20,000.00	187,107.00	160,649.53	26,457.47
Other Purchased Services	82,030.00	25,115.61	107,145.61	104,442.94	2,702.67
General Supplies	752,087.00	301,756.12	1,053,843.12	860,820.12	193,023.00
Textbooks	25,300.00	76,638.64	101,938.64	48,662.07	53,276.57
Other Objects	21,377.00	5,174.00	26,551.00	19,040.34	7,510.66
<b>Total Regular Programs - Instruction</b>	<b>16,418,069.00</b>	<b>491,978.16</b>	<b>16,910,047.16</b>	<b>16,221,716.11</b>	<b>688,331.05</b>
<b>Special Education - Instruction:</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	702,445.00	(57,650.60)	644,794.40	637,646.12	7,148.28
Other Salaries for Instruction	242,500.00	101,245.32	343,745.32	315,509.22	28,236.10
General Supplies	8,190.00		8,190.00	6,201.67	2,988.33
Textbooks	1,750.00		1,750.00	183.39	1,566.61
<b>Total Learning and/or Language Disabilities</b>	<b>954,885.00</b>	<b>43,594.72</b>	<b>998,479.72</b>	<b>958,540.40</b>	<b>39,939.32</b>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	251,925.00	(48,425.00)	203,500.00	203,500.00	
General Supplies	3,465.00	(3.00)	3,462.00	3,120.90	341.10
Textbooks	500.00		500.00		500.00
<b>Total Multiple Disabilities</b>	<b>255,890.00</b>	<b>(48,428.00)</b>	<b>207,462.00</b>	<b>206,620.90</b>	<b>841.10</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,510,295.00	56,375.00	1,566,670.00	1,566,670.00	
Other Salaries for Instruction	31,000.00	4,530.17	35,530.17	33,342.67	2,187.50
General Supplies	6,850.00		6,850.00	5,618.29	1,231.71
Textbooks	3,800.00		3,800.00	1,546.99	2,253.01
<b>Total Resource Room/Resource Center</b>	<b>1,551,945.00</b>	<b>60,905.17</b>	<b>1,612,850.17</b>	<b>1,607,177.95</b>	<b>5,672.22</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	54,725.00	4,348.20	59,073.20	59,073.20	
<b>Total Preschool Disabilities - Part-Time</b>	<b>54,725.00</b>	<b>4,348.20</b>	<b>59,073.20</b>	<b>59,073.20</b>	
<b>Total Special Education - Instruction</b>	<b>2,817,445.00</b>	<b>60,420.09</b>	<b>2,877,865.09</b>	<b>2,831,412.45</b>	<b>46,452.64</b>

HAZLET SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued):					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	418,511.00	55,114.86	473,625.86	459,551.00	14,074.86
General Supplies	1,000.00		1,000.00		1,000.00
<b>Total Basic Skills/Remedial - Instruction</b>	<b>419,511.00</b>	<b>55,114.86</b>	<b>474,625.86</b>	<b>459,551.00</b>	<b>15,074.86</b>
Bilingual Education - Instruction:					
Salaries of Teachers	80,665.00	(12,080.00)	68,585.00	68,585.00	
<b>Total Bilingual Education - Instruction</b>	<b>80,665.00</b>	<b>(12,080.00)</b>	<b>68,585.00</b>	<b>68,585.00</b>	
School Sponsored Co/Extra-Curricular Activities - Instruction:					
Salaries	163,128.00	5,142.50	168,270.50	165,154.25	3,116.25
Supplies and Materials	24,158.00	1,100.00	25,258.00	21,788.43	3,469.57
Other Objects	18,152.00		18,152.00	10,517.44	7,634.56
<b>Total School Sponsored Co/Extra-Curricular Activities - Instruction</b>	<b>205,438.00</b>	<b>6,242.50</b>	<b>211,680.50</b>	<b>197,460.12</b>	<b>14,220.38</b>
School Sponsored Athletics - Instruction:					
Salaries	479,783.00	(12,752.30)	467,030.70	445,963.02	21,067.68
Purchased Services	1,320.00		1,320.00	391.16	928.84
Supplies and Materials	83,598.00	3,379.51	86,977.51	82,538.50	4,439.01
Other Objects	54,249.00		54,249.00	45,304.88	8,944.12
Transfers To Cover Deficit (Agency Funds)	49,347.00		49,347.00		
<b>Total School Sponsored Athletics - Instruction</b>	<b>668,297.00</b>	<b>(9,372.79)</b>	<b>658,924.21</b>	<b>623,544.56</b>	<b>35,379.65</b>
<b>Total - Instruction</b>	<b>20,609,425.00</b>	<b>592,302.82</b>	<b>21,201,727.82</b>	<b>20,402,269.24</b>	<b>799,458.58</b>
Undist. Expend. - Instruction:					
Tuition To Other LEAs Within the State - Special		150.00	150.00	150.00	
Tuition To County Voc. School Dist. - Regular	225,150.00	(150.00)	225,000.00	221,587.50	3,412.50
Tuition To County Voc. School Dist. - Special	130,000.00	(19,943.00)	110,057.00	76,000.00	34,057.00
Tuition To Private Schools for the Disabled Within State	1,419,625.00	(148,016.22)	1,271,608.78	827,626.94	443,981.84
<b>Total Undist. Expend. - Instruction</b>	<b>1,774,775.00</b>	<b>(167,959.22)</b>	<b>1,606,815.78</b>	<b>1,125,364.44</b>	<b>481,451.34</b>
Undist. Expend. - Attendance and Social Work Services:					
Salaries	46,590.00	300.00	46,890.00	46,890.00	
Supplies and Materials	603.00		603.00	603.00	
<b>Total Undist. Expend. - Attendance and Social Work Services</b>	<b>47,193.00</b>	<b>300.00</b>	<b>47,493.00</b>	<b>47,493.00</b>	
Undist. Expend. - Health Services:					
Salaries	602,700.00	1,225.00	603,925.00	603,074.84	850.16
Purchased Professional and Technical Services	10,366.00	10,328.49	20,694.49	18,176.49	2,518.00
Other Purchased Services	120.00		120.00		120.00
Supplies and Materials	9,700.00	(298.24)	9,401.76	7,533.05	1,868.71
Other Objects	4,600.00	(75.00)	4,525.00	3,704.02	820.98
<b>Total Undist. Expend. - Health Services</b>	<b>627,486.00</b>	<b>11,180.25</b>	<b>638,666.25</b>	<b>632,488.40</b>	<b>6,177.85</b>
Undist. Expend. - Speech, OT, PT & Related Svc:					
Salaries	376,875.00	(17,928.49)	358,946.51	357,806.65	1,139.86
Purchased Professional - Educational Services	13,360.00	20,000.00	33,360.00	25,987.00	7,373.00
Supplies and Materials	2,925.00	(1,401.02)	1,523.98	1,523.98	
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Svc.</b>	<b>393,160.00</b>	<b>670.49</b>	<b>393,830.49</b>	<b>385,317.63</b>	<b>8,512.86</b>
Undist. Expend. - Other Support Serv. Students - Extra Serv.:					
Salaries	247,405.00	56,381.96	303,786.96	293,726.94	10,060.02
Purchased Professional - Educational Services	130,815.00	(1,000.00)	129,815.00	124,880.00	4,935.00
Supplies and Materials	6,525.00	(1,016.65)	5,508.35	5,508.35	
<b>Total Undist. Expend. - Other Support Serv. Students - Extra Serv.</b>	<b>384,745.00</b>	<b>54,365.31</b>	<b>439,110.31</b>	<b>424,115.29</b>	<b>14,995.02</b>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	570,300.00	(19,635.28)	550,664.72	550,664.72	
Salaries of Secretarial and Clerical Assistants	78,900.00		78,900.00	78,900.00	
Purchased Professional - Educational Services	18,850.00	13,022.46	31,872.46	15,882.06	15,990.40
Other Purchased Professional and Technical Services	24,300.00		24,300.00	23,826.75	473.25
Other Purchased Services	115.00		115.00	42.66	72.34
Supplies and Materials	54,156.00	603.82	54,759.82	44,960.90	9,798.92
Other Objects	15,865.00		15,865.00	4,390.40	11,474.60
<b>Total Undist. Expend. - Guidance</b>	<b>762,486.00</b>	<b>(6,009.00)</b>	<b>756,477.00</b>	<b>718,667.49</b>	<b>37,809.51</b>

HAZLET SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued):					
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	755,045.00	324.26	755,369.26	755,369.26	
Salaries of Secretarial and Clerical Assistants	136,381.00	(4,458.27)	131,922.73	131,922.73	
Purchased Professional - Educational Services	42,220.00		42,220.00	42,220.00	
Miscellaneous Purchased Services	2,700.00	(850.00)	1,850.00	1,803.03	46.97
Supplies and Materials	8,865.00	(1,211.17)	7,653.83	4,953.54	2,700.29
Other Objects	3,975.00	(938.39)	3,036.61	3,036.61	
<b>Total Undist. Expend. - Child Study Teams</b>	<b>949,186.00</b>	<b>(7,133.57)</b>	<b>942,052.43</b>	<b>939,305.17</b>	<b>2,747.26</b>
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	327,054.00	53,563.68	380,617.68	380,617.68	
Salaries of Other Professional Staff	151,283.00		151,283.00	148,971.30	2,311.70
Salaries of Secretarial and Clerical Assistants	32,010.00	(2,546.13)	29,463.87	29,463.87	
Other Purchased Services	2,000.00	109.31	2,109.31	2,109.31	
Supplies and Materials	2,200.00		2,200.00	781.85	1,418.15
Other Objects	26,780.00	8,100.00	34,880.00	15,851.68	19,028.32
<b>Total Undist. Expend. - Improvement of Instructional Services</b>	<b>541,327.00</b>	<b>59,226.86</b>	<b>600,553.86</b>	<b>577,795.69</b>	<b>22,758.17</b>
Undist. Expend. - Educational Media/School Library:					
Salaries					
Purchased Professional and Technical Services	10,000.00	19,943.00	29,943.00	29,322.35	620.65
Other Purchased Services	45.00	(15.00)	30.00	15.00	15.00
Supplies and Materials	56,400.00	(8,748.75)	47,651.25	46,991.06	660.19
Other Objects	225.00	(75.00)	150.00	0.19	149.81
<b>Total Undist. Expend. - Educational Media/School Library</b>	<b>66,670.00</b>	<b>11,104.25</b>	<b>77,774.25</b>	<b>76,328.60</b>	<b>1,445.65</b>
Undist. Expend. - Instructional Staff Training Services:					
Other Salaries	15,000.00	7,936.64	22,936.64	18,989.66	3,946.98
Other Purchased Services	3,895.00	4,700.00	8,595.00	4,102.45	4,492.55
Other Objects	47,000.00	(16,670.00)	30,330.00	14,878.33	15,451.67
<b>Total Undist. Expend. - Instructional Staff Training Services</b>	<b>65,895.00</b>	<b>(4,033.36)</b>	<b>61,861.64</b>	<b>37,970.44</b>	<b>23,891.20</b>
Undist. Expend. - Support Services - General Administration:					
Salaries	527,990.00	18,978.24	544,968.24	544,968.08	0.16
Legal Services	60,000.00	(7,496.55)	52,503.45	35,020.63	17,482.82
Audit Fees	36,500.00	(2,000.00)	34,500.00	33,300.00	1,200.00
Other Purchased Professional Services	18,000.00	48,859.99	66,859.99	44,186.37	22,673.62
Purchased Technical Services	43,700.00		43,700.00	32,092.31	11,607.69
Communications/Telephone	102,480.00	(20,100.00)	82,380.00	76,773.82	5,606.18
Misc Purchased Services	128,900.00	(34,635.00)	94,265.00	89,598.96	4,666.04
General Supplies	8,750.00	399.60	9,149.60	5,064.81	4,084.79
Miscellaneous Expenditures	52,920.00	2,503.05	55,423.05	47,830.29	7,592.76
BOE Membership Dues and Fees	26,500.00		26,500.00	23,920.65	2,579.35
<b>Total Undist. Expend. - Support Services - General Administration</b>	<b>1,005,740.00</b>	<b>4,509.33</b>	<b>1,010,249.33</b>	<b>932,755.92</b>	<b>77,493.41</b>
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Proq Dir	1,375,333.00	231,373.32	1,606,706.32	1,434,667.30	172,039.02
Salaries of Other Professional Staff	250,974.00		250,974.00	250,974.00	
Salaries of Secretarial and Clerical Assistants	463,427.00	13,209.43	476,636.43	476,023.77	612.66
Other Salaries	14,214.00		14,214.00	14,146.50	67.50
Other Purchased Services	6,220.00	(100.00)	6,120.00	4,865.06	1,254.92
Supplies and Materials	17,350.00	(1,101.76)	16,248.24	13,945.64	2,302.60
Other Objects	15,690.00		15,690.00	11,900.65	3,789.35
<b>Total Undist. Expend. - Support Services - School Administration</b>	<b>2,143,208.00</b>	<b>243,380.99</b>	<b>2,386,588.99</b>	<b>2,206,522.94</b>	<b>180,066.05</b>
Undist. Expend. Support Services - Central Services:					
Salaries	450,559.00	(19,071.41)	431,487.59	430,052.40	1,435.19
Purchased Technical Services	20,280.00	3,790.00	24,070.00	24,070.00	
Miscellaneous Purchased Services		2,500.00	2,500.00	2,299.92	200.08
Supplies and Materials	10,500.00	1,048.95	11,548.95	10,652.27	896.68
Interest on Lease Purchase Agreements	7,693.00		7,693.00	7,692.40	0.60
Miscellaneous Expenditures	14,350.00	(2,500.00)	11,850.00	6,625.78	5,224.22
<b>Total Undist. Expend. Support Services - Central Services</b>	<b>503,382.00</b>	<b>(14,232.46)</b>	<b>489,149.54</b>	<b>481,392.77</b>	<b>7,756.77</b>
Undist. Expend. Support Services - Admin. Info. Tech. Services:					
Salaries	201,728.00	1,899.72	203,627.72	203,627.72	
<b>Total Undist. Expend. Support Services - Admin. Info. Tech. Services</b>	<b>201,728.00</b>	<b>1,899.72</b>	<b>203,627.72</b>	<b>203,627.72</b>	

