

HAZLET TOWNSHIP SCHOOL DISTRICT

**Hazlet, New Jersey
County of Monmouth**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HAZLET TOWNSHIP SCHOOL DISTRICT

HAZLET NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by:

**Hazlet Township School District
Business Administrator's Office**

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HAZLET TOWNSHIP BOARD OF EDUCATION

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November 25, 2016

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, 2016. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *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, a District-wide Supervisor of Science, a District-wide Supervisor of Language Arts, a District-wide supervisor of 21st Century Learning & Innovation, an Athletic Director, a Director of School Counseling and a Director of Special Services and a Supervisor of Special Services. Each elementary school has its own principal. The Hazlet Middle School has one principal and one assistant principal, and Raritan High School has one principal and two assistant principals.

The Board of Education ("Board"), comprised of nine members, each elected to three-year terms, meets 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.

Parent Teacher Organizations (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, the District maintains an active website, Facebook page, and Twitter feeds also monthly Superintendent and school 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 November with the administration, January with the Finance Committee and a public hearing is held annually. All members of the community are invited to attend the public hearing. 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 week following the meeting.

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 Student Learning Standards.

The New Jersey Department of Education's 2016 Taxpayers' Guide to Education Spending for all school districts in the State compares districts with those that are similar in enrollment/configurations. The information on expenditures was taken from certified 2015-16 budgets on file with the State Department of Education. This report shows that the District budgeted \$15,215 per pupil of the other K-12 school districts in the state with enrollments between 1,801 and 3,500 children, Hazlet ranked 46th in total cost per pupil of the 69 similar type districts.

Elementary Schools: Grades Pre-K through 6

For the 2015-16 school year the District was 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 298 students. There is one administrator and a staff of 26 teachers, instructional assistants and school aides. The school is located on Sycamore Drive, Hazlet.

Lillian Drive - a grade 1 to 4 school of 253 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 288 students. There is one administrator and a staff of 33 teachers, instructional assistants and school aides. The school is located on Middle Road, Hazlet.

Raritan Valley - a grade 1 to 4 school of 280 students. There is one administrator and a staff of 36 teachers, instructional assistants and school aides. The school is located on Cresci Boulevard, Hazlet.

Beers Street - a grade 5 to 6 school of 267 students. There is one administrator and a staff of 31 teachers, instructional assistants and school aides. The school is located on Beers Street, Hazlet.

Cove Road - a grade 5 to 6 school of 195 students. There is one administrator and a staff of 22 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 or in the District run preschool program. 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 in kindergarten where the language of focus is Spanish.

Enrichment classes exist at each grade in each elementary school. All students in Kindergarten through grade 2 receive push-in enrichment instruction. Selected students in grades 3-6 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 469 students during the 2015-2016 school year. There are two and a half administrators and a staff of 57 teachers, instructional assistants and school aides. The school is located on Union Avenue, Hazlet.

The Math program is organized around the National Council of Teachers of Mathematics Standards and the New Jersey Student Learning Standards.

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.

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. Hazlet Middle School also offers AVID (Advancement Via Individual Determination) for grades 7 and 8.

Raritan High School

Raritan High School is a grade 9-12 school of 954 full and part time students. There are 3 administrators and a staff of 116 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, Television Production Studio, Fabrication Lab and Culinary Arts Lab, which benefits not only the educational community, but the Township of Hazlet as well. The school offers both advanced placement classes and dual enrollment with local colleges and universities. Additionally, Raritan High School offers its students the opportunity to graduate with a capstone diploma from the College Board or an Associate's Degree from Brookdale Community College through our Explorer Early College Academy. The school is organized by academic department. Each department represents the major academic disciplines of math, language arts, social studies, science and world language, technology, fine arts and health and physical education. Raritan high School also offered AVID in grades 9 and 10.

The math program is aligned to address both the National Council of Teachers of Mathematics Standards and the New Jersey Student Learning 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. Some of our students are able to participate in a partnership with Bayshore Hospital. 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, 2016, there were approximately 500 students classified as educationally-handicapped in the District and 24 students were placed out-of-district. Most of the students were placed in regular classes with Resource Center support. In addition, a pre-school handicapped program is offered as well as classes for those who have mild to severe learning and/or language disabilities and classes for multiply-handicapped students.

Core Curriculum Content Standards

All District curricula are aligned with the New Jersey Student Learning Standards.

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 Student Learning Standards took place in the 2015-16 school year. Teacher lesson plans were monitored to include the New Jersey Student Learning 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 were schedule throughout the school year.
- Our District provides for a Tuition Reimbursement Program for approved graduate study. District Administrators, Principals, Vice-Principals and Supervisors review staff Professional Development Plans for alignment with professional growth opportunities.
- The District maintains a four-year mentor/novice teacher training program including professional teaching portfolios, action research and reflective video journals.
- A summer institute took place 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 2015-16 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

Reading Plus and Read 180 on-line reading programs

Advanced Placement ("AP") teacher training

Mandatory participation and funding of AP exams

Dual enrollment with local colleges and universities

Additional Technology devices including 1:1 Chromebooks at Raritan High School

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, 2016, all of our 8 schools have a wireless environment and upgraded bandwidth with laptop, Chromebook and ipad carts for the students' use.

- The District has a network administrator and 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 the District was able to purchase/replace over 150 devices, in addition to the almost 1,000 Chromebooks purchased for our high school students.
- The District purchased numerous other devices to increase the infusion of technology in the classrooms and computer labs, including Google Apps for Education, Sprouts and 3D printers.

Pupil Enrollment:

The District completed the 2015-16 fiscal year with an enrollment of 3,028 students, a decrease of 59 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 2005-06 through 2015-16.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015/15	3,028	(1.91%)
2014/15	3,087	(2.98%)
2013/14	3,182	(1.09%)
2012/13	3,217	(1.41%)
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%

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 Olympics Winter Ball continues to have active participation from 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 support high school students attending the RYLA program.
- 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.
- 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 2015-16 school year, the District followed the 2014-2017 Three-Year Educational Technology Plan.
- District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction.
- In-service training were held, including classes in website creation and maintenance and the use of interactive Smartboards, Chromebooks and other instructional tools were offered to all interested staff members through our Master 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 is maintained 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 the use of Titter and Facebook has been instrumental in promoting parental communications with the District.

Special Services:

- During the 2015-16 school year, the Department of Special Services, through behavior consultants and the child study team, 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.
- 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, Hazlet Library, Lunch Break, and the Sycamore Drive School.
- The special education Parents' Advisory Group held meetings in District.
- The Professional Development Academy provided numerous trainings to special education teachers, Child Study Team members, related service providers, nurses and aides.
- Special Education Guidelines were electronically sent to all principals for publication in their Parent Handbooks for the 2015-16 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 2015-16 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 2016-17 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 maintains self-insured dental and prescription insurance programs.
- 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 Cove Road 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 2015-2016 school year.
- The District generated over \$50,000 by renting out school facilities.
- The District completed number large construction projects and collected grants from the NJ Schools Development Authority.
- The District maintains the Long Range Facilities Plan and Comprehensive maintenance Plan for submission to the New Jersey Department of Education and continued maintenance of our facilities.
- The District issued a \$750,000 lease purchase for the acquisition of technology, security and maintenance equipment.

Personnel:

The District employed approximately 450 full time equivalent persons during the 2015-16 school year. The certificated staff numbered approximately 330; including 22 administrators and supervisors; certified staff includes teachers as well as educational support personnel (nurses, guidance counselors, child study team members, etc.); other employees include instructional assistants, school aides, bus attendants, secretaries, technology staff 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 is maintained by the District.

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

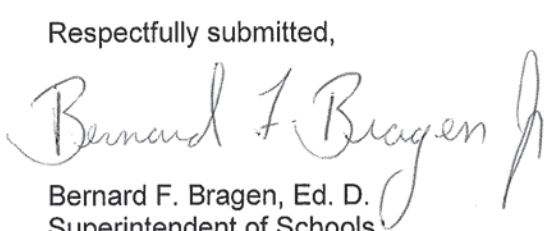
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board to perform the audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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,

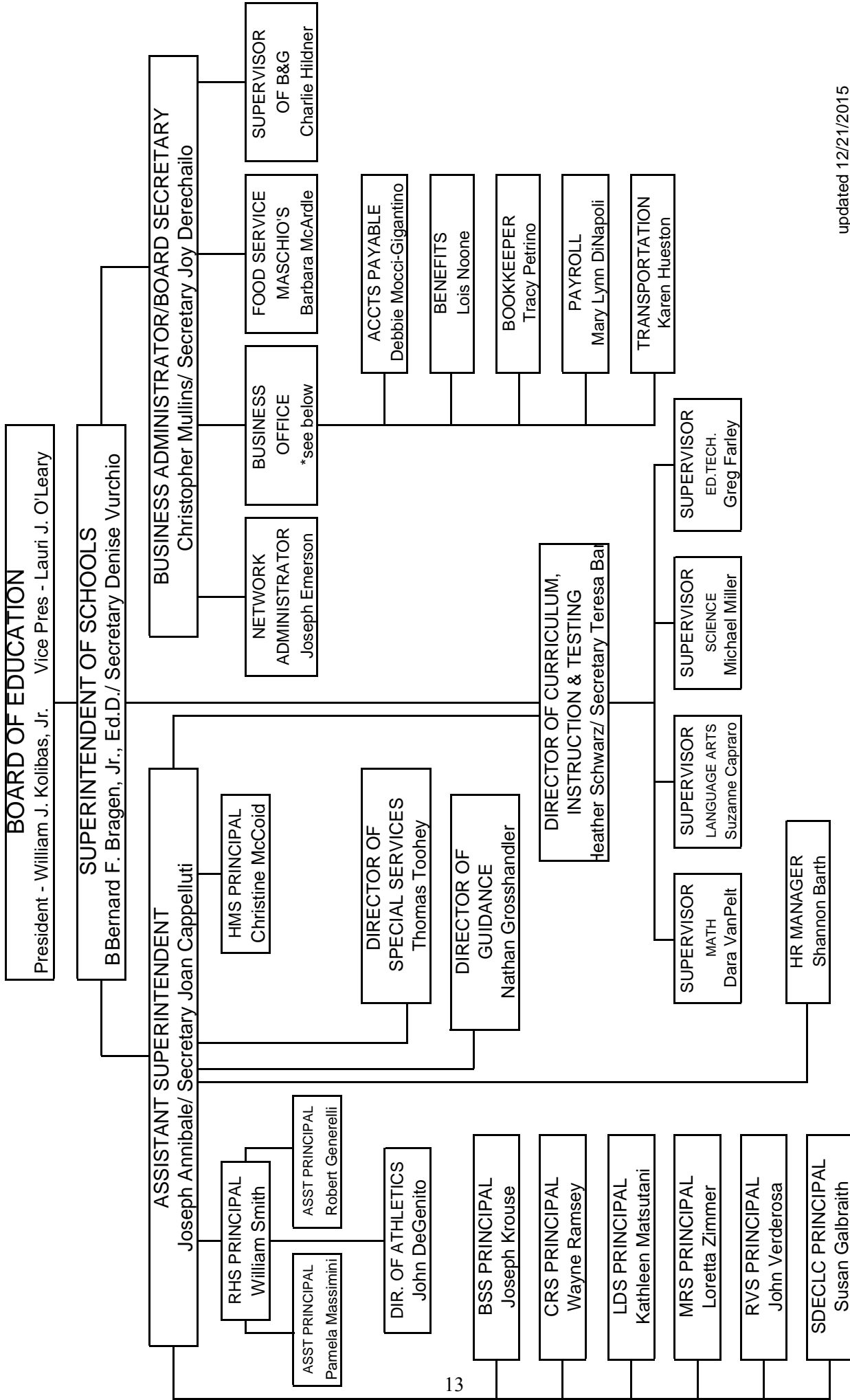


Bernard F. Bragen, Ed. D.
Superintendent of Schools



Christopher J. Mullins
School Business Administrator/Board Secretary

HAZLET BOARD OF EDUCATION ORGANIZATIONAL CHART



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HAZLET TOWNSHIP SCHOOL DISTRICT
421 Middle Road
Hazlet, New Jersey 07730

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
William J. Kolibas, Jr., President	2017
Lauri J. O'Leary, Vice President	2016
Deanna M. DeLiberto	2018
Carol A. Gaffney	2016
Steve Grossman	2018
Natale Iannello	2018
Victor Iannello	2017
Joseph Lamb	2017
Joe Pruscino	2016

OTHER OFFICIALS

- Bernard F. Bragen, Jr., Ed.D., Superintendent
- Joseph J. Annibale, Assistant Superintendent
- Christopher J. Mullins, Board Secretary/Business Administrator
- Patricia C. Smith, Treasurer of School Monies

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

INDEPENDENT AUDITORS

Rodney R. Haines, CPA, PSA.
680 Hooper Avenue, Building. B, Suite 201
Toms River, New Jersey 08753

PROPERTY/CASUALTY BROKER

Balken Risk Management
143 Washington Street
Morristown, NJ 07960

OFFICIAL DEPOSITORY

TD Bank/Shore, N.A.

FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 Hazlet Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hazlet Township School District, County of Monmouth, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hazlet Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting

statements and schedules and schedules of expenditures of federal awards and state financial assistance 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2016 on our consideration of the Hazlet Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hazlet Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

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

Toms River, New Jersey
November 25, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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**HAZLET TOWNSHIP PUBLIC SCHOOL DISTRICT
HAZLET TOWNSHIP, MONMOUTH COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

UNAUDITED

This 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, 2016. 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 2016 are as follows:

- ◆ General revenues accounted for \$50,590,146 in revenue or 77% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$14,919,917 or 23% to total revenues of \$65,510,063.
- ◆ Total assets and deferred outflow of resources of governmental activities increased by \$4,593,762.
- ◆ The Governmental Activities of the School District had \$61,675,485 in expenses; \$13,770,689 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$50,589,846, plus capital projects fund balance were adequate to provide for these programs.
- ◆ The General Fund had \$55,667,695 in revenues, \$53,715,117 in expenditures and \$102,974 in other financing uses. The General Fund's balance increased \$1,849,604 over 2015.

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 Position* 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 Position 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 2016?” The Statement of Net Position 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 position and changes in those assets. This change in net position 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 Position 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 2015-16 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds

The Enterprise Funds use 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 Position provides the perspective of the School District as a whole. Table 1 provides a summary comparison of the School District's net position for 2016 and 2015.

TABLE I – STATEMENT OF NET POSITION

	June 30, 2016			June 30, 2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 6,853,733	\$ 232,585	\$ 7,086,318	\$ 5,458,274	\$ 127,861	\$ 5,586,135
Capital assets, net	18,863,111	462,554	19,325,665	17,513,656	480,152	17,993,808
Total assets	25,716,844	695,139	26,411,983	22,971,930	608,013	23,579,943
Deferred outflow of resources	2,817,592	-	2,817,592	1,055,870	-	1,055,870
Long-term liabilities	23,679,676	-	23,679,676	20,903,090	-	20,903,090
Other liabilities	209,197	109,512	318,709	714,133	95,581	809,714
Total liabilities	23,888,873	109,512	23,998,385	21,617,223	95,581	21,712,804
Deferred inflow of resources	240,611	-	240,611	690,675	-	690,675
Invested in capital assets, net	13,383,111	462,554	13,845,665	11,733,656	480,152	12,213,808
Restricted	6,215,753	-	6,215,753	4,281,569	-	4,281,569
Unrestricted	(15,193,912)	123,073	(15,070,839)	(14,295,323)	32,280	(14,263,043)
	<u>\$ 4,404,952</u>	<u>\$ 585,627</u>	<u>\$ 4,990,579</u>	<u>\$ 1,719,902</u>	<u>\$ 512,432</u>	<u>\$ 2,232,334</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2016 and 2015.

TABLE II – CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Program Revenue:						
Charges for Services	\$ -	\$ -	\$ 823,772	\$ 748,691	\$ 823,772	\$ 748,691
Operating Grants	13,770,689	11,261,861	325,456	312,858	14,096,145	11,574,719
General Revenues:						
Property Taxes	37,272,050	35,495,525	-	-	37,272,050	35,495,525
Federal & State Aid Not						
Restricted to Specific Purposes	12,987,815	13,759,123	-	-	12,987,815	13,759,123
Tuition	175,882	168,112	-	-	175,882	168,112
Miscellaneous	154,099	115,186	300	872	154,399	116,058
Total Revenues	<u>64,360,535</u>	<u>60,799,807</u>	<u>1,149,528</u>	<u>1,062,421</u>	<u>65,510,063</u>	<u>61,862,228</u>
Expenses						
Instructional Services	22,087,807	22,248,387	-	-	22,087,807	22,248,387
Support Services	38,358,910	36,116,050	1,076,333	1,019,349	39,435,243	37,135,399
Special Schools	136,990	137,425	-	-	136,990	137,425
Interest on Long-Term Liabilities	350,668	217,837	-	-	350,668	217,837
Unallocated Depreciation	741,110	608,586	-	-	741,110	608,586
Total Expenses	<u>61,675,485</u>	<u>59,328,285</u>	<u>1,076,333</u>	<u>1,019,349</u>	<u>62,751,818</u>	<u>60,347,634</u>
Change in Net Position	<u>\$ 2,685,050</u>	<u>\$ 1,471,522</u>	<u>\$ 73,195</u>	<u>\$ 43,072</u>	<u>\$ 2,758,245</u>	<u>\$ 1,514,594</u>

Governmental Activities

Property taxes made up 58% of revenues for governmental activities for the Hazlet Township Public School District for fiscal year 2016. The School District's total governmental revenues were \$64,360,535 for the fiscal year ended June 30, 2016. Federal, state and local grants accounted for 42%.

