

**SCHOOL DISTRICT OF
HAZLET TOWNSHIP PUBLIC SCHOOLS**

Hazlet, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HAZLET TOWNSHIP PUBLIC SCHOOLS

HAZLET, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by

**Hazlet Township School District
Finance Department**

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INTRODUCTORY SECTION





HAZLET TOWNSHIP BOARD OF EDUCATION

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October 29, 2012

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, 2012. 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 are accurate in all material respects and are 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 and facebook page, monthly newsletters are 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 at Board meetings, the budget review process begins in January and a public hearing is held in March. 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 the following week.

Each of the schools in the District follows the District-wide mission of Educating our students...to achieve their maximum potential. The District's Vision and Goals as well as individual educational approaches to the teaching of children maintain a unique personality that makes up each particular school. All curricula in our District have been aligned to the New Jersey Core Curriculum Content and Common Core Standards.

In July of 2012, the New Jersey Department of Education released its 2012 Taxpayers' Guide to Education Spending 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 2011-12 budgets on file with the State Department of Education. This report shows that the District budgeted \$13,197 per pupil of the other K-12 school districts in the state with enrollments between 1,801 and 3,500 children, Hazlet ranked 37th lowest in total cost per pupil.

Elementary Schools: Grades Pre-K through 6

For the 2011-12 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 280 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 272 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 326 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 302 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 287 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 227 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 499 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 7th grade Social Studies curriculum focuses on a study of the Middle Ages, the Renaissance, the emergence of modern Europe and the Industrial Revolution. The 8th 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 980 students. There are 3 administrators and a staff of 88 teachers, instructional assistants and school aides. The school is located on Middle Road, Hazlet.

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, 2012, there were approximately 500 students classified as educationally-handicapped in the District and 26 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 scheduled 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 2011-12 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, Smartboards, Student Response Systems, iPads, 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, 2012, all of our 8 schools have a wireless environment with laptop carts for the students' use.

- The District has 3 full-time computer technicians, focusing on more complex and difficult repairs, while also completing basic technological installations and maintenance and staff training. This also allows the District to host its own e-mail and maintain a District website.
- This year District was able to purchase/replace over 150 devices, including portable labs, iPads and the replacement of labs in Lillian Drive, Middle Road and the Raritan Valley Schools.
- 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 2011-12 fiscal year with an enrollment of 3,263 students, a decrease of 26 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 2001-02 through 2011-12.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011/12	3,263	(0.79%)
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.
- 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 2011-12 school year, the District followed the 2011-2014 Three-Year Educational Technology Plan.
- District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction, including SMARTBoards and iPads.
- 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 all the schools.
- Upgrading/addition of computer hardware, including updated computer labs, mobile 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 and facebook page that has been instrumental in promoting parental communications with the District.

Special Services:

- During the 2011-12 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 6th, 7th, 8th, 9th 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 are maintained 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 2011-12 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 2012-13 District budget.
- The District maintains 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 became self-insured for our dental insurance program. The District is scheduled to save in excess of \$25,000 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 Beers Street School.
- The District maintains a shared services agreement with the Highlands Elementary School District for Business Services. This venture generated the District \$60,000 in revenue in the 2011-2012 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.

Personnel:

The District employed 455 full time equivalent persons during the 2011-12 school years. The certificated staff numbered 331; 21 administrators and supervisors; and 310 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.); 124 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.

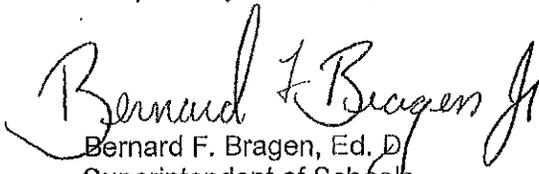
8. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia 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:

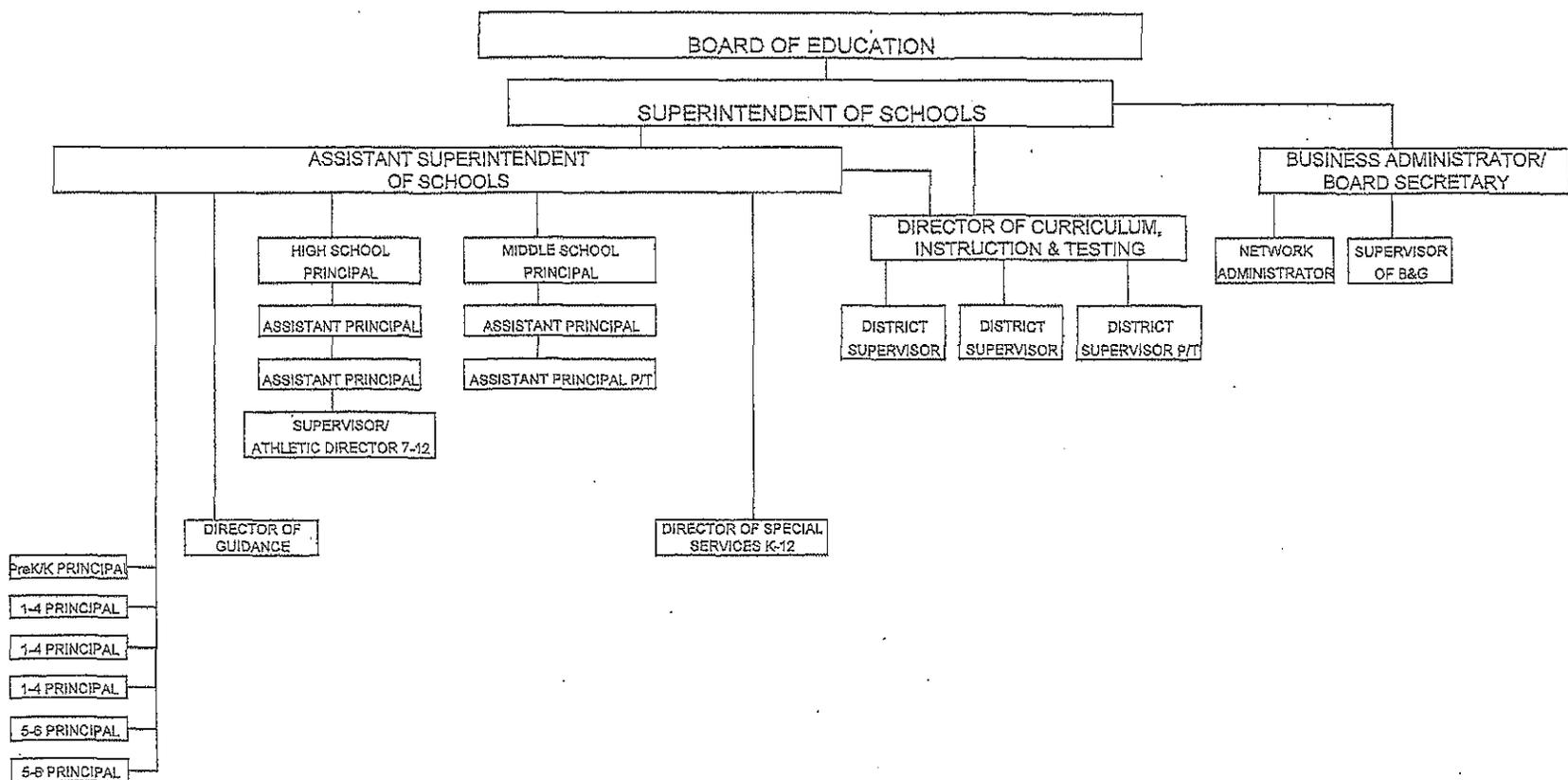
We would like to express our appreciation to the members of the Hazlet Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. 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.
Superintendent of Schools


Christopher J. Mullins
School Business Administrator/Board Secretary

HAZLET BOARD OF EDUCATION ORGANIZATIONAL CHART





**HAZLET TOWNSHIP SCHOOL DISTRICT
HAZLET, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Steven Willig, President	2012
William Kolibas, Jr., Vice President	2014
Sameer Doshi	2014
Carol Gaffney	2013
Joseph Lamb	2014
Francis J. McGrath	2012
Celine E. McNally	2012
Lauri J. O'Leary	2013
Nelyda Perez	2013

OTHER OFFICIALS

Dr. Bernard Bragen, Superintendent
David A. Roman, Ed.D., Assistant Superintendent
Christopher J. Mullis, Board Secretary/Business Administrator
Ronald J. Mehlhorn, Sr., Treasurer of School Monies
Michael J. Gross, Esquire, Solicitor

HAZLET TOWNSHIP SCHOOL DISTRICT

421 Middle Road
Hazlet, New Jersey 07730

CONSULTANTS AND ADVISORS

ATTORNEY

Michael Gross, Esq.
Kenny, Gross, Kovats & Campbell
The Courts of Red Bank
130 Maple Avenue, Building 8
Red Bank, New Jersey 07701

BOND COUNSEL

McManimon, Scotland & Baumann
75 Livingston Avenue
Roseland, New Jersey 07068

AUDIT FIRM

Rodney R. Haines, CPA, PSA
Holman & Frenia, P. C.
10 Allen Street, Suite 2B
Toms River, New Jersey 08753

PROPERTY/CASUALTY BROKER

Boynton & Boynton
P.O. Box 887
Red Bank, New Jersey 07701

OFFICIAL DEPOSITORY

TD Bank
New Jersey Cash Management Fund

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hazlet Township
County of Monmouth
Hazlet, New Jersey 07730

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Hazlet Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board'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 *Governmental 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, each major fund and the aggregate remaining fund information of the Board of Education of the Hazlet Township School District, County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2012, on our consideration of the Hazlet Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental 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 18 through 25 and 61 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers

it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hazlet Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of federal and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a long horizontal stroke extending to the right.

Rodney R. Haines
Certified Public Accountant
Public School Accountant
No. 2198

Medford, New Jersey
October 19, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis



**HAZLET TOWNSHIP PUBLIC SCHOOL DISTRICT
HAZLET TOWNSHIP**

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

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, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ◆ General revenues accounted for \$49,995,078 in revenue or 96% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,177,631 or 2.20% to total revenues of \$51,993,269.
- ◆ Total assets of governmental activities decreased by \$59,890.
- ◆ The School District had \$52,053,159 in expenses; only \$1,177,631 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$51,993,269, plus capital projects fund balance were adequate to provide for these programs.
- ◆ The General Fund had \$49,995,078 in revenues and \$48,814,044 in expenditures and transfers. The General Fund's balance increased \$1,181,074 over 2010. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand 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 2012 and 2011.

Table 1

Net Assets as of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Cash and Cash Equivalents	\$ 3,678,494	\$ 3,888,236
Receivables, Net	4,356	4,699
Inventory	6,201	12,377
Receivables From Other Governments	1,238,436	1,167,607
Interfund Receivable		
Deferred Bond Issuance Costs	80,166	84,620
Capital Assets, Net	<u>13,358,524</u>	<u>18,077,347</u>
Total Assets	<u>18,366,177</u>	<u>23,234,886</u>
Liabilities:		
Accounts Payable	189,677	135,845
Other Liabilities	21,843	
Accrued Expenses	102,584	106,919
Interfund Payable	5,849	
Deferred Revenue	27,944	88,532
Noncurrent Liabilities:		
Due Within One Year	453,708	493,936
Due Beyond One Year	<u>8,900,708</u>	<u>9,224,688</u>
Total Liabilities	<u>9,702,313</u>	<u>10,049,920</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	6,748,524	11,046,123
Restricted for:		
Capital Projects	82,027	2,008,436
Debt Service		29,390
General Fund	1,028,293	2,738,679
Unrestricted	<u>805,020</u>	<u>(2,637,662)</u>
Total Net Assets	<u>\$ 8,663,864</u>	<u>\$ 13,184,966</u>

Table 2 provides a comparison analysis of District-wide changes in net assets from fiscal years 2011 and 2012.

Table 2

Changes in Net Assets

	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 777,854	\$ 941,002
Operating Grants and Contributions	1,541,448	436,816
Capital Grants and Contributions		78,268
General Revenues:		
Property Taxes	33,764,949	33,764,949
Grants and Entitlements	16,659,241	16,184,646
Other	<u>273,198</u>	<u>122,668</u>
Total Revenues	<u>53,016,690</u>	<u>51,528,349</u>
<u>Program Expenses</u>		
Instruction	21,624,537	30,193,175
Support Services:		
Pupils and Instructional Staff	5,435,536	5,964,681
General Administration, School Administration, Business Operations and Maintenance of Facilities	9,281,346	10,847,642
Pupil Transportation	1,964,439	1,848,570
Unallocated Benefits	11,850,943	
Food Service	1,211,129	956,250
Other	<u>738,482</u>	<u>465,088</u>
Total Expenses	<u>51,543,309</u>	<u>50,275,406</u>
Increase in Net Assets	<u>\$ 1,473,381</u>	<u>\$ 1,252,943</u>

Governmental Activities

Property taxes made up 65% of revenues for governmental activities for the Hazlet Township Public School District for fiscal year 2012. The School District's total governmental revenues were \$51,993,269 for the fiscal year ended June 30, 2012. Federal, state and local grants accounted for 34.5%.

The total cost of all programs and services was \$48,814,004. Direct Regular and Special Education Instruction comprises 41.5% 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 \$(198,079).
- ◆ Charges for services represent \$777,854 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 \$244,452.

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

	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 21,624,537	\$ 20,795,572	\$ 30,193,175	\$ 30,096,625
Support Services:				
Pupils and Instructional Staff	5,435,536	5,086,870	5,964,681	5,964,681
General Administration, School Administration, Business	3,845,810	3,845,810	5,171,090	5,171,090
Operation and Maintenance of Facilities	4,872,433	4,872,433	5,676,550	5,598,283
Pupil Transportation	1,964,439	1,964,439	1,848,570	1,699,215
Unallocated Benefits	11,850,943	11,850,943		
Other	<u>738,482</u>	<u>619,117</u>	<u>465,088</u>	<u>345,882</u>
Total Expenses	<u>\$ 50,332,180</u>	<u>\$ 49,035,184</u>	<u>\$ 49,319,154</u>	<u>\$ 43,875,776</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 2011-12 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 \$51,993,269 and expenditures and transfers of \$52,053,159 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, 2012, 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 2010/11</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 34,037,032	65.5%	\$ 3,439	0.0%
State Sources	16,467,218	31.7	1,509,030	10.0
Federal Sources	<u>1,489,019</u>	<u>2.8</u>	<u>(27,325)</u>	<u>(1.8)</u>
Total	<u>\$ 51,993,269</u>	<u>100.00%</u>	<u>\$ 1,483,996</u>	<u>2.9%</u>

The increase in Local Sources is immaterial.

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

The decrease in Federal Sources is due to 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, 2012.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2011/12</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 21,624,537	41.54%	\$ 347,815	1.63%
Undistributed Expenditures	28,069,416	53.92	1,408,217	5.28
Capital Outlay	1,848,509	3.55	1,410,970	322.48
Debt Service:				
Principal	260,000	0.50	(20,000)	(7.14)
Interest	<u>250,697</u>	<u>0.48</u>	<u>13,758</u>	<u>5.81</u>
Total	<u>\$ 52,053,159</u>	<u>100.00%</u>	<u>\$ 3,160,760</u>	<u>6.46%</u>

The increase in Current - Instruction is attributed to regular operating increases including salaries and tuition.

The increase in Current - Undistributed Expenditures is attributed to increases in health benefits and investments in technology.

The increase in Capital Outlay is attributed the completion of District approved projects.

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 2012, 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 \$1,181,074 decrease in surplus funds for a total unrestricted free balance (GAAP) of \$(25,510) at June 30, 2012.

Capital Assets

At the end of the fiscal year 2012, the School District had \$13,208,438 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Land	\$ 4,526,730	\$ 4,492,635
Construction in Progress	218,166	75,587
Site Improvements	932,173	1,094,046
Building and Improvements	7,073,531	11,491,908
Machinery and Equipment	<u>457,838</u>	<u>691,582</u>
Total	<u>\$ 13,208,438</u>	<u>\$ 17,846,028</u>

Debt Administration

At June 30, 2012, the School District had \$9,201,678 as outstanding debt. Of this amount, \$2,591,678 is for compensated absences, and \$6,610,000 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, 2012, the School District's overall legal debt margin was \$93,939,197.