HAZLET SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES (continued):</b>					
<b>Undist. Expend. - Required Maintenance for School Facilities:</b>					
Salaries	333,027.00	1,697.27	334,724.27	330,995.49	3,728.78
Cleaning, Repair and Maintenance Services	333,850.00	360,980.00	694,830.00	428,963.45	265,866.55
General Supplies	119,750.00	27,585.38	147,335.38	123,907.92	23,427.46
Other Objects	3,800.00		3,800.00	3,800.00	
<b>Total Undist. Expend. - Required Maintenance for School Facilities</b>	<b>790,427.00</b>	<b>390,262.65</b>	<b>1,180,689.65</b>	<b>887,666.86</b>	<b>293,022.79</b>
<b>Undist. Expend. - Other Operation and Maintenance of Plant Svces.:</b>					
Salaries	1,806,456.00	5,762.57	1,812,218.57	1,757,764.32	54,454.25
Purchased Professional and Technical Services	196,350.00	8,897.37	205,247.37	203,525.37	1,722.00
Cleaning, Repair, & Maintenance Services	174,005.00	(14,610.03)	159,394.97	99,624.03	59,770.94
Rental of Land and Bldg. Oth. Than Lease Pur Agrmnt.	2,500.00		2,500.00		2,500.00
Other Purchased Property Services	132,066.00		132,066.00	121,232.11	10,833.89
Insurance	110,000.00		110,000.00	108,934.50	1,065.50
Misc. Purchased Services	1,900.00		1,900.00	1,012.77	887.23
General Supplies	97,225.00	19,381.99	116,606.99	102,872.84	13,734.15
Energy (Electricity)	544,000.00		544,000.00	524,219.76	19,780.24
Other Objects	5,625.00		5,625.00	4,203.99	1,421.01
Energy (Natural Gas)	495,000.00	(108,897.37)	386,102.63	324,844.31	61,258.32
<b>Total Undist. Expend. - Other Operation and Maintenance of Plant Svces.</b>	<b>3,565,127.00</b>	<b>(89,465.47)</b>	<b>3,475,661.53</b>	<b>3,248,234.00</b>	<b>227,427.53</b>
<b>Undist. Expend. - Care &amp; Upkeep of Grounds:</b>					
Salaries	101,980.00	3,904.95	105,884.95	105,884.95	
Cleaning, Repair, & Maintenance Services	152,898.00	10,320.00	163,218.00	151,295.44	11,922.56
General Supplies	76,000.00	(7,000.00)	69,000.00	40,443.41	28,556.59
<b>Total Undist. Expend. - Care &amp; Upkeep of Grounds:</b>	<b>330,878.00</b>	<b>7,224.95</b>	<b>338,102.95</b>	<b>297,623.80</b>	<b>40,479.15</b>
<b>Undist. Expend. - Security:</b>					
Salaries	69,000.00	1,719.80	70,719.80	67,764.14	2,955.66
Cleaning, Repair, & Maintenance Services	27,300.00		27,300.00	26,558.50	741.50
<b>Total Undist. Expend. - Security</b>	<b>96,300.00</b>	<b>1,719.80</b>	<b>98,019.80</b>	<b>94,322.64</b>	<b>3,697.16</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. of Plant</b>					
	<b>4,782,732.00</b>	<b>309,741.93</b>	<b>5,092,473.93</b>	<b>4,527,847.30</b>	<b>564,626.63</b>
<b>Undist. Expend. - Student Transportation Services:</b>					
Salaries of Non-Instructional Aides	22,000.00	900.73	22,900.73	22,900.73	
Salaries for Pupil Transp. (Bet. Home & School) - Regular	35,526.00	1,940.12	37,466.12	37,466.12	
Other Purchased Professional and Technical Services	4,200.00		4,200.00	3,950.00	250.00
Contracted Services (Bet. Home & School) - Vendors	972,810.00	(125,000.00)	847,810.00	766,295.99	81,514.01
Contracted Services (Other Than Bet. Home & School) - Vendors	168,000.00		168,000.00	82,708.88	85,291.12
Contracted Services (Special Ed. Students) - Vendors	838,000.00	(125,000.00)	713,000.00	665,922.52	47,077.48
Contracted Services (Regular Students) - ESCs & CTSAs	325,000.00		325,000.00	198,364.18	126,635.82
Contracted Services (Special Ed. Students) - ESCs & CTSAs	100,000.00		100,000.00		100,000.00
Contracted Services (Aid in Lieu Payments - NonPub Sch	65,000.00	3,978.00	68,978.00	27,703.51	41,274.49
Miscellaneous Purchased Services - Transportation	500.00		500.00		500.00
General Supplies	1,500.00		1,500.00		1,500.00
Other Objects	500.00		500.00	100.00	400.00
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>2,533,036.00</b>	<b>(243,181.15)</b>	<b>2,289,854.85</b>	<b>1,805,411.93</b>	<b>484,442.92</b>
<b>Unallocated Benefits - Employee Benefits:</b>					
Group Insurance	7,900.00		7,900.00	6,885.79	1,014.21
Social Security Contributions	465,000.00	7,443.51	472,443.51	472,443.51	
Other Retirement Contributions - Regular	375,000.00	70,915.95	445,915.95	445,915.95	
Unemployment Compensation	25,000.00	64,580.00	89,580.00	89,580.00	
Workmen's Compensation	370,300.00	(64,580.00)	305,720.00	305,720.00	
Health Benefits	6,852,827.00	(377,040.22)	6,475,786.78	6,386,605.02	89,181.76
Tuition Reimbursement	57,000.00		57,000.00	52,273.00	4,727.00
Other Employee Benefits	84,786.00	43,104.40	127,890.40	86,392.07	41,498.33
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>8,237,783.00</b>	<b>(255,576.36)</b>	<b>7,982,206.64</b>	<b>7,845,815.34</b>	<b>136,391.30</b>
<b>TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)</b>					
				1,471,889.00	(1,471,889.00)
<b>TPAF NCGI Premiums (On-Behalf - Non-Budgeted)</b>					
				69,298.00	(69,298.00)
<b>TPAF Social Security (Reimbursed - Non-Budgeted)</b>					
				1,686,122.08	(1,686,122.08)
<b>Total On-Behalf Contributions</b>				<b>3,227,309.08</b>	<b>(3,227,309.08)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>8,237,783.00</b>	<b>(255,576.36)</b>	<b>7,982,206.64</b>	<b>11,073,124.42</b>	<b>(3,090,917.78)</b>
<b>Total Undistributed Expenditures</b>	<b>25,020,532.00</b>	<b>(1,746.99)</b>	<b>25,018,786.01</b>	<b>26,195,529.15</b>	<b>(1,176,743.14)</b>
<b>Total Expenditures - Current Expense</b>	<b>45,629,957.00</b>	<b>590,556.83</b>	<b>46,220,513.83</b>	<b>46,597,798.39</b>	<b>(377,284.56)</b>

HAZLET SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>CAPITAL OUTLAY</b>					
Interest Deposit To Capital Reserve	50.00	(50.00)			
Total Capital Reserve	50.00	(50.00)			
<b>Equipment:</b>					
Undistributed Expenditures:					
Required Maintenance For School Facilities		9,254.00	9,254.00	9,254.00	
Custodial Services		77,811.52	77,811.52	12,811.52	65,000.00
Total Equipment		87,065.52	87,065.52	22,065.52	65,000.00
<b>Facilities Acquisition and Construction Services:</b>					
Construction Services	108,030.00	1,346.46	109,376.46	105,782.99	3,593.47
Lease Purchase Agreements - Principal	200,000.00		200,000.00	200,000.00	
Other Objects	3,232.00		3,232.00	3,232.00	
Total Facilities Acquisition and Construction Services	311,262.00	1,346.46	312,608.46	309,014.99	3,593.47
Total Capital Outlay	311,312.00	88,361.98	399,673.98	331,080.51	68,593.47
<b>Special Schools:</b>					
Summer School - Instruction:					
Salaries of Teachers	58,500.00	11,807.25	70,307.25	70,307.25	
Other Salaries for Instruction	30,000.00	(621.42)	29,378.58	28,350.67	1,027.91
General Supplies	6,730.00	(5,809.33)	920.67	918.89	1.78
Total Summer School - Instruction	95,230.00	5,376.50	100,606.50	99,576.81	1,029.69
Summer School - Support Services:					
Salaries	4,000.00	(804.00)	3,196.00	3,196.00	
Total Summer School - Support Services	4,000.00	(804.00)	3,196.00	3,196.00	
Total Summer School	99,230.00	4,572.50	103,802.50	102,772.81	1,029.69
Total Special Schools	99,230.00	4,572.50	103,802.50	102,772.81	1,029.69
Total Expenditures	46,040,499.00	883,491.31	46,723,990.31	47,031,651.71	(307,661.40)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,196,003.00)	(237,609.31)	(1,433,612.31)	1,125,615.85	2,559,228.16
Other Financing Sources/(Uses):					
Transfer Capital Reserve to Capital Projects Fund		(1,223,547.00)	(1,223,547.00)	(1,223,547.00)	
Total Other Financing Sources/(Uses)		(1,223,547.00)	(1,223,547.00)	(1,223,547.00)	
Net Change in Fund Balances	(1,196,003.00)	(1,461,156.31)	(2,657,159.31)	(97,931.15)	2,559,228.16
Fund Balances, July 1	4,541,325.60		4,541,325.60	4,541,325.60	
Fund Balances, June 30	\$ 3,345,322.60	\$ (1,461,156.31)	\$ 1,884,166.29	\$ 4,443,394.45	\$ 2,559,228.16
<b>Recapitulation:</b>					
Restricted:					
Capital Reserve				\$ 752,291.04	
Excess Surplus - Current Year				1,028,292.59	
Excess Surplus - Prior Year - Designated For Subsequent Year's Expenditures				913,468.16	
Assigned:					
Year-End Encumbrances				514,942.12	
Designated for Subsequent Year's Expenditures				281,975.84	
Unassigned				952,424.70	
				4,443,394.45	
Reconciliation To Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(1,107,541.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,335,853.45	

HAZLET SCHOOL DISTRICT  
 EDUCATION JOBS FUND - BUDGET AND ACTUAL  
 GENERAL FUND  
 Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES:					
Federal Sources:					
Education Jobs Fund	<u>          </u>	\$ 445,882.00	\$ 445,882.00	\$ 78,444.00	\$ 367,438.00
Total Federal Sources	<u>          </u>	445,882.00	445,882.00	78,444.00	367,438.00
Total Revenues	<u>          </u>	445,882.00	445,882.00	78,444.00	367,438.00
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 1-5 - Salaries of Teachers	<u>          </u>	219,382.00	219,382.00	<u>          </u>	219,382.00
Total Regular Programs - Instruction	<u>          </u>	219,382.00	219,382.00	<u>          </u>	219,382.00
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Prog Dir	<u>          </u>	185,000.00	185,000.00	78,412.33	106,587.67
Total Undist. Expend. - Support Services - School Administration	<u>          </u>	185,000.00	185,000.00	78,412.33	106,587.67
Unallocated Benefits - Employee Benefits:					
Health Benefits	<u>          </u>	41,500.00	41,500.00	31.67	41,468.33
Total Unallocated Benefits - Employee Benefits	<u>          </u>	41,500.00	41,500.00	31.67	41,468.33
Total Expenditures - Current Expense	<u>          </u>	445,882.00	445,882.00	78,444.00	367,438.00
Total Expenditures	<u>          </u>	445,882.00	445,882.00	78,444.00	367,438.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balances, July 1	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balances, June 30	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

HAZLET SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND

Fiscal year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>Revenues:</b>			
Local Sources	\$ 120,921.92	\$ 75,407.00	\$ (45,514.92)
State Sources	15,441.00	13,452.00	(1,989.00)
Federal Sources	<u>1,369,568.57</u>	<u>1,300,900.87</u>	<u>(68,667.70)</u>
<b>Total Revenues</b>	<u>1,505,931.49</u>	<u>1,389,759.87</u>	<u>(116,171.62)</u>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Salaries of Teachers	146,659.03	136,000.00	10,659.03
Purchased Professional Education Services	13,452.00	13,452.00	
General Supplies	152,615.21	100,147.68	52,467.53
Tuition	544,162.00	544,162.00	
Textbooks	<u>1,989.00</u>		<u>1,989.00</u>
<b>Total Instruction</b>	<u>858,877.24</u>	<u>793,761.68</u>	<u>65,115.56</u>
<b>Support Services:</b>			
Salaries	7,311.00	7,311.00	
Personal Services - Employee Benefits	27,300.00	27,300.00	
Purchased Professional Education Services	292,461.00	282,073.10	10,387.90
Other Purchased Services	7,573.00	175.00	7,398.00
Supplies and Materials	81,625.55	53,906.19	27,719.36
Miscellaneous Expenditures	<u>6,429.72</u>	<u>3,115.90</u>	<u>3,313.82</u>
<b>Total Support Services</b>	<u>422,700.27</u>	<u>373,881.19</u>	<u>48,819.08</u>
<b>Facilities Acquisition and Construction Services:</b>			
Building	<u>224,353.98</u>	<u>222,117.00</u>	
<b>Total Facilities Acquisition and Construction Services</b>	<u>224,353.98</u>	<u>222,117.00</u>	
<b>Total Expenditures</b>	<u>1,505,931.49</u>	<u>1,389,759.87</u>	<u>113,934.64</u>
<b>Total Outflows</b>	<u>1,505,931.49</u>	<u>1,389,759.87</u>	<u>113,934.64</u>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