The total cost of all programs and services was \$61,675,485. Direct Regular and Special Education Instruction comprises 36% 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 revenues exceeded expenses by \$52,299.
- ◆ Charges for services represent \$663,120 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 \$325,456.

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 III – GOVERNMENTAL ACTIVITIES

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 22,087,807	\$ 21,442,633	\$ 22,248,387	\$ 21,593,938
Support Services:				
Pupil & Instructional Staff	6,275,047	5,839,535	5,685,389	5,347,151
General, School & Business Admin	3,985,963	3,985,963	3,906,030	3,906,030
Operation & Maintenance of Facilities	5,118,499	5,118,499	5,869,851	5,869,851
Pupil Transportation	2,195,037	2,195,037	2,138,402	2,138,402
Unallocated Benefits	20,784,364	8,202,739	18,516,378	8,355,917
Other	1,228,768	1,120,390	963,848	855,135
Total Expenses	<u>61,675,485</u>	<u>47,904,796</u>	<u>59,328,285</u>	<u>48,066,424</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.

Governmental Activities (continued)

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 2015-16 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 of \$57,345,484, expenditures of \$56,020,170 and other financing sources of \$748,530 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, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues:

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 14/15</u>	<u>Percent Change</u>
Local Sources	\$ 37,602,031	65.6%	\$ 1,823,208	5.1%
State Sources	18,754,185	32.7%	74,245	0.4%
Federal Sources	989,268	1.7%	(8,290)	-0.8%
Total Revenues	<u>\$ 57,345,484</u>	<u>100.0%</u>	<u>\$ 1,889,163</u>	<u>3.4%</u>

The increase in Local Sources is due to an increase in the local tax levy. The increase in State Sources is due to an increase in on-behalf revenues. The decrease in Federal Sources is due to a decrease in federal entitlements.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016:

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 14/15</u>	<u>Percent Change</u>
Instruction	\$ 22,093,507	39.4%	\$ (154,880)	-0.7%
Undistributed Expenditures	31,193,816	55.7%	1,212,977	4.0%
Capital Outlay	2,215,870	4.0%	(1,329,387)	-37.5%
Debt Service:				
Principal	300,000	0.5%	10,000	3.4%
Interest	216,977	0.4%	(11,601)	-5.1%
Total Expenses	<u>\$ 56,020,170</u>	<u>100.0%</u>	<u>\$ (272,891)</u>	<u>-0.5%</u>

The School District's Funds (continued)

Current - Instruction remained consistent with the prior year. The increase in Current - Undistributed Expenditures is attributed to increases in health benefits and investments in technology. The decrease in Capital Outlay is attributed to the completion of various projects in the prior year.

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 2016, 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 a decrease in surplus funds of \$1,183,694, the actual results for the year show a \$1,849,454 increase in surplus funds as of June 30, 2016.

Capital Assets

At the end of the fiscal year 2016, the School District had \$18,863,111 invested in land, buildings, and machinery and equipment.

TABLE IV – CAPITAL ASSETS (NET OF DEPRECIATION)

	<u>2016</u>	<u>2015</u>
Land	\$ 4,526,730	\$ 4,526,730
Construction in Progress	228,691	285,729
Site Improvements	874,306	874,306
Building and Improvements	12,943,307	11,535,626
Machinery and Equipment	<u>290,077</u>	<u>291,265</u>
Total	<u>\$ 18,863,111</u>	<u>\$ 17,513,656</u>

Debt Administration

At June 30, 2016, the School District had \$6,087,000 as outstanding debt. Of this amount, \$5,480,000 is for bonds for school construction and \$607,000 is for capital lease obligations.

At June 30, 2016, the School District's overall legal debt margin was \$86,421,353.

For the Future

The Hazlet Township Public School District is in good financial condition presently, having received an “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.

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BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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HAZLET TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

			TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2016
ASSETS			
Cash & Cash Equivalents	\$ 3,158,857	\$ 185,987	\$ 3,344,844
Restricted Cash	3,136,023	-	3,136,023
Receivables, Net	558,853	31,302	590,155
Inventory	-	15,296	15,296
Capital Assets, Net (Note 6)	18,863,111	462,554	19,325,665
Total Assets	25,716,844	695,139	26,411,983
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	2,817,592	-	2,817,592
Total Deferred Outflow of Resources	2,817,592	-	2,817,592
Total Assets and Deferred Outflow of Resources	28,534,436	695,139	29,229,575
LIABILITIES			
Accounts Payable	69,400	95,862	165,262
Accrued Interest Expense	87,005	-	87,005
Intergovernmental Payable	7,685	-	7,685
Unearned Revenue	45,107	13,650	58,757
Noncurrent Liabilities (Note 7):			
Due Within One Year	455,000	-	455,000
Due Beyond One Year	23,224,676	-	23,224,676
Total Liabilities	23,888,873	109,512	23,998,385
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	240,611	-	240,611
Total Deferred Inflow of Resources	240,611	-	240,611
Total Liabilities and Deferred Inflows of Resources	24,129,484	109,512	24,238,996
NET POSITION			
Net Investment in Capital Assets	13,383,111	462,554	13,845,665
Restricted For:			
Capital Projects	671,310	-	671,310
Other Purposes	5,544,443	-	5,544,443
Unrestricted	(15,193,912)	123,073	(15,070,839)
Total Net Position	\$ 4,404,952	\$ 585,627	\$ 4,990,579

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, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2016
Governmental Activities:						
Instruction:						
Regular	\$ 16,589,231	\$ -	\$ -	\$ (16,589,231)	\$ -	\$ (16,589,231)
Special Education	4,055,338	-	645,174	(3,410,164)	-	(3,410,164)
Other Special Instruction	592,534	-	-	(592,534)	-	(592,534)
Other Instruction	850,704	-	-	(850,704)	-	(850,704)
Support Services & Undistributed Costs:						
Tuition	1,225,743	-	-	(1,225,743)	-	(1,225,743)
Attendance & Social Work Services	52,792	-	-	(52,792)	-	(52,792)
Health Services	575,416	-	-	(575,416)	-	(575,416)
Student & Instruction Related Services	4,352,430	-	435,512	(3,916,918)	-	(3,916,918)
Educational Media Services/School Library	35,136	-	-	(35,136)	-	(35,136)
Instructional Staff Training	33,530	-	-	(33,530)	-	(33,530)
School Administrative Services	2,239,579	-	-	(2,239,579)	-	(2,239,579)
Central Services	537,434	-	-	(537,434)	-	(537,434)
Administrative Information Technology	90,959	-	-	(90,959)	-	(90,959)
Other Administrative Services	1,117,991	-	-	(1,117,991)	-	(1,117,991)
Plant Operations & Maintenance	5,119,969	-	-	(5,119,969)	-	(5,119,969)
Pupil Transportation	2,193,567	-	-	(2,193,567)	-	(2,193,567)
Unallocated Benefits	20,784,364	-	12,581,625	(8,202,739)	-	(8,202,739)
Special Schools	136,990	-	-	(136,990)	-	(136,990)
Interest on Long-Term Debt	350,668	-	108,378	(242,290)	-	(242,290)
Unallocated Depreciation	741,110	-	-	(741,110)	-	(741,110)
Total Governmental Activities	61,675,485	-	13,770,689	(47,904,796)	-	(47,904,796)

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, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS JUNE 30, 2016
	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Business-Type Activities:					
Food Service	936,277	663,120	-	52,299	52,299
Shared Services	140,056	160,652	-	20,596	20,596
Total Business-Type Activities	1,076,333	823,772	-	72,895	72,895
Total Primary Government	\$ 62,751,818	\$ 823,772	\$ 14,096,145	\$ 72,895	(47,831,901)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net			36,863,451	-	36,863,451
Taxes Levied for Debt Service			408,599	-	408,599
Federal & State Aid Not Restricted			12,987,815	-	12,987,815
Tuition Received			175,882	-	175,882
Miscellaneous Income			154,099	300	154,399
Total General Revenues			50,589,846	300	50,590,146
Change In Net Position			2,685,050	73,195	2,758,245
Net Position - Beginning			1,719,902	512,432	2,232,334
Net Position - Ending			\$ 4,404,952	\$ 585,627	\$ 4,990,579

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B. Fund Financial Statements

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Governmental Funds

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**HAZLET TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL JUNE 30, 2016
ASSETS & OTHER DEBITS					
Cash & Cash Equivalents	\$ 3,232,905	\$ -	\$ -	\$ 1	\$ 3,232,906
Restricted Cash	2,386,023	-	-	-	2,386,023
Cash on Hand With Fiscal Agents	750,000	-	-	-	750,000
Accounts Receivable:					
Federal Aid	-	95,361	-	-	95,361
State Aid	361,228	3,675	91,296	-	456,199
Interfund	7,123	-	619,830	-	626,953
Other	-	7,293	-	-	7,293
Total Assets	\$ 6,737,279	\$ 106,329	\$ 711,126	\$ 1	\$ 7,554,735
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ 34,233	\$ 39,816	\$ -	\$ 74,049
Accounts Payable	55,359	14,041	-	-	69,400
Intergovernmental Payable:					
State	392	7,293	-	-	7,685
Interfund Payables	619,830	7,123	-	-	626,953
Unearned Revenue	1,468	43,639	-	-	45,107
Total Liabilities	677,049	106,329	39,816	-	823,194
Fund Balances:					
Restricted for:					
Capital Reserve Account	2,434,519	-	-	-	2,434,519
Excess Surplus - Current Year	1,745,142	-	-	-	1,745,142
Excess Surplus - Designated for Subsequent Year's Expenditure	1,364,782	-	-	-	1,364,782
Capital Projects Fund	-	-	25,501	-	25,501
Debt Service Fund	-	-	-	1	1
Committed to:					
Other Purposes	-	-	645,809	-	645,809
Assigned to:					
Other Purposes	515,673	-	-	-	515,673
Total Fund Balances	6,060,230	-	671,310	1	6,731,541
Total Liabilities & Fund Balances	\$ 6,737,279	\$ 106,329	\$ 711,126	\$ 1	

Amounts reported for governmental activities in the Statement of Net Position (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 \$35,390,284 and the accumulated depreciation is \$16,527,173.	18,863,111
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	2,576,981
Accrued interest payable is not recorded in the fund financial statements due to the fact that the payable is not due in the period.	(87,005)
Long-term liabilities, including net pension liability, bonds payable, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(23,679,676)
Net position of Governmental Activities	\$ 4,404,952

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, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL JUNE 30, 2016
Revenues:					
Local Sources:					
Local Tax Levy	\$ 36,863,451	\$ -	\$ -	\$ 408,599	\$ 37,272,050
Tuition	175,882	-	-	-	175,882
Transportation	25,756	-	-	-	25,756
Interest Earned on Capital Reserve	2,307	-	-	-	2,307
Miscellaneous	56,968	69,068	-	-	126,036
Total Local Sources	37,124,364	69,068	-	408,599	37,602,031
State Sources	18,516,964	53,250	75,593	108,378	18,754,185
Federal Sources	26,367	962,901	-	-	989,268
Total Revenues	55,667,695	1,085,219	75,593	516,977	57,345,484
Expenditures:					
Current Expense:					
Regular Instruction	16,589,231	-	-	-	16,589,231
Special Education Instruction	3,410,164	645,174	-	-	4,055,338
Other Special Instruction	592,534	-	-	-	592,534
Other Instruction	850,704	-	-	-	850,704
Support Services:					
Tuition	1,225,743	-	-	-	1,225,743
Attendance	52,792	-	-	-	52,792
Health Services	575,416	-	-	-	575,416
Student & Instruction Related Services	3,916,918	435,512	-	-	4,352,430
Educational Media Services/School Library	35,136	-	-	-	35,136
Instructional Staff Training	33,530	-	-	-	33,530
School Administrative Services	2,239,579	-	-	-	2,239,579
Central Services	537,434	-	-	-	537,434
Administrative Information Technology	90,959	-	-	-	90,959
Other Administrative Services	1,117,991	-	-	-	1,117,991
Plant Operations & Maintenance	5,281,773	-	-	-	5,281,773
Pupil Transportation	2,193,567	-	-	-	2,193,567
Employee Benefits	13,326,176	-	-	-	13,326,176
Capital Outlay	1,508,480	4,533	702,857	-	2,215,870
Special Schools	136,990	-	-	-	136,990
Debt Service:					
Principal	-	-	-	300,000	300,000
Interest & Other Charges	-	-	-	216,977	216,977
Total Expenditures	53,715,117	1,085,219	702,857	516,977	56,020,170
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,952,578	-	(627,264)	-	1,325,314
Other Financing Sources/(Uses):					
Transfer From Capital Projects Fund to Capital Reserve	48,496	-	(48,496)	-	-
Transfer From Capital Reserve to Capital Projects Fund	(900,000)	-	900,000	-	-
Proceeds from Issuance of Capital Lease	748,530	-	-	-	748,530
Total Other Financing Sources/(Uses)	(102,974)	-	851,504	-	748,530
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	1,849,604	-	224,240	-	2,073,844
Fund Balances, July 1,	4,210,626	-	447,070	1	4,657,697
Fund Balances, June 30,	\$ 6,060,230	\$ -	\$ 671,310	\$ 1	\$ 6,731,541

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 FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 2,073,844

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	(741,110)	
Capital Outlays	<u>2,090,565</u>	1,349,455

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Unfunded TPAF Pension Expense	(7,015,051)	
State Share of Unfunded TPAF Pension Expense	7,015,051	
Pension Expense - District Contribution	573,149	
Pension Expense	<u>(1,163,838)</u>	(590,689)

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 300,000

Repayment of capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 143,000

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. 8,486

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	90,407	
Current Year	<u>(87,005)</u>	3,402

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

Prior Year	2,656,246	
Current Year	<u>(2,508,694)</u>	147,552

The proceeds from the issuance of capital leases provide current financial resources and are reported in the fund financial statements but they are presented as liabilities in the Statement of Net Position (750,000)

Change in Net Position of Governmental Activities \$ 2,685,050

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

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Proprietary Funds

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**HAZLET TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2016**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES</u>		TOTAL JUNE 30, 2016
	FOOD SERVICE FUND	SHARED SERVICES	
Current Assets:			
Cash & Cash Equivalents	\$ 169,463	\$ 16,524	\$ 185,987
Accounts Receivable:			
State	708	-	708
Federal	20,475	-	20,475
Miscellaneous	6,047	4,072	10,119
Inventories	15,296	-	15,296
Total Current Assets	<u>211,989</u>	<u>20,596</u>	<u>232,585</u>
Capital Assets:			
Buildings	229,757	-	229,757
Equipment	520,526	-	520,526
Accumulated Depreciation	(287,729)	-	(287,729)
Total Capital Assets	<u>462,554</u>	<u>-</u>	<u>462,554</u>
Total Assets	<u>674,543</u>	<u>20,596</u>	<u>695,139</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	95,862	-	95,862
Unearned Revenue	13,650	-	13,650
Total Current Liabilities	<u>109,512</u>	<u>-</u>	<u>109,512</u>
NET POSITION			
Investment in Capital Assets	462,554	-	462,554
Unreserved Retained Earnings	102,477	20,596	123,073
Total Net Position	<u>\$ 565,031</u>	<u>\$ 20,596</u>	<u>\$ 585,627</u>

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 POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES		TOTAL JUNE 30, 2016
	FOOD SERVICE FUND	SHARED SERVICES	
Operating Revenue:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 618,153	\$ -	\$ 618,153
Total - Daily Sales - Reimbursable Programs	618,153	-	618,153
Daily Sales Nonreimbursable Programs	44,967	-	44,967
Program Income	-	160,652	160,652
Miscellaneous Income	300	-	300
Total Operating Revenue	663,420	160,652	824,072
Operating Expenses:			
Salaries	310,473	109,498	419,971
Employee Benefits	24,185	30,558	54,743
Other Purchased Services	19,577	-	19,577
Repairs & Other Expenses	24,234	-	24,234
Supplies and Materials	3,247	-	3,247
Depreciation	28,932	-	28,932
Management Fee	40,365	-	40,365
Miscellaneous	7,563	-	7,563
Cost of Sales	477,701	-	477,701
Total Operating Expenses	936,277	140,056	1,076,333
Operating Loss	(272,857)	20,596	(252,261)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	8,403	-	8,403
Federal Sources:			
National School Lunch Program	208,495	-	208,495
National School Performance Based Program	11,314	-	11,314
National School Breakfast Program	31,011	-	31,011
Food Distribution Program	66,233	-	66,233
Total Nonoperating Revenues	325,456	-	325,456
Change in Net Position	52,599	20,596	73,195
Total Net Position - Beginning	512,432	-	512,432
Total Net Position - Ending	\$ 565,031	\$ 20,596	\$ 585,627