	<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.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements



HAZLET TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2012	JUNE 30, 2011
				(MEMORANDUM ONLY)
Cash & Cash Equivalents	\$3,409,212	269,282	3,678,494	3,888,236
Receivables, Net	1,229,206	13,586	1,242,792	1,172,306
Inventory		6,201	6,201	12,377
Unamortized Cost of Issuance	80,166		80,166	84,620
Capital Assets, Net (Note 6)	13,208,436	150,088	13,358,524	18,077,347
Total Assets	17,927,020	439,157	18,366,177	23,234,886
LIABILITIES				
Accounts Payable		189,677	189,677	135,845
Other Liabilities	21,843		21,843	
Accrued Interest Expense	102,584		102,584	106,919
Intergovernmental Payable	5,849		5,849	
Unearned Revenue	26,930	1,014	27,944	88,532
Bond Premium	152,738		152,738	161,224
Noncurrent Liabilities (Note 7):				
Due Within One Year	453,708		453,708	493,936
Due Beyond One Year	8,747,970		8,747,970	9,063,464
Total Liabilities	9,511,622	190,691	9,702,313	10,049,920
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	6,598,436	150,088	6,748,524	11,046,123
Restricted For:				
Capital Projects	82,027		82,027	2,008,436
Other Purposes	1,028,293		1,028,293	2,738,679
Unrestricted	706,642	98,378	805,020	(2,608,272)
Total Net Assets	\$8,415,398	248,466	8,663,864	13,184,966

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

HAZLET TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

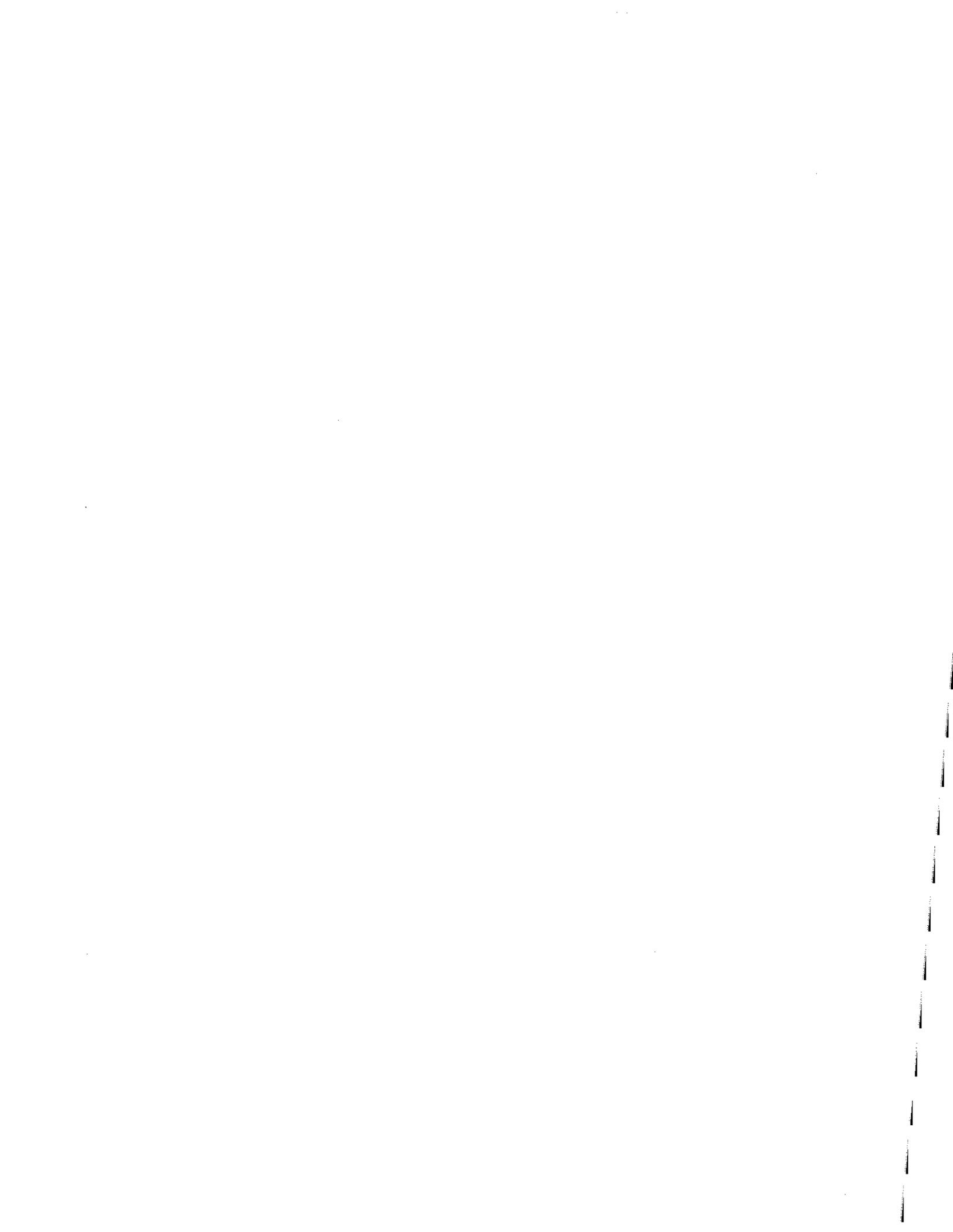
FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
						JUNE 30, 2012	JUNE 30, 2011
Governmental Activities:							
Instruction:							
Regular	\$16,676,841			(16,676,841)		(16,676,841)	(24,812,667)
Special Education	3,615,521		828,965	(2,786,556)		(2,786,556)	(3,049,523)
Other Special Instruction	500,627			(500,627)		(500,627)	(1,061,778)
Other Instruction	831,548			(831,548)		(831,548)	(1,172,657)
Support Services & Undistributed Costs:							
Tuition	1,168,156			(1,168,156)		(1,168,156)	(1,125,364)
Attendance & Social Work Services	48,591			(48,591)		(48,591)	(47,493)
Health Services	643,117			(643,117)		(643,117)	(632,488)
Student & Instruction Related Services	3,489,218		348,666	(3,140,552)		(3,140,552)	(4,045,126)
Educational Media Services/School Library	42,009			(42,009)		(42,009)	(76,239)
Instructional Staff Training	44,445			(44,445)		(44,445)	(37,970)
School Administrative Services	2,208,959			(2,208,959)		(2,208,959)	(2,943,208)
Central Services	469,981			(469,981)		(469,981)	(481,393)
Administrative Information Technology	205,469			(205,469)		(205,469)	(203,628)
Other Administrative Services	961,401			(961,401)		(961,401)	(1,542,863)
Plant Operations & Maintenance	4,872,433			(4,872,433)		(4,872,433)	(5,598,283)
Pupil Transportation	1,964,439			(1,964,439)		(1,964,439)	(1,699,215)
Unallocated Benefits	11,850,943			(11,850,943)		(11,850,943)	
Special Schools	100,255			(100,255)		(100,255)	16,433
Interest on Long-Term Debt	248,241		119,365	(128,876)		(128,876)	(362,315)
Unallocated Amortization of Bond Costs	(4,032)			4,032		4,032	
Unallocated Compensated Absences Expense	(95,721)			95,721		95,721	
Unallocated Depreciation	489,739			(489,739)		(489,739)	

**HAZLET TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	JUNE 30, 2012	JUNE 30, 2011
	EXPENSES				(MEMORANDUM ONLY)	
Total Governmental Activities	50,332,180	1,296,996	(49,035,184)		(49,035,184)	(48,875,777)
Business-Type Activities:						
Food Service	1,211,129	777,854		(188,823)	(188,823)	56,457
Total Business-Type Activities	1,211,129	777,854		(188,823)	(188,823)	56,457
Total Primary Government	\$51,543,309	777,854	1,541,448	(49,035,184)	(188,823)	(49,224,007)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net			33,440,463		33,440,463	33,315,527
Taxes Levied for Debt Service			324,486		324,486	449,422
Federal & State Aid Not Restricted			16,659,241		16,659,241	16,184,646
Tuition Received			108,339		108,339	11,385
Miscellaneous Income			163,744	1,115	164,859	111,283
Total General Revenues			50,696,273	1,115	50,697,388	50,072,263
Change In Net Assets			1,661,089	(187,708)	1,473,381	1,252,943
Net Assets - Beginning (Unadjusted)			12,748,792	436,174	13,184,966	11,932,023
Prior Period Change in Fund Balance (See Note 18)			(5,994,483)		(5,994,483)	
Net Assets - Beginning (Adjusted)			6,754,309	436,174	7,190,483	11,932,023
Net Assets - Ending			8,415,398	248,466	8,663,864	13,184,966

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

B. Fund Financial Statements



Governmental Funds

**HAZLET TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					(MEMORANDUM ONLY)	
					JUNE 30, 2012	JUNE 30, 2011
ASSETS & OTHER DEBITS						
Cash & Cash Equivalents	\$4,297,220				4,297,220	3,658,644
Accounts Receivable:						
Federal Aid		168,960			168,960	1,155,487
State Aid	240,294		792,802		1,033,096	
Interfund	628		21,215		21,843	
Other		5,307			5,307	266,209
Total Assets	\$4,538,142	174,267	814,017		5,526,426	5,080,340
LIABILITIES & FUND BALANCES						
Liabilities:						
Cash Deficit		140,860	731,990	15,158	888,008	
Accounts Payable						82,974
Intergovernmental Payable:						
State		5,849			5,849	
Interfund Payables	21,215	628			21,843	266,209
Payable to Federal Government						2
Payable to State Government						3,585
Deferred Revenue		26,930			26,930	83,883
Total Liabilities	21,215	174,267	731,990	15,158	942,630	436,653
Fund Balances:						
Restricted for:						
Capital Reserve Account	\$2,002,510				2,002,510	752,291
Excess Surplus - Current Year						1,028,293
Excess Surplus - Designated for Subsequent Year's Expenditure	1,028,293				1,028,293	913,468
Capital Projects Fund						995,869
Debt Service Fund						
Committed to:						
Other Purposes			34,951		34,951	260,276
Assigned to:						
Other Purposes	105,332				105,332	514,942
Designated for Subsequent Year's Expenditures	684,360				684,360	333,664
Unassigned Fund Balance	696,432		47,076	(15,158)	728,350	(155,116)
Total Fund Balances	4,516,927		82,027	(15,158)	4,583,796	4,643,687
Total Liabilities & Fund Balances	\$4,538,142	174,267	814,017	-		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,444,736 and the accumulated depreciation is \$14,236,298.	13,208,436	17,846,028
Accrued interest payable is not recorded in the fund financial Statements due to the fact that payable is not due in the period.	(102,584)	(106,919)
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.	(72,572)	(76,604)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(9,201,678)	(9,557,400)
Net assets of Governmental Activities	\$8,415,398	12,748,792

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					(MEMORANDUM ONLY)	
					JUNE 30, 2012	JUNE 30, 2011
Revenues:						
Local Sources:						
Local Tax Levy	\$33,440,463			324,486	33,764,949	33,764,949
Tuition	108,339				108,339	96,550
Transportation	37,225				37,225	56,943
Interest Earned on Capital Reserve	219				219	1,867
Other Restricted Miscellaneous	11,150				11,150	8,650
Miscellaneous	18,802	96,348			115,150	111,782
Total Local Sources	33,616,198	96,348		324,486	34,037,032	34,040,741
State Sources	15,963,574	7,570	376,709	119,365	16,467,218	14,958,188
Federal Sources	415,306	1,073,713			1,489,019	1,516,344
Total Revenues	49,995,078	1,177,631	376,709	443,851	51,993,269	50,515,273
Expenditures:						
Current Expense:						
Regular Instruction	16,676,841				16,676,841	17,096,169
Special Education Instruction	2,786,556	828,965			3,615,521	2,831,412
Other Special Instruction	500,627				500,627	528,136
Other Instruction	831,548				831,548	821,005
Support Services:						
Tuition	1,168,156				1,168,156	1,125,364
Attendance	48,591				48,591	47,493
Health Services	643,117				643,117	632,488
Student & Instruction Related Services	3,140,552	348,666			3,489,218	3,408,188
Educational Media Services/School						
Library	42,009				42,009	76,239
Instructional Staff Training	44,445				44,445	37,970
School Administrative Services	2,208,959				2,208,959	2,206,523
Central Services	469,981				469,981	481,393
Administrative Information Technology	205,469				205,469	203,627
Other Administrative Services	961,401				961,401	932,756
Plant Operations & Maintenance	4,872,433				4,872,433	4,527,847
Pupil Transportation	1,964,439				1,964,439	1,805,412
Employee Benefits	11,850,943				11,850,943	11,073,124
Capital Outlay	297,682		1,550,827		1,848,509	633,209
Special Schools	100,255				100,255	102,773
Debt Service:						
Principal				260,000	260,000	280,000
Interest & Other Charges				250,697	250,697	236,939
Total Expenditures	48,814,004	1,177,631	1,550,827	510,697	52,053,159	49,088,067
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,181,074		(1,174,118)	(66,846)	(59,890)	1,427,206
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	1,181,074		(1,174,118)	(66,846)	(59,890)	1,427,206
Fund Balances, July 1,	3,335,853		1,256,145	51,688	4,643,686	3,216,483
Fund Balances, June 30,	\$4,516,927	-	82,027	(15,158)	4,583,796	4,643,689

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (From B-2) (\$59,890)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(\$489,739)	
Capital Outlays	<u>1,846,630</u>	1,356,891

Repayment of bond 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. 260,000

Loss on the early extinguishments of debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Cost of Issuance	(4,454)	
Amortization of Original Issue Premiums	<u>8,486</u>	4,032

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Prior Year	106,919	
Current Year	<u>(102,584)</u>	4,335

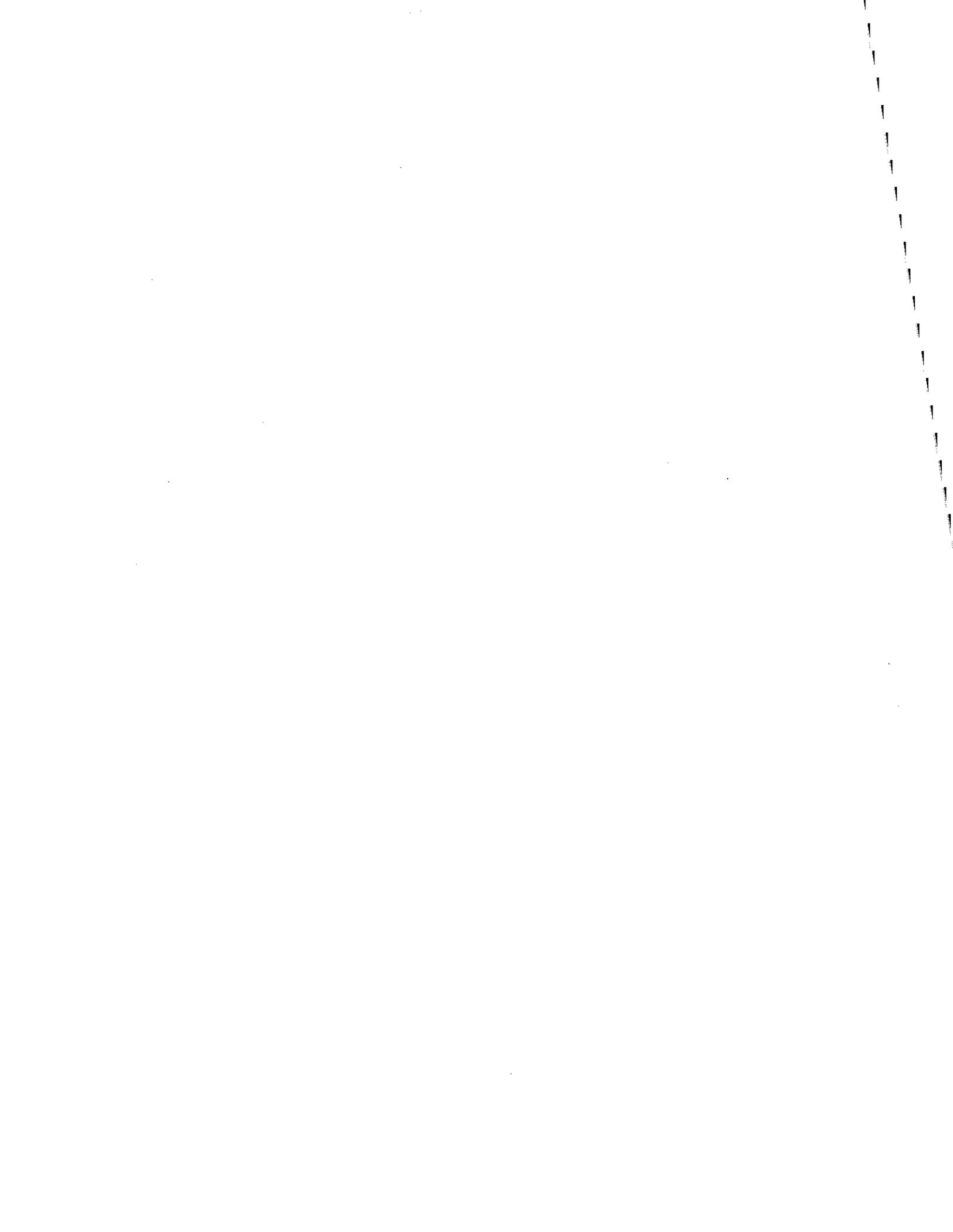
Increase in compensated absences is not an expenditure in the governmental funds, but increases long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Prior Year	2,687,399	
Current Year	<u>(2,591,678)</u>	95,721

Change in Net Assets of Governmental Activities \$1,661,089

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

Proprietary Funds



**HAZLET TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

ASSETS	BUSINESS-TYPE ACTIVITIES FUNDS		TOTALS
	ENTERPRISE FOOD SERVICE FUND	JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
Current Assets:			
Cash & Cash Equivalents	\$269,282	269,282	229,591
Accounts Receivable:			
State	494	494	760
Federal	8,736	8,736	11,360
Miscellaneous	4,356	4,356	4,699
Inventories	6,201	6,201	12,377
Total Current Assets	289,069	289,069	258,787
Fixed Assets:			
Equipment	330,730	330,730	620,988
Accumulated Depreciation	(180,642)	(180,642)	(389,669)
Total Fixed Assets	150,088	150,088	231,319
Total Assets	439,157	439,157	490,106
Current Liabilities:			
Accounts Payable	189,677	189,677	49,284
Deferred Revenue	1,014	1,014	4,648
Total Current Liabilities	190,691	190,691	53,932
NET ASSETS			
Investment in Fixed Capital	150,088	150,088	231,319
Unreserved Retained Earnings	98,378	98,378	204,855
Total Net Assets	\$248,466	248,466	436,174

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES FUNDS		TOTALS	
	ENTERPRISE FOOD SERVICE FUND	JUNE 30, 2012	JUNE 30, 2011	(MEMORANDUM ONLY)
Operating Revenue:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$411,003	411,003	410,431	
Total - Daily Sales - Reimbursable Programs	411,003	411,003	410,431	
Daily Sales Nonreimbursable Programs	366,851	366,851	375,667	
Miscellaneous Income	1,115	1,115	1,411	
Total Operating Revenue	367,966	367,966	377,078	
Operating Expenses:				
Salaries	282,185	282,185	267,097	
Employee Benefits	72,859	72,859	68,886	
Purchased Professional/Technical Services			131,032	
Other Purchased Services	15,789	15,789	22,153	
Repairs & Other Expenses	17,850	17,850		
Supplies and Materials	3,425	3,425	4,834	
Depreciation	20,700	20,700	32,882	
Management Fee	72,987	72,987		
Contracted Services	41,710	41,710		
Miscellaneous	27,232	27,232	19,167	
Cost of Sales	422,311	422,311	410,199	
Total Operating Expenses	977,048	977,048	956,250	
Operating Loss	(198,079)	(198,079)	(168,741)	
Nonoperating Revenues:				
State Sources:				
State School Lunch Program	10,656	10,656	11,043	
Federal Sources:				
National School Lunch Program	185,070	185,070	173,417	
Food Distribution Program	48,726	48,726	40,738	
Interest & Dividends			369	
Unknown	(33,150)	(33,150)		
Loss on Sales of Fixed Assets	(12,035)	(12,035)		
Fixed Asset Adjustment	(188,896)	(188,896)		
Total Nonoperating Revenues	10,371	10,371	225,567	
Change in Net Assets	(187,708)	(187,708)	56,826	
Total Net Assets - Beginning	436,174	436,174	379,349	
Total Net Assets - Ending	\$248,466	248,466	436,175	