## OTHER SUPPLEMENTARY INFORMATION

## SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is 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.

HAZLET SCHOOL DISTRICT  
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

	I.D.E.A. Part B - Combined				No Child Left Behind			
	Basic	Summer	Preschool	A.R.R.A. Basic	A.R.R.A. Preschool	Title I	Title II Part A Summer	Title II Part D Summer
<b>Revenues</b>								
Local Sources								
State Sources								
Federal Sources								
Total Revenues	\$ 738,319.80	\$ 2,176.00	\$ 27,162.00	\$ 352,889.77	\$ 9,971.00	\$ 84,900.00	\$ 79,475.00	\$ 450.00
	\$ 738,319.80	\$ 2,176.00	\$ 27,162.00	\$ 352,889.77	\$ 9,971.00	\$ 84,900.00	\$ 79,475.00	\$ 450.00
<b>Expenditures</b>								
Instruction:								
Salaries of Teachers						\$ 70,000.00	\$ 66,000.00	
Purchased Professional Education Services	\$ 8,398.00			\$ 59,928.00	\$ 9,971.00			
General Supplies	\$ 517,000.00		\$ 27,162.00					
Tuition								
Total Instruction	525,398.00		27,162.00	59,928.00	9,971.00	70,000.00	66,000.00	
Support Services:								
Salaries				7,311.00				
Personal Services - Employee Benefits						14,000.00	13,300.00	
Purchased Professional Education Services	212,921.80	\$ 2,176.00		60,068.00		900.00	175.00	\$ 450.00
Other Purchased Services				3,465.77				
Supplies and Materials								
Miscellaneous Expenditures								
Total Support Services	212,921.80	2,176.00		70,844.77		14,900.00	13,475.00	450.00
Facilities Acquisition and Construction Services:								
Building				222,117.00				
Total Facilities Acquisition and Construction Services				222,117.00				
Total Expenditures	\$ 738,319.80	\$ 2,176.00	\$ 27,162.00	\$ 352,889.77	\$ 9,971.00	\$ 84,900.00	\$ 79,475.00	\$ 450.00

HAZLET SCHOOL DISTRICT  
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

	<u>NJ Nonpublic Aid</u>					<u>Totals</u>
	<u>Examination and Classification</u>	<u>Corrective Speech</u>	<u>Supplementary Instruction</u>	<u>Nursing</u>	<u>Local Grants</u>	
<u>Revenues</u>						
Local Sources	\$ 4,945.00	\$ 1,596.00	\$ 2,331.00	\$ 4,580.00	\$ 75,407.00	\$ 75,407.00
State Sources						13,452.00
Federal Sources						1,300,900.87
<u>Total Revenues</u>	<u>\$ 4,945.00</u>	<u>\$ 1,596.00</u>	<u>\$ 2,331.00</u>	<u>\$ 4,580.00</u>	<u>\$ 75,407.00</u>	<u>\$ 1,389,759.87</u>
<u>Expenditures</u>						
Instruction:						
Salaries of Teachers						\$ 136,000.00
Purchased Professional Education Services	\$ 4,945.00	\$ 1,596.00	\$ 2,331.00	\$ 4,580.00		13,452.00
General Supplies						100,147.68
Tuition						544,162.00
<u>Total Instruction</u>	<u>4,945.00</u>	<u>1,596.00</u>	<u>2,331.00</u>	<u>4,580.00</u>	<u>21,850.68</u>	<u>793,761.68</u>
Support Services:						
Salaries						7,311.00
Personal Services - Employee Benefits						27,300.00
Purchased Professional Education Services						282,073.10
Other Purchased Services						175.00
Supplies and Materials					50,440.42	53,906.19
Miscellaneous Expenditures					3,115.90	3,115.90
<u>Total Support Services</u>					<u>53,556.32</u>	<u>373,881.19</u>
Facilities Acquisition and Construction Services:						
Building						222,117.00
<u>Total Facilities Acquisition and Construction Services</u>						<u>222,117.00</u>
<u>Total Expenditures</u>	<u>\$ 4,945.00</u>	<u>\$ 1,596.00</u>	<u>\$ 2,331.00</u>	<u>\$ 4,580.00</u>	<u>\$ 75,407.00</u>	<u>\$ 1,389,759.87</u>

CAPITAL PROJECTS FUND  
DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

## SUMMARY STATEMENT OF PROJECT EXPENDITURES

For the Year ended June 30, 2011

<u>Project Title/Issue</u>	<u>Revised Appropriations</u>	<u>Expenditures To Date</u>		<u>Unexpended Balance</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Sycamore Drive Elementary School: Renovations - Early Childhood and Kindergarten Classrooms	\$ 398,570.14	\$ 398,570.14		
Sycamore Drive Elementary School: Renovations - Bathroom	200,624.15	200,624.15		
Raritan High School: Window Replacement	194,501.43	194,501.43		
Raritan High School: Science Room Equipment & Finishes	107,702.17	107,702.17		
Sycamore Drive Elementary School: Partial Roof Replacement	130,541.13	130,541.13		
Sycamore Drive Elementary School: Renovations - Kitchen	114,821.67	114,821.67		
Lillian Drive Elementary School: Multi-Purpose Room Reroofing	133,443.00		\$ 11,120.00	\$ 122,323.00
Raritan High School: Gymnasium Window Replacement	28,549.00		28,533.00	16.00
Cove Road Elementary School: Partial Window Replacement	91,550.00		91,550.00	
Raritan Valley Elementary School: Partial Reroofing	367,000.00		24,800.00	342,200.00
Raritan High School: Corridor C & D Toilet Room Rehabilitation	78,816.00			78,816.00
Middle Road Elementary School: Kitchen Upgrade	123,207.00		771.37	122,435.63
Various Schools: Reroofing	730,000.00			730,000.00
Raritan High School: ADA Elevator Addition	<u>275,960.00</u>		<u>38,896.06</u>	<u>237,063.94</u>
	<u>\$ 2,975,285.69</u>	<u>\$ 1,146,760.69</u>	<u>\$ 195,670.43</u>	<u>\$ 1,632,854.57</u>
Unexpended Balance				\$ 1,632,854.57
Balance of EDA Grant				<u>(376,710.03)</u>
Fund Balance (B-2)				<u>\$ 1,256,144.54</u>

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS

For the year ended June 30, 2011

Revenues:	
State Sources - EDA Grant	\$ 454,978.00
Transfer From:	
Special Revenue Fund	150,000.00
Capital Reserve Fund	<u>1,223,547.00</u>
Total Revenues	<u>1,828,525.00</u>
Expenditures and Other Financing Sources:	
Purchased Professional and Technical Services	59,392.81
Construction Services	<u>136,277.62</u>
Total Expenditures	<u>195,670.43</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,632,854.57
Fund Balance - July 1	<u>                    </u>
Fund Balance - June 30	<u><u>\$ 1,632,854.57</u></u>

HAZLET SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

SYCAMORE DRIVE ELEMENTARY SCHOOL RENOVATIONS -  
EARLY CHILDHOOD AND KINDERGARTEN CLASSROOMS

From inception and for the year ended June 30, 2011

	<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	\$ 159,428.00		\$ 159,428.00	\$ 159,428.00
Transfer from Capital Outlay	<u>239,142.14</u>	<u>          </u>	<u>239,142.14</u>	<u>239,142.14</u>
Total Revenues	<u>398,570.14</u>	<u>          </u>	<u>398,570.14</u>	<u>398,570.14</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	31,100.00		31,100.00	31,100.00
Construction Services	<u>367,470.14</u>	<u>          </u>	<u>367,470.14</u>	<u>367,470.14</u>
Total Expenditures	<u>398,570.14</u>	<u>0.00</u>	<u>398,570.14</u>	<u>398,570.14</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Additional Project Information:

Project Number	#2105-100-09-1003
Grant Date/Letter of Notification	03/20/09
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 410,836.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	398,570.14

Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	100.00
Original Target Completion Date	09/01/09
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISSYCAMORE DRIVE ELEMENTARY SCHOOL -  
BATHROOM RENOVATIONS

From inception and for the year ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 80,250.00		\$ 80,250.00	\$ 80,250.00
Transfer from Capital Outlay	<u>120,374.15</u>		<u>120,374.15</u>	<u>120,374.15</u>
Total Revenues	<u>200,624.15</u>		<u>200,624.15</u>	<u>200,624.15</u>
Expenditures and Other Financing Uses:				
Construction Services	<u>200,624.15</u>		<u>200,624.15</u>	<u>200,624.15</u>
Total Expenditures	<u>200,624.15</u>		<u>200,624.15</u>	<u>200,624.15</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

## Additional Project Information:

Project Number	#2105-100-09-1004
Grant Date/Letter of Notification	03/20/09
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 239,768.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	200,624.15

Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	100.00
Original Target Completion Date	09/01/09
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISRARITAN HIGH SCHOOL -  
WINDOW REPLACEMENT

From inception and for the year ended June 30, 2011

	<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	\$ 77,801.00		\$ 77,801.00	\$ 77,801.00
Transfer from Capital Outlay	<u>116,700.43</u>		<u>116,700.43</u>	<u>116,700.43</u>
Total Revenues	<u>194,501.43</u>		<u>194,501.43</u>	<u>194,501.43</u>
Expenditures and Other Financing Uses:				
Construction Services	<u>194,501.43</u>		<u>194,501.43</u>	<u>194,501.43</u>
Total Expenditures	<u>194,501.43</u>		<u>194,501.43</u>	<u>194,501.43</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

## Additional Project Information:

Project Number	#2105-050-09-1001
Grant Date/Letter of Notification	2/26/09
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 202,125.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	194,501.43

Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	100.00
Original Target Completion Date	
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISRARITAN HIGH SCHOOL -  
SCIENCE ROOM EQUIPMENT & NEW FINISHES

From inception and for the year ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 43,081.00		\$ 43,081.00	\$ 43,081.00
Transfer from Capital Outlay	<u>64,621.17</u>		<u>64,621.17</u>	<u>64,621.17</u>
Total Revenues	<u>107,702.17</u>		<u>107,702.17</u>	<u>107,702.17</u>
Expenditures and Other Financing Uses:				
Construction Services	<u>107,702.17</u>		<u>107,702.17</u>	<u>107,702.17</u>
Total Expenditures	<u>107,702.17</u>		<u>107,702.17</u>	<u>107,702.17</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

## Additional Project Information:

Project Number	#2105-050-09-1002
Grant Date/Letter of Notification	02/26/09
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 184,512.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	107,702.17

Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	100.00
Original Target Completion Date	
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISSYCAMORE DRIVE ELEMENTARY SCHOOL -  
PARTIAL ROOF REPLACEMENT

From inception and for the year ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 52,216.00		\$ 52,216.00	\$ 52,216.00
Transfer from Capital Outlay	<u>78,325.13</u>		<u>78,325.13</u>	<u>78,325.13</u>
Total Revenues	<u>130,541.13</u>		<u>130,541.13</u>	<u>130,541.13</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	13,500.00		13,500.00	13,500.00
Construction Services	<u>117,041.13</u>		<u>117,041.13</u>	<u>117,041.13</u>
Total Expenditures	<u>130,541.13</u>		<u>130,541.13</u>	<u>130,541.13</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

## Additional Project Information:

Project Number	#2105-050-09-1005
Grant Date/Letter of Notification	02/26/09
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 184,512.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	130,541.13
Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	100.00
Original Target Completion Date	
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISSYCAMORE DRIVE ELEMENTARY SCHOOL -  
KITCHEN RENOVATIONS

From inception and for the year ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 67,146.00		\$ 67,146.00	\$ 67,146.00
Transfer from Capital Outlay	<u>47,675.67</u>		<u>47,675.67</u>	<u>47,675.67</u>
Total Revenues	<u>114,821.67</u>		<u>114,821.67</u>	<u>114,821.67</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	12,600.00		12,600.00	12,600.00
Construction Services	<u>102,221.67</u>		<u>102,221.67</u>	<u>155,263.85</u>
Total Expenditures	<u>114,821.67</u>		<u>114,821.67</u>	<u>167,863.85</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

## Additional Project Information:

Project Number	#2105-100-09-1006
Grant Date/Letter of Notification	8/14/09
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 199,707.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	167,863.85
Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	68.40
Original Target Completion Date	
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISLILLIAN DRIVE ELEMENTARY SCHOOL -  
MULTI-PURPOSE ROOM REROOFING PROJECT

From inception and for the year ended June 30, 2011

	<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		\$ 53,377.00	\$ 53,377.00	\$ 53,377.00
Transfer from Capital Outlay		80,066.00	80,066.00	80,066.00
Total Revenues		<u>133,443.00</u>	<u>133,443.00</u>	<u>133,443.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		11,120.00	11,120.00	13,900.00
Construction Services				<u>119,543.00</u>
Total Expenditures		<u>11,120.00</u>	<u>11,120.00</u>	<u>133,443.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 122,323.00</u>	<u>\$ 122,323.00</u>	<u>\$ 0.00</u>
Additional Project Information:				
Project Number	2105-085-10-1002			
Grant Date/Letter of Notification	08/23/10			
Bond Authorization (Referendum) Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 133,443.00			
Additional Authorized Cost	Not Applicable			
Revised Authorized Cost	133,443.00			
Percentage Increase over Original Authorized Cost	Not Applicable			
Percentage Completion	8.33			
Original Target Completion Date				
Revised Target Completion Date	Not Applicable			

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISRARITAN HIGH SCHOOL -  
GYMNASIUM WINDOW REPLACEMENT

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - EDA Grant		\$ 11,413.00	\$ 11,413.00	\$ 11,413.00
Transfer from Capital Outlay		17,136.00	17,136.00	17,136.00
Total Revenues		<u>28,549.00</u>	<u>28,549.00</u>	<u>28,549.00</u>
Expenditures and Other Financing Uses:				
Construction Services		28,533.00	28,533.00	28,549.00
Total Expenditures		<u>28,533.00</u>	<u>28,533.00</u>	<u>28,549.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 16.00</u>	<u>\$ 16.00</u>	<u>\$ 0.00</u>