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, 2016**

	<u>BUSINESS-TYPE ACTIVITIES</u>		TOTAL JUNE 30, 2016
	FOOD SERVICE FUND	SHARED SERVICES	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 661,843	\$ 133,306	\$ 795,149
Payments to Employees	(310,473)	(109,498)	(419,971)
Payments for Employee Benefits	(24,185)	(30,558)	(54,743)
Payments to Suppliers	(471,628)	-	(471,628)
Net Cash Flows From Operating Activities	<u>(144,443)</u>	<u>(6,750)</u>	<u>(151,193)</u>
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Agencies	257,771	-	257,771
Net Cash Flows From Noncapital Financing Activities	<u>257,771</u>	<u>-</u>	<u>257,771</u>
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	(11,334)	-	(11,334)
Net Cash Flows From Capital & Related Financing Activities	<u>(11,334)</u>	<u>-</u>	<u>(11,334)</u>
Net Change in Cash & Cash Equivalents	101,994	(6,750)	95,244
Cash & Cash Equivalents, July 1	<u>67,469</u>	<u>23,274</u>	<u>90,743</u>
Cash & Cash Equivalents, June 30	<u>\$ 169,463</u>	<u>\$ 16,524</u>	<u>\$ 185,987</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Cash Flows From Operating Activities:			
Operating Loss	\$ (272,857)	\$ 20,596	\$ (252,261)
Adjustments to Reconcile Operating Loss to Cash Flows From Operating Activities:			
Depreciation Expense	28,932	-	28,932
Food Distribution Program	66,233	-	66,233
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	(2,087)	(4,072)	(6,159)
(Increase)/Decrease in Inventory	(1,869)	-	(1,869)
Increase/(Decrease) in Accounts Payable	36,695	-	36,695
Increase/(Decrease) in Unearned Revenue	510	(23,274)	(22,764)
Total Adjustments	<u>128,414</u>	<u>(27,346)</u>	<u>101,068</u>
Net Cash Flows From Operating Activities	<u>\$ (144,443)</u>	<u>\$ (6,750)</u>	<u>\$ (151,193)</u>

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

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Fiduciary Fund

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**HAZLET TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL JUNE 30, 2016
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 108,339	\$ 53	\$ 259,987	\$ 206,694	\$ 575,073
Investments	-	7,573	-	-	7,573
Total Assets	108,339	7,626	259,987	206,694	582,646
LIABILITIES					
Payroll Deductions & Withholdings	8,095	-	259,987	-	268,082
Due to Student Groups	-	-	-	206,694	206,694
Total Liabilities	8,095	-	259,987	206,694	474,776
NET POSITION					
Reserved:					
Unemployment Claims	100,244	-	-	-	100,244
Reserve for Scholarship	-	7,626	-	-	7,626
Total Net Position	\$ 100,244	\$ 7,626	\$ -	\$ -	\$ 107,870

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 POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIVATE PURPOSE		TOTAL JUNE 30, 2016
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
ADDITIONS:			
Contributions:			
Board Contributions	\$ 46,380	\$ -	\$ 46,380
Total Contributions	46,380	-	46,380
Investment Earnings:			
Appreciation	-	1,129	1,129
Interest on Investments	-	220	220
Total Investment Earnings	-	1,349	1,349
Total Additions	46,380	1,349	47,729
DEDUCTIONS:			
Quarterly Contribution Reports	35,933	-	35,933
Scholarship Awarded	-	895	895
Miscellaneous Expenses	-	50	50
Total Deductions	35,933	945	36,878
Change in Net Position	10,447	404	10,851
Net Position - Beginning of Year	89,797	7,222	97,019
Net Position - End of Year	\$ 100,244	\$ 7,626	\$ 107,870

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

HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

The financial statements of the Hazlet Township School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

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 Pre-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, 2016 of 3,013 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:

- ◆ 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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2016.

C. Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

C. Government-Wide Financial Statements (continued)

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

D. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

E. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

F. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

The District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Shared Services Fund – This fund accounts for the revenues and expenses pertaining to the operations of the District’s shared service agreements with surrounding communities.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued)

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

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust 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 the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - 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.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

H. 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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April 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.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued)

H. Budgets/Budgetary Control (continued)

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:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

I. 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 assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

J. 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.

K. Tuition Payable/Receivable

Tuition rates for the fiscal year end December 31, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

L. Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

M. 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 District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued)

N. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

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

O. 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 Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

P. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Q. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

S. Fund Balance (continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

T. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

U. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

V. Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

W. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

X. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Y. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

U. Impact of Recently Issued Accounting Principles (continued)

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued)

U. Impact of Recently Issued Accounting Principles (continued)

Recently Issued and Adopted Accounting Pronouncements (continued)

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Z. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 25, 2016, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

A. Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District's bank balance of \$7,100,603 was exposed to custodial credit risk as follows:

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2016

Note 2. Cash and Cash Equivalents (continued)

A. Cash Deposits (continued)

Insured under FDIC	\$ 250,000
Collateralized by securities held by Pledging financial institution	6,448,044
Uninsured and uncollateralized	<u>402,559</u>
Total	<u><u>\$ 7,100,603</u></u>

B. Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 3. 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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 1,286,023
Deposits:	
Resolution dated June 20, 2016	2,000,000
Transfer from Capital Projects Fund	48,496
Withdrawals:	
Transfer to Capital Projects Fund	<u>(900,000)</u>
Ending Balance, June 30, 2016	<u>\$ 2,434,519</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$17,772,960.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
State Aid	\$ 361,228	\$ 3,675	\$ 91,296	\$ 708	\$ 456,907
Federal Aid	-	95,361	-	20,475	115,836
Other	-	7,293	-	10,119	17,412
	<u>\$ 361,228</u>	<u>\$ 106,329</u>	<u>\$ 91,296</u>	<u>\$ 31,302</u>	<u>\$ 590,155</u>

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2016 the District did not transfer funds to the capital outlay accounts.

Note 6. Capital Assets

The following schedule is a summarization of the general capital assets by source for the fiscal year ended June 30, 2016:

	June 30, 2015	Additions	Transfers/ Adjustments	June 30, 2016
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 4,526,730	\$ -	\$ -	\$ 4,526,730
Construction in progress	285,729	228,691	(285,729)	228,691
Total capital assets not being depreciated	<u>4,812,459</u>	<u>228,691</u>	<u>(285,729)</u>	<u>4,755,421</u>
Buildings and improvements	27,161,892	1,780,435	285,729	29,228,056
Machinery and equipment	1,325,368	81,439	-	1,406,807
Subtotal	28,487,260	1,861,874	285,729	30,634,863
Less: accumulated depreciation:				
Buildings and improvements	(14,751,960)	(658,483)	-	(15,410,443)
Machinery and equipment	(1,034,103)	(82,627)	-	(1,116,730)
Total accumulated depreciation	<u>(15,786,063)</u>	<u>(741,110)</u>	<u>-</u>	<u>(16,527,173)</u>
Total capital assets being depreciated, net	<u>12,701,197</u>	<u>1,120,764</u>	<u>285,729</u>	<u>14,107,690</u>
Governmental activities capital assets, net	<u>\$ 17,513,656</u>	<u>\$ 1,349,455</u>	<u>\$ -</u>	<u>\$ 18,863,111</u>
	June 30, 2015	Additions	Transfers/ Adjustments	June 30, 2016
Business-Type Activities:				
Capital assets that are not being depreciation:				
Construction in progress	\$ 106,903	\$ -	\$ (106,903)	\$ -
Total capital assets not being depreciated	<u>106,903</u>	<u>-</u>	<u>(106,903)</u>	<u>-</u>
Buildings and improvements	117,550	5,304	106,903	229,757
Equipment	514,495	6,031	-	520,526
Subtotal	632,045	11,335	106,903	750,283
Less: accumulated depreciation:				
Buildings and improvements	(13,531)	(5,108)	-	(18,639)
Equipment	(245,266)	(23,824)	-	(269,090)
Total accumulated depreciation	<u>(258,797)</u>	<u>(28,932)</u>	<u>-</u>	<u>(287,729)</u>
Total capital assets being depreciated, net	<u>373,248</u>	<u>(17,597)</u>	<u>106,903</u>	<u>462,554</u>
Business-type activities capital assets, net	<u>\$ 480,151</u>	<u>\$ (17,597)</u>	<u>\$ -</u>	<u>\$ 462,554</u>

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 7. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 7,123	\$ 619,830
Special Revenue Fund	-	7,123
Capital Projects Fund	619,830	-
	<u>\$ 626,953</u>	<u>\$ 626,953</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 48,496	\$ 900,000
Capital Projects Fund	900,000	48,496
	<u>\$ 948,496</u>	<u>\$ 948,496</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 8. Long-Term Obligations

During the fiscal year-ended June 30, 2016 the following changes occurred in long-term obligations:

	June 30, 2015	Accrued/ Increases	Retired/ Decreases	June 30, 2016	Due Within One Year
Governmental Activities:					
Net Pension Obligation	\$ 11,589,562	\$ 3,375,624	\$ -	\$ 14,965,186	\$ -
General Obligation Bonds	5,780,000	-	(300,000)	5,480,000	310,000
Bond Premium	127,282	-	(8,486)	118,796	-
Compensated Absences	2,656,246	-	(147,552)	2,508,694	-
Capital Lease Obligation	750,000	-	(143,000)	607,000	145,000
	<u>\$ 20,903,090</u>	\$ 3,375,624	\$ (599,038)	\$ 23,679,676	\$ 455,000
Total					

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 8. Long-Term Obligations (continued)

A. 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.

The Bonds bear interest from 3.25% to 4.00% per annum payable semi-annually on the first day of February and August of each year, until maturity. The principal is due annually on the first day of February through 2030, installments range from \$310,000 to \$495,000.

Debt Service requirements on serial bonds payable at June 30, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 310,000	\$ 204,978	\$ 514,978
2018	320,000	194,128	514,128
2019	330,000	184,527	514,527
2020	340,000	171,328	511,328
2021	360,000	157,728	517,728
2022-2026	1,965,000	590,183	2,555,183
2027-2030	1,855,000	189,400	2,044,400
	<u>\$ 5,480,000</u>	<u>\$ 1,692,272</u>	<u>\$ 7,172,272</u>

B. Bonds Authorized But Not Issued

As of June 30, 2016, the District had no bonds authorized but not issued.

C. Capital Leases

The District approved a lease purchase agreement during the year ended June 30, 2015 in the amount of \$750,000 at a 1.58% interest rate maturing on November 1, 2019 to finance various equipment purchases. The following is a schedule of the remaining future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2016:

Year-ending June 30,	Amount
2017	\$ 153,445
2018	155,123
2019	157,729
2020	<u>160,256</u>
Minimum Lease Payments	626,553
Less: Interest	<u>(19,553)</u>
Present Value of Minimum Lease Payments	<u>\$ 607,000</u>

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016

Note 9: Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - At June 30, 2016, the District reported a liability of \$14,965,186 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was .06667%, which was an increase of .00477% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
Acturial valuation date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	\$ 2,817,592	\$ 1,055,870
Deferred Inflows of Resources	\$ 240,611	\$ 690,675
Net Pension Liability	\$ 14,965,186	\$ 11,589,562
District's portion of the Plan's total net pension Liability	0.06667%	0.06190%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$1,163,838. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 357,017	\$ -
Changes of assumptions	1,607,141	-
Net difference between projected and actual earnings on pension plan investments	-	240,611
Changes in proportion and differences between District contributions and proportionate share of contributions	853,434	-
Total	\$ 2,817,592	\$ 240,611

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30,</u>	<u>PERS</u>
2017	\$ 492,790
2018	492,790
2019	492,790
2020	665,458
2021	433,154
Total	\$ 2,576,982

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

	Target <u>Allocation</u>	Long-Term Expected <u>Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.21%
	<hr/> 100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	(3.90%) <u>1% Decrease</u>	(4.90%) Current <u>Discount Rate</u>	(5.90%) <u>1% Increase</u>
District's porportionate share of the net pension liability	\$ 18,599,895	\$ 14,965,186	\$ 11,917,872

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF)

Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

Teachers' Pensions and Annuity Fund (TPAF) - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) JUNE 30, 2016

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

C. Defined Contribution Retirement Program (DCRP)

The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

Note 10. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 10. Post-Retirement Benefits (continued)

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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.

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	Reimbursed	Ending Balance
2015-2016	\$ 46,380	\$ (35,933)	\$ 100,244
2014-2015	44,733	(33,779)	89,797
2013-2014	44,728	(37,686)	78,843

Note 12. Contingencies

State and Federal Grantor Agencies - 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, 2016 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. Economic Dependency

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 14. 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
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Note 15. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position 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, 2016 is \$2,508,694.

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, 2016 no liability existed for compensated absences in the proprietary fund types.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$1,745,142.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2016**

Note 17: Deficit Unrestricted Net Position

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$(15,193,912) existed as of June 30, 2016 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

Note 18. Fund Balance

General Fund – Of the \$6,060,230 General Fund fund balance at June 30, 2016, \$2,434,519 has been reserved in the Capital Reserve Account; \$1,364,782 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$1,745,142 is restricted for current year excess surplus; and \$515,673 has been reserved for encumbrances.

Capital Projects Fund – Of the \$671,310 Capital Projects Fund fund balance at June 30, 2016, \$645,809 has been reserved for encumbrances; and \$25,501 is restricted for Capital Projects Fund.

Debt Service Fund – Of the \$1 Debt Service Fund fund balance at June 30, 2016, \$1 has been appropriated and included as anticipated revenue for the year ending June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Tax Levy	10-1210	\$ 36,863,451	\$ -	\$ 36,863,451	\$ 36,863,451	\$ -
Tuition from Individuals	10-1310	95,000	-	95,000	152,395	57,395
Other Tuition	10-1320-1340	-	-	-	23,487	23,487
Transportation Fees from Individuals	10-1410	40,000	-	40,000	25,756	(14,244)
Transportation Fees from Other LEAs	10-1420-1440	20,000	-	20,000	-	(20,000)
Interest Earned	10-1XXX	-	-	-	2,307	2,307
Rents and Royalties	10-1910	65,000	(40,000)	25,000	31,560	6,560
Miscellaneous Revenues	10-1XXX	100,050	40,000	140,050	25,408	(114,642)
Total Local Sources		37,183,501	-	37,183,501	37,124,364	(59,137)
Federal Sources:						
Medicaid Reimbursement	10-4200	38,794	-	38,794	26,367	(12,427)
Total Federal Sources		38,794	-	38,794	26,367	(12,427)
State Sources:						
Extraordinary Aid	10-3131	125,000	-	125,000	272,313	147,313
Non-Public Transportation Costs	10-3120	-	-	-	10,976	10,976
Categorical Special Education Aid	10-3132	1,917,881	-	1,917,881	1,917,881	-
Equalization Aid	10-3176	10,467,565	-	10,467,565	10,467,565	-
Categorical Security Aid	10-3177	61,801	-	61,801	61,801	-
Categorical Transportation Aid	10-3121	159,264	-	159,264	159,264	-
PARCC Readiness Aid	10-3190	30,220	-	30,220	30,220	-
Per Pupil Growth Aid	10-3190	30,220	-	30,220	30,220	-
Non-budgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,813,586	1,813,586
On-Behalf TPAF Medical Contribution		-	-	-	2,159,480	2,159,480
Reimbursed TPAF Social Security Contribution		-	-	-	1,593,508	1,593,508
Total State Sources		12,791,951	-	12,791,951	18,516,814	5,724,863
Total Revenues		50,014,246	-	50,014,246	55,667,545	5,653,299
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	271,363	2,575	273,938	258,750	15,188
Kindergarten	11-110-100-101	1,115,150	42,615	1,157,765	1,146,479	11,286
Grades 1 - 5	11-120-100-101	5,182,677	8,595	5,191,272	5,004,937	186,335
Grades 6 - 8	11-130-100-101	3,857,758	(200,615)	3,657,143	3,536,048	121,095
Grades 9 - 12	11-140-100-101	5,008,148	(226,635)	4,781,513	4,752,711	28,802
Home Instruction:						
Salaries of Teachers	11-150-100-101	35,000	5,127	40,127	40,127	-
Purchased Professional - Educational Services	11-150-100-320	12,000	595	12,595	12,595	-
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	51,380	26,338	77,718	74,018	3,700
Purchased Professional - Educational Services	11-190-100-320	1,000	-	1,000	1,000	-
Purchased Technical Services	11-190-100-340	308,134	(25,000)	283,134	239,305	43,829
Other Purchased Services	11-190-100-500	160,450	-	160,450	107,640	52,810
General Supplies	11-190-100-610	1,243,458	374,028	1,617,486	1,285,184	332,302
Textbooks	11-190-100-640	101,600	27,044	128,644	66,055	62,589
Other Objects	11-190-100-800	99,824	(10,557)	89,267	64,382	24,885
Total Regular Programs		17,447,942	24,110	17,472,052	16,589,231	882,821