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES FUNDS		
	ENTERPRISE	TOTALS	
	FOOD SERVICE FUND	JUNE 30, 2012	JUNE 30, 2011 <small>(MEMORANDUM ONLY)</small>
Cash Flows From Operating Activities:			
Receipts from Customers	\$775,678	775,678	786,627
Payments to Employees	(282,185)	(282,185)	(249,325)
Payments for Employee Benefits	(72,859)	(72,859)	(64,121)
Payments to Suppliers	(439,159)	(439,159)	(614,578)
Net Cash Provided/(Used) by Operating Activities	<u>(18,525)</u>	<u>(18,525)</u>	<u>(141,397)</u>
Cash Flows From Investing Activities:			
Interest & Dividends			369
Interfund - General Operating Fund			1,715
Net Cash Provided by Investing Activities			<u>2,084</u>
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Reimbursements	198,616	198,616	188,191
Net Cash Provided by Noncapital Financing Activities	<u>198,616</u>	<u>198,616</u>	<u>188,191</u>
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	(140,400)	(140,400)	(78,658)
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>(140,400)</u>	<u>(140,400)</u>	<u>(78,658)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents Cash and Cash Equivalents, July 1	39,691 <u>229,591</u>	39,691 <u>229,591</u>	(29,780) <u>259,371</u>
Cash & Cash Equivalents, June 30	<u>\$269,282</u>	<u>269,282</u>	<u>229,591</u>

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES

Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	(\$198,079)	(198,079)	(168,741)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	20,700	20,700	32,882
Food Distribution Program	48,726	48,726	40,738
Unknown	(33,150)	(33,150)	
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	343	343	1,684
(Increase)/Decrease in Inventory	6,176	6,176	(47,078)
Increase/(Decrease) in Accounts Payable	140,393	140,393	757
Increase/(Decrease) in Deferred Revenue	(3,634)	(3,634)	
Total Adjustments	<u>179,554</u>	<u>179,554</u>	<u>27,344</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$18,525)</u>	<u>(18,525)</u>	<u>(141,397)</u>

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

Fiduciary Funds

**HAZLET TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
Cash & Cash Equivalents	\$62,322	57	152,624	196,650	411,653	378,694
Investments		6,393			6,393	5,928
Due from State of New Jersey						2,840
Total Assets	62,322	6,450	152,624	196,650	418,046	387,462
LIABILITIES						
Payroll Deductions & Withholdings	15,974		152,624		168,598	140,209
Due to Student Groups				196,650	196,650	171,437
Total Liabilities	15,974		152,624	196,650	365,248	311,646
NET ASSETS						
Reserved:						
Unemployment Claims	46,348				46,348	69,842
Reserve for Scholarship		6,450			6,450	5,973
Total Net Assets	\$46,348	6,450	-	-	52,798	75,815

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

HAZLET TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)

	PRIVATE PURPOSE		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	JUNE 30, 2012	(MEMORANDUM ONLY) JUNE 30, 2011
ADDITIONS:				
Contributions:				
Deductions From Employees' Salaries				57,713
Board Contributions	\$89,903		89,903	89,580
Total Contributions	89,903		89,903	147,293
Investment Earnings:				
Appreciation		1,058	1,058	737
Interest on Investments	39	169	208	248
Total Investment Earnings	39	1,227	1,266	985
Total Additions	89,942	1,227	91,169	148,278
DEDUCTIONS:				
Unemployment Claims				151,610
Quarterly Contribution Reports	113,436		113,436	16,975
Scholarship Awarded		750	750	650
Total Deductions	113,436	750	114,186	169,235
Change in Net Assets	(23,494)	477	(23,017)	(20,957)
Net Assets - Beginning of Year	69,842	5,973	75,815	96,772
Net Assets - End of Year	\$46,348	6,450	52,798	75,815

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

**HAZLET TOWNSHIP
SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Hazlet Township School District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented these standards for the fiscal year-ending June 30, 2003 with the implementation of GASB Statement 34; the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*; Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2012 and for the year then ended with comparative totals as of and for the year ended June 30, 2011 (Memorandum Only).

A. Reporting Entity:

The Hazlet Township 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 appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The Hazlet Township School District has an approximate enrollment at June 30, 2012 of 3,409 students.

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:

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

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

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

B. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting

The accounts of the Hazlet Township School District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the Hazlet Township School 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 sub-fund.

As required by the New Jersey Department of Education Hazlet Township School District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) 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.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued):

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings 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).

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.

Permanent Fund - Resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting governments programs, that is for the benefit of the government or its citizenry.

Proprietary Fund

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued):

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 are as follows:

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

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund and Scholarship Trust as private purpose trusts.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued):

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The District currently maintains Payroll funds and Student Activity Funds as Agency Funds

E. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Hazlet Township School District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

F. 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 or around the third Tuesday in April. Effective January 23, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets, which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

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.

The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

The following presents a reconciliation of the Special Revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service 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:

**Notes to Required Supplementary Information.
Budgetary Comparison Schedule**

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$50,100,040	\$1,147,128

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

F. Budgets/Budgetary Control (continued):

	General Fund	Special Revenue Fund
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		30,503
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,107,541	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(1,191,288)</u>	<u> </u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$50,016,293</u>	<u>\$1,177,631</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	\$48,814,004	\$1,152,245
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> </u>	<u>30,503</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$48,814,004</u>	<u>\$1,177,631</u>

G. Encumbrances

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

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

G. Encumbrances (continued):

Open encumbrances in the special revenue fund for which the Hazlet Township School 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.

H. Cash and Cash Equivalents

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

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

I. Tuition Receivable/Payable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2012, which have not been recorded, are not determinable.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2012

Note 1. Summary of Significant Accounting Policies (continued):

I. Tuition Receivable/Payable (continued):

The tuition rate adjustments for the 2009-2010 year have been established. According to the School District's records, there were no adjustments due in the financial statements.

J. Inventories & Prepaid Expenses

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Hazlet Township School District and that are due within one year.

L. Fixed Assets

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

L. Fixed Assets (continued):

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

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2012 for such salaries.

N. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

O. Deferred Revenue

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned.

P. Long-term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

Q. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

R. Subsequent Events

The Hazlet Township School District has evaluated subsequent events occurring after June 30, 2012 through the date of October 19, 2012, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2012, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$4,096,540</u>
Total Deposits & Investments	<u>\$4,096,540</u>
The District's Cash & Cash Equivalents are Reported as Follows:	
Governmental Funds	\$3,409,212
Enterprise Funds	269,282
Fiduciary Funds	<u>418,046</u>
Total Cash & Cash Equivalents	<u>\$4,096,540</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$4,824,463 at June 30, 2012. Of the bank balance \$256,450 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$4,568,013 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 2. Cash and Cash Equivalents (continued):

Insured	\$ 256,450
Collateralized in the District's Name Under GUDPA (See Note 3)	<u>4,568,013</u>
Total	<u>\$4,824,463</u>

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2012 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above; secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 4. Capital Reserve Account

A capital reserve account was established by the Hazlet Township School District on September 20, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent 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 appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 4. Capital Reserve Account (continued):

Beginning Balance, July 1, 2011	\$ 752,291
Add:	
Transfers Authorized in June 2012	1,250,000
Budget Increase	50
Interest Earnings	169
Ending Balance, June 30, 2012	<u>\$2,002,510</u>

The June 30, 2012 LRFPA balance of local support costs of uncompleted capital projects at June 30, 2012 is \$50,000,000.

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2012 the District did not transfer funds to the capital outlay accounts.

Note 6. Fixed Assets

An appraisal of the District's fixed assets was completed as of June 30, 2012 by American Appraisal. Differences have been adjusted and reflected as a loss on the revaluation on the District's Statement of Activities.

The following schedule is a summarization of the general fixed assets by source for the fiscal year ended June 30, 2012:

Fixed Assets	June 30, 2011	Adjustments	Additions	Deletions	June 30, 2012
Land	\$ 4,492,635	\$ 34,095			\$ 4,526,730
Construction in Progress	75,587		\$ 179,270	\$(36,691)	218,166
Site Improvements	3,184,115	(442,215)			2,741,900
Building & Building Improvements	23,821,132	(6,727,286)	1,570,241		18,664,087
Machinery & Equipment	1,218,320	(58,278)	133,811		1,293,853
Subtotal	32,791,789	(7,193,684)	1,883,322	(36,691)	27,444,736

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 6. Fixed Assets (continued):

Fixed Assets	June 30, 2011	Adjustments	Additions	Deletions	June 30, 2012
Accumulated Depreciation:					
Site Improvements	(2,090,070)	383,416	(103,073)		(1,809,727)
Building & Building Improvements	(12,329,225)	1,034,985	(296,316)		(11,590,556)
Machinery & Equipment	(757,784)	12,119	(90,350)		(836,015)
Subtotal	(15,177,079)	1,430,520	(489,739)		(14,236,298)
Total	<u>\$17,614,710</u>	<u>\$(5,763,164)</u>	<u>\$1,393,583</u>	<u>\$(36,691)</u>	<u>\$13,208,438</u>

The following is a summary of proprietary fund type fixed assets at June 30, 2012:

	Balance as of June 30, 2011	Adjustments	Additions	Deletions	Balance as of June 30, 2012
Equipment	\$620,988	\$(315,998)	\$140,400	\$(114,660)	\$ 330,730
Accumulated Depreciation	(389,669)	127,102	(20,700)	102,625	(180,642)
Total	<u>\$231,319</u>	<u>\$(188,896)</u>	<u>\$119,700</u>	<u>\$ (12,035)</u>	<u>\$150,088</u>

Note 7. Long-Term Debt

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 October 28, 2010, the Board issued \$6,930,000 in general obligation bonds with an average interest rate of 3.608% to advance refund \$6,840,000 of outstanding series bonds with an average interest rate of 4.96%. The net proceeds of \$7,007,801 (after payment of \$89,073.50 in underwriting fees, insurance and other issuance costs) including an original issuance premium of \$169,710 and accrued interest. Those

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 7. Long-Term Debt (continued):

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. In addition, the savings resulted from the refunding was as follows:

Cash Flow Requirements to Service (Old) Debt	\$10,738,213
Less: Cash Flow Requirements for New Debt	<u>9,868,213</u>
Net Savings from Refunding	<u>\$ 870,000</u>

B. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2012 are as follows:

	Balance June 30, 2011	Issued	Retired	Balance June 30, 2012	Due Within One Year
Compensated Absences					
Payable	\$2,687,399	\$266,508	\$(362,229)	\$2,591,678	\$188,708
Bonds Payable	<u>6,870,000</u>		<u>(260,000)</u>	<u>6,610,000</u>	<u>\$265,000</u>
Total	<u>\$9,557,399</u>	<u>\$266,508</u>	<u>\$(622,229)</u>	<u>\$9,201,678</u>	<u>\$453,708</u>

Compensated absences 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.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 7. Long-Term Debt (continued):

Governmental Activities

	Issue	Interest	<u>Balance</u>	
	Dates	Rates	Dates of	June 30,
			Maturity	2012
Bonds Payable	10/28/10	2.50-4.00%	02/01/12-30	6,610,000

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, 2012 are as follows:

Year-Ending	Principal	Interest	Total
June 30,			
2013	\$ 265,000	\$ 246,203	\$ 511,203
2014	275,000	239,578	514,578
2015	290,000	228,578	518,578
2016	300,000	216,978	516,978
2017	310,000	204,978	514,978
2018-2022	1,715,000	851,038	2,566,038
2023-2027	2,035,000	521,055	2,556,055
2028-2030	<u>1,420,000</u>	<u>115,197</u>	<u>1,535,197</u>
Total	<u>\$6,610,000</u>	<u>\$2,623,605</u>	<u>\$9,233,605</u>

Note 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, 2012 amounted to \$4,032.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2012

Note 9. Pension Plans

Plan Descriptions - 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, P.O. Box 295, Trenton, New Jersey, 08625.

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A. 43:15A* and *43:3B* and *N.J.S.A. 18A: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 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 9. Pension Plans (continued):

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

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

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 both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$522,635	100%	\$522,635
6/30/11	478,380	100%	478,380
6/30/10	341,540	100%	341,540

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 9. Pension Plans (continued):

Three-Year Trend Information for TPAF (Paid on behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$2,172,101	100%	\$ -0-
6/30/11	1,541,187	100%	-0-
6/30/10	1,490,938	100%	-0-

During the year ended June 30, 2012 the State of New Jersey contributed \$2,172,101 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A. 18A:66-66* the State of New Jersey reimbursed the District \$1,659,244 for the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 10. Post-Retirement Benefits

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

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

Note 11. 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.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 11. Risk Management (continued):

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 their 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 following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2011-2012	\$89,903	\$ -	\$ 39	\$113,436	\$46,348
2010-2011	89,580	57,713	100	168,584	69,842
2009-2010	48,992	62,290	-	106,335	91,033

Note 12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 13. Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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 Investment Siracusa

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 14. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$628	
Special Revenue Fund	—	<u>\$628</u>
Total	<u>\$628</u>	<u>\$628</u>

The purpose of interfunds are for short-term borrowings.

Note 15. GASB #54 – Fund Balance Disclosures

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Hazlet Township School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

General Fund (Exhibit B-1) – Of the \$4,538,142 General Fund fund balance at June 30, 2012, \$2,002,510 has been restricted for the Capital Reserve Account; \$1,028,293 has been reserved for excess surplus – designated for subsequent year’s expenditures; \$105,332 has been assigned for other purposes; \$684,360 has been designated for subsequent year’s expenditures; and \$717,647 is unassigned.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2012**

Note 16. Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2012 is \$2,591,678.

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, 2012 no liability existed for compensated absences in the proprietary fund types.

Note 17. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by *P.L. 2004, c.73 (S1701)*, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District had no excess fund balance at June 30, 2012.

Note 18. Prior Period Adjustment

The District had a fixed asset appraisal performed by American Appraisal as of June 30, 2012. The District elected to have the fixed asset numbers agree to the appraisal report. The fixed asset balances were adjusted to agree with the historical cost as determined by the appraisal. The cumulative effect of these adjustments has resulted in a prior period adjustment of \$5,994,483 for Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION



C. Budgetary Comparison Schedules

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:											
Local Tax Levy	10-1210	\$33,440,463		33,440,463	33,440,463		33,315,527		33,315,527	33,315,527	
Tuition	10-1300	38,000		38,000	108,339	70,339	38,000		38,000	96,550	58,550
Transportation Fees from Individuals	10-1410	40,000		40,000	37,225	(2,775)	40,000		40,000	56,943	16,943
Transportation Fees from Other LEAs	10-1420-1440	20,000		20,000		(20,000)	20,000		20,000		(20,000)
Interest on Capital Reserve Funds	10-1XXX				219	219	50		50	1,867	1,817
Other Restricted Miscellaneous Revenue	10-1XXX	25,000		25,000	11,150	(13,850)	25,000		25,000	8,650	(16,350)
Miscellaneous Revenues	10-1XXX	140,000		140,000	18,802	(121,198)	140,050		140,050	37,500	(102,550)
Total Local Sources		33,703,463		33,703,463	33,616,198	(87,265)	33,578,627		33,578,627	33,517,037	(61,590)
Federal Sources:											
Medicaid Reimbursement	10-4200	23,698		23,698	52,420	28,722	15,084		15,084	31,823	16,739
Education Jobs Fund	18-4522	367,438		367,438	362,886	(4,552)		445,882	445,882	78,444	(367,438)
Total Federal Sources		391,136		391,136	415,306	24,170	15,084	445,882	460,966	110,267	(350,699)
State Sources:											
Extraordinary Aid	10-3131	125,000		125,000	139,037	14,037	125,000		125,000	162,124	37,124
Other State Aids	10-3XXX				5,467	5,467					
Non-Public Transportation Costs	10-3120				13,224	13,224				14,743	14,743
Categorical Special Education Aid	10-3132	1,824,917		1,824,917	1,824,917		576,175	1,248,742	1,824,917	1,824,917	
Equalization Aid	10-3176	9,767,099		9,767,099	10,233,331	466,232	10,549,610	(1,248,742)	9,300,868	9,300,868	
Non-budgeted:	10-3177										
On-Behalf TPAF Pension Contribution					2,172,101	2,172,101				1,471,889	1,471,889
TPAF NCGI Premium										69,298	69,298
Reimbursed TPAF Social Security Contribution					1,659,244	1,659,244				1,686,122	1,686,122
Total State Sources		11,717,016		11,717,016	16,047,321	4,330,305	11,250,785		11,250,785	14,529,961	3,279,176
Total Revenues		45,811,615		45,811,615	50,078,825	4,267,210	44,844,496	445,882	45,290,378	48,157,265	2,866,887

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool	11-105-100-101	291,642	208	291,850	275,112	16,738	350,425	(67,275)	283,150	283,150	
Kindergarten	11-110-100-101	968,479	62,844	1,031,323	1,025,694	5,629	952,704	(30,350)	922,354	915,928	6,426
Grades 1-5	11-120-100-101	5,251,968	(152,433)	5,099,535	5,028,487	71,048	5,272,289	108,881	5,381,170	5,063,876	317,294
Grades 6 - 8	11-130-100-101	3,796,362	63,698	3,860,060	3,831,386	28,674	3,871,022	112,672	3,983,694	3,923,686	60,008
Grades 9 - 12	11-140-100-101	4,875,395	(140,450)	4,734,945	4,711,090	23,855	4,837,728	(90,618)	4,747,110	4,740,188	6,922
Home Instruction:											
Salaries of Teachers	11-150-100-101	35,000	10,427	45,427	45,427		35,000	7,208	42,208	42,208	
Purchased Professional - Educational Services	11-150-100-320	12,000	7,000	19,000	17,804	1,196	14,000	17,291	31,291	16,679	14,612
Regular Programs - Undistributed Instruction:											
Other Salaries for Instruction	11-190-100-106	35,000	2,686	37,686	37,686		35,000	5,485	40,485	40,485	
Purchased Professional - Educational Services	11-190-100-320	1,000		1,000	1,000		2,000		2,000	1,900	100
Purchased Technical Services	11-190-100-340	190,114	(11,000)	179,114	170,631	8,483	167,107	20,000	187,107	160,650	26,457
Other Purchased Services	11-190-100-500	88,800	36,328	125,128	123,172	1,956	82,030	25,116	107,146	104,443	2,703
General Supplies	11-190-100-610	1,093,722	322,018	1,415,740	1,246,087	169,653	752,087	301,756	1,053,843	860,820	193,023
Textbooks	11-190-100-640	182,931	(4,933)	177,998	144,103	33,895	25,300	76,639	101,939	48,662	53,277
Other Objects	11-190-100-800	27,622	550	28,172	19,162	9,010	21,377	5,174	26,551	19,040	7,511
Total Regular Programs		16,850,035	196,943	17,046,978	16,676,841	370,137	16,418,069	491,979	16,910,048	16,221,715	688,333
Special Education:											
Learning and/or Language Disabilities:											
Salaries of Teachers	11-204-100-101	619,863	30,949	650,812	650,736	76	702,445	(57,651)	644,794	637,646	7,148
Other Salaries for Instruction	11-204-100-106	291,193	52,398	343,591	331,128	12,463	242,500	101,245	343,745	315,509	28,236
General Supplies	11-204-100-610	6,355	250	6,605	5,994	611	8,190		8,190	5,202	2,988
Textbooks	11-204-100-640	1,450	(250)	1,200	603	597	1,750		1,750	183	1,567
Total Learning and/or Language Disabilities		918,861	83,347	1,002,208	988,461	13,747	954,885	43,594	998,479	958,540	39,939
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	259,604	(50,453)	209,151	209,075	76	251,925	(48,425)	203,500	203,500	
General Supplies	11-212-100-610	5,370		5,370	4,217	1,153	3,465	(3)	3,462	3,121	341
Textbooks	11-212-100-640	500		500	500	500	500		500	500	
Total Multiple Disabilities		265,474	(50,453)	215,021	213,292	1,729	255,890	(48,428)	207,462	206,621	841