## Additional Project Information:

Project Number	2105-050-10-1004
Grant Date/Letter of Notification	08/23/10
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 28,560.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	28,533.00

## Percentage Increase over Original

Authorized Cost	Not Applicable
Percentage Completion	100.00
Original Target Completion Date	
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISCOVE ROAD ELEMENTARY SCHOOL -  
PARTIAL WINDOW REPLACEMENT

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - EDA Grant		\$ 36,620.00	\$ 36,620.00	\$ 36,620.00
Transfer from Capital Outlay		54,930.00	54,930.00	54,930.00
Total Revenues		91,550.00	91,550.00	91,550.00
Expenditures and Other Financing Uses:				
Construction Services		91,550.00	91,550.00	91,550.00
Total Expenditures		91,550.00	91,550.00	91,550.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

## Additional Project Information:

Project Number	2105-070-10-1005
Grant Date/Letter of Notification	08/23/10
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 91,550.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	
Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	100.00
Original Target Completion Date	
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISRARITAN VALLEY ELEMENTARY SCHOOL -  
PARTIAL REROOFING PROJECT

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - EDA Grant		\$ 146,800.00	\$ 146,800.00	\$ 146,800.00
Transfer from Capital Outlay		<u>220,200.00</u>	<u>220,200.00</u>	<u>220,200.00</u>
Total Revenues		<u>367,000.00</u>	<u>367,000.00</u>	<u>367,000.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		24,800.00	24,800.00	31,000.00
Construction Services				<u>336,000.00</u>
Total Expenditures		<u>24,800.00</u>	<u>24,800.00</u>	<u>367,000.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 342,200.00</u>	<u>\$ 342,200.00</u>	<u>\$ 0.00</u>
Additional Project Information:				
Project Number	2105-095-10-1006			
Grant Date/Letter of Notification	08/23/10			
Bond Authorization (Referendum) Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 367,000.00			
Additional Authorized Cost	Not Applicable			
Revised Authorized Cost	367,000.00			
Percentage Increase over Original Authorized Cost	Not Applicable			
Percentage Completion	6.76			
Original Target Completion Date				
Revised Target Completion Date	Not Applicable			

HAZLET SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

RARITAN HIGH SCHOOL -  
CORRIDOR C & D TOILET ROOM REHABILITATION PROJECT

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - EDA Grant		\$ 31,526.00	\$ 31,526.00	\$ 31,526.00
Transfer from Capital Outlay		47,290.00	47,290.00	47,290.00
Total Revenues		78,816.00	78,816.00	78,816.00
Expenditures and Other Financing Uses:				
Construction Services				78,816.00
Total Expenditures				78,816.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 78,816.00</u>	<u>\$ 78,816.00</u>	<u>\$ 0.00</u>

Additional Project Information:

Project Number	2105-050-10-1007
Grant Date/Letter of Notification	08/23/10
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 78,816.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	78,816.00
Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	
Original Target Completion Date	
Revised Target Completion Date	Not Applicable

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISMIDDLE ROAD ELEMENTARY SCHOOL -  
KITCHEN UPGRADES PROJECT

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - EDA Grant		\$ 49,282.00	\$ 49,282.00	\$ 49,282.00
Transfer from Capital Outlay		73,925.00	73,925.00	73,925.00
Total Revenues		123,207.00	123,207.00	123,207.00
Expenditures and Other Financing Uses:				
Construction Services		771.37	771.37	123,207.00
Total Expenditures		771.37	771.37	123,207.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 122,435.63</u>	<u>\$ 122,435.63</u>	<u>\$ 0.00</u>

## Additional Project Information:

Project Number	2105-090-10-1009
Grant Date/Letter of Notification	08/23/10
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 123,207.00
Additional Authorized Cost	Not Applicable
Revised Authorized Cost	123,207.00
Percentage Increase over Original Authorized Cost	Not Applicable
Percentage Completion	0.63
Original Target Completion Date	
Revised Target Completion Date	Not Applicable

HAZLET SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

VARIOUS SCHOOLS -  
REROOFING PROJECT

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from Capital Outlay		\$ 730,000.00	\$ 730,000.00	\$ 730,000.00
Total Revenues		730,000.00	730,000.00	730,000.00
Expenditures and Other Financing Uses:				
Construction Services				730,000.00
Total Expenditures				730,000.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 0.00	\$ 730,000.00	\$ 730,000.00	\$ 0.00
Additional Project Information:				
Project Number	Not Applicable			
Grant Date/Letter of Notification	Not Applicable			
Bond Authorization (Referendum) Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 730,000.00			
Additional Authorized Cost	Not Applicable			
Revised Authorized Cost	730,000.00			
Percentage Increase over Original Authorized Cost	Not Applicable			
Percentage Completion	0.00			
Original Target Completion Date				
Revised Target Completion Date	Not Applicable			

## HAZLET SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASISRARITAN HIGH SCHOOL -  
ADA ELEVATOR ADDITION PROJECT

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - EDA Grant		\$ 125,960.00	\$ 125,960.00	125,960.00
Transfer from Special Revenue		150,000.00	150,000.00	\$ 150,000.00
Total Revenues		275,960.00	275,960.00	275,960.00
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		23,472.81	23,472.81	40,000.00
Construction Services		15,423.25	15,423.25	235,960.00
Total Expenditures		38,896.06	38,896.06	275,960.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.00</u>	<u>\$ 237,063.94</u>	<u>\$ 237,063.94</u>	<u>\$ 0.00</u>
Additional Project Information:				
Project Number	2105-50-10-1001			
Grant Date/Letter of Notification	08/23/10			
Bond Authorization (Referendum) Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 275,960.00			
Additional Authorized Cost	Not Applicable			
Revised Authorized Cost	275,960.00			
Percentage Increase over Original Authorized Cost	Not Applicable			
Percentage Completion	14.09			
Original Target Completion Date				
Revised Target Completion Date	Not Applicable			

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 SERVICE FUND

This Fund provides for the operation of food services within the School District.

This section has already been included in Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS  
DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Fund: This Agency Fund is used to account for the payroll transactions of the School District.

Expendable Trust Fund: Expendable Trust Funds are held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Unemployment Compensation Trust Fund: This Fund is used to account for assets to finance the cost of unemployment benefits.

## HAZLET SCHOOL DISTRICT

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund	Totals
<u>Assets</u>				
Cash and Cash Equivalents	\$ 67,001.89	\$ 45.41	\$ 311,646.34	\$ 378,693.64
Investments		5,928.00		5,928.00
Due From State of New Jersey	<u>2,839.72</u>	<u></u>	<u></u>	<u>2,839.72</u>
Total Assets	<u>\$ 69,841.61</u>	<u>\$ 5,973.41</u>	<u>\$ 311,646.34</u>	<u>\$ 387,461.36</u>
<u>Liabilities:</u>				
Payable to Student Groups			\$ 171,436.91	\$ 171,436.91
Payroll Deductions and Withholdings	<u></u>	<u></u>	<u>140,209.43</u>	<u>140,209.43</u>
Total Liabilities	<u></u>	<u></u>	<u>311,646.34</u>	<u>311,646.34</u>
<u>Net Assets:</u>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 69,841.61			69,841.61
Reserved for Scholarship	<u></u>	<u>\$ 5,973.41</u>	<u></u>	<u>5,973.41</u>
Total Net Assets	<u>69,841.61</u>	<u>5,973.41</u>	<u></u>	<u>75,815.02</u>
Total Liabilities and Net Assets	<u>\$ 69,841.61</u>	<u>\$ 5,973.41</u>	<u>\$ 311,646.34</u>	<u>\$ 387,461.36</u>

## HAZLET SCHOOL DISTRICT

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

For the fiscal year ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Totals
Additions:			
Employee Contributions	\$ 57,713.40		\$ 57,713.40
Board Contribution	89,580.00		89,580.00
Total Contributions	<u>147,293.40</u>		<u>147,293.40</u>
Investment Earnings:			
Appreciation		\$ 736.61	736.61
Interest	99.75	148.08	247.83
Total Additions/(Deletions)	<u>147,393.15</u>	<u>884.69</u>	<u>148,277.84</u>
Deductions:			
Quarterly Contribution Reports	16,974.54		16,974.54
Unemployment Claims	151,610.26		151,610.26
Scholarship Awarded		650.00	650.00
Total Deductions	<u>168,584.80</u>	<u>650.00</u>	<u>169,234.80</u>
Change in Net Assets	(21,191.65)	234.69	(20,956.96)
Net Assets - Beginning of Year	<u>91,033.26</u>	<u>5,738.72</u>	<u>96,771.98</u>
Net Assets - End of Year	<u>\$ 69,841.61</u>	<u>\$ 5,973.41</u>	<u>\$ 75,815.02</u>

## HAZLET SCHOOL DISTRICT

## SCHEDULE OF RECEIPTS AND DISBURSEMENTS

## STUDENT ACTIVITY AGENCY FUND

For the fiscal year ended June 30, 2011

	Balance July 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2011</u>
Elementary Schools:				
Beers Street	\$ 1,696.28	\$ 4,214.67	\$ 2,974.90	\$ 2,936.05
Cove Road	5,237.26	9,294.45	9,659.74	4,871.97
Lillian Drive	8,607.25	876.06	5,188.92	4,294.39
Middle Road	635.32	1,864.22	1,222.36	1,277.18
Raritan Valley	14.20	554.60	437.79	131.01
Sycamore Drive	<u>2,678.79</u>	<u>596.47</u>	<u>2,281.57</u>	<u>993.69</u>
Total Elementary Schools	<u>18,869.10</u>	<u>17,400.47</u>	<u>21,765.28</u>	<u>14,504.29</u>
Middle School:				
Hazlet Middle School	<u>8,067.98</u>	<u>9,029.58</u>	<u>10,086.84</u>	<u>7,010.72</u>
Total Middle Schools	<u>8,067.98</u>	<u>9,029.58</u>	<u>10,086.84</u>	<u>7,010.72</u>
High School:				
Athletic Fund	9,670.51	104,793.70	75,566.91	38,897.30
Rocket Launchers	63,678.17	196,249.84	196,608.82	63,319.19
Home Economics	25.07	10,506.02	9,883.04	648.05
Raritan High School	<u>46,825.12</u>	<u>152,021.31</u>	<u>151,789.07</u>	<u>47,057.36</u>
Total High School	<u>120,198.87</u>	<u>463,570.87</u>	<u>433,847.84</u>	<u>149,921.90</u>
Total All Schools	<u>\$ 147,135.95</u>	<u>\$ 490,000.92</u>	<u>\$ 465,699.96</u>	<u>\$ 171,436.91</u>

## HAZLET SCHOOL DISTRICT

## PAYROLL AGENCY FUND

## SCHEDULE OF RECEIPTS AND DISBURSEMENTS

For the fiscal year ended June 30, 2011

	Balance July 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2011</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 197,585.05	\$ 14,053,996.33	\$ 14,111,371.95	\$ 140,209.43
Total Assets	<u>\$ 197,585.05</u>	<u>\$ 14,053,996.33</u>	<u>\$ 14,111,371.95</u>	<u>\$ 140,209.43</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 197,585.05	\$ 14,053,996.33	\$ 14,111,371.95	\$ 140,209.43
Total Liabilities	<u>\$ 197,585.05</u>	<u>\$ 14,053,996.33</u>	<u>\$ 14,111,371.95</u>	<u>\$ 140,209.43</u>

## LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

HAZLET SCHOOL DISTRICT  
SCHEDULE OF SERIAL BONDS

June 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>	<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2011</u>
			<u>Date</u> <u>Amount</u>					
Refunding Bonds	06/15/01	\$ 7,444,000.00			\$ 7,060,000.00		\$ 7,060,000.00	
Refunding Bonds	10/28/10	6,930,000.00	02/01/12 \$ 260,000.00 02/01/13 265,000.00 02/01/14 275,000.00 02/01/15 290,000.00 02/01/16 300,000.00 02/01/17 310,000.00 02/01/18 320,000.00 02/01/19 330,000.00 02/01/20 340,000.00 02/01/21 360,000.00 02/01/22 365,000.00 02/01/23 380,000.00 02/01/24 385,000.00 02/01/25 410,000.00 02/01/26 425,000.00 02/01/30 1,855,000.00	4.000% 2.500% 4.000% 4.000% 4.000% 3.500% 3.000% 4.000% 4.000% 4.000% 3.250% 3.375% 3.400% 3.500% 4.000% 4.000%		\$ 6,930,000.00	60,000.00	\$ 6,870,000.00
					\$ 7,060,000.00	\$ 6,930,000.00	\$ 7,120,000.00	\$ 6,870,000.00

HAZLET SCHOOL DISTRICT

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

June 30, 2011

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Balance July 1, 2010</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2011</u>
				<u>Principal</u>	<u>Interest</u>			
2006 - Athletic Field, Track and Phone System	04/06/06	5 years	3.846%	\$ 1,000,000.00	\$ 109,937.22	\$ 200,000.00	\$ 200,000.00	\$ 0.00