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	682,758	(122,678)	560,080	557,640	2,440
Other Salaries for Instruction	11-204-100-106	277,176	(17,159)	260,017	259,976	41
General Supplies	11-204-100-610	6,720	-	6,720	5,435	1,285
Textbooks	11-204-100-640	1,950	-	1,950	-	1,950
Total Learning and/or Language Disabilities		968,604	(139,837)	828,767	823,051	5,716
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	1,821,630	287,020	2,108,650	2,108,650	-
Other Salaries for Instruction	11-213-100-106	480,374	1,899	482,273	406,397	75,876
General Supplies	11-213-100-610	6,580	5,556	12,136	9,666	2,470
Textbooks	11-213-100-640	2,800	-	2,800	-	2,800
Total Resource Room/Resource Center		2,311,384	294,475	2,605,859	2,524,713	81,146
Preschool Disabilities- Part-Time:						
Salaries of Teachers	11-215-100-101	61,125	-	61,125	61,125	-
Other Salaries for Instruction	11-215-100-106	-	263	263	263	-
General Supplies	11-215-100-600	1,155	-	1,155	1,012	143
Total Preschool Disabilities- Part-Time		62,280	263	62,543	62,400	143
Total Special Education- Instruction		3,342,268	154,901	3,497,169	3,410,164	87,005
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	517,635	8,500	526,135	524,902	1,233
General Supplies	11-230-100-610	1,000	-	1,000	65	935
Total Basic Skills/Remedial		518,635	8,500	527,135	524,967	2,168
Bilingual Education:						
Salaries of Teachers	11-240-100-101	78,310	(9,562)	68,748	67,567	1,181
Total Bilingual Education		78,310	(9,562)	68,748	67,567	1,181
School Sponsored Co-curricular Activities:						
Salaries	11-401-100-100	173,831	15,117	188,948	182,590	6,358
Supplies and Materials	11-401-100-600	45,008	(329)	44,679	22,788	21,891
Other Objects	11-401-100-800	18,152	3,126	21,278	12,772	8,506
Total School Sponsored Co-curricular Activities		236,991	17,914	254,905	218,150	36,755
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	488,109	-	488,109	476,204	11,905
Purchased Services (300-500 series)	11-402-100-500	1,320	-	1,320	872	448
Supplies and Materials	11-402-100-600	82,641	-	82,641	65,636	17,005
Other Objects	11-402-100-800	54,249	(2,210)	52,039	48,168	3,871
Transfers to Cover Deficit (Agency Funds)	11-402-100-930	49,347	(915)	48,432	41,674	6,758
Total School Sponsored Athletics Instruction		675,666	(3,125)	672,541	632,554	39,987
Total Instruction		22,299,812	192,738	22,492,550	21,442,633	1,049,917

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	-	977	977	977	-
Tuition to Other LEAs Within the State - Special	11-000-100-562	-	8,983	8,983	8,983	-
Tuition to County Vocational School District - Regular	11-000-100-563	324,765	(19,483)	305,282	305,282	-
Tuition to County Vocational School District - Special	11-000-100-564	31,800	(31,800)	-	-	-
Tuition to Priv. School For the Disabled Within State	11-000-100-566	929,900	(9,676)	920,224	904,801	15,423
Tuition - State Facilities	11-000-100-568	-	5,700	5,700	5,700	-
Total Instruction		1,286,465	(45,299)	1,241,166	1,225,743	15,423
Attendance & Social Work Services:						
Salaries	11-000-211-100	49,574	2,635	52,209	52,209	-
Supplies and Materials	11-000-211-600	603	-	603	583	20
Total Attendance & Social Work Services		50,177	2,635	52,812	52,792	20
Health Services:						
Salaries	11-000-213-100	554,100	(16,663)	537,437	537,171	266
Purchased Professional & Technical Services	11-000-213-300	23,280	1,825	25,105	23,405	1,700
Other Purchased Services	11-000-213-500	120	-	120	15	105
Supplies and Materials	11-000-213-600	10,500	1,969	12,469	11,476	993
Other Objects	11-000-213-800	4,600	-	4,600	3,349	1,251
Total Health Services		592,600	(12,869)	579,731	575,416	4,315
Speech - Over/Part Time & Related Services:						
Salaries	11-000-216-100	371,320	(25,360)	345,960	345,960	-
Purchased Services	11-000-216-320	18,488	-	18,488	13,080	5,408
Supplies and Materials	11-000-216-600	3,425	(1,595)	1,830	1,537	293
Total Speech - Over/Part Time & Related Services		393,233	(26,955)	366,278	360,577	5,701
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	267,041	76,051	343,092	341,688	1,404
Purchased Professional-Educational Services	11-000-217-320	177,996	35,040	213,036	199,115	13,921
Supplies and Materials	11-000-217-600	37,157	(8,300)	28,857	28,792	65
Total Other Support Services - Students - Extra Services		482,194	102,791	584,985	569,595	15,390
Guidance:						
Salaries of Other Professional Staff	11-000-218-104	657,926	(62,081)	595,845	595,845	-
Salaries of Secretarial & Clerical Assistants	11-000-218-105	88,098	2,635	90,733	90,733	-
Purchased Professional & Educational Services	11-000-218-320	19,450	(15,000)	4,450	1,448	3,002
Other Purchased Professional & Technical Services	11-000-218-390	56,500	-	56,500	55,292	1,208
Other Purchased Services	11-000-218-500	115	-	115	-	115
Supplies and Materials	11-000-218-600	59,545	(1,781)	57,764	55,658	2,106
Other Objects	11-000-218-800	18,747	-	18,747	10,603	8,144
Total Guidance		900,381	(76,227)	824,154	809,579	14,575

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	825,013	(17,069)	807,944	807,497	447
Salaries of Secretarial & Clerical Assistants	11-000-219-105	152,384	2,634	155,018	153,956	1,062
Purchased Professional - Educational Services	11-000-219-320	82,227	13,278	95,505	95,505	-
Other Purchased Prof. & Tech Services	11-000-219-390	8,500	-	8,500	8,500	-
Miscellaneous Purchased Services	11-000-219-592	2,700	(490)	2,210	2,210	-
Supplies and Materials	11-000-219-600	16,550	8,008	24,558	24,558	-
Other Objects	11-000-219-800	6,670	638	7,308	7,233	75
Total Child Study Teams		1,094,044	6,999	1,101,043	1,099,459	1,584
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	623,968	50,006	673,974	673,974	-
Salaries of Other Professional Staff	11-000-221-104	155,522	7,288	162,810	162,810	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	39,535	-	39,535	39,535	-
Other Salaries	11-000-221-110	190,550	-	190,550	184,139	6,411
Other Purchased Services	11-000-221-500	2,500	-	2,500	2,408	92
Supplies and Materials	11-000-221-600	3,000	-	3,000	2,886	114
Other Objects	11-000-221-800	22,300	-	22,300	11,956	10,344
Total Improvement of Instruction Services/Other Support Services Instructional Staff		1,037,375	57,294	1,094,669	1,077,708	16,961
Educational Media Services/School Library:						
Purchased Professional & Salaries	11-000-222-100	11,430	1,440	12,870	12,870	-
Supplies and Materials	11-000-222-600	36,200	614	36,814	22,266	14,548
Total Educational Media Services/School Library		47,630	2,054	49,684	35,136	14,548
Support Services Instructional Staff Training Service:						
Salaries of Supervisors of Instruction	11-000-223-110	15,000	3,059	18,059	17,490	569
Other Purchased Services	11-000-223-500	9,200	-	9,200	1,735	7,465
Other Objects	11-000-223-800	44,100	(5,571)	38,529	14,305	24,224
Total Support Services Instructional Staff Training Services		68,300	(2,512)	65,788	33,530	32,258
Support Services General Administration:						
Salaries	11-000-230-100	535,813	25,180	560,993	532,790	28,203
Legal Services	11-000-230-331	81,000	-	81,000	80,584	416
Audit Fees	11-000-230-332	36,500	-	36,500	32,583	3,917
Other Purchased Professional Services	11-000-230-339	38,000	145,014	183,014	155,426	27,588
Purchased Technical Services	11-000-230-340	55,200	(97)	55,103	54,018	1,085
Communications/Telephone	11-000-230-530	89,900	(9,197)	80,703	57,234	23,469
Misc. Purchased Services	11-000-230-590	167,700	(13,880)	153,820	141,986	11,834
General Supplies	11-000-230-610	8,750	4,469	13,219	4,495	8,724
Miscellaneous Expenditures	11-000-230-890	38,420	810	39,230	35,224	4,006
BOE Membership Dues & Fees	11-000-230-895	25,500	-	25,500	23,651	1,849
Total Support Services General Administration		1,076,783	152,299	1,229,082	1,117,991	111,091

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	1,524,505	(50,008)	1,474,497	1,468,446	6,051
Salaries of Other Professional Staff	11-000-240-104	244,221	-	244,221	244,221	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	497,846	5,840	503,686	483,055	20,631
Other Salaries	11-000-240-110	14,100	(6,000)	8,100	7,628	472
Other Purchased Services	11-000-240-500	5,900	-	5,900	4,078	1,822
Supplies and Materials	11-000-240-600	19,425	(435)	18,990	13,231	5,759
Other Objects	11-000-240-800	21,650	(677)	20,973	18,920	2,053
Total Support Services School Administration		2,327,647	(51,280)	2,276,367	2,239,579	36,788
Central Services:						
Salaries	11-000-251-100	466,859	12,229	479,088	478,692	396
Purchased Technical Services	11-000-251-340	27,500	1,398	28,898	28,898	-
Miscellaneous Purchased Services	11-000-251-592	5,000	329	5,329	5,329	-
Supplies & Materials	11-000-251-600	10,500	(170)	10,330	9,968	362
Interest on Purchase Agreements	11-000-251-832	-	9,503	9,503	9,503	-
Miscellaneous Expenditures	11-000-251-890	11,150	(1,044)	10,106	5,044	5,062
Total Central Services		521,009	22,245	543,254	537,434	5,820
Administrative Information Technology:						
Salaries	11-000-252-100	91,646	(687)	90,959	90,959	-
Total Administrative Information Technology		91,646	(687)	90,959	90,959	-
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	410,900	(21,050)	389,850	387,575	2,275
Cleaning, Repair & Maintenance Services	11-000-261-420	369,635	288,948	658,583	584,633	73,950
General Supplies	11-000-261-610	141,050	83,225	224,275	191,829	32,446
Other Objects	11-000-261-800	3,800	-	3,800	774	3,026
Total Maintenance for School Facilities		925,385	351,123	1,276,508	1,164,811	111,697
Custodial Services:						
Salaries	11-000-262-100	1,991,124	(2,249)	1,988,875	1,952,593	36,282
Purchased Professional & Technical Services	11-000-262-300	216,350	9,799	226,149	217,441	8,708
Cleaning, Repair & Maintenance Services	11-000-262-420	209,618	23,074	232,692	148,913	83,779
Other Than Lease Purchase Agreement	11-000-262-441	2,500	(2,039)	461	-	461
Other Purchased Property Services	11-000-262-490	135,500	3,084	138,584	136,645	1,939
Insurance	11-000-262-520	165,000	356	165,356	165,116	240
Miscellaneous Purchased Services	11-000-262-590	2,275	375	2,650	2,650	-
General Supplies	11-000-262-610	109,036	7,500	116,536	113,151	3,385
Energy (Nat. Gas)	11-000-262-621	500,000	(125,321)	374,679	298,560	76,119
Energy (Electricity)	11-000-262-622	475,000	17,863	492,863	418,410	74,453
Other Objects	11-000-262-800	5,350	229	5,579	4,979	600
Total Custodial Services		3,811,753	(67,329)	3,744,424	3,458,458	285,966

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Care & Upkeep of Grounds						
Salaries	11-000-263-100	119,353	21,141	140,494	140,494	-
Cleaning, Repair & Maintenance Services	11-000-263-420	169,798	229,167	398,965	345,715	53,250
General Supplies	11-000-263-610	72,900	(32,345)	40,555	28,880	11,675
Total Care & Upkeep of Grounds		362,051	217,963	580,014	515,089	64,925
Security						
Salaries	11-000-266-100	123,000	1,085	124,085	112,084	12,001
Cleaning, Repair & Maintenance Services	11-000-266-420	27,300	4,995	32,295	31,331	964
Total Security		150,300	6,080	156,380	143,415	12,965
Total Operation & Maintenance of Plant		5,249,489	507,837	5,757,326	5,281,773	475,553
Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	22,000	461	22,461	22,461	-
Salaries for Pupil Transportation (Between Home & School)-Regular	11-000-270-160	55,737	-	55,737	54,811	926
Purchased Professional & Technical Services	11-000-270-390	4,200	4,995	9,195	9,195	-
Contracted Services (Between Home & School) - Vendors	11-000-270-511	965,000	(7,871)	957,129	928,719	28,410
Contracted Services (Other Than Between Home& School - Vendors	11-000-270-512	154,000	8,440	162,440	141,326	21,114
Contracted Services (Special Education Students) - Vendors	11-000-270-514	745,000	58,430	803,430	723,787	79,643
Contracted Services (Regular Students) - ESCs & CTSAs	11-000-270-517	300,000	-	300,000	227,796	72,204
Contracted Services (Special. Ed. Students) - ESCs & CTSAs	11-000-270-518	150,000	(50,000)	100,000	55,313	44,687
Aid in Lieu of Payments - Nonpublic	11-000-270-503	40,000	(3,245)	36,755	29,172	7,583
Miscellaneous Purchased Services - Transportation	11-000-270-593	500	-	500	-	500
General Supplies	11-000-270-610	1,500	-	1,500	595	905
Other Objects	11-000-270-800	500	-	500	392	108
Total Student Transportation Services		2,438,437	11,210	2,449,647	2,193,567	256,080
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	7,900	-	7,900	7,242	658
Social Security Contributions	11-000-291-220	520,000	59,998	579,998	572,795	7,203
Other Retirement Contributions-PERS	11-000-291-241	577,500	1	577,501	575,326	2,175
Unemployment Compensation	11-000-291-250	25,000	(25,000)	-	-	-
Worker's Compensation	11-000-291-260	365,000	(38,923)	326,077	308,926	17,151
Health Benefits	11-000-291-270	8,717,500	(346,216)	8,371,284	6,144,291	2,226,993
Tuition Reimbursement	11-000-291-280	57,000	-	57,000	52,191	4,809
Other Employee Benefits	11-000-291-290	100,339	-	100,339	98,831	1,508
Total Unallocated Benefits - Employee Benefits		10,370,239	(350,140)	10,020,099	7,759,602	2,260,497
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,813,586	(1,813,586)
On-Behalf TPAF Medical Contribution		-	-	-	2,159,480	(2,159,480)
Reimbursed TPAF Social Security Contribution		-	-	-	1,593,508	(1,593,508)
Total On-Behalf Contributions		-	-	-	5,566,574	(5,566,574)

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ACCOUNT NUMBERS	JUNE 30, 2016				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Personal Services- Employee Benefits	10,370,239	(350,140)	10,020,099	13,326,176	(3,306,077)
Total Undistributed Expenditures	28,027,649	299,395	28,327,044	30,627,014	(2,299,970)
Total Expenditures - Current Expense	50,327,461	492,133	50,819,594	52,069,647	(1,250,053)
Capital Outlay:					
Equipment:					
Undistributed Expense - Required Maintenance For School Facilities	12-000-261-730	-	120,463	14,060	106,403
Undistributed Expense - Custodial Services	12-000-262-730	10,950	(1,599)	9,351	-
Total Equipment		10,950	118,864	23,411	106,403
Facilities Acquisition & Construction Services:					
Construction Services	12-000-400-450	555,000	35,960	590,960	-
Lease Purchase Agreement- Principal Other Objects	12-000-400-800	165,000	(22,000)	143,000	-
Assessment for Debt Service on SDA Funding	12-000-400-896	2,579	-	2,579	-
Total Facilities Acquisition & Construction Services		722,579	13,960	736,539	-
Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	748,530	(748,530)
Total Capital Outlay		733,529	132,824	866,353	(642,127)
Special Schools:					
Summer School - Instruction:					
Salaries of Teachers	13-422-100-101	96,900	5,117	102,017	-
Other Salaries for Instruction	13-422-100-106	27,000	886	27,886	-
General Supplies	13-422-100-600	6,050	(2,602)	3,448	1
Other Objects	13-422-100-800	3,000	(3,000)	-	-
Total Summer School - Instruction		132,950	401	133,351	1
Summer School -Support Services:					
Salaries	13-422-200-100	4,000	(360)	3,640	-
Total Summer School -Support Services		4,000	(360)	3,640	-
Total Special Schools		136,950	41	136,991	1
Total Expenditures		51,197,940	624,998	51,822,938	(1,892,179)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(1,183,694)	(624,998)	(1,808,692)	1,952,428
Other Financing Sources/(Uses):					
Transfer To Capital Reserve From Capital Projects Fund		-	-	48,496	48,496
Proceeds from Capital Leases		-	-	748,530	748,530
Operating Transfer Out:					
Transfer From Capital Reserve To Capital Projects Fund		-	-	(900,000)	(900,000)
Total Other Financing Sources/(Uses)		-	-	(102,974)	(102,974)

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(1,183,694)	(624,998)	(1,808,692)	1,849,454	3,658,146
Fund Balances, July 1	5,474,363	-	5,474,363	5,474,363	-
Fund Balances, June 30	<u>\$ 4,290,669</u>	<u>\$ (624,998)</u>	<u>\$ 3,665,671</u>	<u>\$ 7,323,817</u>	<u>\$ 3,658,146</u>

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	<u>\$ 624,998</u>
Total Budget Transfers	<u>\$ 624,998</u>