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Special Education (continued):											
Resource Room/Resource Center:											
Salaries of Teachers	11-215-100-101	1,670,322	(86,247)	1,584,075	1,476,275	107,800	1,510,295	56,375	1,566,670	1,566,670	
Other Salaries for Instruction	11-213-100-106	83,332	(13,587)	69,745	51,744	18,001	31,000	4,530	35,530	33,343	2,187
General Supplies	11-213-100-610	8,300	(250)	8,050	7,022	1,028	6,850		6,850	5,618	1,232
Textbooks	11-213-100-600	3,550	1,042	4,592	2,287	2,305	3,800		3,800	1,547	2,253
Total Resource Room/Resource Center		1,765,504	(99,042)	1,666,462	1,537,328	129,134	1,551,945	60,905	1,612,850	1,607,178	5,672
Preschool Disabilities- Part-Time:											
Salaries of Teachers							54,725	4,348	59,073	59,073	
Other Salaries for Instruction	11-215-100-106	60,473		60,473	47,475	12,998					
General Supplies	11-215-100-600	840		840		840					
Total Preschool Disabilities- Part-Time		61,313		61,313	47,475	13,838	54,725	4,348	59,073	59,073	
Total Special Education- Instruction		3,011,152	(66,148)	2,945,004	2,786,556	158,448	2,817,445	60,419	2,877,864	2,831,412	46,452
Basic Skills/Remedial:											
Salaries of Teachers	11-230-100-101	473,338	(7,890)	465,448	427,433	38,015	418,511	55,115	473,626	459,551	14,075
General Supplies	11-230-100-610	1,000		1,000	1,000		1,000		1,000		1,000
Total Basic Skills/Remedial		474,338	(7,890)	466,448	428,433	38,015	419,511	55,115	474,626	459,551	15,075
Bilingual Education:											
Salaries of Teachers	11-240-100-101	70,642	7,226	77,868	72,194	5,674	80,665	(12,080)	68,585	68,585	
Total Bilingual Education		70,642	7,226	77,868	72,194	5,674	80,665	(12,080)	68,585	68,585	
School Sponsored Co-curricular Activities:											
Salaries	11-401-100-100	163,128	2,549	165,677	159,699	5,978	163,128	5,143	168,271	165,154	3,117
Supplies and Materials	11-401-100-600	27,738		27,738	18,952	8,786	24,158	1,100	25,258	21,788	3,470
Other Objects	11-401-100-800	18,152		18,152	13,299	4,853	18,152		18,152	10,517	7,635
Total School Sponsored Co-curricular Activities		209,018	2,549	211,567	191,950	19,617	205,438	6,243	211,681	197,459	14,222

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
School Sponsored Athletics - Instruction:											
Salaries	11-402-100-100	486,309	5,711	492,020	459,432	32,588	479,783	(12,752)	467,031	445,963	21,068
Purchased Services (300-500 series)	11-402-100-500	1,320	(75)	1,245	595	650	1,320		1,320	391	929
Supplies and Materials	11-402-100-600	87,998	14,575	102,573	82,248	20,325	83,598	3,380	86,978	82,539	4,439
Other Objects	11-402-100-800	54,249	(2,893)	51,356	47,976	3,380	54,249		54,249	45,305	8,944
Transfers to Cover Deficit	11-402-100-930	49,347		49,347	49,347		49,347		49,347	49,347	
Total School Sponsored Athletics Instruction		679,223	17,318	696,541	639,598	56,943	668,297	(9,372)	658,925	623,545	35,380
Total Instruction		21,294,408	149,998	21,444,406	20,795,572	648,834	20,609,425	592,304	21,201,729	20,402,267	799,462
Undistributed Expenditures:											
Instruction :											
Tuition to Other LEAs Within the State - Special	11-000-100-562		150	150	150			150	150	150	
Tuition to County Vocational School District - Regular	11-000-100-563	218,900	(9,851)	209,049	184,035	25,014	225,150	(150)	225,000	221,588	3,412
Tuition to County Vocational School District - Special	11-000-100-564	130,000	(2,119)	127,881	65,750	62,131	130,000	(19,943)	110,057	76,000	34,057
Tuition to Priv. School For the Disabled Within State	11-000-100-566	986,215	76,333	1,062,548	913,721	148,827	1,419,625	(148,016)	1,271,609	827,627	443,982
Tuition - State Facilities	11-000-100-568		4,500	4,500	4,500						
Total Instruction		1,335,115	69,013	1,404,128	1,168,156	235,972	1,774,775	(167,959)	1,606,816	1,125,365	481,451
Attendance & Social Work Services:											
Salaries	11-000-211-100	47,988		47,988	47,988		46,590	300	46,890	46,890	
Supplies and Materials	11-000-211-600	603		603	603		603		603	603	
Total Attendance & Social Work Services		48,591		48,591	48,591		47,193	300	47,493	47,493	
Health Services:											
Salaries	11-000-213-100	619,875	3,466	623,341	622,532	809	602,700	1,225	603,925	603,075	850
Purchased Professional & Technical Services	11-000-213-300	10,038	3,000	13,038	9,434	3,604	10,366	10,328	20,694	18,176	2,518
Other Purchased Services	11-000-213-500	120		120	15	105	120		120	120	
Supplies and Materials	11-000-213-600	9,370		9,370	8,513	857	9,700	(298)	9,402	7,533	1,869
Other Objects	11-000-213-800	4,600		4,600	2,623	1,977	4,600	(75)	4,525	3,704	821
Total Health Services		644,003	6,466	650,469	643,117	7,352	627,486	11,180	638,666	632,488	6,178

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Speech - Over/Part Time & Related Services:											
Salaries	11-000-216-100	344,914	32,209	377,123	376,735	388	376,875	(17,928)	358,947	357,807	1,140
Purchased Services	11-000-216-320	14,000	(3,000)	11,000	8,629	2,371	13,360	20,000	33,360	25,987	7,373
Supplies and Materials	11-000-216-600	2,925	332	3,257	3,257		2,925	(1,401)	1,524	1,524	
Total Speech - Over/Part Time & Related Services		361,839	29,541	391,380	388,621	2,759	393,160	671	393,831	385,318	8,513
Other Support Services - Students - Extra Services:											
Salaries	11-000-217-100	337,150	(48,566)	288,584	281,329	7,255	247,405	56,382	303,787	293,727	10,060
Purchased Professional-Educational Services	11-000-217-320	130,815		130,815	121,272	9,543	130,815	(1,000)	129,815	124,880	4,935
Supplies and Materials	11-000-217-600	8,400		8,400	8,278	122	6,525	(1,017)	5,508	5,508	
Total Other Support Services - Students - Extra Services		476,365	(48,566)	427,799	410,879	16,920	384,745	54,365	439,110	424,115	14,995
Guidance											
Salaries of Other Professional Staff	11-000-218-104	576,451	(32,987)	543,464	543,438	26	570,300	(19,635)	550,665	550,665	
Salaries of Secretarial & Clerical Assistants	11-000-218-105	81,885		81,885	81,885		78,900		78,900	78,900	
Purchased Professional & Educational Services	11-000-218-320	15,950	4,685	20,635	20,055	580	18,850	13,022	31,872	15,882	15,990
Other Purchased Professional & Technical Services	11-000-218-390	35,000	4,525	39,525	39,525		24,300		24,300	23,827	473
Other Purchased Services	11-000-218-500	115		115	30	85	115		115	43	72
Supplies and Materials	11-000-218-600	63,208		63,208	44,686	18,522	54,156	604	54,760	44,961	9,799
Other Objects	11-000-218-800	15,865		15,865	15,534	331	15,865		15,865	4,390	11,475
Total Guidance		788,474	(23,777)	764,697	745,153	19,544	762,486	(6,009)	756,477	718,668	37,809
Child Study Teams:											
Salaries of Other Professional Staff	11-000-219-104	785,913	23,398	809,311	809,311		755,045	324	755,369	755,369	
Salaries of Secretarial & Clerical Assistants	11-000-219-105	138,443	2,517	140,960	140,960		136,381	(4,458)	131,923	131,923	
Purchased Professional - Educational Services	11-000-219-320	74,220	(21,500)	52,720	46,217	6,503	42,220		42,220	42,220	
Miscellaneous Purchased Services	11-000-219-592	2,700	(12)	2,688	2,155	533	2,700	(850)	1,850	1,803	47
Supplies and Materials	11-000-219-600	8,100	24,069	32,169	24,822	7,347	8,865	(1,211)	7,654	4,954	2,700
Other Objects	11-000-219-800	3,975		3,975	3,556	419	3,975	(938)	3,037	3,037	

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

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ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Child Study Teams	1,013,351	28,472	1,041,823	1,027,021	14,802	949,186	(7,133)	942,053	939,306	2,747
Improvement of Instruction Services/Other Support Services - Instruction Staff:										
Salaries of Supervisors of Instruction	11-000-221-102	392,034	(12,783)	379,251	379,251	327,054	53,564	380,618	380,618	
Salaries of Other Professional Staff	11-000-221-104	153,077	250	153,327	143,862	9,465	151,283	151,283	148,971	2,312
Salaries of Secretarial & Clerical Assistants	11-000-221-105	32,661	4,626	37,287	33,343	3,944	32,010	(2,546)	29,464	29,464
Other Purchased Services	11-000-221-500	2,000		2,000	1,504	496	2,000	109	2,109	2,109
Supplies and Materials	11-000-221-600	2,200		2,200	411	1,789	2,200		2,200	782
Other Objects	11-000-221-800	23,380	145	23,525	10,507	13,018	26,780	8,100	34,880	15,852
Total Improvement of Instruction Services/Other Support Services Instructional Staff		605,352	(7,762)	597,590	568,878	28,712	541,327	59,227	600,554	577,796
Educational Media Services/School Library:										
Purchased Professional & Technical Services	11-000-222-300	24,000		24,000	20,484	3,516	10,000	19,943	29,943	29,322
Other Purchased Services	11-000-222-500						45	(15)	30	15
Supplies and Materials	11-000-222-600	24,000		24,000	21,525	2,475	56,400	(8,749)	47,651	46,991
Other Objects	11-000-222-800						225	(75)	150	150
Total Educational Media Services/School Library		48,000		48,000	42,009	5,991	66,670	11,104	77,774	76,328
Support Services Instructional Staff Training Service:										
Salaries of Supervisors of Instruction	11-000-223-110	15,000	5,848	20,848	12,233	8,615	15,000	7,937	22,937	18,990
Other Purchased Services	11-000-223-500	8,720		8,720	4,010	4,710	3,895	4,700	8,595	4,102
Other Objects	11-000-223-800	47,000		47,000	28,202	18,798	47,000	(16,670)	30,330	14,878

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

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ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Support Services Instructional Staff											
Training Services	70,720	5,848	76,568	44,445	32,123	65,895	(4,033)	61,862	37,970	23,892	
Support Services General Administration:											
Salaries	11-000-230-100	536,853	26,704	563,557	563,557	527,990	16,978	544,968	544,968		
Legal Services	11-000-230-331	60,000		60,000	55,045	4,955	60,000	(7,497)	52,503	35,020	17,483
Audit Fees	11-000-230-332	36,500		36,500	34,125	2,375	36,500	(2,000)	34,500	33,300	1,200
Other Purchased Professional Services	11-000-230-339	18,000	56,230	74,230	39,264	34,966	18,000	48,860	66,860	44,186	22,674
Purchased Technical Services	11-000-230-340	43,700		43,700	35,635	8,065	43,700		43,700	32,092	11,608
Communications/Telephone	11-000-230-530	102,730	(29,966)	72,764	51,496	21,268	102,480	(20,100)	82,380	76,774	5,606
Misc. Purchased Services	11-000-230-590	120,900	1,566	122,466	112,406	10,060	128,900	(34,635)	94,265	89,599	4,666
General Supplies	11-000-230-610	8,750		8,750	7,081	1,669	8,750	400	9,150	5,065	4,085
Miscellaneous Expenditures	11-000-230-890	52,920	3,370	56,290	38,861	17,429	52,920	2,503	55,423	47,830	7,593
BOE Membership Dues & Fees	11-000-230-895	26,500		26,500	23,931	2,569	26,500		26,500	23,921	2,579
Total Support Services General Administration		1,006,853	57,904	1,064,757	961,401	103,356	1,005,740	4,509	1,010,249	932,755	77,494
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	1,457,165	97	1,457,262	1,452,829	4,433	1,375,333	231,373	1,606,706	1,434,667	172,039
Salaries of Other Professional Staff	11-000-240-104	258,502	(28,500)	230,002	227,051	2,951	250,974		250,974	250,974	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	482,204	19,007	501,211	484,938	16,273	463,427		476,636	476,024	612
Other Salaries	11-000-240-110	14,214	3,424	17,638	14,916	2,722	14,214	13,209	14,214	14,147	67
Other Purchased Services	11-000-240-500	6,220		6,220	4,500	1,720	6,220		6,120	4,865	1,255
Supplies and Materials	11-000-240-600	16,700	(2,900)	13,800	12,479	1,321	17,350	(100)	16,248	13,946	2,302
Other Objects	11-000-240-800	15,690	(700)	14,990	12,246	2,744	15,690	(1,102)	15,690	11,901	3,789
Total Support Services School Administration		2,250,695	(9,572)	2,241,123	2,208,959	32,164	2,143,208	243,380	2,386,588	2,206,524	180,064
Central Services:											
Salaries	11-000-251-100	420,341	31,534	451,875	425,327	26,548	450,559	(19,071)	431,488	430,052	1,436
Purchased Technical Services	11-000-251-340	19,452	6,220	25,672	25,672		20,280	3,790	24,070	24,070	
Miscellaneous Purchased Services	11-000-251-592	5,000	2,500	7,500	7,456	44		2,500	2,500	2,300	200
Supplies & Materials	11-000-251-600	10,500		10,500	6,203	4,297	10,500	1,049	11,549	10,652	897
Interest on Purchase Agreements	11-000-251-832						7,693		7,693	7,692	1
Miscellaneous Expenditures	11-000-251-890	11,150		11,150	5,323	5,827	14,350	(2,500)	11,850	6,626	5,224

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Central Services	466,443	40,254	506,697	469,981	36,716	503,382	(14,232)	489,150	481,392	7,758
Administrative Information Technology:										
Salaries	207,680	4,410	212,090	205,469	6,621	201,728	1,900	203,628	203,628	
Total Administrative Information Technology	207,680	4,410	212,090	205,469	6,621	201,728	1,900	203,628	203,628	
Required Maintenance for School Facilities:										
Salaries	344,848	18,200	363,048	348,907	14,141	333,027	1,697	334,724	330,995	3,729
Cleaning, Repair & Maintenance Services	395,000	254,817	649,817	646,484	3,333	333,850	360,980	694,830	428,963	265,867
General Supplies	115,900	181,606	297,506	241,489	56,017	119,750	27,585	147,335	123,908	23,427
Other Objects	3,800		3,800	2,622	1,178	3,800		3,800	3,800	
Total Maintenance for School Facilities	859,548	454,623	1,314,171	1,239,502	74,669	790,427	390,262	1,180,689	887,666	293,023
Custodial Services:										
Salaries	1,780,069	84,287	1,864,356	1,859,041	5,315	1,806,456	5,763	1,812,219	1,757,764	54,455
Purchased Professional & Technical Services	216,350		216,350	202,340	14,010	196,350	8,897	205,247	203,525	1,722
Cleaning, Repair & Maintenance Services	201,490	6,319	207,809	113,209	94,600	174,005	(14,610)	159,395	99,624	59,771
Other Than Lease Purchase Agreement	2,500		2,500		2,500	2,500		2,500		2,500
Other Purchased Property Services	135,500		135,500	133,699	1,801	132,066		132,066	121,232	10,834
Insurance	110,000	10,349	120,349	120,349		110,000		110,000	108,935	1,065
Miscellaneous Purchased Services	1,900	233	2,133	2,133		1,900		1,900	1,013	887
General Supplies	97,225	10,886	108,111	103,747	4,364	97,225	19,382	116,607	102,873	13,734
Energy (Nat. Gas)	580,000	(140,619)	439,381	226,502	212,879	495,000	(108,897)	386,103	324,844	61,259
Energy (Electricity)	450,000	17,167	467,167	456,519	10,648	544,000		544,000	524,220	19,780
Other Objects	5,625		5,625	4,779	846	5,625		5,625	4,204	1,421