HAZLET SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 For the fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive/(Negative) Final To Actual
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 449,422.00		\$ 449,422.00	\$ 449,422.00	
State Sources:					
Debt Service Aid	<u>119,206.00</u>		<u>119,206.00</u>	<u>119,206.00</u>	
Total Revenues	<u>568,628.00</u>		<u>568,628.00</u>	<u>568,628.00</u>	
<u>Expenditures</u>					
Regular Debt Service:					
Interest on Bonds	288,628.00		288,628.00	236,939.31	\$ 51,688.69
Redemption of Principal	<u>280,000.00</u>		<u>280,000.00</u>	<u>280,000.00</u>	
Total Regular Debt Service	<u>568,628.00</u>		<u>568,628.00</u>	<u>516,939.31</u>	<u>51,688.69</u>
Total Expenditures	<u>568,628.00</u>		<u>568,628.00</u>	<u>516,939.31</u>	<u>51,688.69</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures				<u>51,688.69</u>	<u>51,688.69</u>
Other Financial Sources/(Uses):					
Operating Transfer In:					
Proceeds of Refunding Debt				7,007,801.49	7,007,801.49
Payments To Refunded Debt Escrow Agent				<u>(7,007,801.49)</u>	<u>(7,007,801.49)</u>
Total Other Financial Sources/(Uses)					
Excess/(Deficiency) of Revenues and Other Financial Sources Over/(Under) Expenditures				51,688.69	51,688.69
Fund Balance, July 1	<u>(0.62)</u>		<u>(0.62)</u>	<u>(0.62)</u>	
Fund Balance, June 30	<u>\$ (0.62)</u>	<u>\$ 0.00</u>	<u>\$ (0.62)</u>	<u>\$ 51,688.07</u>	<u>\$ 51,688.69</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Budgeted Fund Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 51,688.69</u>	<u>\$ 51,688.69</u>

## STATISTICAL SECTION

FINANCIAL TRENDS/INFORMATION SCHEDULES

HAZLET SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Government Activities:</b>									
Invested in Capital Assets, Net of Related Debt	\$ 13,657,964.45	\$ 14,749,262.88	\$ 7,603,609.07	\$ 7,683,424.58	\$ 8,938,801.90	\$ 9,334,556.80	\$ 10,284,778.00	\$ 11,187,417.84	\$ 10,814,803.49
Restricted	882,648.93	1,966,125.71	2,444,483.84	2,311,577.10	2,573,229.28	2,941,232.87	2,449,285.17	2,671,186.37	4,776,504.48
Unrestricted	(1,405,762.71)	(2,635,554.06)	(2,526,770.43)	(2,600,062.70)	(2,475,418.19)	(2,388,957.98)	(2,533,321.18)	(2,305,929.68)	(2,842,515.74)
<b>Total Government Activities Net Assets</b>	<b>\$ 13,134,850.67</b>	<b>\$ 14,079,834.53</b>	<b>\$ 7,521,322.48</b>	<b>\$ 7,394,938.98</b>	<b>\$ 9,036,612.99</b>	<b>\$ 9,906,831.69</b>	<b>\$ 10,200,741.99</b>	<b>\$ 11,552,674.53</b>	<b>\$ 12,748,792.23</b>
<b>Business-Type Activities:</b>									
Invested in Capital Assets, Net of Related Debt	\$ 176,554.64	\$ 212,537.88	\$ 233,843.42	\$ 191,128.53	\$ 183,327.49	\$ 180,311.34	\$ 160,896.58	\$ 185,542.46	\$ 231,319.11
Unrestricted	149,519.30	181,132.17	123,165.95	85,284.82	92,885.03	107,658.27	95,468.93	193,806.41	204,855.28
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 326,073.94</b>	<b>\$ 393,670.05</b>	<b>\$ 357,009.37</b>	<b>\$ 276,413.35</b>	<b>\$ 276,212.52</b>	<b>\$ 287,969.61</b>	<b>\$ 256,365.51</b>	<b>\$ 379,348.87</b>	<b>\$ 436,174.39</b>
<b>District-wide:</b>									
Invested in Capital Assets, Net of Related Debt	\$ 13,834,519.09	\$ 14,961,800.76	\$ 7,837,452.49	\$ 7,874,553.11	\$ 9,122,129.39	\$ 9,514,868.14	\$ 10,445,674.58	\$ 11,372,960.30	\$ 11,046,122.60
Restricted	882,648.93	1,966,125.71	2,444,483.84	2,311,577.10	2,573,229.28	2,941,232.87	2,449,285.17	2,671,186.37	4,776,504.48
Unrestricted	(1,256,243.41)	(2,454,421.89)	(2,403,604.48)	(2,514,777.88)	(2,382,533.16)	(2,261,299.71)	(2,437,852.25)	(2,112,123.27)	(2,637,660.46)
<b>Total District Net Assets</b>	<b>\$ 13,460,924.61</b>	<b>\$ 14,473,504.58</b>	<b>\$ 7,878,331.85</b>	<b>\$ 7,671,352.33</b>	<b>\$ 9,312,825.51</b>	<b>\$ 10,194,801.30</b>	<b>\$ 10,457,107.50</b>	<b>\$ 11,932,023.40</b>	<b>\$ 13,184,966.62</b>

HAZLET SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>									
Governmental Activities:									
Instruction:									
Regular	\$ (16,736,822.27)	\$ (18,904,436.68)	\$ (19,549,267.41)	\$ (20,348,117.88)	\$ (21,567,977.49)	\$ (22,746,571.49)	\$ (22,383,140.80)	\$ (23,633,571.50)	\$ (24,909,217.27)
Special Education	(2,653,438.92)	(3,324,275.13)	(3,532,860.74)	(3,657,813.37)	(4,222,286.66)	(3,286,685.62)	(3,385,925.36)	(2,922,634.70)	(3,049,522.53)
Other Special Education	(684,186.87)	(684,724.97)	(646,572.88)	(774,701.42)	(654,641.18)	(776,641.18)	(725,465.74)	(916,629.74)	(1,061,777.64)
Other Instruction	(1,290,392.56)	(1,332,430.24)	(1,252,900.90)	(1,254,284.39)	(1,336,921.31)	(2,049,832.79)	(1,948,716.48)	(1,092,787.63)	(1,172,656.82)
Support Services:									
Tuition	(2,440,256.85)	(2,080,222.48)	(2,101,158.98)	(1,694,218.64)	(1,740,297.50)	(1,837,291.39)	(1,434,281.50)	(1,436,467.90)	(1,125,364.44)
Student and Instruction Related Services	(4,065,303.23)	(3,693,517.32)	(3,760,157.81)	(4,063,603.31)	(4,099,501.93)	(4,988,273.63)	(5,111,356.63)	(4,993,168.76)	(4,839,316.31)
School Administrative Services	(2,272,349.57)	(2,566,145.49)	(2,766,411.17)	(2,840,971.54)	(3,049,937.16)	(3,257,247.28)	(3,207,230.73)	(2,980,071.00)	(2,943,207.51)
Central Services					(527,142.08)	(524,592.46)	(550,356.07)	(567,752.81)	(481,392.77)
Administrative Information Technology					(119,206.88)	(174,860.28)	(192,973.80)	(211,259.56)	(263,637.72)
General Administration	(1,615,525.16)	(1,592,661.44)	(1,799,645.17)	(1,937,230.57)	(1,253,639.07)	(1,205,697.37)	(1,200,141.99)	(1,087,245.38)	(1,542,662.79)
Plant Operations and Maintenance	(4,456,853.27)	(4,592,357.39)	(5,014,600.53)	(5,400,869.93)	(5,422,776.41)	(5,495,146.06)	(5,489,205.35)	(5,730,963.33)	(5,676,550.88)
Pupil Transportation	(2,251,358.06)	(2,186,380.68)	(2,231,760.73)	(2,231,760.73)	(2,458,067.66)	(2,534,170.68)	(2,387,318.46)	(2,153,743.20)	(1,848,589.55)
Special Schools	(266,286.90)	(532,426.90)	(531,382.46)	(501,843.74)	(568,848.16)	(75,552.32)	(93,385.40)	(119,669.19)	(102,772.81)
Interest on Long-Term Debt	(410,518.37)	(403,269.00)	(403,591.25)	(388,555.00)	(389,885.00)	(380,563.50)	(359,318.83)	(352,431.07)	(382,315.42)
Unallocated Depreciation	(22,963.96)	(23,610.83)	(24,622.02)						
<b>Total Governmental Activities Expenses</b>	<b>(39,176,268.01)</b>	<b>(42,116,458.55)</b>	<b>(43,791,265.20)</b>	<b>(45,303,990.52)</b>	<b>(47,408,870.72)</b>	<b>(49,343,326.05)</b>	<b>(48,468,796.85)</b>	<b>(48,978,595.77)</b>	<b>(49,319,154.46)</b>
Business-Type Activities:									
Food Service	(733,870.98)	(781,548.79)	(655,217.81)	(937,369.83)	(866,519.27)	(940,778.96)	(1,007,563.53)	(1,022,706.76)	(966,250.24)
<b>Total Business-Type Activities Expenses</b>	<b>(733,870.98)</b>	<b>(781,548.79)</b>	<b>(655,217.81)</b>	<b>(937,369.83)</b>	<b>(866,519.27)</b>	<b>(940,778.96)</b>	<b>(1,007,563.53)</b>	<b>(1,022,706.76)</b>	<b>(966,250.24)</b>
<b>Total District Expenses</b>	<b>(39,910,138.99)</b>	<b>(42,898,007.34)</b>	<b>(44,446,483.01)</b>	<b>(46,241,360.35)</b>	<b>(48,275,389.99)</b>	<b>(50,284,105.01)</b>	<b>(49,476,360.38)</b>	<b>(50,001,302.53)</b>	<b>(50,275,404.70)</b>
<b>Program Revenues:</b>									
Governmental Activities:									
Charges for Services:									
Instruction (Tuition)	\$ 136,560.01	\$ 15,770.43	\$ 50,348.64	\$ 58,819.09	\$ 64,892.37	\$ 375.00	\$ 8,912.50	\$ 55,400.00	\$ 96,550.00
Pupil Transportation	63,045.64	55,898.48	968,648.00	968,648.00	967,339.28	847,826.33	513,314.37	27,276.00	56,942.50
Operating Grants and Contributions	928,216.78	968,911.00	969,457.00	298,114.80				515,916.00	211,618.11
Capital Grants and Contributions								479,922.00	78,267.97
<b>Total Governmental Activities Program Revenues</b>	<b>1,127,822.43</b>	<b>1,040,679.91</b>	<b>1,019,805.64</b>	<b>1,325,581.89</b>	<b>1,052,230.65</b>	<b>902,868.46</b>	<b>570,393.87</b>	<b>1,078,514.00</b>	<b>443,378.58</b>
Business-Type Activities:									
Charges for Services:									
Food Service	651,097.01	692,898.19	693,973.29	741,062.41	758,752.52	799,131.02	820,849.49	861,604.76	787,509.48
Operating Grants and Contributions	123,439.85	130,280.64	124,583.84	118,531.40	127,565.92	153,405.03	153,894.03	230,553.72	225,197.77
<b>Total Business-Type Activities Program Revenues</b>	<b>774,536.86</b>	<b>823,178.83</b>	<b>818,557.13</b>	<b>859,593.81</b>	<b>886,318.44</b>	<b>952,536.05</b>	<b>974,733.52</b>	<b>1,092,158.48</b>	<b>1,012,707.25</b>
<b>Total District Program Revenues</b>	<b>1,902,359.29</b>	<b>1,863,858.74</b>	<b>1,838,362.77</b>	<b>2,185,175.70</b>	<b>1,938,549.09</b>	<b>1,855,404.51</b>	<b>1,545,127.39</b>	<b>2,170,672.48</b>	<b>1,456,085.83</b>

HAZLET SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	Fiscal Year Ending June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue:									
Governmental Activities	\$ (38,048,445.58)	\$ (41,075,778.84)	\$ (42,771,459.56)	\$ (43,978,408.63)	\$ (46,356,840.07)	\$ (48,440,457.59)	\$ (47,898,402.98)	\$ (47,900,081.77)	\$ (48,875,775.88)
Business-Type Activities	40,665.88	41,630.04	(36,660.68)	(77,776.02)	(200.83)	11,757.09	(32,830.01)	69,451.72	56,457.01
Total District-wide Net (Expense)/Revenue	\$ (38,007,779.70)	\$ (41,034,148.80)	\$ (42,808,120.24)	\$ (44,056,184.65)	\$ (46,556,840.90)	\$ (48,428,700.50)	\$ (47,931,232.99)	\$ (47,830,630.05)	\$ (48,819,318.87)
General Revenues and Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$ 24,243,794.00	\$ 25,946,444.00	\$ 26,543,966.00	\$ 28,587,284.00	\$ 29,790,041.00	\$ 30,632,424.00	\$ 30,982,233.00	\$ 31,600,058.00	\$ 33,315,527.00
Taxes Levied for Debt Service	415,720.00	379,693.04	416,967.00	416,845.00	417,887.00	418,524.00	422,439.50	425,721.00	449,422.00
Unrestricted Grants and Contributions	13,503,630.61	15,308,785.74	15,745,914.71	16,073,088.03	17,491,454.54	18,054,817.60	16,674,660.78	17,103,661.35	16,184,645.57
Investment Earnings	34,809.66	20,767.77	64,973.40	14,007.69	221,263.91	182,922.03	46,340.00	17,653.46	11,016.38
Miscellaneous Income	200,922.00	95,906.81	133,661.24	230,290.77	77,667.63	21,988.66	78,627.25	104,921.38	111,282.63
Loss on Asset Disposition				(1,469,490.36)					
Special Item - Gain on Sale of Land			91,906.00						
Total Governmental Activities	38,399,076.27	41,751,597.36	42,997,388.35	43,852,025.13	47,998,314.08	49,310,676.29	48,203,300.53	49,252,015.19	50,071,893.58
Business-Type Activities:		(114.00)		(2,820.00)			1,225.91	489.46	368.51
Investment Earnings									
Loss on Asset Disposition									
Total Business-Type Activities		(114.00)		(2,820.00)			1,225.91	489.46	368.51
Total District-wide	\$ 38,399,076.27	\$ 41,751,483.36	\$ 42,997,388.35	\$ 43,849,205.13	\$ 47,998,314.08	\$ 49,310,676.29	\$ 49,204,526.44	\$ 49,252,504.65	\$ 50,072,262.09
Changes in Net Assets:									
Governmental Activities	\$ 350,630.69	\$ 675,818.72	\$ 225,928.79	\$ (126,383.50)	\$ 1,641,874.01	\$ 870,218.70	\$ 304,897.55	\$ 1,351,933.42	\$ 1,196,117.70
Business-Type Activities	40,665.88	41,516.04	(36,660.68)	(80,596.02)	(200.83)	11,757.09	(31,604.10)	69,941.18	56,825.52
Total District	\$ 391,296.57	\$ 717,334.76	\$ 189,268.11	\$ (206,979.52)	\$ 1,641,473.18	\$ 881,975.79	\$ 273,293.45	\$ 1,421,874.60	\$ 1,252,943.22