RECAPITULATION OF FUND BALANCE

Restricted:	
Capital Reserve	\$ 2,434,519
Excess Surplus	1,745,142
Excess Surplus Designated for Subsequent Year's Expenditures	1,364,782
Assigned:	
Year-End Encumbrances	640,114
Unassigned Fund Balance	<u>1,139,260</u>
Subtotal	<u>7,323,817</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(1,263,587)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 6,060,230</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JUNE 30, 2016				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	
Revenues:					
State Sources	\$ 42,446	\$ 18,097	\$ 60,543	\$ 53,250	\$ 7,293
Federal Sources	903,047	177,665	1,080,712	989,529	91,183
Local Sources	35,000	34,068	69,068	69,068	-
Total Revenues	980,493	229,830	1,210,323	1,111,847	98,476
Expenditures:					
Instruction:					
Salaries of Teachers	57,000	8,600	65,600	56,720	8,880
Purchase of Professional Education Services	34,052	23,597	57,649	50,071	7,578
Tuition	519,577	(66)	519,511	519,511	-
Textbooks	8,394	-	8,394	8,157	237
General Supplies	80,000	(6,081)	73,919	37,343	36,576
Total Instruction	699,023	26,050	725,073	671,802	53,271
Support Services:					
Salaries of Other Professional Staff	-	10,050	10,050	10,050	-
Employee Benefits	13,000	23,269	36,269	14,041	22,228
Purchase of Professional Education Services	233,470	52,618	286,088	281,375	4,713
Other Purchased Service	-	68,775	68,775	55,242	13,533
Supplies and Materials	35,000	44,535	79,535	74,804	4,731
Total Support Services	281,470	199,247	480,717	435,512	45,205
Facilities Acquisition & Construction Services:					
Building	-	4,533	4,533	4,533	-
Total Facilities Acquisition & Construction Services	-	4,533	4,533	4,533	-
Total Expenditures	980,493	229,830	1,210,323	1,111,847	98,476
Total Outflows	980,493	229,830	1,210,323	1,111,847	98,476
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**HAZLET TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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)	\$ 55,667,545	\$ 1,111,847
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	-	16,264
Current Year	-	(42,892)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,263,737	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(1,263,587)	-
	<u>\$ 55,667,695</u>	<u>\$ 1,085,219</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
	<u>\$ 55,667,695</u>	<u>\$ 1,085,219</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 53,715,117	\$ 1,111,847
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	-	16,264
Current Year	-	(42,892)
	<u>-</u>	<u>(42,892)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		
	<u>\$ 53,715,117</u>	<u>\$ 1,085,219</u>

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

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.06667%	0.06190%	0.06117%
District's proportionate share of the net pension liability (asset)	\$ 14,965,186	\$ 11,589,562	\$ 11,690,486
District's covered-employee payroll	\$ 4,834,297	\$ 5,727,550	\$ 4,496,144
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	309.56%	202.35%	260.01%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 616,118	\$ 573,149	\$ 510,303
Contributions in relation to the contractually required contribution	<u>616,118</u>	<u>573,149</u>	<u>510,303</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,834,297	\$ 5,727,550	\$ 4,496,144
Contributions as a percentage of covered- employee payroll	12.74%	10.01%	11.35%

HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
State's proportion of the net pension liability (asset) associated with the District	0.22877%	0.22881%	0.23264%
State's share of the net pension liability (asset) associated with the District	\$ 144,591,900	\$ 122,288,990	\$ 117,574,047
District's covered-employee payroll	\$ 22,766,416	\$ 23,955,925	\$ 22,598,548
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NO CHILD LEFT BEHIND			I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B PRESCHOOL PROGRAM
	TITLE I	TITLE II PART A	TITLE III		
Revenues:					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	124,290	63,366	-	775,675	26,198
Local Sources	-	-	-	-	-
Total Revenues	<u>\$ 124,290</u>	<u>\$ 63,366</u>	<u>\$ -</u>	<u>\$ 775,675</u>	<u>\$ 26,198</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 56,720	\$ -	\$ -	\$ -	\$ -
Purchase of Professional Education Services	4,978	-	-	-	-
Textbooks	-	-	-	-	-
Tuition	-	-	-	519,511	-
General Supplies	27,321	-	-	10,022	-
Total Instruction	<u>89,019</u>	<u>-</u>	<u>-</u>	<u>529,533</u>	<u>-</u>
Support Services:					
Salaries	-	10,050	-	-	-
Purchase of Professional Education Services	-	9,035	-	246,142	26,198
Personal Services - Employee Benefits	14,041	-	-	-	-
Other Purchased Services	21,230	34,012	-	-	-
Supplies and Materials	-	10,269	-	-	-
Total Support Services	<u>35,271</u>	<u>63,366</u>	<u>-</u>	<u>246,142</u>	<u>26,198</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 124,290</u>	<u>\$ 63,366</u>	<u>\$ -</u>	<u>\$ 775,675</u>	<u>\$ 26,198</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NON- PUBLIC TEXTBOOKS	NONPUBLIC HANDICAPPED EXAM. AND CLASSIFICATION	NONPUBLIC AUXILIARY COMPENSATORY EDUCATION	NON- PUBLIC NURSING	NON- PUBLIC TECHNOLOGY
Revenues:					
State Sources	\$ 8,157	\$ 7,328	\$ 17,495	\$ 12,823	\$ 3,779
Federal Sources	-	-	-	-	-
Local Sources	-	-	-	-	-
Total Revenues	\$ 8,157	\$ 7,328	\$ 17,495	\$ 12,823	\$ 3,779
Expenditures:					
Instruction:					
Salaries of Teachers	-	-	-	-	-
Purchase of Professional Education Services	-	7,328	17,495	12,823	3,779
Textbooks	8,157	-	-	-	-
Tuition	-	-	-	-	-
General Supplies	-	-	-	-	-
Total Instruction	8,157	7,328	17,495	12,823	3,779
Support Services:					
Salaries	-	-	-	-	-
Purchase of Professional Education Services	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Support Services	-	-	-	-	-
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-	-
Total Expenditures	\$ 8,157	\$ 7,328	\$ 17,495	\$ 12,823	\$ 3,779

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	CORPORATE SPONSOR	SAFETY GRANT	NONPUBLIC SECURITY	2016
Revenues:				
State Sources	\$ -	\$ -	\$ 3,668	\$ 53,250
Federal Sources	-	-	-	989,529
Local Sources	64,535	4,533	-	69,068
	<hr/>			
Total Revenues	\$ 64,535	\$ 4,533	\$ 3,668	\$ 1,111,847
<hr/>				
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ -	\$ 56,720
Purchase of Professional Education Services	-	-	3,668	50,071
Textbooks	-	-	-	8,157
Tuition	-	-	-	519,511
General Supplies	-	-	-	37,343
	<hr/>			
Total Instruction	-	-	3,668	671,802
<hr/>				
Support Services:				
Salaries	-	-	-	10,050
Purchase of Professional Education Services	-	-	-	281,375
Personal Services - Employee Benefits	-	-	-	14,041
Other Purchased Services	-	-	-	55,242
Supplies and Materials	64,535	-	-	74,804
	<hr/>			
Total Support Services	64,535	-	-	435,512
<hr/>				
Facilities Acquisition & Construction Services:				
Non-Instructional Equipment	-	4,533	-	4,533
	<hr/>			
Total Facilities Acquisition & Construction Services	-	4,533	-	4,533
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Total Expenditures	\$ 64,535	\$ 4,533	\$ 3,668	\$ 1,111,847
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F. Capital Projects Fund

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**HAZLET TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

PROJECT TITLE	APPROPRIATIONS	EXPENDITURES		CANCELLED	TRANSFERRED TO CAPITAL RESERVE	UNEXPENDED BALANCE JUNE 30, 2016
		PRIOR YEAR	CURRENT YEAR			
Raritan High School: Gymnasium Window Replacement	\$ 28,549	\$ 28,533	\$ -	\$ -	\$ 16	\$ -
Raritan Valley Elementary School: Partial Reroofing	367,000	363,497	-	-	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	114,928	-	-	8,279	-
Raritan High School: ADA Elevator Addition	282,494	251,659	-	11,072	19,763	-
Raritan High School: Mechanical Upgrades	1,703,500	1,649,961	-	53,539	-	-
Lillian Drive Elementary School: Partial Reroofing	502,880	405,320	-	97,560	-	-
Middle Road Elementary School: Structural Repairs	760,800	658,812	-	101,988	-	-
Middle Road Elementary School: Media Center	65,052	52,618	-	12,434	-	-
Raritan Valley Elementary School: Window Replacement	228,240	17,652	203,588	-	7,000	-
Raritan High School: HVAC Phase 3	1,035,501	764,923	270,578	-	-	-
Raritan High School: HVAC Phase 4	900,000	-	228,691	-	-	671,309
Total	\$ 6,076,039	\$ 4,374,283	\$ 702,857	\$ 276,593	\$ 50,997	\$ 671,309

Reconciliation of Fund Balance, June 30, 2016

Unexpended Project Balances, June 30, 2016	\$ 671,309
Less:	
Unexpended State Aid - ROD Grants	<u>-</u>
Total Fund Balance (GAAP Basis) - June 30, 2016	<u>\$ 671,309</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues:	
Transfer from Capital Reserve	\$ 900,000
	<u>900,000</u>
Total Revenues	<u>900,000</u>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	348
Construction Services	702,509
	<u>702,857</u>
Total Expenditures	<u>702,857</u>
Other Financing Sources/(Uses):	
Cancellation of Unexpended Grant Funds	(259,574)
Transfer to Capital Reserve	(48,496)
	<u>(308,070)</u>
Total Other Financing Sources/(Uses)	<u>(308,070)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(110,927)
Fund Balance - Beginning	<u>782,236</u>
Fund Balance - Ending	<u><u>\$ 671,309</u></u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
GYMNASIUM WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD 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:				
Construction Services	28,533	-	28,533	28,549
Total Expenditures	28,533	-	28,533	28,549
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	-	-	-
Transfer to Capital Reserve	-	(16)	(16)	(16)
Total Other Financing Sources/(Uses)	-	(16)	(16)	(16)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 16	\$ (16)	\$ -	\$ (16)

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-10-1004
Grant Date	8/23/2010
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%
Revised Target Completion Date	June 2016

**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
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD 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	30,997	-	30,997	31,000
Construction Services	332,500	-	332,500	336,000
Total Expenditures	363,497	-	363,497	367,000
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	-	-	-
Transfer to Capital Reserve	-	(3,503)	(3,503)	(3,503)
Total Other Financing Sources/(Uses)	-	(3,503)	(3,503)	(3,503)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 3,503	\$ (3,503)	\$ -	\$ (3,503)

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-095-10-1006
Grant Date	8/23/2010
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%
Revised Target Completion Date	June 2016

**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
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD 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:				
Construction Services	66,380	-	66,380	78,816
Total Expenditures	66,380	-	66,380	78,816
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	-	-	-
Transfer to Capital Reserve	-	(12,436)	(12,436)	(12,436)
Total Other Financing Sources/(Uses)	-	(12,436)	(12,436)	(12,436)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 12,436	\$ (12,436)	\$ -	\$ (12,436)

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-10-1007
Grant Date	8/23/2010
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%
Revised Target Completion Date	June 2016

**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
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 49,282	\$ -	\$ 49,282	\$ 49,282
Transfer from Capital Outlay	73,925	-	73,925	73,925
	<hr/>			
Total Revenues	123,207	-	123,207	123,207
	<hr/>			
Expenditures & Other Financing Uses:				
Construction Services	114,928	-	114,928	123,207
	<hr/>			
Total Expenditures	114,928	-	114,928	123,207
	<hr/>			
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	-	-	-
Transfer to Capital Reserve	-	(8,279)	(8,279)	(8,279)
	<hr/>			
Total Other Financing Sources/(Uses)	-	(8,279)	(8,279)	(8,279)
	<hr/>			
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	\$ 8,279	\$ (8,279)	\$ -	\$ (8,279)
	<hr/> <hr/>			

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-090-10-1009
Grant Date	8/23/2010
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%
Revised Target Completion Date	June 2016

**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
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 132,494	\$ -	\$ 132,494	\$ 132,494
Transfer from Capital Outlay	150,000	-	150,000	150,000
Total Revenues	282,494	-	282,494	282,494
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	35,738	-	35,738	40,000
Construction Services	215,921	-	215,921	242,494
Total Expenditures	251,659	-	251,659	282,494
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	(11,072)	(11,072)	-
Transfer to Capital Reserve	-	(19,763)	(19,763)	(19,763)
Total Other Financing Sources/(Uses)	-	(30,835)	(30,835)	(19,763)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 30,835	\$ (30,835)	\$ -	\$ (19,763)

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-10-1001
Grant Date	8/23/2010
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	89%
Revised Target Completion Date	June 2016

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
MECHANICAL UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 681,400	\$ -	\$ 681,400	\$ 681,400
Transfer from Capital Reserve	1,022,100	-	1,022,100	1,022,100
Total Revenues	1,703,500	-	1,703,500	1,703,500
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	68,500	-	68,500	68,500
Construction Services	1,581,461	-	1,581,461	1,635,000
Total Expenditures	1,649,961	-	1,649,961	1,703,500
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	(53,539)	(53,539)	-
Transfer to Capital Reserve	-	-	-	-
Total Other Financing Sources/(Uses)	-	(53,539)	(53,539)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$ 53,539	\$ (53,539)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-13-3004
Grant Date	6/18/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 1,703,500
Revised Authorized Cost	\$ 1,703,500
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	97%
Revised Target Completion Date	June 2016

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
LILLIAN DRIVE ELEMENTARY SCHOOL -
PARTIAL ROOF REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 202,880	\$ -	\$ 202,880	\$ 202,880
Transfer from Capital Reserve	300,000	-	300,000	304,320
Total Revenues	502,880	-	502,880	507,200
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	15,380	-	15,380	44,320
Construction Services	243,600	-	243,600	462,880
Total Expenditures	258,980	-	258,980	507,200
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	(97,560)	(97,560)	-
Transfer to Capital Reserve	(146,340)	-	(146,340)	-
Total Other Financing Sources/(Uses)	(146,340)	(97,560)	(243,900)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$ 97,560	\$ (97,560)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-085-13-1008
Grant Date	6/18/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 507,200
Revised Authorized Cost	\$ 507,200
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	51%
Revised Target Completion Date	June 2016

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
MIDDLE ROAD ELEMENTARY SCHOOL -
STRUCTURAL REPAIRS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 304,320	\$ -	\$ 304,320	\$ 304,320
Transfer from Capital Reserve	456,480	-	456,480	456,480
Total Revenues	760,800	-	760,800	760,800
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	41,094	-	41,094	60,000
Construction Services	464,737	-	464,737	700,800
Total Expenditures	505,831	-	505,831	760,800
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	(84,969)	(84,969)	-
Transfer to Capital Reserve	(152,981)	(17,019)	(170,000)	-
Total Other Financing Sources/(Uses)	(152,981)	(101,988)	(254,969)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$ 101,988	\$ (101,988)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-090-13-1010
Grant Date	6/18/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 760,800
Revised Authorized Cost	\$ 760,800
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	66%
Revised Target Completion Date	June 2016

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
MIDDLE ROAD ELEMENTARY SCHOOL
MEDIA CENTER
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 26,021	\$ -	\$ 26,021	\$ 26,021
Transfer from Capital Reserve	39,031	-	39,031	39,031
Total Revenues	65,052	-	65,052	65,052
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	-	-	5,000
Construction Services	52,618	-	52,618	60,052
Total Expenditures	52,618	-	52,618	65,052
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	(12,434)	(12,434)	-
Transfer to Capital Reserve	-	-	-	-
Total Other Financing Sources/(Uses)	-	(12,434)	(12,434)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$ 12,434	\$ (12,434)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-090-13-1009
Grant Date	6/18/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 65,052
Revised Authorized Cost	\$ 65,052
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	81%
Revised Target Completion Date	June 2016

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN VALLEY ELEMENTARY SCHOOL -
WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 91,296	\$ -	\$ 91,296	\$ 91,296
Transfer from Capital Reserve	136,944	-	136,944	136,944
Total Revenues	228,240	-	228,240	228,240
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	17,652	348	18,000	18,000
Construction Services	-	203,240	203,240	210,240
Total Expenditures	17,652	203,588	221,240	228,240
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	-	-	-
Transfer to Capital Reserve	-	(7,000)	(7,000)	-
Total Other Financing Sources/(Uses)	-	(7,000)	(7,000)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 210,588	\$ (210,588)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-095-13-1011
Grant Date	6/18/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 228,240
Revised Authorized Cost	\$ 228,240
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	97%
Revised Target Completion Date	June 2016

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
HVAC PHASE 3
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ -	\$ -	\$ -	\$ -
Transfer from Capital Reserve	716,660	-	716,660	716,660
Total Revenues	716,660	-	716,660	716,660
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	-	-	-
Construction Services	764,923	270,578	1,035,501	1,035,501
Total Expenditures	764,923	270,578	1,035,501	1,035,501
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	-	-	-
Reallocation of Capital Reserve Funds	299,321	19,520	318,841	318,841
Total Other Financing Sources/(Uses)	299,321	19,520	318,841	318,841
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 251,058	\$ (251,058)	\$ -	\$ -

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	\$ 1,330,000
Revised Authorized Cost	\$ 1,332,501
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Revised Target Completion Date	June 2016

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
HVAC PHASE 4
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ -	\$ -	\$ -	\$ -
Transfer from Capital Reserve	-	900,000	900,000	900,000
Total Revenues	-	900,000	900,000	900,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	-	-	-
Construction Services	-	228,691	228,691	900,000
Total Expenditures	-	228,691	228,691	900,000
Other Financing Sources/(Uses):				
Cancellation of Unexpended Grant Funds	-	-	-	-
Reallocation of Capital Reserve Funds	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$ -	\$ 671,309	\$ 671,309	\$ -

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	\$ 900,000
Revised Authorized Cost	\$ 900,000
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	25%
Revised Target Completion Date	August 2017