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE)	JUNE 30, 2011				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Custodial Services	3,580,659	(11,378)	3,569,281	3,222,318	346,963	3,565,127	(89,465)	3,475,662	3,248,234	227,428
Care & Upkeep of Grounds										
Salaries	11-000-263-100	105,039	16,802	121,841	112,414	9,427	101,980	3,905	105,885	105,885
Cleaning, Repair & Maintenance Services	11-000-263-420	151,298	2,685	153,983	135,931	18,052	152,898	10,320	163,218	151,295
General Supplies	11-000-263-610	72,900	5,100	78,000	53,411	24,589	76,000	(7,000)	69,000	40,443
Total Care & Upkeep of Grounds		329,237	24,587	353,824	301,756	52,068	330,878	7,225	338,103	297,623
Security										
Salaries	11-000-266-100	70,500	5,083	75,583	72,892	2,691	69,000	1,720	70,720	67,764
Cleaning, Repair & Maintenance Services	11-000-266-420	50,300		50,300	35,965	14,335	27,300		27,300	26,559
Total Security		120,800	5,083	125,883	108,857	17,026	96,300	1,720	98,020	94,323
Total Operation & Maintenance of Plant		4,890,244	472,915	5,363,159	4,872,433	490,726	4,782,732	309,742	5,092,474	4,527,846
Student Transportation Services:										
Salaries of Non-Instructional Aides	11-000-270-107	20,000	653	20,653	20,653		22,000	901	22,901	22,901
Salaries for Pupil Transportation (Between Home & School)-Regular	11-000-270-160	38,091	8,258	46,349	43,692	2,657	35,526	1,940	37,466	37,466
Purchased Professional & Technical Services	11-000-270-390	4,200		4,200	3,950	250	4,200		4,200	3,950
Contracted Services (Between Home & School) - Vendors	11-000-270-511	1,005,810	(16,120)	989,690	805,785	183,905	972,810	(125,000)	847,810	766,296
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	172,000	(6,196)	165,804	95,682	70,122	168,000		168,000	82,709
Contracted Services (Special Education Students) - Vendors	11-000-270-514	858,000		858,000	769,301	88,699	838,000	(125,000)	713,000	665,923
Contracted Services (Regular Students) - ESCs & CTSA	11-000-270-517	325,000	(112,279)	212,721	173,107	39,614	325,000		325,000	198,364
Contracted Services (Special Ed. Students) - ESCs & CTSA	11-000-270-518	100,000	(100,000)				100,000		100,000	100,000
Aid in Lieu of Payments - Nonpublic	11-000-270-503	40,000	9,062	49,062	49,062		65,000	3,978	68,978	27,704
Miscellaneous Purchased Services - Transportation	11-000-270-593	500	1,331	1,831	1,831		500		500	500
General Supplies	11-000-270-610	1,500	(200)	1,300		1,300	1,500		1,500	1,500
Other Objects	11-000-270-800	500	876	1,376	1,376		500		500	100

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Student Transportation Services	2,565,601	(214,615)	2,350,986	1,964,439	386,547	2,533,036	(243,181)	2,289,855	1,805,413	484,442
Unallocated Benefits - Employee Benefits:										
Group Insurance 11-000-291-210	7,900		7,900	7,548	352	7,900		7,900	6,886	1,014
Social Security Contributions 11-000-291-220	475,000	9,140	484,140	484,140		465,000	7,444	472,444	472,444	
Other Retirement Contributions-PERS 11-000-291-241	527,500	(4,613)	522,887	522,635	252	375,000	70,916	445,916	445,916	
Unemployment Compensation 11-000-291-250	50,000		50,000	50,000		25,000	64,580	89,580	89,580	
Worker's Compensation 11-000-291-260	321,000	(20,040)	300,960	293,238	7,722	370,300	(64,580)	305,720	305,720	
Health Benefits 11-000-291-270	6,946,248	(140,851)	6,805,397	6,350,836	454,561	6,852,827	(377,040)	6,475,787	6,386,605	89,182
Tuition Reimbursement 11-000-291-280	57,000	(10,374)	46,626	43,637	2,989	57,000		57,000	52,273	4,727
Other Employee Benefits 11-000-291-290	199,175	68,677	267,852	267,564	288	84,756	43,104	127,860	86,392	41,468
Total Unallocated Benefits - Employee Benefits	8,583,823	(98,061)	8,485,762	8,019,598	466,164	8,237,783	(255,576)	7,982,207	7,845,816	136,391
Nonbudgeted:										
On-Behalf TPAF Pension Contribution				2,172,101	(2,172,101)				1,471,889	(1,471,889)
TPAF NCGI Premiums (On-Behalf)									69,298	(69,298)
Reimbursed TPAF Social Security Contribution				1,659,244	(1,659,244)				1,686,122	(1,686,122)
Total On-Behalf Contributions									3,227,309	(3,227,309)
Total Personal Services- Employee Benefits	8,583,823	(98,061)	8,485,762	8,019,598	466,164	8,237,783	(255,576)	7,982,207	11,073,125	(3,090,918)
Total Undistributed Expenditures	25,363,149	312,470	25,675,619	27,620,495	(1,944,876)	25,020,532	(1,745)	25,018,787	26,195,530	(1,176,743)
Total Expenditures - Current Expense	46,657,557	462,468	47,120,025	48,416,067	(1,296,042)	45,629,957	590,559	46,220,516	46,597,797	(377,281)
Capital Outlay:										
Interest to Deposit Capital Reserve						50	(50)			
Total Capital Reserve						50	(50)			
Equipment:										
Undistributed Expense - Required Maintenance For School Facilities 12-000-261-730	52,000	12,739	64,739	64,739			9,254	9,254	9,254	
Undistributed Expense - Custodial Services 12-000-262-730	14,725	55,230	69,955	69,072	883		77,812	77,812	12,812	65,000
Total Equipment	66,725	67,969	134,694	133,811	883		87,066	87,066	22,066	65,000
Facilities Acquisition & Construction Services:										
Construction Services 12-000-400-450	163,795		163,795	161,991	1,804	108,030	1,346	109,376	105,783	3,593
Lease Purchase Agreement- Principal						200,000		200,000	200,000	
Other Objects 12-000-400-800	3,232		3,232	1,880	1,352	3,232		3,232	3,232	

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Facilities Acquisition & Construction Services	167,027		167,027	163,871	3,156	311,262	1,346	312,608	309,015	3,593
Total Capital Outlay	233,752	67,969	301,721	297,682	4,039	311,312	88,362	399,674	331,081	68,593
Special Schools:										
Summer School - Instruction:										
Salaries of Teachers	13-422-100-101	76,000	(4,031)	71,969	71,963	6	58,500	11,807	70,307	70,307
Other Salaries for Instruction	13-422-100-106	30,000	(5,929)	24,071	24,071		30,000	(621)	29,379	28,350
General Supplies	13-422-100-610	5,750	(3,699)	2,051	2,051		6,730	(5,809)	921	919
Total Summer School - Instruction		111,750	(13,659)	98,091	98,085	6	95,230	5,377	100,607	99,576
Summer School -Support Services:										
Salaries	13-422-200-100	4,000	(1,830)	2,170	2,170		4,000	(804)	3,196	3,196
Total Summer School -Support Services		4,000	(1,830)	2,170	2,170		4,000	(804)	3,196	3,196
Total Special Schools		115,750	(15,489)	100,261	100,255	6	99,230	4,573	103,803	102,772
Total Expenditures		47,007,059	514,948	47,522,007	48,814,004	(1,291,997)	46,040,499	683,494	46,723,993	47,031,650
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(1,195,444)	(514,948)	(1,710,392)	1,286,036	2,996,428	(1,196,003)	(237,612)	(1,433,615)	1,125,615
Other Financing Sources/(Uses):										
Operating Transfer Out:										
Transfer From Capital Reserve to Capital Projects								(1,223,547)	(1,223,547)	(1,223,547)
Total Other Financing Sources/(Uses)								(1,223,547)	(1,223,547)	(1,223,547)

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(1,195,444)	(514,948)	(1,710,392)	1,264,821	2,975,213	(1,196,003)	(1,461,159)	(2,657,162)	(97,932)	2,559,230
Fund Balances, July 1	4,443,394		4,443,394	4,443,394		4,541,326		4,541,326	4,541,326	
Fund Balances, June 30	<u>\$3,247,950</u>	<u>(514,948)</u>	<u>2,733,002</u>	<u>5,708,215</u>	<u>2,975,213</u>	<u>3,345,323</u>	<u>(1,461,159)</u>	<u>1,884,164</u>	<u>4,443,394</u>	<u>2,559,230</u>

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RECAPITULATION OF FUND BALANCE:

Recapitulation:	
Restricted:	
Capital Reserve	\$2,002,510
Excess Surplus	960,806
Excess Surplus Designated for Subsequent Year's Expenditures	1,028,293
Assigned:	
Year-End Encumbrances	105,332
Designated for Subsequent Year's Expenditures	684,360
Unassigned Fund Balance	<u>926,914</u>
Subtotal	5,708,215
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(1,191,288)</u>
Fund Balance Per Governmental Funds (GAAP)	<u><u>\$4,516,927</u></u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	
Revenues:										
State Sources	\$55,500	(2,720)	52,780	7,570	45,210	15,441	15,441	13,452	1,989	
Federal Sources	973,417	80,583	1,054,000	1,043,210	10,790	1,369,569	1,369,569	1,300,901	68,668	
Local Sources	35,000	75,700	110,700	96,348	14,352	120,922	120,922	75,407	45,515	
Total Revenues	1,063,917	153,563	1,217,480	1,147,128	70,352	1,505,932	1,505,932	1,389,760	116,172	
Expenditures:										
Instruction:										
Salaries of Teachers	141,687	(1,008)	140,679	140,403	276	146,659	146,659	136,000	10,659	
Purchase of Professional Education Services	55,500	(3,453)	52,047	7,570	44,477	13,452	13,452	13,452		
Tuition	543,125	864	543,989	543,989		544,162	544,162	544,162		
Textbooks		733	733		733	1,989	1,989		1,989	
General Supplies	30,000	87,007	117,007	106,500	10,507	152,615	152,615	100,148	52,467	
Total Instruction	770,312	84,143	854,455	798,462	55,993	858,877	858,877	793,762	65,115	
Support Services:										
Salaries of Other Professional Staff						7,311	7,311	7,311		
Employee Benefits	27,000	6,898	33,898	33,898		27,300	27,300	27,300		
Purchase of Professional Education Services	224,605	12,967	237,572	237,565	7	292,461	292,461	282,073	10,388	
Other Purchased Service		2,237	2,237	2,237		7,573	7,573	175	7,398	
Supplies and Materials	42,000	41,251	83,251	71,137	12,114	81,626	81,626	53,906	27,720	
Other Objects		6,067	6,067	3,829	2,238	6,430	6,430	3,116	3,314	
Total Support Services	293,605	69,420	363,025	348,666	14,359	422,701	422,701	373,881	48,820	
Facilities Acquisition & Construction Services:										
Building						224,354	224,354	222,117	2,237	
Total Facilities Acquisition & Construction Services						224,354	224,354	222,117	2,237	
Total Expenditures	1,063,917	153,563	1,217,480	1,147,128	70,352	1,505,932	1,505,932	1,389,760	116,172	
Total Outflows	1,063,917	153,563	1,217,480	1,147,128	70,352	1,505,932	1,505,932	1,389,760	116,172	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	-	-	-	-	-	-	-	-	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



**HAZLET TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$50,078,825	1,147,128
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		56,215
Current Year		(25,712)
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 1,107,541	
 State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	 (1,191,288)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	 <u>\$49,995,078</u>	 <u>1,177,631</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$48,814,004	1,147,128
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year		56,215
Current Year		(25,712)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	 <u>\$48,814,004</u>	 <u>1,177,631</u>

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.



OTHER SUPPLEMENTARY INFORMATION



D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	NO CHILD LEFT BEHIND			
	TITLE I	TITLE I SUMMER	TITLE II PART A	TITLE II PART A SUMMER
Revenues:				
State Sources				
Federal Sources	\$125,592	35,460	78,565	8,851
Local Sources				
Total Revenues	\$125,592	35,460	78,565	8,851
Expenditures:				
Instruction:				
Salaries of Teachers	\$70,000		60,000	
Purchase of Professional Education Services				
Tuition				
General Supplies	41,592	30,202		
Total Instruction	111,592	30,202	60,000	
Support Services:				
Salaries				
Purchase of Professional Education Services		5,258	6,565	953
Personal Services - Employee Benefits	14,000		12,000	7,898
Other Purchased Services Supplies and Materials Other Objects Miscellaneous Expenditures				
Total Support Services	14,000	5,258	18,565	8,851
Facilities Acquisition & Construction Services:				
Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$125,592	35,460	78,565	8,851

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B BASIC REGULAR SUMMER	I.D.E.A. PART B PRESCHOOL PROGRAM	I.D.E.A. PART B BASIC ARRA	I.D.E.A. PART B PRESCHOOL ARRA
Revenues:					
State Sources					
Federal Sources	\$743,718	1,535	26,989	6,446	16,054
Local Sources					
Total Revenues	\$743,718	1,535	26,989	6,446	16,054
Expenditures:					
Instruction:					
Salaries of Teachers					
Purchase of Professional Education Services					
Tuition	\$517,000		26,989		
General Supplies	5,605			2,062	16,054
Total Instruction	522,605		26,989	2,062	16,054
Support Services:					
Salaries					
Purchase of Professional Education Services	221,113	1,535		2,141	
Personal Services - Employee Benefits					
Other Purchased Services				2,237	
Supplies and Materials				6	
Other Objects					
Miscellaneous Expenditures					
Total Support Services	221,113	1,535		4,384	
Facilities Acquisition & Construction Services:					
Instructional Equipment					
Total Facilities Acquisition & Construction Services					
Total Expenditures	\$743,718	1,535	26,989	6,446	16,054

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	<u>NONPUBLIC HANDICAPPED SERVICES</u>			NON-
	SUPPLEMENTAL	EXAM. AND	CORRECTIVE	PUBLIC
	INSTRUCTION	CLASSIFICATION	SPEECH	NURSING
Revenues:				
State Sources	\$1,403	5,150		1,017
Federal Sources				
Local Sources				
Total Revenues	\$1,403	5,150		1,017
Expenditures:				
Instruction:				
Salaries of Teachers				
Purchase of Professional Education Services	\$1,403	5,150		1,017
Tuition				
General Supplies				
Total Instruction	1,403	5,150		1,017
Support Services:				
Salaries				
Purchase of Professional Education Services				
Personal Services - Employee Benefits				
Other Purchased Services				
Supplies and Materials				
Other Objects				
Miscellaneous Expenditures				
Total Support Services				
Facilities Acquisition & Construction Services: Instructional Equipment				
Total Facilities Acquisition & Construction Services				
Total Expenditures	\$1,403	5,150		1,017

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	CORPORATE SPONSOR	SAFETY GRANT	TRUST FUNDS	2012	2011
Revenues:					
State Sources				7,570	75,407
Federal Sources				1,043,210	13,452
Local Sources	\$56,362	14,769	25,217	96,348	1,300,901
Total Revenues	\$56,362	14,769	25,217	1,147,128	1,389,760
Expenditures:					
Instruction:					
Salaries of Teachers			10,403	140,403	136,000
Purchase of Professional Education Services				7,570	13,452
Tuition				543,989	544,162
General Supplies			10,985	106,500	100,148
Total Instruction			21,388	798,462	793,762
Support Services:					
Salaries					7,311
Purchase of Professional Education Services				237,565	282,073
Personal Services - Employee Benefits				33,898	27,300
Other Purchased Services				2,237	175
Supplies and Materials	\$56,362	14,769		71,137	53,906
Other Objects			3,829	3,829	
Miscellaneous Expenditures					3,116
Total Support Services	56,362	14,769	3,829	348,666	373,881
Facilities Acquisition & Construction Services:					
Instructional Equipment					222,117
Total Facilities Acquisition & Construction Services					222,117
Total Expenditures	\$56,362	14,769	25,217	1,147,128	1,389,760

F. Capital Projects Fund



**HAZLET TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

PROJECT TITLE	APPROPRIATIONS	EXPENDITURES		UNEXPENDED BALANCE 2012
		PRIOR YEAR	CURRENT YEAR	
Lillian Drive Elementary School: Multi-Purpose Room Reroofing	\$133,443	11,120	122,323	
Raritan High School: Gymnasium Window Replacement	28,549	28,533	-	16
Raritan Valley Elementary School: Partial Reroofing	367,000	24,800	338,697	3,503
Raritan High School: Corridor C & D Toilet Room Rehabilitation	78,816		66,380	12,436
Middle Road Elementary School: Kitchen Upgrade	123,207	771	114,157	8,279
Various Schools: Reroofing	730,000		730,000	-
Raritan High School: ADA Elevator Addition	275,960	38,896	179,271	57,793
Total	\$1,736,975	104,120	1,550,828	82,027

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
LILLIAN DRIVE ELEMENTARY SCHOOL -
MULTI-PURPOSE ROOM REREFUING PROJECT
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - EDA Grant	\$53,377		53,377	53,377
Transfer from Capital Outlay	80,066		80,066	80,066
Total Revenues	133,443		133,443	133,443
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	11,120	2,780	13,900	13,900
Construction Services		119,543	119,543	119,543
Total Expenditures	11,120	122,323	133,443	133,443
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$122,323	(122,323)	-	-

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-085-10-1002
Grant Date	8/23/10
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$133,443
Revised Authorized Cost	\$133,443
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	100.00%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
GYMNASIUM WINDOW REPLACEMENT
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - EDA Grant	\$11,413		11,413	11,413
Transfer from Capital Outlay	17,136		17,136	17,136
Total Revenues	28,549		28,549	28,549
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services				
Construction Services	28,533		28,533	28,549
Total Expenditures	28,533		28,533	28,549
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$16	-	16	-

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-10-1004
Grant Date	8/23/10
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$28,560
Revised Authorized Cost	\$28,533
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	100.00%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN VALLEY ELEMENTARY SCHOOL -
PARTIAL REROOFING PROJECT
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - EDA Grant	\$146,800		146,800	146,800
Transfer from Capital Outlay	220,200		220,200	220,200
Total Revenues	367,000		367,000	367,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	24,800	6,197	30,997	31,000
Construction Services		332,500	332,500	336,000
Total Expenditures	24,800	338,697	363,497	367,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$342,200	(338,697)	3,503	-

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-095-10-1006
Grant Date	8/23/10
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$367,000
Revised Authorized Cost	\$367,000
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	99.05%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
CORRIDOR C & D TOILET ROOM REHABILITATION PROJECT
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - EDA Grant	\$31,526		31,526	31,526
Transfer from Capital Outlay	47,290		47,290	47,290
Total Revenues	78,816		78,816	78,816
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services				
Construction Services		66,380	66,380	78,816
Total Expenditures		66,380	66,380	78,816
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$78,816	(66,380)	12,436	-