HAZLET SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST SEVEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund:							
Reserved	\$ 1,539,924.47	\$ 1,035,721.66	\$ 1,732,562.03	\$ 2,231,232.73	\$ 2,326,377.24	2,671,186.37	
Unreserved	891,035.20	1,004,756.70	1,053,258.54	1,023,340.28	548,232.43	545,297.23	
Restricted							\$ 2,694,051.79
Assigned							796,917.96
Unassigned							(155,116.30)
Total General Fund	<u>\$ 2,430,959.67</u>	<u>\$ 2,040,478.36</u>	<u>\$ 2,785,820.57</u>	<u>\$ 3,254,573.01</u>	<u>\$ 2,874,609.67</u>	<u>3,216,483.60</u>	<u>3,335,853.45</u>
All Other Governmental Funds:							
Reserved	\$ 11,646.44	\$ 424,733.82			\$ 178,607.20		
Unreserved, Reported In:							
Special Revenue Fund							
Capital Projects Fund		60,956.24	\$ 40,647.87		(55,700.15)		
Debt Service Fund	351.38	165.38	19.38	\$ (0.12)	0.88	\$ (0.62)	
Restricted							
Capital Projects Fund							\$ 995,868.83
Committed							
Capital Projects Fund							260,275.71
Assigned							
Debt Service Fund							51,688.07
Total All Other Governmental Funds	<u>\$ 11,997.82</u>	<u>\$ 485,855.44</u>	<u>\$ 40,667.25</u>	<u>\$ (0.12)</u>	<u>\$ 122,907.93</u>	<u>(0.62)</u>	<u>1,307,832.61</u>

HAZLET SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

	2002*	2003*	2004*	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Tax Levy	\$ 22,347,325.00	\$ 24,659,514.00	\$ 26,326,137.04	\$ 26,960,933.00	\$ 29,004,129.00	\$ 30,207,928.00	\$ 31,050,948.00	\$ 31,404,872.50	\$ 32,025,779.00	\$ 33,784,949.00
Tuition Charges					33,308.10		375.00	8,912.50	55,400.00	96,550.00
Transportation Fees							54,667.13	48,167.00	27,275.50	56,942.50
Interest Earnings	1,236,987.09	432,801.88	208,252.56	248,817.66	130,702.34	221,263.91	576.18	3,787.79	14,434.36	1,866.81
Miscellaneous	12,805,076.69	13,619,137.44	15,243,364.77	15,670,777.31	16,284,453.56	17,510,812.27	17,931,444.48	16,229,945.04	14,914,558.58	14,958,187.96
State Sources	834,318.10	812,909.95	1,034,331.97	1,044,594.40	1,075,397.27	977,256.55	971,199.45	958,030.11	3,184,940.77	1,516,343.69
Federal Sources										
Total Revenues	37,223,707.08	39,524,363.07	42,812,086.34	43,925,122.37	46,647,087.36	49,059,820.73	50,226,065.96	48,773,891.14	50,319,396.93	50,515,272.16
Expenditures:										
Instruction:										
Regular	12,409,766.62	12,502,189.51	13,287,266.30	14,870,131.50	14,832,848.51	15,418,513.79	15,794,542.66	16,052,720.24	17,169,739.55	17,086,188.87
Special	1,729,201.05	1,775,588.43	2,110,212.48	2,307,840.48	2,428,504.91	2,638,281.35	2,788,191.38	2,934,205.17	2,731,729.54	2,831,412.45
Other	574,767.34	664,198.87	684,724.97	846,572.88	774,701.42	654,384.37	776,641.18	725,465.43	488,776.28	528,136.00
School-Sponsored/Other Instructional	517,165.48	522,168.43	585,946.00	604,490.19	619,611.46	657,269.39	710,455.11	763,838.18	793,296.37	821,004.68
Support Services:										
Tuition	1,950,001.70	2,440,256.85	2,080,222.48	2,101,158.98	1,694,218.64	1,740,297.50	1,837,291.39	1,434,261.50	1,436,467.90	1,125,364.44
Student and Instruction Related										
Services	2,768,148.04	2,840,896.67	2,986,373.97	3,289,011.80	3,560,581.15	3,528,454.35	3,827,854.31	4,081,736.75	4,395,725.41	4,202,378.35
General Administration	880,624.08	939,427.81	905,727.81	1,013,280.68	1,048,126.07	1,029,903.69	1,118,928.68	1,016,918.87	1,054,479.44	932,755.92
School Administrative Services	1,614,661.50	1,661,529.38	1,861,363.98	1,971,870.07	1,950,311.34	2,038,656.93	998,067.89	2,206,442.99	2,197,066.55	2,066,522.94
Central Services										
Admin. Information Technology	3,525,934.30	3,622,295.26	3,848,378.85	4,144,395.11	4,409,971.43	4,223,124.52	4,231,206.88	4,445,343.64	4,541,806.39	4,527,847.30
Plant Operations and Maintenance	1,949,081.97	2,167,773.81	2,128,613.22	2,148,877.99	2,163,127.93	2,381,985.28	2,483,553.16	2,342,813.83	2,108,957.85	1,805,411.93
Pupil Transportation	460,658.18	510,388.95	504,524.55	504,524.55	504,524.55	504,524.55	504,524.55	504,524.55	504,524.55	504,524.55
Business and Other Support Services	5,951,287.26	7,534,927.80	8,586,283.99	8,862,562.84	9,846,923.29	11,400,508.92	11,790,288.18	9,990,911.21	10,079,122.84	11,073,124.42
Employee Benefits	43,058.50	35,547.30	32,071.81	36,416.75	44,291.73	59,632.16	75,552.32	93,385.40	119,669.19	102,772.81
Special Schools	727,156.82	399,533.33	1,018,537.60	757,257.92	2,959,657.99	1,796,420.50	1,010,326.14	1,638,640.85	1,659,489.57	633,209.17
Capital Outlay	1,207,391.23	1,137,137.10	1,165,892.64							
Special Revenue										
Debt Service:										
Principal	578,000.00	130,000.00	140,000.00	150,000.00	155,000.00	165,000.00	185,000.00	190,000.00	205,000.00	280,000.00
Interest and Other Charges	307,234.61	421,815.00	414,620.00	406,835.00	398,555.00	389,885.00	389,885.00	370,732.50	360,092.50	236,939.31
Total Expenditures	37,224,368.68	39,325,694.30	42,350,770.65	44,108,974.74	47,563,721.05	48,759,666.71	49,757,333.02	49,030,746.43	50,100,431.55	49,088,069.08
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(661.60)	198,668.77	461,315.69	(183,852.37)	(916,623.69)	300,154.02	468,732.94	(257,055.29)	218,965.38	1,427,203.08
Other Financing Sources/(Uses):										
Proceeds From Refunding										
Payments To Escrow Agent										
Transfers In			185.42	165.66	446,362.20	390,363.00	276,475.69	390,363.00	276,475.69	7,007,801.49
Transfers Out					(445,362.20)				(276,475.69)	(1,373,547.00)
Total Other Financing Sources/(Uses)			185.42	165.66	1,000,000.00	(40,647.87)				
Net Change in Fund Balances	(661.60)	198,668.77	461,501.11	(57,665.71)	83,376.31	300,154.02	428,085.07	(257,055.29)	218,965.38	1,427,203.08
Debt Service as a Percentage of Noncapital Expenditures	2.43%	1.42%	1.34%	1.28%	1.24%	1.18%	1.14%	1.18%	1.17%	1.07%

Sources: District records  
 Note: Noncapital expenditures are total expenditures less Capital Outlay  
 Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005.  
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.  
 \* Special Revenue expenditure allocation not available (1999-2004).  
 \*\* Debt Service expenditure allocation - not available.  
 \*\*\* Other Financing Sources/Uses - not available.



## REVENUE CAPACITY INFORMATION

HAZLET SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ending June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
2002	\$ 9,167,000	\$ 827,100,800	-	8,600	\$ 191,640,200	\$ 19,125,100	-
2003	8,985,800	828,658,400	-	8,300	195,241,100	19,125,100	-
2004	9,642,800	830,464,000	-	8,300	193,640,100	18,125,100	-
2005	10,406,400	832,054,500	-	8,500	196,283,700	17,690,400	-
2006	9,777,900	840,575,200	-	4,800	196,545,300	17,690,400	-
2007	10,088,000	843,287,700	-	4,800	195,193,400	17,690,400	-
2008	9,559,000	847,018,600	-	4,800	194,355,100	16,540,400	-
2009	13,515,000	1,895,983,900	-	25,100	444,799,500	34,479,500	-
2010	12,884,400	1,896,379,600	-	25,100	443,260,700	29,322,000	-
2011	12,456,200	1,892,725,900	-	25,800	429,497,100	29,322,000	-
	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Direct School Tax Rate <sup>b</sup>	
2002	\$ 1,047,041,700	-	\$ 1,531,256	\$ 1,048,572,956	\$ 1,333,183,186	2.24	
2003	1,052,018,700	-	1,442,723	1,053,461,423	1,482,495,471	2.42	
2004	1,051,880,300	-	1,227,571	1,053,107,871	1,655,300,135	2.55	
2005	1,056,443,500	-	1,021,895	1,057,465,395	1,892,758,411	2.63	
2006	1,064,593,600	-	898,809	1,065,492,409	2,135,682,432	2.78	
2007	1,066,264,300	-	805,790	1,067,070,090	2,450,492,919	2.87	
2008	1,067,477,900	-	773,549	1,068,251,449	2,663,803,542	2.92	
2009	2,388,803,000	-	2,087,213	2,390,890,213	2,620,467,750	1.33	
2010	2,381,871,800	-	1,957,148	2,383,828,948	2,592,371,460	1.38	
2011	2,364,027,000	-	2,182,889	2,366,209,889	2,515,540,728	1.43	

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies  
 b Tax rates are per \$100

HAZLET SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS  
(RATE PER \$100 OF ASSESSED VALUE)  
(UNAUDITED)

Fiscal Year Ending June 30,	Hazlet School District Direct Rate				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Direct School Tax Rate	Township of Hazlet	Monmouth County	Fire District	Total Direct and Overlapping Tax Rate	
2002	2.201	0.0389	2.240	0.630	0.570	0.110	3.550	
2003	2.384	0.0360	2.420	0.680	0.590	0.110	3.800	
2004	2.512	0.0378	2.550	0.720	0.590	0.120	3.980	
2005	2.591	0.0394	2.630	0.870	0.600	0.130	4.230	
2006	2.741	0.0392	2.780	0.990	0.600	0.140	4.510	
2007	2.831	0.0391	2.870	1.034	0.587	0.133	4.624	
2008	2.881	0.0394	2.920	1.076	0.600	0.146	4.742	
2009*	1.309	0.0177	1.327	0.507	0.287	0.066	2.187	
2010	1.361	0.0189	1.380	0.540	0.300	0.066	2.286	
2011	1.417	0.0129	1.430	0.570	0.300	0.068	2.368	

Source: Municipal Tax Assessor

Note: N.J.S.A. 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.

\* Rate reduction due to revaluation

HAZLET SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (UNAUDITED)

	Taxable Assessed Value	2011 Rank (Optional)	% of Total District Net Assessed Value
Taxpayer #1	\$ 25,000,000		1.06%
Taxpayer #2	20,814,300		0.88%
Taxpayer #3	17,800,000		0.75%
Taxpayer #4	17,000,000		0.72%
Taxpayer #5	17,000,000		0.72%
Taxpayer #6	16,132,500		0.68%
Taxpayer #7	16,100,500		0.68%
Taxpayer #8	12,792,600		0.54%
Taxpayer #9	11,323,900		0.48%
Taxpayer #10	<u>8,949,000</u>		<u>0.38%</u>
Total	<u>\$ 162,912,800</u>		<u>6.89%</u>

	Taxable Assessed Value	2002 Rank (Optional)	% of Total District Net Assessed Value
Taxpayer #1	\$ 15,500,000	1	1.48%
Taxpayer #2	11,825,000	2	1.13%
Taxpayer #3	11,599,000	3	1.11%
Taxpayer #4	10,770,100	4	1.03%
Taxpayer #5	8,147,300	5	0.78%
Taxpayer #6	6,633,300	6	0.64%
Taxpayer #7	6,133,800	7	0.59%
Taxpayer #8	5,795,100	8	0.55%
Taxpayer #9	4,988,400	9	0.48%
Taxpayer #10	<u>4,854,100</u>	10	<u>0.46%</u>
Total	<u>\$ 86,246,100</u>		<u>8.25%</u>

Source: Municipal Tax Assessor

HAZLET SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 21,161,990	\$ 21,161,990	100.00%	-
2003	23,503,420	23,503,420	100.00%	-
2004	25,492,826	25,492,826	100.00%	-
2005	23,813,069	23,813,069	100.00%	-
2006	27,812,997	27,812,997	100.00%	-
2007	29,606,029	29,606,029	100.00%	-
2008	30,629,438	30,629,438	100.00%	-
2009	31,227,811	31,227,811	100.00%	-
2010	32,025,779	32,025,779	100.00%	-
2011				

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

- a 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 the amount voted upon or certified prior to the end of the school year.