G. Proprietary Funds

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Enterprise Funds

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**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2016**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES</u>		2016
	FOOD SERVICE FUND	SHARED SERVICES	
Current Assets:			
Cash & Cash Equivalents	\$ 169,463	\$ 16,524	\$ 185,987
Accounts Receivable:			
State	708	-	708
Federal	20,475	-	20,475
Miscellaneous	6,047	4,072	10,119
Inventories	15,296	-	15,296
Total Current Assets	<u>211,989</u>	<u>20,596</u>	<u>232,585</u>
Capital Assets:			
Building Improvements	229,757	-	229,757
Equipment	520,526	-	520,526
Accumulated Depreciation	<u>(287,729)</u>	<u>-</u>	<u>(287,729)</u>
Total Capital Assets	<u>462,554</u>	<u>-</u>	<u>462,554</u>
Total Assets	<u>674,543</u>	<u>20,596</u>	<u>695,139</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	95,862	-	95,862
Unearned Revenue	<u>13,650</u>	<u>-</u>	<u>13,650</u>
Total Current Liabilities	<u>109,512</u>	<u>-</u>	<u>109,512</u>
NET POSITION			
Investment in Capital Assets	462,554	-	462,554
Unreserved Retained Earnings	<u>102,477</u>	<u>20,596</u>	<u>123,073</u>
Total Net Position	<u>\$ 565,031</u>	<u>\$ 20,596</u>	<u>\$ 585,627</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES		2016
	FOOD SERVICE FUND	SHARED SERVICES	
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 618,153	\$ -	\$ 618,153
Total - Daily Sales - Reimbursable Programs	618,153	-	618,153
Daily Sales - Nonreimbursable Programs	44,967	-	44,967
Program Revenues	-	160,652	160,652
Miscellaneous Income	300	-	300
Total Operating Revenue	663,420	160,652	824,072
Operating Expenses:			
Salaries	310,473	109,498	419,971
Employee Benefits	24,185	30,558	54,743
Other Purchased Services	19,577	-	19,577
Repairs & Other Expenses	24,234	-	24,234
Supplies and Materials	3,247	-	3,247
Depreciation	28,932	-	28,932
Management Fee	40,365	-	40,365
Miscellaneous	7,563	-	7,563
Cost of Sales	477,701	-	477,701
Total Operating Expenses	936,277	140,056	1,076,333
Operating Gain/Loss	(272,857)	20,596	(252,261)
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	8,403	-	8,403
Federal Sources:			
National School Lunch Program	208,495	-	208,495
National School Performance Based Program	11,314	-	11,314
National School Breakfast Program	31,011	-	31,011
Food Distribution Program	66,233	-	66,233
Total Nonoperating Revenues/(Expenses)	325,456	-	325,456
Change in Net Position	52,599	20,596	73,195
Total Net Position - Beginning	512,432	-	512,432
Total Net Position - Ending	\$ 565,031	\$ 20,596	\$ 585,627

**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	SHARED SERVICES	2016
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 661,843	\$ 133,306	\$ 795,149
Payments to Employees	(310,473)	(109,498)	(419,971)
Payments for Employee Benefits	(24,185)	(30,558)	(54,743)
Payments to Suppliers	(471,628)	-	(471,628)
Net Cash Flows From Operating Activities	<u>(144,443)</u>	<u>(6,750)</u>	<u>(151,193)</u>
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Agencies	257,771	-	257,771
Net Cash Flows From Noncapital Financing Activities	<u>257,771</u>	<u>-</u>	<u>257,771</u>
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	(11,334)	-	(11,334)
Net Cash Flows From Capital & Related Financing Activities	<u>(11,334)</u>	<u>-</u>	<u>(11,334)</u>
Net Change in Cash & Cash Equivalents	101,994	(6,750)	95,244
Cash & Cash Equivalents, July 1	67,469	23,274	90,743
Cash & Cash Equivalents, June 30	<u>\$ 169,463</u>	<u>\$ 16,524</u>	<u>\$ 185,987</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating Loss	\$ (272,857)	\$ 20,596	\$ (252,261)
Adjustments to Reconcile Operating Loss to Cash Flows From Operating Activities:			
Depreciation Expense	28,932	-	28,932
Food Distribution Program	66,233	-	66,233
Guaranteed Profit	-	-	-
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	(2,087)	(4,072)	(6,159)
(Increase)/Decrease in Inventory	(1,869)	-	(1,869)
(Increase)/Decrease in Fixed Assets	-	-	-
Increase/(Decrease) in Accounts Payable	36,695	-	36,695
Increase/(Decrease) in Unearned Revenue	510	(23,274)	(22,764)
Total Adjustments	<u>128,414</u>	<u>(27,346)</u>	<u>101,068</u>
Net Cash Flows From Operating Activities	<u>\$ (144,443)</u>	<u>\$ (6,750)</u>	<u>\$ (151,193)</u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**HAZLET TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY		2016
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 108,339	\$ 53	\$ 259,987	\$ 206,694	\$ 575,073
Investments	-	7,573	-	-	7,573
Total Assets	108,339	7,626	259,987	206,694	582,646
LIABILITIES					
Payroll Deductions & Withholdings	8,095	-	259,987	-	268,082
Due to Student Groups	-	-	-	206,694	206,694
Total Liabilities	8,095	-	259,987	206,694	474,776
NET POSITION					
Reserved:					
Unemployment Claims	100,244	-	-	-	100,244
Reserve for Scholarship	-	7,626	-	-	7,626
Total Net Position	\$ 100,244	\$ 7,626	\$ -	\$ -	\$ 107,870

**HAZLET TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIVATE PURPOSE		2016
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
ADDITIONS:			
Contributions:			
Board Contributions	\$ 46,380	\$ -	\$ 46,380
Total Contributions	46,380	-	46,380
Investment Earnings			
Appreciation	-	1,129	1,129
Interest on Investments	-	220	220
Total Investment Earnings	-	1,349	1,349
Total Additions	46,380	1,349	47,729
DEDUCTIONS:			
Quarterly Contribution Reports	35,933	-	35,933
Scholarship Awarded	-	895	895
Miscellaneous Expenses	-	50	50
Total Deductions	35,933	945	36,878
Change in Net Position	10,447	404	10,851
Net Position - Beginning of Year	89,797	7,222	97,019
Net Position - End of Year	\$ 100,244	\$ 7,626	\$ 107,870

**HAZLET TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2016
Elementary Schools:				
Beers Street	\$ 2,114	\$ 2,164	\$ 3,422	\$ 856
Cove Road	3,210	1,560	1,119	3,651
Lillian Drive	3,322	1,377	1,303	3,396
Middle Road	1,904	1,002	623	2,283
Raritan Valley	224	2,903	2,618	509
Sycamore Drive	431	484	673	242
Total Elementary Schools	<u>11,205</u>	<u>9,490</u>	<u>9,758</u>	<u>10,937</u>
Middle School:				
Hazlet Middle School	3,264	8,644	10,497	1,411
Total Middle Schools	<u>3,264</u>	<u>8,644</u>	<u>10,497</u>	<u>1,411</u>
High Schools:				
Athletic Fund	17,046	60,738	73,071	4,713
Rocket Launchers	72,950	268,472	266,149	75,273
Home Economics	579	10,608	10,346	841
Raritan High School	95,654	125,746	107,881	113,519
Total High School	<u>186,229</u>	<u>465,564</u>	<u>457,447</u>	<u>194,346</u>
Total Assets	<u>\$ 200,698</u>	<u>\$ 483,698</u>	<u>\$ 477,702</u>	<u>\$ 206,694</u>
LIABILITIES				
Due to Student Groups	\$ 200,698	\$ 483,698	\$ 477,702	\$ 206,694
Total Liabilities	<u>\$ 200,698</u>	<u>\$ 483,698</u>	<u>\$ 477,702</u>	<u>\$ 206,694</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 209,532	\$ 34,077,258	\$ 34,026,803	\$ 259,987
Total Assets	<u>\$ 209,532</u>	<u>\$ 34,077,258</u>	<u>\$ 34,026,803</u>	<u>\$ 259,987</u>
LIABILITIES				
Net Payroll Deductions & Withholdings	\$ 209,532	\$ 34,077,258	\$ 34,026,803	\$ 259,987
Total Liabilities	<u>\$ 209,532</u>	<u>\$ 34,077,258</u>	<u>\$ 34,026,803</u>	<u>\$ 259,987</u>

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I. Long-Term Debt

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**HAZLET TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY DATE	ANNUAL MATURITY AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2015	RETIRED	BALANCE JUNE 30, 2016
Refunding Bonds	10/28/2010	\$ 6,930,000	February 1, 2017	310,000	3.500%	\$ 5,780,000	\$ 300,000	\$ 5,480,000
			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						\$ 5,780,000	\$ 300,000	\$ 5,480,000

**HAZLET TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF CAPITAL LEASE OBLIGATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ISSUE	AMOUNT OF ISSUE	INTEREST RATE	BALANCE JUNE 30, 2015	ISSUED	RETIRED	BALANCE JUNE 30, 2016
Various Equipment	\$ 750,000	1.580%	\$ 750,000	\$ -	\$ 143,000	\$ 607,000
		Total	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 143,000</u>	<u>\$ 607,000</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JUNE 30, 2016				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 408,599	\$ -	\$ 408,599	\$ 408,599	\$ -
State Sources:					
Debt Service Aid Type II	108,378	-	108,378	108,378	-
Total Revenues	516,977	-	516,977	516,977	-
Expenditures:					
Regular Debt Service:					
Interest	216,978	-	216,978	216,977	1
Principal	300,000	-	300,000	300,000	-
Total Expenditures	516,978	-	516,978	516,977	1
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(1)	-	(1)	-	1
Fund Balance July 1,	1	-	1	1	-
Fund Balance June 30,	\$ -	\$ -	\$ -	\$ 1	\$ 1

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STATISTICAL SECTION (Unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 13,383,111	\$ 11,733,656	\$ 9,244,260	\$ 7,218,916	\$ 6,598,438	\$ 10,814,803	\$ 11,187,418	\$ 10,284,778	\$ 9,334,557	\$ 8,938,802
Restricted	6,215,753	4,281,569	3,582,788	1,395,258	1,417,433	4,776,504	2,671,186	2,449,285	2,941,233	2,573,229
Unrestricted	(15,193,912)	(14,295,323)	(888,182)	2,284,187	727,857	(2,842,516)	(2,305,930)	(2,533,321)	(2,368,958)	(2,475,418)
Total Governmental Activities	4,404,952	1,719,902	11,938,866	10,898,361	8,743,728	12,748,791	11,552,674	10,200,742	9,906,832	9,036,613
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	462,554	480,152	368,180	228,861	150,088	231,319	185,542	160,897	180,311	183,327
Unrestricted	123,073	32,280	101,180	128,051	98,378	204,855	193,806	95,469	107,658	92,885
Total Business-Type Activities	585,627	512,432	469,360	356,912	248,466	436,174	379,348	256,366	287,969	276,212
Government-Wide :										
Invested in Capital Assets,										
Net of Related Debt	13,845,665	12,213,808	9,612,440	7,447,777	6,748,526	11,046,122	11,372,960	10,445,675	9,514,868	9,122,129
Restricted	6,215,753	4,281,569	3,582,788	1,395,258	1,417,433	4,776,504	2,671,186	2,449,285	2,941,233	2,573,229
Unrestricted	(15,070,839)	(14,263,043)	(787,002)	2,412,238	826,235	(2,637,661)	(2,112,124)	(2,437,852)	(2,261,300)	(2,382,533)
Total Government-Wide Net Position	\$ 4,990,579	\$ 2,232,334	\$ 12,408,226	\$ 11,255,273	\$ 8,992,194	\$ 13,184,965	\$ 11,932,022	\$ 10,457,108	\$ 10,194,801	\$ 9,312,825

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (16,589,231)	\$ (16,736,993)	\$ (16,832,245)	\$ (16,606,036)	\$ (16,676,841)	\$ (24,909,217)	\$ (23,833,572)	\$ (22,383,141)	\$ (22,746,571)	\$ (21,567,977)
Special Education	(4,055,338)	(4,084,355)	(3,728,748)	(3,562,034)	(3,615,521)	(3,049,523)	(2,922,835)	(3,385,925)	(3,286,686)	(4,222,287)
Other Special Instruction	(592,534)	(581,166)	(584,004)	(568,892)	(500,627)	(1,061,778)	(916,630)	(725,465)	(776,641)	(654,384)
Other Instruction	(850,704)	(845,873)	(803,550)	(826,631)	(831,548)	(1,172,657)	(1,092,788)	(1,948,716)	(2,049,833)	(1,336,921)
Support Services:										
Tuition	(1,225,743)	(1,065,105)	(1,088,290)	(1,119,072)	(1,168,156)	(1,125,364)	(1,436,468)	(1,434,262)	(1,837,291)	(1,740,298)
Student & Instruction Related Services	(5,049,304)	(4,620,284)	(4,383,039)	(4,375,486)	(4,267,380)	(4,839,316)	(4,993,169)	(5,111,357)	(4,998,274)	(4,099,502)
School Administrative Services	(2,239,579)	(2,292,521)	(2,239,579)	(2,264,833)	(2,208,959)	(2,943,208)	(2,960,071)	(3,207,231)	(3,257,247)	(3,049,937)
Central Services	(537,434)	(518,457)	(495,042)	(486,216)	(469,981)	(481,393)	(567,753)	(550,356)	(524,592)	(527,142)
Administrative Information Technology	(90,959)	(91,388)	(82,245)	(207,381)	(205,469)	(203,628)	(211,260)	(192,974)	(174,860)	(119,207)
General & Business Administrative Services	(1,117,991)	(1,003,664)	(951,916)	(1,042,656)	(961,401)	(1,542,863)	(1,687,245)	(1,200,142)	(1,205,897)	(1,253,638)
Plant Operations & Maintenance	(5,119,969)	(5,869,851)	(5,380,163)	(4,720,523)	(4,872,433)	(5,676,551)	(5,730,963)	(5,489,205)	(5,495,146)	(5,422,776)
Pupil Transportation	(2,193,567)	(2,138,402)	(2,166,430)	(1,904,319)	(1,964,439)	(1,848,570)	(2,153,743)	(2,534,171)	(2,458,068)	(2,458,068)
Special Schools	(136,990)	(137,425)	(123,789)	(109,955)	(100,255)	(102,773)	(119,669)	(93,385)	(75,552)	(566,848)
Interest on Long-Term Debt	(350,668)	(217,837)	(229,087)	(246,675)	(248,241)	(362,315)	(352,431)	(359,319)	(380,564)	(389,885)
Unallocated Depreciation	(741,110)	(608,586)	(494,563)	(446,616)	(489,739)	-	-	-	-	-
Unallocated Benefits	(20,784,364)	(18,516,378)	(12,317,691)	(12,232,998)	(11,751,900)	-	-	-	-	-
Total Governmental Activities Expenses	(61,675,485)	(59,328,285)	(51,949,963)	(50,720,323)	(50,332,180)	(49,319,156)	(48,978,597)	(48,468,796)	(49,343,325)	(47,408,870)
Business-Type Activities:										
Food Service	(936,277)	(929,357)	(914,441)	(955,888)	(1,211,129)	(956,250)	(1,022,707)	(1,007,564)	(940,779)	(886,519)
Shared Services	(140,056)	(89,992)	(85,888)	-	-	-	-	-	-	-
Total Business-Type Activities Expense	(1,076,333)	(1,019,349)	(1,000,329)	(955,888)	(1,211,129)	(956,250)	(1,022,707)	(1,007,564)	(940,779)	(886,519)
Total Government-Wide Expenses	(62,751,818)	(60,347,634)	(52,950,292)	(51,676,211)	(51,543,309)	(50,275,406)	(50,001,304)	(49,476,360)	(50,284,104)	(48,295,389)
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,550	\$ 55,400	\$ 8,913	\$ 375	\$ -
Pupil Transportation	-	-	-	-	-	56,943	27,276	48,167	54,667	64,892
Operating Grants & Contributions	-	-	-	-	-	211,618	515,916	513,314	847,826	987,338
Capital Grants & Contributions	13,770,689	11,261,861	1,120,535	1,156,434	1,296,996	78,268	479,922	-	-	-
Total Governmental Activities Program Revenues	13,770,689	11,261,861	1,120,535	1,156,434	1,296,996	443,379	1,078,514	570,394	902,868	1,052,230
Business-Type Activities:										
Charges for Services:										
Food Service	663,120	658,699	706,164	715,182	777,854	787,509	861,605	820,849	799,131	758,752
Shared Services	160,652	89,992	85,888	-	-	-	-	-	-	-
Operating Grants & Contributions	325,456	312,858	318,600	342,042	244,452	225,198	230,554	153,884	153,405	127,566
Total Business Type Activities Program Revenues	1,149,228	1,061,549	1,110,652	1,057,224	1,022,306	1,012,707	1,092,159	974,733	952,536	886,318
Total Government-Wide Program Revenues	14,919,917	12,323,410	2,231,187	2,319,302	2,319,302	1,456,086	2,170,673	1,545,127	1,855,404	1,938,548