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-10-1007
Grant Date	8/23/10
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$78,816
Revised Authorized Cost	\$78,816
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	84.22%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
MIDDLE ROAD ELEMENTARY SCHOOL -
KITCHEN UPGRADES PROJECT
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - EDA Grant	\$49,282		49,282	49,282
Transfer from Capital Outlay	73,925		73,925	73,925
Total Revenues	123,207		123,207	123,207
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services				
Construction Services	771	114,157	114,928	123,207
Total Expenditures	771	114,157	114,928	123,207
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$122,436	(114,157)	8,279	-

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-090-10-1009
Grant Date	8/23/10
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$123,207
Revised Authorized Cost	\$123,207
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	93.28%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS SCHOOLS -
REROOFING PROJECT
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - EDA Grant				
Transfer from Capital Outlay	\$730,000		730,000	730,000
Total Revenues	730,000		730,000	730,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services				
Construction Services		730,000	730,000	730,000
Total Expenditures		730,000	730,000	730,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$730,000	(730,000)	-	-

ADDITIONAL PROJECT INFORMATION

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$730,000
Revised Authorized Cost	\$730,000
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	100.00%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
ADA ELEVATOR ADDITION PROJECT
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - EDA Grant	\$125,960		125,960	125,960
Transfer from Capital Outlay	150,000		150,000	150,000
Total Revenues	275,960		275,960	275,960
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	23,473	12,215	35,688	40,000
Construction Services	15,423	167,056	182,479	235,960
Total Expenditures	38,896	179,271	218,167	275,960
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$237,064	(179,271)	57,793	-

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-10-1001
Grant Date	8/23/10
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$275,960
Revised Authorized Cost	\$275,960
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	79.06%
Revised Target Completion Date	Not Applicable



G. Proprietary Funds

Enterprise Fund

**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	BUSINESS-TYPE ACTIVITIES FUNDS ENTERPRISE <u>FOOD SERVICE FUND</u>	2012	2011
Current Assets:			
Cash & Cash Equivalents	\$269,282	269,282	229,591
Accounts Receivable:			
State	494	494	760
Federal	8,736	8,736	11,360
Miscellaneous	4,356	4,356	4,699
Inventories	6,201	6,201	12,377
Total Current Assets	<u>289,069</u>	<u>289,069</u>	<u>258,787</u>
Fixed Assets:			
Equipment	330,730	330,730	620,988
Accumulated Depreciation	(180,642)	(180,642)	(389,669)
Total Fixed Assets	<u>150,088</u>	<u>150,088</u>	<u>231,319</u>
Total Assets	<u>439,157</u>	<u>439,157</u>	<u>490,106</u>
Current Liabilities:			
Accounts Payable	189,677	189,677	49,284
Deferred Revenue	1,014	1,014	4,648
Total Current Liabilities	<u>190,691</u>	<u>190,691</u>	<u>53,932</u>
NET ASSETS			
Investment in Fixed Capital	150,088	150,088	231,319
Unreserved Retained Earnings	98,378	98,378	204,855
Total Fund Equity	<u>\$248,466</u>	<u>248,466</u>	<u>436,174</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES FUNDS ENTERPRISE FOOD SERVICE FUND	2012	2011
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$411,003	411,003	410,431
Total - Daily Sales - Reimbursable Programs	411,003	411,003	410,431
Daily Sales Nonreimbursable Programs	366,851	366,851	375,667
Miscellaneous Income	1,115	1,115	1,411
Total Operating Revenue	778,969	778,969	787,509
Operating Expenses:			
Salaries	282,185	282,185	267,097
Employee Benefits	72,859	72,859	68,886
Purchased Professional/Technical Services			131,032
Other Purchased Services	15,789	15,789	22,153
Repairs & Other Expenses	17,850	17,850	
Supplies and Materials	3,425	3,425	4,834
Depreciation	20,700	20,700	32,882
Management Fee	72,987	72,987	
Contracted Services	41,710	41,710	
Miscellaneous	27,232	27,232	19,167
Cost of Sales	422,311	422,311	410,199
Total Operating Expenses	977,048	977,048	956,250
Operating Loss	(198,079)	(198,079)	(168,741)
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	10,656	10,656	11,043
Federal Sources:			
National School Lunch Program	185,070	185,070	173,417
Food Distribution Program	48,726	48,726	40,738
Interest & Investment Revenue			369
Unknown	(33,150)	(33,150)	
Loss on Sale of Fixed Assets	(12,035)	(12,035)	
Fixed Asset Adjustment	(188,896)	(188,896)	
Total Nonoperating Revenues/(Expenses)	10,371	10,371	225,567
Net Income/(Loss)	(187,708)	(187,708)	56,826
Retained Earnings - July 1, .	436,174	436,174	379,348
Retained Earnings - June 30,	\$248,466	248,466	436,174

**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

	BUSINESS-TYPE ACTIVITIES FUNDS ENTERPRISE <u>FOOD SERVICE FUND</u>	JUNE 30, 2012	JUNE 30, 2011
Cash Flows From Operating Activities:			
Receipts from Customers	\$775,678	775,678	786,627
Payments to Employees	(282,185)	(282,185)	(249,325)
Payments for Employee Benefits	(72,859)	(72,859)	(64,121)
Payments to Suppliers	(439,159)	(439,159)	(614,578)
Net Cash Provided/(Used) by Operating Activities	<u>(18,525)</u>	<u>(18,525)</u>	<u>(141,397)</u>
Cash Flows From Investing Activities:			
Interest & Dividends			369
Interfund - General Operating Fund			1,715
Net Cash Provided by Investing Activities			<u>2,084</u>
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Reimbursement	198,616	198,616	188,191
Net Cash Provided by Noncapital Financing Activities	<u>198,616</u>	<u>198,616</u>	<u>188,191</u>
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	(140,400)	(140,400)	(78,658)
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>(140,400)</u>	<u>(140,400)</u>	<u>(78,658)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	39,691	39,691	(29,780)
Cash and Cash Equivalents, July 1	229,591	229,591	259,371
Cash & Cash Equivalents, June 30	<u>\$269,282</u>	<u>269,282</u>	<u>229,591</u>

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES

Operating Income/(Loss)	(\$198,079)	(198,079)	(168,741)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	20,700	20,700	32,882
Food Distribution Program	48,726	48,726	40,738
Unknown	(33,150)	(33,150)	
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	343	343	(1,639)
(Increase)/Decrease in Inventory	6,176	6,176	1,684
Increase/(Decrease) in Accounts Payable	140,393	140,393	(47,078)
Increase/(Decrease) in Deferred Revenue	(3,634)	(3,634)	757
Total Adjustments	<u>179,554</u>	<u>179,554</u>	<u>27,344</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$18,525)</u>	<u>(18,525)</u>	<u>(141,397)</u>

Internal Service Fund

Not Applicable

H. Fiduciary Funds

**HAZLET TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ASSETS	PRIVATE PURPOSE		AGENCY		2012	2011
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY		
Cash & Cash Equivalents	\$62,322	57	152,624	196,650	411,653	378,694
Investments		6,393			6,393	5,928
Due from State of New Jersey						2,840
Total Assets	62,322	6,450	152,624	196,650	418,046	387,462
LIABILITIES						
Payroll Deductions & Withholdings	15,974		152,624		168,598	140,209
Due to Student Groups				196,650	196,650	171,437
Total Liabilities	15,974		152,624	196,650	365,248	311,646
NET ASSETS						
Reserved:						
Unemployment Claims	46,348				46,348	69,842
Reserve for Scholarship		6,450			6,450	5,973
Total Net Assets	\$46,348	6,450	-	-	52,798	75,815

**HAZLET TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(With Comparative Totals for June 30, 2011)**

ADDITIONS:	PRIVATE PURPOSE		2012	2011
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST		
Contributions:				
Deductions From				
Employee's Salaries				57,713
Board Contributions	\$89,903		89,903	89,580
Total Contributions	89,903		89,903	147,293
Investment Earnings				
Appreciation		1,058	1,058	737
Interest on Investments	39	169	208	248
Total Investment Earnings	39	1,227	1,266	985
Total Additions	89,942	1,227	91,169	148,278
DEDUCTIONS:				
Unemployment Claims				151,610
Quarterly Contribution Reports	113,436		113,436	16,975
Scholarship Awarded		750	750	650
Total Deductions	113,436	750	114,186	169,235
Change in Net Assets	(23,494)	477	(23,017)	(20,957)
Net Assets - Beginning of Year	69,842	5,973	75,815	96,772
Net Assets - End of Year	\$46,348	6,450	52,798	75,815

**HAZLET TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BALANCE JULY 1, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2012
Elementary Schools:				
Beers Street	\$2,936	4,196	4,368	2,764
Cove Road	4,872	1,100	1,973	3,999
Lillian Drive	4,294	3,249	3,595	3,948
Middle Road	1,277	1,844	1,513	1,608
Raritan Valley	131	669	552	248
Sycamore Drive	994	1,015	1,401	608
Total Elementary Schools	14,504	12,073	13,402	13,175
Middle School:				
Hazlet Middle School	7,011	9,236	10,241	6,006
Total Middle Schools	7,011	9,236	10,241	6,006
High Schools:				
Athletic Fund	38,897	76,495	78,673	36,719
Rocket Launchers	63,319	226,432	221,587	68,164
Home Economics	648	10,254	10,821	81
Raritan High School	47,058	180,167	154,720	72,505
Total High School	149,922	493,348	465,801	177,469
Total	171,437	514,657	489,444	196,650

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
ASSETS				
Cash & Cash Equivalents	\$140,209	33,068,262	33,055,847	152,624
Total Assets	\$140,209	33,068,262	33,055,847	152,624
LIABILITIES				
Net Payroll Deductions & Withholdings	\$140,209	33,068,262	33,055,847	152,624
Total Liabilities	\$140,209	33,068,262	33,055,847	152,624

I. Long-Term Debt



**HAZLET TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2012**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE JUNE 30, 2011	ISSUED	RETIRED	BALANCE JUNE 30, 2012
			DATE	AMOUNT					
Refunding Bonds	10/28/2010	\$6,930,000	February 1,			\$6,870,000		260,000	6,610,000
			2013	\$265,000	2.500%				
			2014	275,000	4.000%				
			2015	290,000	4.000%				
			2016	300,000	4.000%				
			2017	310,000	3.500%				
			2018	320,000	3.000%				
			2019	330,000	4.000%				
			2020	340,000	4.000%				
			2021	360,000	4.000%				
			2022	365,000	3.250%				
			2023	380,000	3.375%				
			2024	385,000	3.400%				
			2025	410,000	3.500%				
			2026	425,000	4.000%				
			2027	435,000	4.000%				
			2028	455,000	4.000%				
2029	470,000	4.000%							
2030	495,000	4.000%							
Total						\$6,870,000	-	260,000	6,610,000

STATISTICAL SECTION (Unaudited)



HAZLET TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$6,598,438	10,814,803	11,187,418	10,284,778	9,334,557	8,938,802	7,683,425	7,603,609	14,749,263	13,657,964
Restricted	1,417,433	4,776,504	2,671,186	2,449,285	2,941,233	2,573,229	2,311,577	2,444,484	1,966,126	882,649
Unrestricted	727,857	(2,842,516)	(2,305,930)	(2,533,321)	(2,368,958)	(2,475,418)	(2,600,063)	(2,526,770)	(2,635,554)	(1,405,763)
Total Governmental Activities										
Net Assets	<u>\$8,743,728</u>	<u>12,748,791</u>	<u>11,552,674</u>	<u>10,200,742</u>	<u>9,906,832</u>	<u>9,036,613</u>	<u>7,394,939</u>	<u>7,521,323</u>	<u>14,079,835</u>	<u>13,134,850</u>
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$150,088	231,319	185,542	160,897	180,311	183,327	191,129	233,843	212,538	176,555
Unrestricted	98,378	204,855	193,806	95,469	107,658	92,885	85,285	123,166	181,132	149,519
Total Business-Type Activities										
Net Assets	<u>\$248,466</u>	<u>436,174</u>	<u>379,348</u>	<u>256,366</u>	<u>287,969</u>	<u>276,212</u>	<u>276,414</u>	<u>357,009</u>	<u>393,670</u>	<u>326,074</u>
District-Wide:										
Invested in Capital Assets, Net of Related Debt	\$6,748,526	11,046,122	11,372,960	10,445,675	9,514,868	9,122,129	7,874,554	7,837,452	14,961,801	13,834,519
Restricted	1,417,433	4,776,504	2,671,186	2,449,285	2,941,233	2,573,229	2,311,577	2,444,484	1,966,126	882,649
Unrestricted	826,235	(2,637,661)	(2,112,124)	(2,437,852)	(2,261,300)	(2,382,533)	(2,514,778)	(2,403,604)	(2,454,422)	(1,256,244)
Total District Net Assets	<u>\$8,992,194</u>	<u>13,184,965</u>	<u>11,932,022</u>	<u>10,457,108</u>	<u>10,194,801</u>	<u>9,312,825</u>	<u>7,671,353</u>	<u>7,878,332</u>	<u>14,473,505</u>	<u>13,460,924</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental Activities:										
Instruction:										
Regular	(\$16,676,841)	(24,909,217)	(23,833,572)	(22,383,141)	(22,746,571)	(21,567,977)	(20,348,118)	(19,549,267)	(18,904,437)	(16,736,822)
Special Education	(3,615,521)	(3,049,523)	(2,922,835)	(3,385,925)	(3,286,686)	(4,222,287)	(3,857,813)	(3,532,881)	(3,324,275)	(2,653,439)
Other Special Instruction	(500,627)	(1,061,778)	(916,630)	(725,465)	(776,641)	(654,384)	(774,701)	(846,573)	(684,725)	(684,199)
Other Instruction	(831,548)	(1,172,657)	(1,092,788)	(1,948,716)	(2,049,833)	(1,336,921)	(1,254,284)	(1,252,901)	(1,332,430)	(1,290,393)
Support Services:										
Tuition	(1,168,156)	(1,125,364)	(1,436,468)	(1,434,262)	(1,837,291)	(1,740,298)	(1,694,219)	(2,101,159)	(2,080,222)	(2,440,257)
Student & Instruction Related Services	(4,267,380)	(4,839,316)	(4,993,169)	(5,111,357)	(4,998,274)	(4,099,502)	(4,063,603)	(3,760,158)	(3,693,517)	(4,055,303)
School Administrative Services	(2,208,959)	(2,943,208)	(2,960,071)	(3,207,231)	(3,257,247)	(3,049,937)	(2,840,972)	(2,766,411)	(2,666,145)	(2,272,350)
Central Services	(469,981)	(481,393)	(567,753)	(550,356)	(524,592)	(527,142)				
Administrative Information										
Technology	(205,469)	(203,628)	(211,260)	(192,974)	(174,860)	(119,207)				
General & Business Administrative										
Services	(961,401)	(1,542,863)	(1,687,245)	(1,200,142)	(1,205,897)	(1,253,638)	(1,937,231)	(1,799,645)	(1,592,661)	(1,615,525)
Plant Operations & Maintenance	(4,872,433)	(5,676,551)	(5,730,963)	(5,489,205)	(5,495,146)	(5,422,776)	(5,400,890)	(5,014,601)	(4,692,357)	(4,456,853)
Pupil Transportation	(1,964,439)	(1,848,570)	(2,153,743)	(2,387,318)	(2,534,171)	(2,458,068)	(2,231,761)	(2,208,074)	(2,186,381)	(2,251,358)
Special Schools	(100,255)	(102,773)	(119,669)	(93,385)	(75,552)	(566,848)	(501,844)	(531,382)	(532,427)	(286,287)
Interest on Long-Term Debt	(248,241)	(362,315)	(352,431)	(359,319)	(380,564)	(389,885)	(398,555)	(403,591)	(403,269)	(410,518)
Unallocated Depreciation	(489,739)							(24,622)	(23,611)	(22,964)
Unallocated Benefits	(11,751,190)									
Total Governmental Activities Expenses	(50,332,180)	(49,319,156)	(48,978,597)	(48,468,796)	(49,343,325)	(47,408,870)	(45,303,991)	(43,791,265)	(42,116,457)	(39,176,268)
Business-Type Activities:										
Food Service	(1,211,129)	(956,250)	(1,022,707)	(1,007,564)	(940,779)	(886,519)	(937,370)	(855,218)	(781,549)	(733,871)

**HAZLET TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total Business-Type Activities Expense	(1,211,129)	(956,250)	(1,022,707)	(1,007,564)	(940,779)	(886,519)	(937,370)	(855,218)	(781,549)	(733,871)
Total District Expenses	(\$51,543,309)	(50,275,406)	(50,001,304)	(49,476,360)	(50,284,104)	(48,295,389)	(46,241,361)	(44,646,483)	(42,898,006)	(39,910,139)
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)		96,550	55,400	8,913	375				15,770	136,560
Pupil Transportation		56,943	27,276	48,167	54,667	64,892	58,819	50,349	55,998	63,046
Operating Grants & Contributions		211,618	515,916	513,314	847,826	987,338	968,648	969,457	968,911	928,217
Capital Grants & Contributions	\$1,296,996	78,268	479,922				298,115			
Total Governmental Activities Program Revenues	1,296,996	443,379	1,078,514	570,394	902,868	1,052,230	1,325,582	1,019,806	1,040,679	1,127,823
Business-Type Activities:										
Charges for Services:										
Food Service	777,854	787,509	861,605	820,849	799,131	758,752	741,062	693,973	692,898	651,097
Operating Grants & Contributions	244,452	225,198	230,554	153,884	153,405	127,566	118,531	124,584	130,281	123,440
Total Business Type Activities Program Revenues	1,022,306	1,012,707	1,092,159	974,733	952,536	886,318	859,593	818,557	823,179	774,537
Total District Program Revenues	\$2,319,302	1,456,086	2,170,673	1,545,127	1,855,404	1,938,548	2,185,175	1,838,363	1,863,858	1,902,360