## DEBT CAPACITY INFORMATION

HAZLET SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities				Bond		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases	Capital Leases					
2002	8,370,000.00	-	2,602,258.14	-	-	-	-	10,972,258.14	0.36%	515.90	
2003	8,240,000.00	-	2,060,688.81	-	-	-	-	10,300,688.81	0.38%	485.06	
2004	8,100,000.00	-	1,491,322.94	-	-	-	-	9,591,322.94	0.41%	453.94	
2005	7,950,000.00	-	1,000,072.75	-	-	-	-	8,950,072.75	0.47%	426.46	
2006	7,795,000.00	-	533,073.91	-	-	-	-	8,328,073.91	0.53%	396.82	
2007	7,630,000.00	-	800,000.00	-	-	-	-	8,430,000.00	0.52%	401.68	
2008	7,440,000.00	-	600,000.00	-	-	-	-	8,040,000.00	0.59%	384.67	
2009	7,265,000.00	-	400,000.00	-	-	-	-	7,665,000.00	0.62%	365.92	
2010	7,060,000.00	-	200,000.00	-	-	-	-	7,260,000.00	0.66%	346.59	
2011	6,870,000.00	-	-	-	-	-	-	6,870,000.00	0.65%	328.05	

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

## HAZLET SCHOOL DISTRICT

## RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 8,370,000	-	\$ 8,370,000	0.80%	391.32
2003	8,240,000	-	8,240,000	0.78%	385.70
2004	8,100,000	-	8,100,000	0.77%	379.14
2005	7,950,000	-	7,950,000	0.75%	378.81
2006	7,795,000	-	7,795,000	0.73%	371.42
2007	7,630,000	-	7,630,000	0.72%	364.44
2008	7,455,000	-	7,455,000	0.70%	356.68
2009	7,265,000	-	7,265,000	0.30%	346.83
2010	7,060,000	-	7,060,000	0.30%	337.12
2011	6,870,000	-	6,870,000	0.29%	337.86

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.

HAZLET SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2011  
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Hazlet Township	\$ 10,055,583	100.00%	\$ 10,055,583
Monmouth County General Obligation Debt	488,135,115	2.061725%	<u>10,064,006</u>
Subtotal, Overlapping Debt			20,119,589
Hazlet District Direct Debt			<u>6,870,000</u>
Total Direct and Overlapping Debt			<u>\$ 26,989,589</u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Hazlet. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

HAZLET SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis

2011	\$ 2,505,731,754
2010	2,592,371,460
2009	2,620,467,750
(A)	<u>\$ 5,212,839,210</u>
(A/3)	\$ 1,737,613,070
(B)	69,504,523
(C)	<u>6,870,000</u>
(B-C)	<u>\$ 62,634,523</u>

Average Equalized Valuation of Taxable Property

Debt Limit (4% of Average Equalization Value)  
 Total Net Debt Applicable To Limit

Legal Debt Margin

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt Limit	\$ 46,938,949	\$ 53,484,393	\$ 59,551,248	\$ 67,018,033	\$ 75,747,609
Total Net Debt Applicable To Limit	<u>8,370,000</u>	<u>8,240,000</u>	<u>8,100,000</u>	<u>7,950,000</u>	<u>7,795,000</u>
Legal Debt Margin	<u>\$ 38,568,949</u>	<u>\$ 45,244,393</u>	<u>\$ 51,451,248</u>	<u>\$ 59,068,033</u>	<u>\$ 67,952,609</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.83%	15.41%	13.60%	11.86%	10.29%
Debt Limit	\$ 86,385,783	\$ 96,828,230	\$ 103,292,035	\$ 70,618,796	\$ 69,504,523
Total Net Debt Applicable To Limit	<u>7,630,000</u>	<u>7,440,000</u>	<u>7,265,000</u>	<u>7,060,000</u>	<u>6,870,000</u>
Legal Debt Margin	<u>\$ 78,755,783</u>	<u>\$ 89,388,230</u>	<u>\$ 96,027,035</u>	<u>\$ 63,558,796</u>	<u>\$ 62,634,523</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.29%	7.68%	7.03%	7.03%	9.88%

Source: Equalized valuation bases were obtained from the Monmouth County Board of Taxation.

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

## DEMOGRAPHIC AND ECONOMIC STATISTICS

HAZLET SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income<sup>b</sup></u>	<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2002	21,268	\$ 832,599,664	39,148	5.20%
2003	21,236	834,489,856	39,296	5.20%
2004	21,129	837,236,625	39,625	4.40%
2005	20,987	873,604,862	41,626	3.80%
2006	20,987	919,881,197	43,831	4.30%
2007	20,936	970,257,984	46,344	3.90%
2008	20,901	991,627,044	47,444	4.10%
2009	20,947	1,003,382,247	47,901	4.80%
2010	20,942	940,149,206	44,893	9.30%
2011	20,334	919,035,798	45,197	8.70%

Source:

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

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income provided by the NJ Department of Labor and Workforce Development.

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



## OPERATING INFORMATION

HAZLET SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>	<u>2011</u>
Instruction:										
Regular	N/A	N/A	252	258	274	270	270	270	264	217.0
Special Education	N/A	N/A	11	11	5	6	6	6	6	73.9
Other Special Education	N/A	N/A	15	19	12	12	12	12	20	18.0
Vocational	N/A	N/A	-	-	-	-	-	-	-	-
Other Instruction	N/A	N/A	4	-	6	6	6	6	12	-
Nonpublic School Programs	N/A	N/A	-	-	-	-	-	-	-	-
Adult/Continuing Education Programs	N/A	N/A	-	-	-	-	-	-	-	-
Support Services:										
Student and Instruction Related Services	N/A	N/A	23	25	29	29	29	29	25	43.0
General Administration	N/A	N/A	8	7	6	6	6	6	6	5.1
School Administrative Services	N/A	N/A	31	27	27	27	27	27	27	25.0
Other Administrative Services	N/A	N/A	15	15	16	16	17	17	17	-
Central Services	N/A	N/A	9	8	8	9	8	8	8	7.0
Administrative Information Technology	N/A	N/A	5	7	5	5	5	5	3	3.0
Plant Operations and Maintenance	N/A	N/A	44	44	44	44	45	45	51	52.5
Pupil Transportation	N/A	N/A	5	1	1	1	2	2	2	1.5
Other Support Services	N/A	N/A	-	1	-	-	-	-	-	0.4
Special Schools	N/A	N/A	-	-	-	-	-	-	-	-
Food Service	N/A	N/A	-	-	-	-	-	-	-	-
Child Care	N/A	N/A	-	-	-	-	-	-	-	-
Total	-	-	422	423	433	431	433	433	441	446.4

\* 2010 Adjusted to reflect FTE of Full and Part-Time Employees

HAZLET SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>d</sup>	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	3,374	35,603,823	10,552	0.82%	313	11.9:1	10.7:1	11.5:1	3,373.5	3,209.7	2.13%	95.14%
2003	3,409	38,280,136	11,229	6.41%	313	11.9:1	10.7:1	11.5:1	3,409.1	3,247.0	1.06%	95.25%
2004	3,400	40,777,394	11,993	6.81%	318	11.5:1	10.1:1	12.0:1	3,400.4	3,238.4	(0.26)%	95.24%
2005	3,411	42,794,882	12,546	4.61%	321	11.8:1	11.4:1	12.2:1	3,410.7	3,239.0	0.30%	94.97%
2006	3,376	45,740,733	13,549	7.99%	313	11.8:1	10.9:1	12.2:1	3,375.5	3,209.6	(1.03)%	95.09%
2007	3,384	46,399,085	13,711	1.20%	315	11.6:1	10.4:1	12.6:1	3,326.9	3,165.7	(1.44)%	95.15%
2008	3,322	43,313,640	13,038	-3.77%	309	9.7:1	10.3:1	13.4:1	3,323.0	3,170.6	(0.11)%	95.41%
2009	3,308	44,147,410	13,346	-2.67%	311	9.9:1	10.4:1	13.2:1	3,262.5	3,118.7	-1.82%	95.59%
2010	3,369	45,726,214	13,573	4.10%	294	11.2:1	10.6:1	12.4:1	3,366.1	3,200.8	3.18%	95.09%
2011	3,313	50,022,097	15,099	13.14%	268	11.2:1	10.5:1	13.2:1	3,276.6	3,109.4	-2.66%	94.90%

Source: 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).

HAZLET SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

District/Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Elementary:</b>										
Beers Street Elementary (1966)	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Square Feet	290	290	290	290	290	290	290	290	290	290
Capacity (Students)	275	275	276	288	278	277	277	290	264	265
Enrollment	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Cove Road School (1962)	320	320	320	320	320	320	320	320	320	320
Square Feet	304	322	298	291	272	280	276	266	239	229
Capacity (Students)	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500
Square Feet	340	340	340	340	340	340	340	340	340	340
Capacity (Students)	316	305	306	301	311	302	286	255	294	294
Enrollment	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900
Middle Road School (1957)	350	350	350	350	350	350	350	350	350	350
Square Feet	365	348	340	329	333	316	291	279	344	330
Capacity (Students)	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250
Square Feet	350	350	350	350	350	350	350	350	350	350
Capacity (Students)	332	336	343	345	335	355	362	345	323	308
Enrollment	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400
Sycamore Drive School (1963)	270	270	270	270	270	270	270	270	270	270
Square Feet	259	267	261	256	257	237	238	237	215	293
Capacity (Students)	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150
Square Feet	620	620	620	620	620	620	620	620	620	620
Capacity (Students)	518	548	593	591	580	533	537	557	549	519
Enrollment	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100
Raritan High School (1959)	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Square Feet	1,029	1,042	1,008	1,053	1,059	1,027	1,090	1,017	1,015	991
Capacity (Students)	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100
Square Feet	3,398	3,443	3,425	3,454	3,425	3,327	3,357	3,246	3,243	3,229
Enrollment	<b>Other:</b>									
Maintenance Building (1959)										
Square Feet										
Total Enrollment										

Number of Schools at June 30, 2010  
 Elementary = 6  
 Middle School = 1  
 Senior High School = 1  
 Other = 1

Source: District Facilities Office  
 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.

HAZLET SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED MAINTENANCE  
 LAST NINE FISCAL YEARS  
 (UNAUDITED)

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

Year	*School Facilities Project # (s)	SCHOOL FACILITIES										Total
		Beers Street Elementary	Cove Road Elementary	Lillian Drive Elementary	Middle Road Elementary	Raritan Valley Elementary	Sycamore Drive Elem.	Hazlet Middle School	Raritan High School			
2003	N/A	\$ 132,340.00	\$ 75,645.00	\$ 52,796.00	\$ 50,053.00	\$ 42,730.00	\$ 38,725.00	\$ 45,564.00	\$ 326,811.00	\$	\$ 764,664.00	
2004	N/A	69,159.00	67,217.00	62,916.00	87,511.00	71,048.00	64,261.00	91,171.00	306,360.57		819,643.57	
2005	N/A	152,405.00	106,652.00	139,379.00	143,362.00	91,707.00	64,047.00	81,300.00	512,700.00		1,291,572.00	
2006	N/A	89,041.00	83,218.00	72,936.00	70,306.00	77,473.00	55,403.00	100,758.00	464,819.86		1,013,954.86	
2007	N/A	61,528.52	59,318.73	53,431.39	55,174.56	59,315.57	46,147.23	74,618.73	351,266.34		760,801.07	
2008	N/A	61,972.63	56,410.99	73,095.92	69,123.32	68,328.80	46,876.73	119,178.14	299,544.39		794,530.92	
2009	N/A	69,858.57	63,589.21	82,397.28	77,919.17	77,023.55	52,841.73	134,343.40	337,661.02		895,633.93	
2010	N/A	70,673.09	64,330.63	83,358.00	78,827.68	77,921.61	53,457.85	135,909.79	341,586.60		906,065.25	
2011	N/A	92,093.79	83,828.97	108,623.45	102,720.00	101,539.31	69,660.69	177,103.45	445,120.00		1,180,689.65	
Total School Facilities		\$ 799,071.60	\$ 660,210.53	\$ 728,933.04	\$ 735,016.73	\$ 667,086.84	\$ 491,420.23	\$ 959,946.51	\$ 3,385,869.78	\$	\$ 8,427,555.25	

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

Source: District records

## HAZLET SCHOOL DISTRICT

## INSURANCE SCHEDULE

June 30, 2011  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:		
Building and Contents (All Locations)	76,170,572 (1)	\$ 5,000
Boiler and Machinery	INCLUDED w/Above (1)	5,000
General Automobile Liability (Physical Damage)	1,000,000 (1)	1,000
School Board Legal Liability	6,000,000 (3)	5,000
Employers Liability	2,000,000 (4)	-
Workers' Compensation	2,000,000 (4)	-
Umbrella - Liability	10,000,000 (1)	-
Liability CAP Program	50,000,000 (6)	-
Accident coverage for volunteers	2,500 (7)	-
Student Accident Insurance:	0	
Surety Bonds:		
Treasurer	275,000 (5)	
Board Secretary/Business Administrator	125,000 (5)	
Food Services Director	-	

## List Insurance Company:

- (1) Zurich Insurance Co.
- (2) Chubb Insurance Co.
- (3) NJSBAIG
- (4) MOCSSIF
- (5) Selective Insurance Co.
- (6) Fireman's Fund
- (7) QBE Insurance Corp.

Source: District records

## SINGLE AUDIT SECTION

Robert H. Hutchins, CPA, CVA, CFF  
Eugene M. Farrell, CPA, RMA, CFP  
Robert W. Allison, CPA, RMA  
Alan E. Meyer, CPA/ABV, CFF  
Joann DiLieto, CPA

Patrice R. Antonucci, CPA  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Hazlet School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Hazlet School District's basic financial statements and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hazlet Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hazlet Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hazlet Board of Education'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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

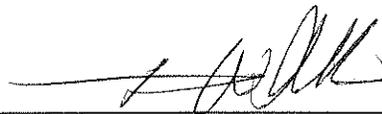
The Honorable President and  
Members of the Board of Education  
Hazlet School District  
County of Monmouth  
Hazlet, New Jersey  
Page 2

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

Compliance and Other Matters

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

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



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Robert W. Allison  
Licensed Public School Accountant  
No. 897  
Hutchins, Farrell, Meyer & Allison, P.A.