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue:										
Governmental Activities	\$ (47,904,796)	\$ (48,066,424)	\$ (50,829,428)	\$ (49,563,889)	\$ (49,035,184)	\$ (48,875,777)	\$ (47,900,083)	\$ (47,898,402)	\$ (48,440,457)	\$ (46,356,640)
Business-Type Activities	72,895	42,200	110,323	101,336	(188,823)	56,457	69,452	(32,831)	11,757	(201)
Total Government-Wide Net Expense	\$ (47,831,901)	\$ (48,024,224)	\$ (50,719,105)	\$ (49,462,553)	\$ (49,224,007)	\$ (48,819,320)	\$ (47,830,631)	\$ (47,931,233)	\$ (48,428,700)	\$ (46,356,841)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 36,863,451	\$ 35,091,060	\$ 34,108,882	\$ 33,440,463	\$ 33,440,463	\$ 33,315,527	\$ 31,600,058	\$ 30,982,233	\$ 30,632,424	\$ 29,790,041
Taxes Levied for Debt Service	408,599	404,465	406,704	431,338	324,486	449,422	425,721	422,440	418,524	417,887
Unrestricted Grants & Contributions	12,987,815	13,759,123	17,132,507	17,588,018	16,966,354	16,184,646	17,103,661	16,674,661	18,054,818	17,491,455
Investment Earnings	175,882	168,112	120,280	161,203	108,339	11,016	17,653	45,340	182,922	221,264
Miscellaneous Income	154,099	115,186	177,272	425,830	184,959	111,283	104,921	78,627	21,989	77,668
Loss on asset Disposition	-	-	-	-	-	-	-	-	-	-
Special Item - Gain on Sale of Land	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	50,589,846	49,537,946	51,945,645	52,046,852	51,024,601	50,071,894	49,252,014	48,203,301	49,310,677	47,998,315
Business-Type Activities:										
Investment Earnings	300	872	2,125	7,110	1,115	369	489	1,226	-	-
Loss on Asset Disposition	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	300	872	2,125	7,110	1,115	369	489	1,226	-	-
Total Government-Wide General Revenues	\$ 50,590,146	\$ 49,538,818	\$ 51,947,770	\$ 52,053,962	\$ 51,025,716	\$ 50,072,263	\$ 49,252,503	\$ 48,204,527	\$ 49,310,677	\$ 47,998,315
Change in Net Position:										
Governmental Activities	\$ 2,685,050	\$ 1,471,522	\$ 1,116,217	\$ 2,482,963	\$ 1,989,417	\$ 1,196,117	\$ 1,351,931	\$ 304,899	\$ 870,220	\$ 1,641,675
Business-Type Activities	73,195	43,072	112,448	108,446	(187,708)	56,826	69,941	(31,605)	11,757	(201)
Total Government-Wide	\$ 2,758,245	\$ 1,514,594	\$ 1,228,665	\$ 2,591,409	\$ 1,801,709	\$ 1,252,943	\$ 1,421,872	\$ 273,294	\$ 881,977	\$ 1,641,474

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,671,186	\$ 2,326,377	\$ 2,231,233	\$ 1,732,562
Unreserved	-	-	-	-	-	-	545,297	548,232	1,023,340	1,053,259
Restricted	5,544,443	3,834,499	3,387,986	7,776,079	3,030,803	2,694,052	-	-	-	-
Assigned	515,673	376,127	287,554	379,383	789,692	796,918	-	-	-	-
Unassigned	114	-	-	(1,837,237)	717,647	(155,116)	-	-	-	-
Total General Fund	\$ 6,060,230	\$ 4,210,626	\$ 3,675,540	\$ 6,318,225	\$ 4,538,142	\$ 3,335,854	\$ 3,216,483	\$ 2,874,609	\$ 3,254,573	\$ 2,785,821
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,607	\$ -	\$ -
Unreserved, Reported in:										
Capital Projects Fund	-	-	-	-	-	-	-	(55,700)	-	40,648
Debt Service Fund	-	-	-	-	-	-	(1)	1	-	19
Restricted:										
Capital Projects Fund	25,502	-	-	-	-	995,869	-	-	-	-
Committed:										
Capital Projects Fund	645,809	447,070	1,854,353	-	34,951	260,276	-	-	-	-
Assigned:										
Debt Service Fund	-	1	-	-	-	51,688	-	-	-	-
Unassigned	-	-	-	60,469	339,031	-	-	-	-	-
Total All Other Governmental Funds	\$ 671,311	\$ 447,071	\$ 1,854,353	\$ 60,469	\$ 373,982	\$ 1,307,833	(1)	\$ 122,908	\$ -	\$ 40,667

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Tax Levy	\$ 37,272,050	\$ 35,495,525	\$ 34,515,586	\$ 33,871,801	\$ 33,764,949	\$ 33,764,949	\$ 32,025,779	\$ 31,404,673	\$ 31,050,948	\$ 30,207,928
Tuition Charges	175,882	168,112	120,280	161,203	108,339	96,550	55,400	8,913	375	-
Transportation	25,756	51,400	52,350	40,363	37,225	56,943	27,276	48,167	54,667	-
Interest Earnings	2,307	-	4,924	4,728	219	1,867	14,434	3,788	576	221,264
Miscellaneous	126,036	63,786	119,998	380,738	147,515	120,432	97,009	120,178	216,856	142,560
State Sources	18,754,185	18,679,940	17,299,029	17,752,946	16,774,331	14,958,188	14,914,559	16,229,945	17,931,444	17,510,812
Federal Sources	989,268	997,558	954,013	991,506	1,489,019	1,516,344	3,184,941	958,030	971,199	977,257
Total Revenue	57,345,484	55,456,321	53,066,180	53,203,285	52,321,597	50,515,273	50,319,398	48,773,694	50,226,065	49,059,821
Expenditures:										
Instruction:										
Regular Instruction	16,589,231	16,736,993	16,832,245	16,606,037	16,676,841	17,096,169	17,169,740	16,052,720	15,794,543	15,418,514
Special Education Instruction	4,055,338	4,084,355	3,728,748	3,562,034	3,615,521	2,831,412	2,731,730	2,934,205	2,788,191	2,638,281
Other Special Instruction	592,534	581,166	584,004	568,892	500,627	528,136	468,776	725,465	776,641	654,384
Other Instruction	850,704	845,873	803,550	826,631	831,548	821,005	793,296	763,838	710,455	657,269
Support Services:										
Tuition	1,225,743	1,065,105	1,088,290	1,119,072	1,168,156	1,125,364	1,436,468	1,434,262	1,837,291	1,740,298
Student & Instruction Related Services	5,049,304	4,620,284	4,383,039	4,375,486	4,267,380	4,202,378	4,395,725	4,081,737	3,827,854	3,528,454
General Administration	1,117,991	1,003,664	951,916	1,042,656	961,401	932,756	1,054,479	1,016,919	2,118,929	1,020,904
School Administrative Services	2,239,579	2,292,521	2,289,161	2,264,833	2,208,959	2,206,523	2,197,067	2,206,443	998,068	2,038,657
Central Services	537,434	518,457	495,042	486,216	469,981	481,393	567,753	550,356	524,592	527,142
Administrative Information Technology	90,959	91,388	82,245	207,381	205,469	203,628	211,260	192,974	174,860	119,207
Plant Operations & Maintenance	5,281,773	5,135,155	5,350,237	4,720,523	4,872,433	4,527,847	4,541,806	4,445,344	4,291,293	4,223,125
Pupil Transportation	2,193,567	2,138,402	2,166,430	1,904,319	1,964,439	1,805,412	2,108,958	2,342,814	2,483,553	2,381,985
Other Support Services	13,326,176	13,013,295	12,244,895	12,297,823	11,850,943	11,073,124	10,079,123	9,990,911	11,790,298	11,400,509
Employee Benefits	136,990	137,425	123,789	109,955	100,255	102,773	119,669	93,385	75,552	59,632
Special Schools	2,215,870	3,545,257	2,277,412	805,326	1,848,509	633,209	1,659,490	1,638,641	1,010,326	1,796,421
Capital Outlay	300,000	290,000	275,000	265,000	260,000	280,000	205,000	190,000	165,000	165,000
Debt Service:	216,977	228,578	239,577	246,203	250,697	236,939	360,093	370,733	389,885	389,885
Principal Interest & Other Charges	56,020,170	56,327,918	53,915,580	51,408,387	52,053,159	49,088,068	50,100,433	49,030,747	49,757,331	48,759,667
Total Expenditures	1,325,314	(871,597)	(849,400)	1,794,898	268,438	1,427,205	218,965	(257,053)	468,734	300,154
Excess (Deficiency) of Revenues Over/(Under) Expenditures	56,020,170	56,327,918	53,915,580	51,408,387	52,053,159	49,088,068	50,100,433	49,030,747	49,757,331	48,759,667
Other Financing Sources/(Uses):										
Proceeds from Refunding	-	-	-	-	-	7,007,801	-	-	-	-
Payments to Escrow Agent	-	-	-	-	-	(7,007,801)	-	-	-	-
Proceeds from Capital Lease	748,530	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	1,373,547	276,476	390,363	-	-
Transfers Out	-	-	-	-	-	(1,373,547)	(276,476)	(390,363)	-	-
Total Other Financing Sources/(Uses)	748,530	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 2,073,844	\$ (871,597)	\$ (849,400)	\$ 1,794,898	\$ 268,438	\$ 1,427,205	\$ 218,965	\$ (257,053)	\$ 468,734	\$ 300,154
Debt Service as a Percentage of Noncapital Expenditures	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.2%	1.2%	1.1%	1.2%

Source: District Records

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION REFUND	INSURANCE REIMBURSEMENT	VENDOR REFUNDS	RENT	BUILDING USE FEES	TUITION	TRANS-PORTATION	OTHER RESTRICTED MISCELLANEOUS	TOTAL
2016	\$ 2,307	\$ -	\$ -	\$ -	\$ -	\$ -	175,882	25,756	56,968	\$ 260,913
2015	-	-	-	-	-	21,478	168,112	51,400	7,534	248,524
2014	4,924	-	-	33,949	-	17,544	120,280	52,350	13,809	242,856
2013	4,728	-	-	-	-	-	161,203	40,363	286,051	492,345
2012	4,531	-	-	-	-	-	108,339	37,225	46,855	196,950
2011	11,016	-	-	31,508	-	-	96,550	8,650	5,496	153,220
2010	14,434	12,604	12,345	6,464	-	-	55,400	8,650	25,695	135,592
2009	41,552	-	-	18,632	-	-	8,913	48,167	57,261	174,525
2008	182,922	-	-	-	-	-	375	54,667	13,957	251,921
2007	221,264	-	-	13,420	-	-	-	64,892	31,015	330,591

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
2016	\$12,409,700	\$ 1,864,827,600	\$ 26,400	\$ 401,926,700	\$ 27,927,800	\$ 2,307,118,200	\$ 1,614,771	\$ 2,308,732,971	\$ 1.638	\$ 2,383,085,230
2015	11,781,500	1,826,500,000	26,400	397,699,800	27,691,200	2,263,698,900	1,632,204	2,265,331,104	1.610	2,559,696,162
2014	11,095,500	1,632,289,500	25,800	386,952,000	26,035,000	2,056,397,800	1,623,135	2,058,020,935	1.700	2,240,388,564
2013	13,896,000	1,630,577,900	25,800	378,853,000	26,035,000	2,049,387,700	1,852,477	2,051,240,177	1.667	2,051,183,777
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	1.430	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	1.430	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	1.380	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	1.327	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	2.920	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	2.870	2,450,492,919

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			TOWNSHIP OF HAZLET			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL (a)	GENERAL OBLIGATION DEBT SERVICE (b)	TOTAL DIRECT				MONMOUTH COUNTY	FIRE DISTRICT		
2016	\$ 1.620	\$ 0.018	\$ 1.638	\$ 0.613	\$ 0.305	\$ 0.079	\$ 2.635			
2015	1.592	0.018	1.610	0.625	0.319	0.078	2.632			
2014	1.682	0.018	1.700	0.673	0.344	0.084	2.801			
2013	1.650	0.017	1.667	0.676	0.350	0.082	2.775			
2012	1.412	0.018	1.430	0.010	0.306	0.070	1.816			
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			

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	2016	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	\$ 23,259,000	1.00%
Individual Taxpayer #2	22,430,000	0.97%
Individual Taxpayer #3	17,100,200	0.74%
Individual Taxpayer #4	16,926,000	0.73%
Individual Taxpayer #5	15,363,600	0.67%
Individual Taxpayer #6	13,461,200	0.58%
Individual Taxpayer #7	11,530,200	0.50%
Individual Taxpayer #8	9,596,400	0.42%
Individual Taxpayer #9	8,707,600	0.38%
Individual Taxpayer #10	7,249,400	0.31%
Total	<u>\$ 145,623,600</u>	<u>6.30%</u>

TAXPAYER	2007	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	\$ 29,000,000	1.36%
Individual Taxpayer #2	21,540,200	1.01%
Individual Taxpayer #3	18,880,000	0.88%
Individual Taxpayer #4	18,000,000	0.84%
Individual Taxpayer #5	16,294,600	0.76%
Individual Taxpayer #6	14,940,400	0.70%
Individual Taxpayer #7	11,590,200	0.54%
Individual Taxpayer #8	10,082,800	0.47%
Individual Taxpayer #9	9,708,200	0.45%
Individual Taxpayer #10	9,200,000	0.43%
Total	<u>\$ 159,236,400</u>	<u>7.44%</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) AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS
2016	\$ 60,827,606	N/A	N/A	N/A
2015	59,532,901	\$ 58,666,205	98.54%	N/A
2014	57,689,059	56,954,108	98.73%	\$ 734,798
2013	57,087,456	56,147,855	98.35%	800,270
2012	56,605,828	55,794,504	98.57%	801,104
2011	55,889,877	55,247,286	98.85%	576,228
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
	48,183,424	47,769,304	99.14%	409,814

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

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

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

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME ^a	PER CAPITA
	GENERAL OBLIGATION BONDS ^o	CAPITAL LEASES				
2016	\$ 5,480,000	\$ 607,000	\$	6,087,000	1.08%	\$ 301.84
2015	5,780,000	750,000		6,530,000	0.85%	285.81
2014	6,070,000	-		6,070,000	0.79%	300.02
2013	6,345,000	-		6,345,000	0.73%	311.70
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

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			PERCENTAGE OF ACTUAL TAXABLE VALUE ^a OF PROPERTY	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2016	\$ 5,480,000	\$ -	\$ 5,480,000	0.24%	272.68
2015	5,780,000	-	5,780,000	0.26%	286.62
2014	6,070,000	-	6,070,000	0.29%	300.15
2013	6,080,000	-	6,080,000	0.31%	313.61
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

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, 2016**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Hazlet Township	\$ 10,642,295	100.000%	\$ 10,642,295
Monmouth County General Obligation Debt	437,190,697	2.068%	<u>9,042,787</u>
Subtotal, Overlapping Debt			19,685,082
Hazlet Township School District Direct Debt			<u>5,480,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 25,165,082</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 therefore responsible for repaying the debt, of each overlapping payment.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another 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**

	FISCAL YEAR ENDED JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 91,901,353	\$ 92,111,071	\$ 93,576,026	\$ 97,014,953	\$ 100,549,197	\$ 69,504,523	\$ 70,618,796	\$ 103,292,035	\$ 96,828,230	\$ 86,385,783
Total Net Debt Applicable to Limit	5,480,000	5,780,000	6,070,000	6,345,000	6,610,000	6,870,000	7,060,000	7,265,000	7,440,000	7,630,000
Legal Debt Margin	\$ 86,421,353	\$ 86,331,071	\$ 87,506,026	\$ 90,669,953	\$ 93,939,197	\$ 62,634,523	\$ 63,558,796	\$ 96,027,035	\$ 89,388,230	\$ 78,755,783
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.96%	6.28%	6.49%	6.54%	6.57%	9.88%	10.00%	7.03%	7.68%	8.83%

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis
2015	\$ 2,338,059,249
2014	2,323,613,333
2013	2,230,928,914
Total	<u>\$ 6,892,601,496</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,297,533,832</u>
Debt Limit (4 % of Average Equalization Value)	\$ 91,901,353 a
Net Bonded School Debt	<u>5,480,000</u>
Legal Debt Margin	<u>\$ 86,421,353</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)
2016	20,097	N/A	N/A	5.3%
2015	20,163	N/A	N/A	6.2%
2014	20,213	\$ 1,334,442,047	66,019	8.5%
2013	20,231	1,275,908,477	63,067	9.2%
2012	20,281	1,277,723,281	63,001	8.9%
2011	20,336	1,241,289,104	61,039	8.7%
2010	20,942	1,211,976,366	57,873	9.3%
2009	20,956	1,201,554,172	57,337	4.8%
2008	21,030	1,260,012,450	59,915	4.1%
2007	21,177	1,241,438,094	58,622	3.9%

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

**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 TEN FISCAL YEARS**

	FISCAL YEAR ENDED JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Function/Program:										
Instruction:										
Regular	220	217	218	219	218	217	264	270	270	270
Special Education	80	81	80	78	79	74	6	6	6	6
Other Special Education	20	20	20	20	20	18	20	12	12	12
Other Instruction							12	6	6	6
Support Services:										
Student & Instruction Related Services	43	43	42	42	43	43	25	29	29	29
General Administration	5	5	5	5	5	5	6	6	6	6
School Administrative Services	25	25	25	25	25	25	27	27	27	27
Other Administrative Services							17	17	17	16
Central Services	7	7	7	7	7	7	8	8	8	9
Administrative Information Technology	4	4	4	4	3	3	3	5	5	5
Plant Operations & Maintenance	53	53	53	53	53	52	51	45	45	44
Pupil Transportation	1	1	1	1	1	2	2	2	2	1
Other Support Services	1	1	1	1	1					
Total	459	457	456	455	455	446	441	433	433	431

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
						ELEMENTARY SCHOOL	MIDDLE SCHOOL	HIGH SCHOOL				
2016	3,028	52,206,637	17,241	9.48%	287	10.1:1	9.1:1	10.2:1	2,883.7	2,752.2	-4.91%	95.44%
2015	3,065	51,271,396	15,924	1.11%	294	8.6:1	8.1:1	8.5:1	3,032.6	2,890.8	0.90%	95.32%
2014	3,182	50,110,930	15,748	1.48%	285	9.2:1	8.7:1	8.9:1	3,005.6	2,866.5	-4.75%	95.37%
2013	3,217	48,910,734	15,519	4.59%	287	9.2:1	8.4:1	9.1:1	3,155.4	3,004.6	-1.10%	95.22%
2012	3,263	48,416,067	14,838	-1.73%	285	12.2:1	9.8:1	11.5:1	3,190.4	3,050.3	-2.63%	95.61%
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%

Sources: District records

Note: Enrollment based on annual October district count.