**HAZLET TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue:										
Governmental Activities	(\$49,035,184)	(48,875,777)	(47,900,083)	(47,898,402)	(48,440,457)	(46,356,640)	(43,978,409)	(42,771,459)	(41,075,778)	(38,048,445)
Business-Type Activities	(188,823)	56,457	69,452	(32,831)	11,757	(201)	(77,777)	(36,661)	41,630	40,666
Total District-Wide Net Expense	(\$49,224,007)	(48,819,320)	(47,830,631)	(47,931,233)	(48,428,700)	(46,356,841)	(44,056,186)	(42,808,120)	(41,034,148)	(38,007,779)
General Revenues & Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$33,440,463	33,315,527	31,600,058	30,982,233	30,632,424	29,790,041	28,587,284	26,543,966	25,946,444	24,243,794
Taxes Levied for Debt Service	324,486	449,422	425,721	422,440	418,524	417,887	416,845	416,967	379,693	415,720
Unrestricted Grants & Contributions	16,966,354	16,184,646	17,103,661	16,674,661	18,054,818	17,491,455	16,073,088	15,745,915	15,308,786	13,503,831
Investment Earnings	108,339	11,016	17,653	45,340	182,922	221,264	14,008	64,973	20,768	34,810
Miscellaneous Income	184,959	111,283	104,921	78,627	21,989	77,668	230,291	133,661	95,907	200,922
Loss on asset Disposition							(1,469,490)			
Special Item - Gain on Sale of Land								91,906		
Total Governmental Activities	51,024,601	50,071,894	49,252,014	48,203,301	49,310,677	47,998,315	43,852,026	42,997,388	41,751,598	38,399,077
Business-Type Activities:										
Investment Earnings	1,115	369	489	1,226					(114)	
Loss on Asset Disposition							(2,820)			
Total Business-Type Activities	1,115	369	489	1,226			(2,820)		(114)	
Total District-Wide	\$51,025,716	50,072,263	49,252,503	48,204,527	49,310,677	47,998,315	43,849,206	42,997,388	41,751,484	38,399,077
Change in Net Assets:										
Governmental Activities	\$1,989,417	1,196,117	1,351,931	304,899	870,220	1,641,675	(126,383)	225,929	675,820	350,632
Business-Type Activities	(187,708)	56,826	69,941	(31,605)	11,757	(201)	(80,597)	(36,661)	41,516	40,666
Total District	\$1,801,709	1,252,943	1,421,872	273,294	881,977	1,641,474	(206,980)	189,268	717,336	391,298

HAZLET TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,							
	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:								
Reserved			2,671,186	2,326,377	2,231,233	1,732,562	1,035,721	1,539,924
Unreserved			545,297	548,232	1,023,340	1,053,259	1,004,757	891,035
Restricted	\$3,030,803	2,694,052						
Assigned	789,692	796,918						
Unassigned	717,647	(155,116)						
Total General Fund	\$4,538,142	3,335,854	3,216,483	2,874,609	3,254,573	2,785,821	2,040,478	2,430,959
All Other Governmental Funds:								
Reserved				178,607			424,734	11,646
Unreserved, Reported in:								
Capital Projects Fund				(55,700)		40,648	60,956	
Debt Service Fund			(1)	1		19	165	351
Restricted:								
Capital Projects Fund		995,869						
Committed:								
Capital Projects Fund	34,951	260,276						
Assigned:								
Debt Service Fund		51,688						
Unassigned	339,031							
Total All Other Governmental Funds	\$373,982	1,307,833	(1)	122,908	-	40,667	485,855	11,997

HAZLET TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004*	2003*
Revenues:										
Tax Levy	\$33,764,949	33,764,949	32,025,779	31,404,673	31,050,948	30,207,928	29,004,129	26,960,933	26,326,137	24,659,514
Tuition Charges	108,339	96,550	55,400	8,913	375		33,308			
Transportation	37,225	56,943	27,276	48,167	54,667					
Interest Earnings	219	1,867	14,434	3,788	576	221,264	130,702			
Miscellaneous	147,515	120,432	97,009	120,178	216,856	142,560	139,107	248,818	208,253	432,802
State Sources	16,774,331	14,958,188	14,914,559	16,229,945	17,931,444	17,510,812	16,264,454	15,670,777	15,243,365	13,619,137
Federal Sources	1,489,019	1,516,344	3,184,941	958,030	971,199	977,257	1,075,397	1,044,594	1,034,332	812,910
Total Revenue	52,321,597	50,515,273	50,319,398	48,773,694	50,226,065	49,059,821	46,647,097	43,925,122	42,812,087	39,524,363
Expenditures:										
Instruction:										
Regular Instruction	16,676,841	17,096,169	17,169,740	16,052,720	15,794,543	15,418,514	14,832,849	14,870,132	13,297,266	12,502,190
Special Education Instruction	3,615,521	2,831,412	2,731,730	2,934,205	2,788,191	2,638,281	2,428,505	2,307,840	2,110,212	1,775,588
Other Special Instruction	500,627	528,136	468,776	725,465	776,641	654,384	774,701	846,573	684,725	684,199
Other Instruction	831,548	821,005	793,296	763,838	710,455	657,269	619,611	604,490	585,946	522,168
Support Services:										
Tuition	1,168,156	1,125,364	1,436,468	1,434,262	1,837,291	1,740,298	1,694,219	2,101,159	2,080,222	2,440,257
Student & Instruction Related Services	4,267,380	4,202,378	4,395,725	4,081,737	3,827,854	3,528,454	3,560,581	3,289,012	2,986,373	2,840,897
General Administration	961,401	932,756	1,054,479	1,016,919	2,118,929	1,020,904	1,048,126	1,013,281	905,728	939,428
School Administrative Services	2,208,959	2,206,523	2,197,067	2,206,443	998,068	2,038,657	1,950,311	1,971,870	1,881,363	1,661,529
Central Services	469,981	481,393	567,753	550,356	524,592	527,142	571,845	496,612		
Administrative Information Technology	205,469	203,628	211,260	192,974	174,860	119,207	106,445	101,861		
Plant Operations & Maintenance	4,872,433	4,527,847	4,541,806	4,445,344	4,291,293	4,223,125	4,409,971	4,144,395	3,848,379	3,822,295
Pupil Transportation	1,964,439	1,805,412	2,108,958	2,342,814	2,483,553	2,381,985	2,163,128	2,148,678	2,128,613	2,167,774
Other Support Services									504,525	510,389
Employee Benefits	11,850,943	11,073,124	10,079,123	9,990,911	11,790,298	11,400,509	9,845,923	8,862,563	8,566,294	7,534,928
Special Schools	100,255	102,773	119,669	93,385	75,552	59,632	44,292	36,417	32,072	35,547
Capital Outlay	1,848,509	633,209	1,659,490	1,638,641	1,010,326	1,796,421	2,959,658	757,258	1,018,538	399,553
Special Revenue									1,165,893	1,137,137
Debt Service:										
Principal	260,000	280,000	205,000	190,000	165,000	165,000	155,000	150,000	140,000	130,000
Interest & Other Charges	250,697	236,939	360,093	370,733	389,885	389,885	398,555	406,820	414,620	421,815
Total Expenditures	52,053,159	49,088,068	50,100,433	49,030,747	49,757,331	48,759,667	47,563,720	44,108,961	42,350,769	39,525,694

HAZLET TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004*	2003*
Excess (Deficiency) of Revenues Over/(Under) Expenditures	268,438	1,427,205	218,965	(257,053)	468,734	300,154	(916,623)	(183,839)	461,318	(1,331)
Other Financing Sources/(Uses):										***
Proceeds from Refunding		7,007,801								
Payments to Escrow Agent		(7,007,801)								
Transfers In		1,373,547	276,476	390,363			445,362	166	185	
Transfers Out		(1,373,547)	(276,476)	(390,363)			(445,362)			
Total Other Financing Sources/(Uses)							445,362	166	185	
Net Change in Fund Balances	\$268,438	1,427,205	218,965	(257,053)	468,734	300,154	(471,261)	(183,673)	461,503	(1,331)
Debt Service as a Percentage of Noncapital Expenditures	1.0%	1.1%	1.2%	1.2%	1.1%	1.2%	8.2%	1.3%	1.3%	1.4%

Source: District Records

Note: Noncapital expenditures are total expenditures, less Capital Outlay.

Central Services 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.

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

103	FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION REFUND	INSURANCE REIMBURSEMENT	VENDOR REFUNDS	RENT	CANCELLED ACCOUNTS PAYABLE	HEALTH BENEFITS	MISCELLANEOUS	TUITION	TRANS- PORTATION	OTHER RESTRICTED MISCELLANEOUS	TOTAL
	2012	\$4,531								108,339	37,225	46,855	196,950
	2011	11,016			31,508				(3,154)	96,550	8,650	8,650	153,220
	2010	14,434	12,604	12,345	6,464				17,045	55,400	8,650	8,650	135,592
	2009	41,552			18,632		82		44,916	8,913	48,167	12,263	174,525
	2008	182,922								375	54,667	13,957	251,921
	2007	221,264			13,420				9,444		64,892	21,571	330,591
	2006	130,702	30,726		7,055	13,588			10,857	2,582	58,819		254,329
	2005	64,808	44,994		19,097				23,627		50,349	10,720	213,595
	2004	20,582		53,888					31,659	15,770	55,998	19,183	197,080
	2003	32,274	18,046				16,159	126,302	18,931	136,560	63,046	6,119	417,437

Source: District records

**HAZLET TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	QFARM	COMMERCIAL	INDUSTRIAL	TOTAL ASSESSED VALUE	(a) PUBLIC UTILITIES	NET VALUATION TAXABLE	(b)TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2012*	\$12,981,100	1,890,646,000	25,800	426,500,700	29,322,000	2,359,475,600	1,845,591	2,361,321,191	1.43	2,434,796,302
2011	12,456,200	1,892,725,900	25,800	429,497,100	29,322,000	2,364,027,000	2,182,889	2,366,209,889	1.43	2,515,540,728
2010	12,884,400	1,896,379,600	25,100	443,260,700	29,322,000	2,381,871,800	1,957,148	2,383,828,948	1.38	2,592,371,460
2009	13,515,000	1,895,983,900	25,100	444,799,500	34,479,500	2,388,803,000	2,087,213	2,390,890,213	1.33	2,620,467,750
2008	9,559,000	847,018,600	4,800	194,355,100	16,540,400	1,067,477,900	773,549	1,068,251,449	2.92	2,663,803,542
2007	10,088,000	843,287,700	4,800	195,193,400	17,690,400	1,066,264,300	805,790	1,067,070,090	2.87	2,450,492,919
2006	9,777,900	840,575,200	4,800	196,545,300	17,690,400	1,064,593,600	898,809	1,065,492,409	2.78	2,135,682,432
2005	10,406,400	832,054,500	8,500	196,283,700	17,690,400	1,056,443,500	1,021,895	1,057,465,395	2.63	1,892,758,411
2004	9,642,800	830,464,000	8,300	193,640,100	18,125,100	1,051,880,300	1,227,571	1,053,107,871	2.55	1,655,300,135
2003	8,985,800	828,658,400	8,300	195,241,100	19,125,100	1,052,018,700	1,442,723	1,053,461,423	2.42	1,482,495,471

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 & Equipment of Telephone, Telegraph & Messenger System Companies.

(b) Tax rates are per \$100

**HAZLET TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL (a)	GENERAL OBLIGATION DEBT SERVICE (b)	TOTAL DIRECT	TOWNSHIP OF HAZLET	MONMOUTH COUNTY	FIRE DISTRICT	
2012	1.412	0.018	1.430	0.588	0.306	0.070	2.394
2011	1.417	0.013	1.430	0.570	0.300	0.068	2.368
2010	1.361	0.019	1.380	0.540	0.300	0.066	2.286
2009*	1.309	0.018	1.327	0.507	0.287	0.066	2.187
2008	2.881	0.039	2.920	1.076	0.600	0.146	4.742
2007	2.831	0.039	2.870	1.034	0.587	0.133	4.624
2006	2.741	0.039	2.780	0.990	0.600	0.140	4.510
2005	2.591	0.039	2.630	0.870	0.600	0.130	4.230
2004	2.512	0.038	2.550	0.720	0.590	0.120	3.980
2003	2.384	0.036	2.420	0.680	0.590	0.110	3.800

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 calculation 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 TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2012	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	\$25,000,000	1.06%
Individual Taxpayer #2	20,814,300	0.88%
Individual Taxpayer #3	17,800,000	0.75%
Individual Taxpayer #4	17,000,000	0.72%
Individual Taxpayer #5	17,000,000	0.72%
Individual Taxpayer #6	16,132,500	0.68%
Individual Taxpayer #7	16,100,500	0.68%
Individual Taxpayer #8	12,792,600	0.54%
Individual Taxpayer #9	11,323,900	0.48%
Individual Taxpayer #10	8,949,000	0.38%
Total	<u>\$162,912,800</u>	<u>6.89%</u>

TAXPAYER	2003	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	\$15,500,000	1.47%
Individual Taxpayer #2	11,825,000	1.12%
Individual Taxpayer #3	11,599,000	1.10%
Individual Taxpayer #4	10,770,100	1.02%
Individual Taxpayer #5	8,147,300	0.77%
Individual Taxpayer #6	7,470,200	0.71%
Individual Taxpayer #7	6,133,800	0.58%
Individual Taxpayer #8	5,795,100	0.55%
Individual Taxpayer #9	5,041,400	0.48%
Individual Taxpayer #10	4,854,100	0.46%
Total	<u>\$87,136,000</u>	<u>8.26%</u>

Source: Municipal Tax Assessor

**HAZLET TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY ^a		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2012	\$56,577,256	N/A	N/A	N/A
2011	55,889,877	55,247,286	98.85%	-
2010	54,500,622	53,945,152	98.98%	\$511,791
2009	52,355,477	51,690,411	98.73%	\$567,400
2008	51,584,034	51,037,834	98.94%	\$524,153
2007	49,994,315	49,436,419	98.88%	\$524,887
2006	48,183,424	47,769,304	99.14%	\$409,814
2005	45,166,641	44,593,278	98.73%	\$563,749
2004	42,022,309	41,472,474	98.69%	\$467,077
2003	40,187,401	39,544,952	98.40%	\$521,660

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			PERCENTAGE OF PER CAPITA INCOME ^a	PER CAPITA
	GENERAL OBLIGATION BONDS ^b	CAPITAL LEASES	TOTAL DISTRICT		
2012	\$6,610,000	-	6,610,000	0.68%	328.02
2011	6,870,000	-	6,870,000	0.65%	328.05
2010	7,060,000	200,000	7,260,000	0.66%	346.59
2009	7,265,000	400,000	7,665,000	0.62%	365.92
2008	7,440,000	600,000	8,040,000	0.59%	384.67
2007	7,630,000	800,000	8,430,000	0.52%	401.68
2006	7,795,000	533,074	8,328,074	0.53%	396.82
2005	7,950,000	1,000,073	8,950,073	0.47%	426.46
2004	8,100,000	1,491,323	9,591,323	0.41%	453.94
2003	8,240,000	2,060,689	10,300,689	0.38%	485.06

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 TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE ^a OF PROPERTY	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2012	\$6,610,000		6,610,000	0.28%	327.67
2011	6,870,000		6,870,000	0.29%	337.86
2010	7,060,000		7,060,000	0.30%	337.12
2009	7,265,000		7,265,000	0.30%	346.83
2008	7,455,000		7,455,000	0.70%	356.68
2007	7,630,000		7,630,000	0.72%	364.44
2006	7,795,000		7,795,000	0.73%	371.42
2005	7,950,000		7,950,000	0.75%	378.81
2004	8,100,000		8,100,000	0.77%	379.14
2003	8,240,000		8,240,000	0.78%	385.70

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Hazlet Township	13,715,979	100.000%	\$13,715,979
Monmouth Cuonty General Obligation Debt	456,874,186	2.069%	<u>9,451,155</u>
Subtotal, Overlapping Debt			23,167,134
Hazlet Township School District Direct Debt			<u>6,610,000</u>
Total Direct & Overlapping Debt			<u><u>\$29,777,134</u></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 the above Townships. 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 thereforer esponsible 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 government unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

**HAZLET TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$100,549,197	69,504,523	70,618,796	103,292,035	96,828,230	86,385,783	75,747,609	67,018,033	59,551,248	53,484,393
Total Net Debt Applicable to Limit	<u>6,610,000</u>	<u>6,870,000</u>	<u>7,060,000</u>	<u>7,265,000</u>	<u>7,440,000</u>	<u>7,630,000</u>	<u>7,795,000</u>	<u>7,950,000</u>	<u>8,100,000</u>	<u>8,240,000</u>
Legal Debt Margin	<u>\$93,939,197</u>	<u>62,634,523</u>	<u>63,558,796</u>	<u>96,027,035</u>	<u>89,388,230</u>	<u>78,755,783</u>	<u>67,952,609</u>	<u>59,068,033</u>	<u>51,451,248</u>	<u>45,244,393</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.57%	9.88%	10.00%	7.03%	7.68%	8.83%	10.29%	11.86%	13.60%	15.41%

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Legal Debt Margin Calculation for Fiscal Year 2012

	<u>Equalized Valuation Basis</u>
	2012 \$2,443,086,593
	2011 2,505,731,754
	2010 <u>2,592,371,460</u>
	Total <u>\$7,541,189,807</u>
Average Equalized Valuation of Taxable Property	<u>\$2,513,729,936</u>
Debt Limit (4 % of Average Equalization Value)	<u>\$100,549,197 ^a</u>
Net Bonded School Debt	<u>6,610,000</u>
Legal Debt Margin	<u>\$93,939,197</u>

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.

**HAZLET TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2012	20,356	947816072	46562	8.90%
2011	20,334	919,035,798	45,197	8.70%
2010	* 20,334	940,149,206	44,893	9.30%
2009	20,947	1,003,382,247	47,901	4.80%
2008	20,901	991,627,044	47,444	4.10%
2007	20,936	970,257,984	46,344	3.90%
2006	20,987	919,881,197	43,831	4.30%
2005	20,987	873,604,862	41,626	3.80%
2004	21,129	837,236,625	39,625	4.40%
2003	21,236	834,489,856	39,296	5.20%

Source:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
 (b) Personal income has been estimated based upon the municipal population and per capita personal income presented,
 (c) Per Capita personal income provided by the NJ Department of Labor and Workforce Development.
 (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development
 *2010 Census

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Information not available at time of CAFR preparation.