November 4, 2011

# Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Exhibit K-2  
Page 1 of 3

Robert H. Hutchins, CPA, CVA, CFF  
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## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

### Compliance

We have audited the compliance of the Board of Education of the Hazlet School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. Hazlet Board of Education's major state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Hazlet Board of Education's management. Our responsibility is to express an opinion on the Hazlet Board of Education's compliance based on our audit.

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

The Honorable President and  
Members of the Board of Education  
Hazlet School District  
County of Monmouth  
Hazlet, New Jersey  
Page 2

In our opinion, the Board of Education of the Hazlet School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

#### Internal Control Over Compliance

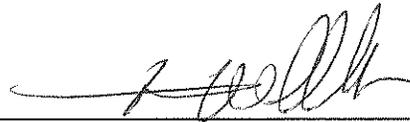
The management of the Board of Education of the Hazlet School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Hazlet Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hazlet Board of Education's internal control over compliance.

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

Our consideration of 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.

The Honorable President and  
Members of the Board of Education  
Hazlet School District  
County of Monmouth  
Hazlet, New Jersey  
Page 3

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



---

Robert W. Allison  
Licensed Public School Accountant  
No. 897  
Hutchins, Farrell, Meyer & Allison, P.A.

November 4, 2011

HAZLET SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2011

Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011		
										(Accounts Receivable)	Deferred Revenue	Due To Stanior
<b>U.S. Department of Agriculture:</b>												
Passed Through State Department of Education:												
10.555	N/A	\$ 173,416.68	07/01/10 06/30/11			\$	\$ (173,416.68)			\$ (11,360.16)	\$ 6,632.31	
10.555	N/A	168,172.53	07/01/09 06/30/10	\$ (14,701.42)		14,701.42						
10.550	N/A	47,369.91	07/01/10 06/30/11			47,369.91	(40,737.60)					
10.550	N/A	46,766.21	07/01/09 06/30/10	8,072.94			(8,072.94)					
<b>Total U.S. Department of Agriculture</b>												
<b>U.S. Department of Education:</b>												
Passed Through State Department of Education:												
Title I Part A												
84.010A	NCLB210511	120,360.00	09/01/10 08/31/11							(18,000.00)	8.08	
84.010A	NCLB210510	118,290.00	09/01/08 08/31/10	(53,072.00)		53,072.00	(64,900.00)				78.70	
84.010A	NCLB210509	129,622.00	09/01/08 08/31/09	8.08								
84.010A	NCLB210508	113,391.00	09/01/07 08/31/08	78.70						(17,818.00)		
84.367A	NCLB210511	87,373.00	09/01/10 08/31/11	(24,188.00)		61,657.00	(79,475.00)			(5,557.30)		
84.367A	NCLB210510	86,795.00	09/01/09 08/31/10	33.00		24,186.00	(5,557.30)				33.00	
84.367A	NCLB210508	81,215.00	09/01/07 08/31/08				(450.00)					
84.318X	NCLB210510	1,165.00	09/01/09 08/31/10	(81.00)		531.00						
84.186A	NCLB210510	5,988.00	09/01/09 08/31/10	(1,957.90)		1,957.90						
84.186A	NCLB210509	6,538.00	09/01/08 08/31/09									\$ 1.22
84.298A	NCLB210508	4,050.00	09/01/07 08/31/08	1.22								
84.391	IDEA436010	720,729.00	07/01/09 06/30/11	(148,229.43)		281,532.00	(352,889.77)			(216,587.20)		
84.027	IDEA210511	739,855.00	09/01/10 08/31/11			673,539.00	(738,319.80)			(64,780.80)		
84.027	IDEA210510	730,668.00	09/01/09 08/31/10	(72,048.00)		72,048.00	(2,176.00)			(2,176.00)		
84.027	IDEA210509	736,478.00	09/01/08 08/31/09	1.25								1.25
84.392	IDEA438011	26,065.00	07/01/09 06/30/11			6,977.00	(9,971.00)			(2,994.00)		
84.173	IDEA210511	27,162.00	09/01/10 08/31/11			27,162.00	(27,162.00)					
84.173	IDEA210510	26,053.00	09/01/09 08/31/10	(26,065.00)		26,053.00						
<b>Total U.S. Department of Education</b>												
<b>U.S. Department of Education:</b>												
General Fund:												
84.410A	N/A	445,882.00	08/01/10 08/30/12			75,421.00	(76,444.00)			(3,023.00)		
93.778	N/A	31,622.74	07/01/10 06/30/11			28,825.24	(31,822.74)			(3,497.50)		
93.778	N/A	57,279.01	07/01/09 06/30/10	(32,093.09)		6,907.17		\$ 25,185.92				
<b>Total General Fund</b>												
<b>Total Federal Financial Awards</b>												
										\$ 0.00	\$ 6,752.09	\$ 2.47

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

HAZLET SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
For the fiscal year ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	From	To	Balance at June 30, 2010		Carryover/ (Waiver) Amount	Cash Received	Budgetary Encumbrances	Adjustments	Repayment of Prior Years' Balance	Balance at June 30, 2011		Memo Budgetary Receivable	Cumulative Total Expenditures
					Deferred Revenues (Accounts Receivable)	Due to Grantor						(Accounts Receivable)	Deferred Revenue		
General Fund:															
Equalization Aid	11-495-034-5120-078	\$ 9,300,868.00	07/01/10	06/30/11			\$ 9,300,868.00	\$ (9,300,868.00)						\$ (9,300,868.00)	\$ 9,300,868.00
Special Education Aid	11-495-034-5120-089	1,824,917.00	07/01/10	06/30/11			1,824,917.00	(1,824,917.00)						(1,824,917.00)	1,824,917.00
State or Nonpublic Transportation	11103190	14,742.91	07/01/10	06/30/11				(14,742.91)						(14,742.91)	14,742.91
Reimbursement of Nonpublic Transportation	10103190	11,066.00	07/01/09	06/30/10											
Extraordinary Aid	11-495-034-5120-044	162,124.00	07/01/10	06/30/11				(162,124.00)						(162,124.00)	162,124.00
On-Behalf TPAF Pension System Contribution - NCGI Premium	10-495-034-5120-044	194,929.00	07/01/09	06/30/10											
On-Behalf TPAF Pension System Contribution - NCGI Premium	11-495-034-5095-007	69,298.00	07/01/10	06/30/11				(69,298.00)						(69,298.00)	69,298.00
Reimbursed TPAF Social Security Contributions	11-495-034-5095-001	1,471,889.00	07/01/10	06/30/11			1,471,889.00	(1,471,889.00)						(1,471,889.00)	1,471,889.00
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	1,686,122.08	07/01/10	06/30/11			1,601,722.01	(1,686,122.08)						(84,400.07)	1,686,122.08
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	1,698,484.58	07/01/09	06/30/10			84,545.47	(14,529,960.99)						(1,368,807.98)	14,529,960.99
Total General Fund							14,559,234.48	(14,529,960.99)						(1,368,807.98)	14,529,960.99
Debt Service Fund:															
Debt Service Aid Type II	11-495-034-5120-017	119,206.00	07/01/10	06/30/11			119,206.00	(119,206.00)							119,206.00
Total Debt Service Fund							119,206.00	(119,206.00)							119,206.00
Special Revenue Fund:															
N.J. Nonpublic Textbook Aid	10-100-034-5120-064	977.00	07/01/09	06/30/10				(4,580.00)			\$ 977.00				
N.J. Nonpublic Nursing Services Aid	11-100-034-5120-070	4,580.00	07/01/10	06/30/11			4,580.00								
N.J. Nonpublic Handicapped Aid: Examination and Classification	11-100-034-5120-066	4,945.00	07/01/10	06/30/11			4,945.00	(4,945.00)						(1,596.00)	
Concrete Speech	10-100-034-5120-068	4,586.00	07/01/10	06/30/11			2,331.00	(2,331.00)							
Supplemental Instruction	11-100-034-5120-068	2,331.00	07/01/10	06/30/11											
Total Special Revenue Fund							11,856.00	(13,452.00)			977.00			(1,596.00)	
Capital Projects Fund:															
NJ School Development Authority (SDA):															
Sycamore Drive Elementary School Renovations	#2105-100-09-1003	159,428.00	03/20/09	-										(159,428.00)	
St. Ann's Episcopal Day School	#2105-100-09-1004	80,250.00	03/20/09	-										(80,250.00)	
Bathroom Renovations	#2105-100-09-1004	80,250.00	03/20/09	-										(80,250.00)	
Raritan High School	#2105-050-09-1001	77,801.00	02/26/09	-										(77,801.00)	
Window Replacement	#2105-050-09-1001	77,801.00	02/26/09	-										(77,801.00)	
Raritan High School - Science	#2105-050-09-1002	43,081.00	02/26/09	-										(43,081.00)	
Room, Equipment & New Finishes	#2105-050-09-1002	43,081.00	02/26/09	-										(43,081.00)	
Sycamore Drive Elementary School	#2105-050-09-1005	52,216.00	02/26/09	-										(52,216.00)	
Partial Roof Replacement	#2105-050-09-1005	52,216.00	02/26/09	-										(52,216.00)	
Sycamore Drive Elementary School	#2105-050-09-1006	67,146.00	08/14/09	-										(67,146.00)	
Green Elevators	#2105-085-10-1002	53,377.00	08/23/10	-										(53,377.00)	
Math Purpose Room Renovation	#2105-085-10-1002	53,377.00	08/23/10	-										(53,377.00)	
Raritan High School	#2105-050-10-1004	11,413.00	08/23/10	-										(11,413.00)	
Gymnasium Window Replacement	#2105-050-10-1004	11,413.00	08/23/10	-										(11,413.00)	
Cove Road Elementary School	#2105-070-10-1005	36,620.00	08/23/10	-										(36,620.00)	
Partial Window Replacement	#2105-070-10-1005	36,620.00	08/23/10	-										(36,620.00)	
Raritan Valley Elementary School:															
Partial Renovation	#2105-095-10-1006	146,800.00	08/23/10	-										(146,800.00)	
Raritan High School:															
Commod C E D Toilet Room Rehabilitation	#2105-050-10-1007	31,526.00	08/23/10	-										(31,526.00)	
Partial Window Replacement	#2105-050-10-1007	31,526.00	08/23/10	-										(31,526.00)	
Raritan High School:															
Kitchen Upgrade	#2105-090-10-1009	49,282.00	08/23/10	-										(49,282.00)	
Raritan High School:															
ADA Elevator Addition	#2105-050-10-1001	125,860.00	08/23/10	-										(125,860.00)	
Total Capital Projects Fund														(1,479,922.00)	
State Department of Agriculture Enterprise Fund:															
National School Lunch Program (State Share)	11-100-010-3360-067	11,043.49	07/01/10	06/30/11			10,283.16	(11,043.49)						(760.33)	
National School Lunch Program (State Share)	10-100-010-3360-067	13,612.98	07/01/09	06/30/10			1,149.42	(11,043.49)						(760.33)	
Total Enterprise Fund														(1,520.66)	
Total State Financial Assistance							\$ 14,701,728.06	\$ (14,751,930.45)			\$ 977.00			\$ (51,202.39)	\$ 14,649,166.99

D=Deficit; not Accounts Receivable, due to expenditures exceeding last state aid payment.

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

HAZLET SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE

June 30, 2011

1. General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education ("Board"), Township of Hazlet, School District ("District"). The Board is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

2. Basis of Accounting

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules 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 these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

The General Fund is presented in the accompanying Schedules on the modified accrual basis, with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$217,301.00 for the General Fund and \$104,047.76 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

HAZLET SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE

June 30, 2011

3. Relationship to General Purpose Financial Statements (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 110,266.74	\$ 14,747,261.99	\$ 14,857,528.73
Special Revenue Fund	1,406,076.95	13,452.00	1,419,528.95
Capital Projects Fund		78,267.97	78,267.97
Debt Service Fund		119,206.00	119,206.00
Food Service Fund	<u>214,154.28</u>	<u>11,043.49</u>	<u>225,197.77</u>
Total Awards and Financial Assistance	<u>\$ 1,730,497.97</u>	<u>\$ 14,969,231.45</u>	<u>\$ 16,699,729.42</u>

During the year ended June 30, 2011, the State of New Jersey contributed \$69,298.00 to the TPAF for NCGI premiums and \$1,471,889.00 for post-retirement medical benefits on behalf of the District.

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.

5. Federal and State Loans Outstanding

Not applicable.

6. Other

Revenue and expenditures reported under the Food Distribution Program represent current-year value received and current-year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2011.

HAZLET SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified?            yes   x   no
- 2) Significant deficiencies identified that are not considered to be material weaknesses?            yes   x   none reported

Noncompliance material to basic financial statements noted?            yes   x   no

Federal Awards

Internal control over major programs:

- 1) Material weakness(es) identified?            yes   x   no
- 2) Significant deficiencies identified that are not considered to be material weaknesses?            yes   x   none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?            yes   x   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA Part B, Basic</u>
<u>84.391</u>	<u>ARRA, IDEA Part B, Basic</u>
<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000.00

Auditee qualified as low-risk auditee?   x   yes            no

HAZLET SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs? \$300,000.00

Auditee qualified as low-risk auditee?  x  yes   no

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

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>11-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>11-495-034-5120-089</u>	<u>Special Education Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

HAZLET SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

Section II - Financial Statement Findings

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

None reported.

HAZLET SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

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

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

None reported.

HAZLET SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

This section identifies the status of prior-year findings related to the general-purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, and OMB Circular A-133 (section .315 (a)(b) ) and NJOMB Circular 04-04.

STATUS OF PRIOR-YEAR FINDINGS

Not applicable.