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

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	FISCAL YEAR ENDED JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
DISTRICT BUILDINGS										
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	267	265	259	272	287	265	264	290	277	277
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	195	191	216	222	227	229	239	266	276	280
Lillian Drive School (1962)										
Square Feet	35,000	35,000	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	253	278	265	271	272	294	294	255	286	302
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	288	297	301	321	326	330	344	279	291	316
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	280	275	280	300	302	308	323	345	362	355
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	298	276	299	282	280	293	215	237	238	237
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	493	512	520	498	499	519	549	557	537	533
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	954	971	1,030	1,000	1,027	1,053	1,056	1,090	1,074	1,027
Other:										
Square Feet	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	18,100
Total Enrollment	3,028	3,065	3,170	3,166	3,220	3,291	3,284	3,319	3,341	3,327

Number of Schools at June 30, 2016:

- Elementary = 6
- Middle School = 1
- Senior High School = 1
- Other = 1

Source: District Facilities Office

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

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

	FISCAL YEAR ENDED JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary Schools:										
Beers Street	\$ 90,855	\$ 93,441	\$ 104,914	\$ 77,450	\$ 96,681	\$ 92,094	\$ 70,673	\$ 69,859	\$ 61,973	\$ 61,529
Cove Road	82,702	85,055	95,498	70,499	88,005	83,829	64,331	63,589	56,411	59,318
Lillian Drive	107,163	110,213	123,744	91,352	114,033	108,624	83,356	82,397	73,096	53,431
Middle Road	101,339	104,223	117,019	86,386	107,837	102,720	78,828	77,919	69,123	55,175
Raritan Valley	100,174	103,025	115,674	85,393	106,597	101,539	77,922	77,024	68,329	59,316
Sycamore Drive	68,724	70,680	79,358	58,584	73,131	69,661	53,458	52,842	46,877	46,147
Middle School:										
Hazlet	174,722	179,694	201,757	148,942	185,925	177,103	135,910	134,343	119,178	74,619
High School:										
Raritan	439,132	451,632	507,083	374,341	467,292	445,120	341,587	337,661	299,544	351,266
Total	\$ 1,164,811	\$ 1,197,963	\$ 1,345,047	\$ 992,947	\$ 1,239,501	\$ 1,180,690	\$ 906,065	\$ 895,634	\$ 794,531	\$ 760,801

* 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, 2016**

	COVERAGE		DEDUCTIBLE
School Package Policy:			
Building & Contents (All Locations)	88,611,332	(1)	5,000
Boiler & Machinery	Included w/ Above	(1)	5,000
General Automobile Liability	1,000,000	(1)	N/A
School Board Legal Liability	11,000,000	(3)	10,000
Employers Liability	2,000,000	(4)	N/A
Workers' Compensation	2,000,000	(4)	N/A
Umbrella - Liability	10,000,000	(1)	10,000
Liability CAP Program	29,000,000	(6)	N/A
Accident Coverage for Volunteers	25,000	(7)	N/A
 Student Accident Insurance	 None		
 Surety Bonds (2)			
Treasurer	300,000	(5)	N/A
Board Secretary	125,000	(5)	N/A
 Excess Workers Compensation	 0 Day Elimination	 (2)	 N/A
Flood-Middle School	500,000	(5)	5,000

- (1) Zurich Insurance Company
(2) Chubb Insurance Company
(3) NJSBAIG
(4) NJIG/MOCSSIF
(5) Selective Insurance Company
(6) Torus/Markel
(7) QBE Insurance Corporation

Source: District records

SINGLE AUDIT SECTION

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EXHIBIT K-1

INDEPENDENT AUDITOR'S 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 School District
County of Monmouth
Hazlet, New Jersey 07730

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Hazlet Township School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Hazlet Township School District's basic financial statements, and have issued our report thereon dated November 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hazlet Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hazlet Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hazlet Township School District's internal control.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hazlet Township School District's financial statements are free from 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 Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

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

Toms River, New Jersey
November 25, 2016



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Hazlet Township School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2016. 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.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Hazlet Township School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. 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 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Hazlet Township School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Hazlet Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Hazlet Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hazlet Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hazlet Township School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, 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

Toms River, New Jersey
November 25, 2016

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HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	PASSED TO SUB- RECIPIENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	UNEARNED REVENUE AT JUNE 30, 2016
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:												
Noncash Assistance:												
Food Distribution Program:												
Cash Assistance:												
National School Lunch Program	10.550	1616IN304N1099	Not Available	\$ 66,233	7/1/15-6/30/16	\$ -	66,233	\$(66,233)	\$ -	\$ -	\$ -	\$ -
Child Nutrition Cluster												
National School Lunch Program	10.555	1616IN304N1099	Not Available	203,447	7/1/14-6/30/15	(17,058)	17,058	-	-	-	-	-
National School Lunch Program	10.555	1616IN304N1099	Not Available	208,495	7/1/15-6/30/16	-	191,602	(208,495)	-	-	(16,893)	-
National School Performance Based Program	10.555	1616IN304N1099	Not Available	11,314	7/1/15-6/30/16	-	10,355	(11,314)	-	-	(959)	-
Subtotal for CFDA #10.555						(17,058)	219,015	(219,809)	-	-	(17,852)	-
National School Breakfast Program	10.553	1616IN304N1099	Not Available	33,357	7/1/14-6/30/15	(1,990)	1,990	-	-	-	-	-
National School Breakfast Program	10.553	1616IN304N1099	Not Available	31,011	7/1/15-6/30/16	(1,990)	28,389	(31,011)	-	-	(2,622)	-
Subtotal for CFDA #10.553						(1,990)	30,379	(31,011)	-	-	(2,622)	-
Total Child Nutrition Cluste						(19,048)	249,394	(250,820)	-	-	(20,474)	-
Total U.S. Department of Agriculture						(19,048)	315,627	(317,053)	-	-	(20,474)	-
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:												
Special Education Cluster												
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT FY 16	760,027	7/1/15-6/30/16	(130,956)	842,184	(775,675)	-	-	(64,447)	-
A.R.R.A.-I.D.E.A. Part B, Preschool	84.392	Not Available	Not Available	26,065	9/1/10-8/30/11	40	-	-	(40)	-	-	-
I.D.E.A. Part B, Preschool	84.173	H173A150114	FT FY 16	25,471	7/1/15-6/30/16	-	26,198	(26,198)	-	-	-	-
Total Special Education Cluste						(130,916)	868,382	(801,873)	(40)	-	(64,447)	-
Title I, Part A	84.010	S010A150030	NCLB FY 16	188,799	7/1/15-6/30/16	(2,195)	100,427	(124,290)	-	-	(26,058)	-
Title I, Part A	84.010	S010A150030	NCLB FY 09	129,822	9/1/08-8/30/09	8	-	-	-	-	-	8
Title I, Part A	84.010	S010A150030	NCLB FY 08	113,391	9/1/07-8/30/08	79	-	-	-	-	-	79
Subtotal for CFDA #84.010						(2,108)	100,427	(124,290)	-	-	(26,058)	87
Title II-A	84.367A	S367A150029	NCLB FY 16	71,888	7/1/15-6/30/16	(43,378)	101,396	(63,366)	-	-	(5,348)	-
Title II-A	84.367A	S367A150029	NCLB FY 15	87,373	7/1/14-6/30/15	(195)	195	-	-	-	-	-
Title II-A	84.367A	S367A150029	NCLB FY 08	81,216	9/1/07-8/30/08	33	-	-	-	-	-	33
Subtotal for CFDA #84.367A						(43,540)	101,591	(63,366)	-	-	(5,348)	33
Title III	84.365	S365A150030	NCLB FY 15	10,487	7/1/14-6/30/15	(792)	792	-	-	-	-	-
Total U.S. Department of Education						(177,356)	1,071,192	(989,529)	(40)	-	(95,853)	120
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:												
Medical Assistance Program												
Total U.S. Department of Health and Human Service	93.778	1606N5MAP	Not Available	26,367	7/1/15-6/30/16	-	26,367	(26,367)	-	-	-	-
Total Federal Financial Assistance						\$ (196,404)	\$ 1,413,186	\$ (1,332,949)	\$ (40)	\$ -	\$ (116,327)	\$ 120

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE		CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	ADJUSTMENTS AT JUNE 30, 2016	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	DUE TO GRANTOR AT JUNE 30, 2016	MEMO	
				AT JUNE 30, 2015	AT JUNE 30, 2016							BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
STATE DEPARTMENT OF EDUCATION:													
General Fund:													
Transportation Aid	16-495-034-5120-014	\$ 159,264	7/1/15-6/30/16	\$ -	\$ 159,264	\$ (159,264)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,887)	\$ 159,264
Equalization Aid	16-495-034-5120-078	10,467,565	7/1/15-6/30/16	-	10,467,565	(10,467,565)	-	-	-	-	-	(1,044,187)	10,467,565
Categorical Special Education Aid	16-495-034-5120-089	1,917,881	7/1/15-6/30/16	-	1,917,881	(1,917,881)	-	-	-	-	-	(191,318)	1,917,881
Security Aid	16-495-034-5120-084	61,801	7/1/15-6/30/16	-	61,801	(61,801)	-	-	-	-	-	(6,165)	61,801
PARCC Readiness Aid	16-495-034-5120-098	30,220	7/1/15-6/30/16	-	30,220	(30,220)	-	-	-	-	-	(3,015)	30,220
Per Pupil Growth Aid	16-495-034-5120-097	30,220	7/1/15-6/30/16	-	30,220	(30,220)	-	-	-	-	-	(3,015)	30,220
Extraordinary Aid	15-495-034-5120-044	173,607	7/1/14-6/30/15	(173,607)	-	-	-	-	-	-	-	-	-
Extraordinary Aid	16-495-034-5120-044	272,313	7/1/15-6/30/16	-	(272,313)	-	-	-	(272,313)	-	-	-	272,313
Transportation Aid:													
Non-Public School Costs	15-495-034-5120-014	12,056	7/1/14-6/30/15	(12,056)	-	-	-	-	-	-	-	-	-
Non-Public School Costs	16-495-034-5120-014	10,976	7/1/15-6/30/16	-	(10,976)	-	-	-	(10,976)	-	-	-	10,976
Nonbudgeted:													
Reimbursed TPAF Social Security Contribution	15-495-034-5094-003	1,616,728	7/1/14-6/30/15	(79,975)	79,975	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	1,593,508	7/1/15-6/30/16	-	1,515,569	(1,593,508)	-	-	(77,939)	-	-	-	1,593,508
On-Behalf TPAF Pension Contribution	16-495-034-5094-002	1,813,586	7/1/15-6/30/16	-	1,813,586	(1,813,586)	-	-	-	-	-	-	1,813,586
On-Behalf TPAF Medical Contribution	16-495-034-5094-001	2,159,480	7/1/15-6/30/16	-	2,159,480	(2,159,480)	-	-	-	-	-	-	2,159,480
Total General Fund		18,421,224		(265,638)	18,516,814	(18,516,814)	-	-	(361,228)	-	-	(1,263,587)	18,516,814
Special Revenue Fund:													
Nonpublic Textbook	15-100-034-5120-064	8,043	7/1/14-6/30/15	59	-	-	(59)	-	-	-	-	-	-
Nonpublic Textbook	16-100-034-5120-064	8,394	7/1/15-6/30/16	-	8,394	(8,157)	-	-	-	237	-	-	8,157
Nonpublic Nursing	15-100-034-5120-070	12,804	7/1/14-6/30/15	681	-	-	(681)	-	-	-	-	-	-
Nonpublic Nursing	16-100-034-5120-070	13,230	7/1/15-6/30/16	-	13,230	(12,823)	-	-	-	407	-	-	12,823
Nonpublic Auxiliary Services:													
Compensatory Education	16-100-034-5120-067	21,710	7/1/15-6/30/16	-	21,710	(17,495)	-	-	-	4,215	-	-	17,495
Nonpublic Handicapped Aid:													
Examination & Classification	15-100-034-5120-066	6,025	7/1/14-6/30/15	1,260	-	-	(1,260)	-	-	-	-	-	-
Nonpublic Handicapped Aid:													
Examination & Classification	16-100-034-5120-066	9,712	7/1/15-6/30/16	-	9,712	(7,328)	-	-	-	2,384	-	-	7,328
Nonpublic Technology Initiative Aid	15-100-034-5120-373	4,320	7/1/14-6/30/15	12	-	-	(12)	-	-	-	-	-	-
Nonpublic Technology Initiative Aid	16-100-034-5120-373	3,822	7/1/15-6/30/16	-	3,822	(3,779)	-	-	-	43	-	-	3,779
Nonpublic Security Aid	16-100-034-5120-509	3,675	7/1/15-6/30/16	-	-	(3,668)	-	-	(3,675)	-	-	-	3,668
Total Special Revenue Fund		56,868		2,012	(53,250)	(53,250)	(2,012)	-	(3,675)	7,293	-	-	53,250
Capital Projects Fund:													
SDA Grant Cluster:													
Raritan High School Mechanical Upgrades	#2105-050-13-3004	1,703,500	Completion	(37,695)	-	-	-	-	37,695	-	-	-	659,984
Lillian Drive Elementary School Partial Roof Replacement	#2105-085-13-1008	507,200	Completion	(20,267)	-	-	-	-	20,267	-	-	-	103,592
Middle Road Elementary School Structural Repairs	#2105-090-13-1010	760,800	Completion	(34,820)	-	-	-	-	34,820	-	-	-	202,332
Middle Road Elementary School Media Center	#2105-090-13-1009	65,052	Completion	(21,047)	-	-	-	-	21,047	-	-	-	21,047
Raritan Valley Elementary School Window Replacement	#2105-095-13-1011	228,240	Completion	(7,061)	-	-	-	-	(84,235)	(91,296)	-	-	7,061
Total Capital Projects Fund		(120,890)		(120,890)	-	-	29,594	(2,012)	(91,296)	-	-	-	994,016
Debt Service Fund:													
Debt Service Aid	16-495-034-5120-075	108,378	7/1/15-6/30/16	-	108,378	(108,378)	-	-	-	-	-	-	108,378
Total Debt Service Fund		108,378		-	108,378	(108,378)	-	-	-	-	-	-	108,378
Total State Department of Education		18,586,470		(384,516)	18,586,470	(18,678,442)	(2,012)	29,594	(456,199)	7,293	-	(1,263,587)	19,672,458
STATE DEPARTMENT OF AGRICULTURE:													
Enterprise Fund:													
National School Lunch Program (State Share)	15-100-010-3350-023	9,005	7/1/14-6/30/15	(683)	683	-	-	-	-	-	-	-	-
National School Lunch Program (State Share)	16-100-010-3350-023	8,403	7/1/15-6/30/16	-	7,695	(8,403)	-	-	(708)	-	-	-	8,403
Total Enterprise Fund		8,378		(683)	8,378	(8,403)	-	-	(708)	-	-	-	8,403
Total State Department of Agriculture		8,378		(683)	8,378	(8,403)	-	-	(708)	-	-	-	8,403
Total State Financial Assistance		18,594,848		(385,199)	18,594,848	(18,686,845)	(2,012)	29,594	(456,907)	7,293	-	(1,263,587)	19,680,861
Less: Awards Not Subject to Major Program Determination:													
On-Behalf TPAF Pension Contribution	16-495-034-5094-002	1,813,586	7/1/15-6/30/16	-	1,813,586	-	-	-	-	-	-	-	-
On-Behalf TPAF Medical Contribution	16-495-034-5094-001	2,159,480	7/1/15-6/30/16	-	2,159,480	-	-	-	-	-	-	-	-
Total State Financial Assistance Subject to Major Program Determination		14,713,779		-	(14,713,779)	-	-	-	-	-	-	-	-

HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2016

Note 1. General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Hazlet Township School District. The District 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 schedules of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Hazlet Township School District did not provide any federal or state awards to subrecipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

The Hazlet Township School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

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:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the

HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
JUNE 30, 2016

Note 3. Relationship to Basic Financial Statements (continued)

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 \$150 for the General fund and (\$26,628) 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:

	Federal	State	Total
General Fund	\$ 26,367	\$ 18,516,964	\$ 18,543,331
Special Revenue Fund	962,901	53,250	1,016,151
Capital Projects Fund	-	75,593	75,593
Debt Service Fund	-	108,378	108,378
Food Service Fund	317,053	8,403	325,456
Total Financial Assistance	<u>\$ 1,306,321</u>	<u>\$ 18,762,588</u>	<u>\$ 20,068,909</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 & Post-Retirement Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. 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, 2016.

Note 6. Federal and State Loans Outstanding

The Hazlet Township School District had no loan balances outstanding at June 30, 2016.

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
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	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance?	None Reported

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
Special Education Cluster:		
84.027	H027A150100	I.D.E.A. – Part B, Basic
84.173	H173A150114	I.D.E.A. – Preschool
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		Yes

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
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	Unmodified
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular Letter 15-08?	None Reported

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
State Aid – Public Cluster:	
16-495-034-5120-089	Categorical Special Education Aid
16-495-034-5120-078	Equalization Aid
16-495-034-5120-084	Categorical Security Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB'S Circular 15-08.

Federal Awards

No Current Year Findings

State Financial Assistance

No Current Year Findings

**HAZLET TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2016**

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*, 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings

Federal Award Findings

No Prior Year Findings

State Financial Assistance Findings

No Prior Year Findings