**HAZLET TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS**

Function/Program	2012	2011	2010*	2009	2008	2007	2006	2005	2004
Instruction:									
Regular	218	217	264	270	270	270	274	258	252
Special Education	79	74	6	6	6	6	5	11	11
Other Special Education	20	18	20	12	12	12	12	19	15
Other Instruction			12	6	6	6	6		4
Support Services:									
Student & Instruction Related Services	43	43	25	29	29	29	29	25	23
General Administration	5	5	6	6	6	6	6	7	8
School Administrative Services	25	25	27	27	27	27	27	27	31
Other Administrative Services			17	17	17	16	16	15	15
Central Services	7	7	8	8	8	9	8	8	9
Administrative Information Technology	3	3	3	5	5	5	5	7	5
Plant Operations & Maintenance	53	52	51	45	45	44	44	44	44
Pupil Transportation	1	2	2	2	2	1	1	1	5
Other Support Services	1							1	
Total	455	446	441	433	433	431	433	423	422

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTAR	MIDDLE SCHOOL	HIGH SCHOOL				
2012	3,409	\$48,416,067	14,202	-5.94%	313	11.9:1	10.7:1	11.5:1	3,409.1	3,247.0	4.04%	95.25%
2011	3,313	50,022,097	15,099	11.24%	268	11.2:1	10.5:1	13.2:1	3,276.6	3,109.4	-2.66%	94.90%
2010	3,369	45,726,214	13,573	1.70%	294	11.2:1	10.6:1	12.4:1	3,366.1	3,200.8	3.18%	95.09%
2009	3,308	44,147,410	13,346	2.36%	311	9.9:1	10.4:1	13.2:1	3,262.5	3,118.7	-1.82%	95.59%
2008	3,322	43,313,640	13,038	-4.91%	309	9.7:1	10.3:1	13.4:1	3,323.0	3,170.6	-0.12%	95.41%
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%
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%
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%
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%
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%

Sources: District records

Note: Enrollment based on annual October district count.

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elementary School:										
Beers Street (1966)										
Square Feet	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Capacity (Students)	290	290	290	290	290	290	290	290	290	290
Enrollment	287	265	264	290	277	277	278	288	276	275
Cove Road (1962)										
Square Feet	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Capacity (Students)	320	320	320	320	320	320	320	320	320	320
Enrollment	227	229	139	266	276	280	272	291	298	322
Lillian Drive School (1962)										
Square Feet	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	272	294	294	255	286	302	311	301	306	305
Middle Road School (1957)										
Square Feet	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	326	330	344	279	291	316	333	329	340	348
Raritan Valley School (1967)										
Square Feet	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	302	308	323	345	362	355	335	345	343	336
Sycamore Drive School (1963)										
Square Feet	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400
Capacity (Students)	270	270	270	270	270	270	270	270	270	270
Enrollment	280	293	215	237	238	237	257	256	261	267
Middle School:										
Hazlet (1965)										
Square Feet	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150
Capacity (Students)	620	620	620	620	620	620	620	620	620	620
Enrollment	499	519	549	557	537	533	580	591	593	548
High School:										
Raritan High School (1959):										
Square Feet	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100
Capacity (Students)	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	980	991	1,015	1,017	1,090	1,027	1,059	1,053	1,008	1,042
Other:										
Square Feet	20,900	20,900	20,900	20,900	20,900	18,100	18,100	18,100	18,100	18,100
Total Enrollment	3,173	3,229	3,243	3,246	3,357	3,327	3,425	3,454	3,425	3,443
Number of Schools at June 30, 2012:										
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 and additions. Enrollment is based on the annual October district count.

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	TOTAL
Elementary Schools:											
Beers Street	\$96,681	92,094	70,673	69,859	61,973	61,529	89,041	152,405	69,159	132,340	895,754
Cove Road	88,005	83,829	64,331	63,589	56,411	59,319	83,218	106,652	67,217	75,645	748,216
Lillian Drive	114,034	108,623	83,358	82,397	73,096	53,431	72,936	139,379	62,916	52,796	842,966
Middle Road	107,837	102,720	78,828	77,919	69,123	55,175	70,306	143,382	87,511	50,053	842,854
Raritan Valley	106,597	101,539	77,922	77,024	68,329	59,316	77,473	91,707	71,048	42,730	773,685
Sycamore Drive	73,131	69,661	53,458	52,842	46,877	46,147	55,403	64,047	64,261	38,725	564,552
Middle School:											
Hazlet	185,925	177,103	135,910	134,343	119,178	74,619	100,758	81,300	91,171	45,564	1,145,871
High School:											
Raritan	467,292	445,120	341,587	337,661	299,544	351,266	464,820	512,700	306,361	326,811	3,853,162
Total School Facilities	<u>\$1,239,502</u>	<u>1,180,689</u>	<u>906,067</u>	<u>895,634</u>	<u>794,531</u>	<u>760,802</u>	<u>1,013,955</u>	<u>1,291,572</u>	<u>819,644</u>	<u>764,664</u>	<u>9,667,060</u>

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

Source: District records

**HAZLET TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012**

	COVERAGE		DEDUCTIBLE
School Package Policy:			
Building & Contents (All Locations)	\$76,170,572	(1)	5,000
Boiler & Machinery	Included W/Above	(1)	5,000
General Automobile Liability	1,000,000	(1)	1,000
School Board Legal Liability	6,000,000	(3)	5,000
Employers Liability	2,000,000	(4)	N/A
Workers' Compensation	2,000,000	(4)	N/A
Umbrella - Liability	10,000,000	(1)	N/A
Liability CAP Program	50,000,000	(6)	N/A
Accident Coverage for Volunteers	2,500	(7)	N/A
 Student Accident Insurance	 None		
 Surety Bonds (3)			
Treasurer	275,000	(5)	N/A
Board Secretary	125,000	(5)	N/A
Food Services Director			
 Excess Workers Compensation	 0 Day Elimination		 Markel Inc
Flood-Middle School	\$500,000	(5)	5,000

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

Source: District records

SINGLE AUDIT SECTION

EXHIBIT K-1

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members
of the Board of Education
Hazlet Township
County of Monmouth
Hazlet, New Jersey 07730

We have audited the financial statements of the Board of Education of the Hazlet Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of Hazlet Township School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Hazlet Township School District'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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We consider the deficiencies described in the accompanying *Schedule of Findings & Questioned Costs* as Finding No's: 2012-01 and 2012-02 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hazlet Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain

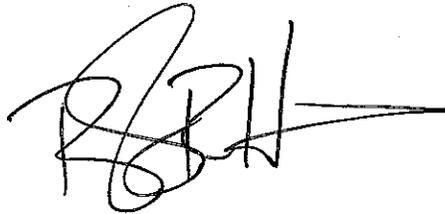
provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, 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.

We noted certain matters that we reported to management in a separate *Independent Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated October 19, 2012.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a long horizontal line extending to the right.

Rodney R. Haines
Certified Public Accountant
Public School Accountant
No. 2198

Medford, New Jersey
October 19, 2012

**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**

Honorable President and Members
of the Board of Education
Hazlet Township
County of Monmouth
Hazlet, New Jersey 07730

Compliance

We have audited the compliance of the Board of Education of the Hazlet Township 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 Grants Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012. Board of Education of the Hazlet Township School District's Major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education of the Hazlet Township School District's management. Our responsibility is to express an opinion on Board of Education of the Hazlet Township School District's compliance based on our audit.

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

In our opinion, the Board of Education of the Hazlet Township School District, County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control 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. Hazlet Township Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Hazlet Township Board of Education's response and, accordingly, we express no opinion on the responses.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Rodney R. Haines
Certified Public Accountant
Public School Accountant
No. 2198

Medford, New Jersey
October 19, 2012

HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2012	DEFERRED REVENUE AT JUNE 30, 2012	DUE TO GRANTOR AT JUNE 30, 2012
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH										
STATE DEPARTMENT OF EDUCATION:										
Food Distribution Program	10.550	\$48,726	7/1/11-6/30/12		10,415	(48,726)		(38,311)		
Food Distribution Program	10.550	47,370	7/1/10-6/30/11	\$6,632		(6,632)				
National School Lunch Program	10.555	185,070	7/1/11-6/30/12		176,334	(185,070)		(8,736)		
National School Lunch Program	10.555	173,417	7/1/10-6/30/11	(11,360)	11,360					
Total U.S. Department of Agriculture				(4,728)	198,109	(240,428)		(47,047)		
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH										
STATE DEPARTMENT OF EDUCATION:										
Title I Part A	84.010	125,592	9/1/11-8/30/12		137,070	(161,052)		(23,982)		
Title I Part A	84.010	120,360	9/1/10-8/30/11	(18,000)	51,391		(33,391)			
Title I Part A - Concentration, Targeted & EFIG	84.010	129,822	9/1/08-8/30/09	8					8	
Title I Part A-Grants to Local Educational Agencies	84.010	113,391	9/1/07-8/30/08	79					79	
Title II A	84.367A	78,760	9/1/11-8/30/12		57,991	(78,565)		(20,574)		
Title II A	84.367A	87,373	9/1/10-8/30/11	(17,818)	26,474	(8,851)		(195)		
Title II A	84.367A	86,796	9/1/09-8/30/10	(5,557)	9,643		(4,086)			
Title II A	84.367A	81,216	9/1/07-8/30/08	33					33	
Title V	84.298A	4,050	9/1/07-8/30/08	1						1
A.R.R.A.-I.D.E.A. Part B, Basic	84.391	720,729	9/1/10-8/30/11	(216,587)	223,033	(6,446)				
I.D.E.A. Part B, Basic Regular	84.027	743,718	9/1/11-8/30/12		593,796	(743,718)		(149,922)		
I.D.E.A. Part B, Basic Regular	84.027	739,855	9/1/10-8/30/11	(64,781)	66,316	(1,535)				
I.D.E.A. Part B, Basic Regular	84.027	730,068	9/1/09-8/30/10	(2,176)			2,176			
I.D.E.A. Part B, Basic Regular	84.027	736,478	9/1/08-8/30/09	1						1
A.R.R.A.-I.D.E.A. Part B, Preschool	84.392	26,065	9/1/10-8/30/11	(2,994)	19,088	(16,054)			40	
I.D.E.A. Part B, Preschool	84.173	26,989	9/1/11-8/30/12		26,989	(26,989)				
I.D.E.A. Part B, Preschool	84.173	27,162	9/1/10-8/30/11		1,037		(1,037)			
Total Department of Education				(327,791)	1,212,828	(1,043,210)	(36,338)	(194,673)	160	2
General Fund:										
Education Jobs Fund	84.410A	445,882	8/1/10-9/30/12	(3,023)	384,430	(362,886)	(18,521)			
Medical Assistance Program	93.778	52,420	7/1/11-6/30/12		52,420	(52,420)				
Medical Assistance Program	93.778	31,823	7/1/10-6/30/11	(3,498)	3,498					
Total General Fund				(6,521)	440,348	(415,306)	(18,521)			
Total Federal Financial Assistance				(\$339,040)	1,851,285	(1,698,944)	(54,859)	(241,720)	160	2

HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2012	DUE TO GRANTOR AT JUNE 30, 2012	MEMO	
										BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:											
General Fund:											
Equalization Aid	12-495-034-5120-078	\$10,233,331	7/1/11-6/30/12		10,233,331	(10,233,331)				(1,010,968)	10,233,331
Categorical Special Education Aid	12-495-034-5120-089	1,824,917	7/1/11-6/30/12		1,824,917	(1,824,917)				(180,320)	1,824,917
Extraordinary Aid	11-100-034-5120-473	162,124	7/1/10-6/30/11	(\$162,124)	162,124						
Extraordinary Aid	12-100-034-5120-473	139,037	7/1/11-6/30/12			(139,037)		(139,037)			139,037
Homeless Aid	N/A	5,467	7/1/11-6/30/12			(5,467)		(5,467)			
Transportation Aid:											
Non-Public School Costs	11-495-034-5120-014	14,743	7/1/10-6/30/11	(14,743)	14,743						
Non-Public School Costs	12-495-034-5120-014	13,224	7/1/11-6/30/12			(13,224)		(13,224)			13,224
Nonbudgeted:											
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	1,686,122	7/1/10-6/30/11	(84,400)	84,400						
Reimbursed TPAF Social Security Contribution	12-495-034-5095-002	1,659,244	7/1/11-6/30/12		1,576,678	(1,659,244)		(82,566)			1,659,244
On-Behalf TPAF Pension Contribution	12-495-034-5095-006	2,172,101	7/1/11-6/30/12		2,172,101	(2,172,101)					2,172,101
Total General Fund				(261,267)	16,068,294	(16,047,321)		(240,294)		(1,191,288)	16,041,854
Special Revenue Fund:											
Nonpublic Nursing	12-100-034-5120-064	733	7/1/11-6/30/12		733				733		
Nonpublic Auxiliary Services; Compensatory Education	12-100-034-5120-070	1,047	7/1/11-6/30/12		1,047	(1,017)			30		1,017
Nonpublic Handicapped Aid:	12-100-034-5120-067	1,691			1,691				1,691		
Corrective Speech	12-100-034-5120-066	2,370	7/1/11-6/30/12		2,370				2,370		
Corrective Speech	11-100-034-5120-066	1,596	7/1/10-6/30/11	(1,596)			1,596				
Examination & Classification	12-100-034-5120-066	5,473	7/1/11-6/30/12		5,473	(5,150)			323		5,150
Supplemental Instruction	12-100-034-5120-066	2,103	7/1/11-6/30/12		2,103	(1,403)			702		1,403
Total Special Revenue Fund				(1,596)	13,419	(7,570)	1,596		5,849		7,570
Capital Projects Fund:											
Sycamore Drive Elementary School Renovations - Early Childhood & Kindergarten	#2105-100-09-1003	159,428	Completion	(159,428)				(159,428)			
Sycamore Drive Elementary School Bathroom Renovations	#2105-100-09-1004	80,250	Completion	(80,250)				(80,250)			
Raritan High School Window Replacement	#2105-050-09-1001	77,801	Completion	(77,801)	77,801						
Raritan High School - Science Room Equipment & New Finishes	#2105-050-09-1002	43,081	Completion	(43,081)	43,081						
Sycamore Drive Elementary School Partial Roof Replacement	#2105-050-09-1005	52,216	Completion	(52,216)				(52,216)			
Sycamore Drive Elementary School Kitchen Renovations	#2105-100-09-1006	67,146	Completion	(67,146)	21,217			(45,929)			
Lillian Drive Elementary School Multipurpose Room Reroofing	#2105-085-10-1002	53,377	Completion	(4,448)	73,394	(122,323)		(53,377)			
Raritan High School Gymnasium Window Replacement	#2105-050-10-1004	11,413	Completion	(11,413)				(11,413)			
Cove Road Elementary School Partial Window Replacement	#2105-070-10-1005	36,620	Completion	(36,620)				(36,620)			
Raritan Valley Elementary School Partial Reroofing	#2105-095-10-1006	146,800	Completion	(9,920)	203,218	(338,697)		(145,399)			
Raritan High School Corridor C & D Toilet Room Rehabilitation	#2105-050-10-1007	31,526	Completion		39,828	(66,380)		(26,552)			
Middle Road Elementary School Kitchen Renovations	#2105-090-10-1009	49,282	Completion	(309)	68,495	(114,157)		(45,971)			114,157
Raritan High School ADA Elevator Addition	#2105-050-10-1001	125,960	Completion	(15,558)	107,563	(179,271)		(87,266)			179,271
Total Capital Projects Fund				(558,190)	634,597	(820,828)		(744,421)			293,428
Debt Service Fund:											
Debt Service Aid	12-495-034-5120-075	119,365	7/1/11-6/30/12		119,365	(119,365)					119,365
Total Debt Service Fund					119,365	(119,365)					119,365
State Department of Agriculture:											
Enterprise Fund:											
National School Lunch Program (State Share)	11-100-010-3350-023	11,043	7/1/10-6/30/11	(760)	760						
National School Lunch Program (State Share)	12-100-010-3350-023	10,656	7/1/11-6/30/12		10,162	(10,656)		(494)			10,656
Total Enterprise Fund				(760)	10,922	(10,656)		(494)			10,656
Total State Financial Assistance				(\$821,813)	16,846,597	(17,005,740)	1,596	(985,209)	5,849	(1,191,288)	16,472,873

**HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2012**

Note 1. General

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

Note 2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements.

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$83,747) for the General fund and \$30,503 for the Special Revenue fund. See Note 1 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 as follows:

**HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2012**

Note 3. Relationship to Basic Financial Statements (continued):

	Federal	State	Total
General Fund	\$ 415,306	\$15,963,574	\$16,378,880
Special Revenue Fund	1,073,713	7,570	1,081,283
Capital Projects		376,709	376,709
Debt Service Fund		119,365	119,365
Food Service Fund	<u>233,796</u>	<u>10,656</u>	<u>244,452</u>
Total Financial Assistance	<u>\$1,722,815</u>	<u>\$16,477,874</u>	<u>\$18,200,689</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

Note 6. Federal and State Loans Outstanding

The Hazlet Township School District had no loan balances outstanding at June 30, 2012.

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial Statements noted?	None Reported

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Circular A-133?	None Reported

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	I.D.E.A. Part B - Basic Regular
84.173	I.D.E.A. Part B - Preschool Regular
84.391	ARRA - I.D.E.A. Part B - Basic Regular
84.392	ARRA - I.D.E.A. Part B – Preschool Regular

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results (continued):

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$445,162
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04?	No

Identification of major programs:

GMIS Number(s)	Name of State Program
12-495-034-5120-078	Equalization Aid
12-495-034-5120-089	Special Education Aid

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

Finding 2012-01:

Criteria or Specific Requirement:

The District must maintain a positive fund balance in the Debt Service fund.

Condition:

The District did not maintain a positive fund balance in the Debt Service fund.

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended June 30, 2012**

Section II – Financial Statement Findings (continued):

Finding 2012-01 (continued):

Context:

The District had a negative fund balance of \$15,158 in the Debt Service fund for the year ended June 30, 2012.

Effect:

The District did not have enough funds to cover the Debt Service payments.

Cause:

The District under budgeted the Debt Service fund by budgeting for the following year's interest payments, which caused a shortage.

Recommendation:

That the District maintains a positive fund balance in the Debt Service fund.

Views of Responsible Officials and Planned Corrective Action:

This will be corrected in the subsequent school year.

Finding 2012-02:

Criteria or Specific Requirement:

The District is required to maintain an accurate general ledger for the Food Service Fund.

Condition:

The District does not maintain a proper general ledger for the food services, nor reconcile to the monthly operating statements as provided by the outside food service company.

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended June 30, 2012**

Section II – Financial Statement Findings (continued):

Finding 2012-02 (continued):

Context:

The District utilizes QuickBooks software for Food Service receipts and disbursements but does not reconcile to the monthly operating statements as provided by the food service management company.

Effect:

Discrepancies were noted between the District's records and the monthly operating statements as provided by the food service management company.

Cause:

The District records receipts and disbursements in QuickBooks but does not reconcile records with the food service management company on a monthly basis.

Recommendation:

That the District reconciles with the food service management company on a monthly basis and inquires for any differences.

Views of Responsible Officials and Planned Corrective Action:

This will be corrected in the subsequent school year.

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Findings

**HAZLET TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

No Prior Year Findings