

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**Hazlet, New Jersey  
County of Monmouth**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**HAZLET NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by:**

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



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**INTRODUCTORY SECTION**

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# HAZLET TOWNSHIP PUBLIC SCHOOLS



## Business Office

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November 27, 2017

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, 2017. 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 school. All curricula in our District have been aligned to the New Jersey Student Learning Standards.

The New Jersey Department of Education's 2017 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 2016-17 budgets on file with the State Department of Education. This report shows that the District budgeted \$15,850 per pupil of the other K-12 school districts in the state with enrollments between 1,801 and 3,500 children, Hazlet ranked 49th in total cost per pupil of the 71 similar type districts.

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

For the 2016-17 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 approximately 300 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 approximately 250 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 approximately 280 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 approximately 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 approximately 270 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 approximately 200 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 approximately 475 students during the 2016-2017 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 7<sup>th</sup> grade Social Studies curriculum focuses on a study of the Middle Ages, the Renaissance, the emergence of modern Europe and the Industrial Revolution. The 8<sup>th</sup> grade Social Studies curriculum focuses on American history. In order to provide our students a meaningful, relevant program, a thematic and chronological approach is used in both grades. Geography and civics are integrated at both levels.

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

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 approximately 950 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, Computer and Art Labs, 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 can participate in a partnership with Bayshore Hospital. Students can 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, 2017, 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.



## **ECONOMIC CONDITION AND OUTLOOK**

During the 2017-18 school year; the District continued to focus on maintain its good financial condition. Freezes in State Aid to education is causing an increased reliance on local property taxes. Hazlet Township is primarily a residential community with few rabbles; thus, the burden is focused on homeowners to foot the tax burden. With that in mind the 2017-18 budget was developed with the lowest tax increase in years. The passed referendum will be funded 40% by the NJ Department of Education and have no impact on the tax rate while making major improvements to all the school facilities.

## **MAJOR INITIATIVES**

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

During the 2016-17 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, 2017, all 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 1,500 Chromebooks purchased for our high school and middle 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 2016-17 fiscal year with an enrollment of 2,952 students, a decrease of 76 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 2006-07 through 2016-17.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016/17	2,952	(2.51%)
2015/16	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%)

***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 coordinate 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 2016-17 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 trainings 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 2016-17 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 2016-17 school year.
- There were articulation meetings between 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> grade teachers to improve understanding of middle school and high school academic expectations for special education students. Revised Individual Education Plan goals and objectives reflect more realistic and meaningful information to be included in the Present Levels of Academic and Functional Performance section of the Individual Educational Plan.

High school curriculum maps 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 2016-17 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 2017-18 District budget.
- Passage of a \$43 million referendum in December of 2016.
- 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 \$62,500 in revenue in the 2016-2017 school year. Other agreements are in existence with Hazlet Township and other school districts.
- 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.

***Personnel:***

The District employed approximately 450 full time equivalent persons during the 2016-17 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 maintenance of an up to date District Policy Manual and Regulations.

A Standard Operating Procedures Manual is maintained by the Business Office in 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.

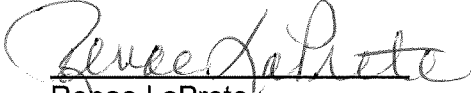
## 8. OTHER INFORMATION

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

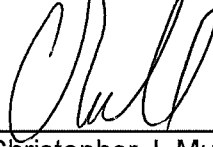
report related specifically to the single audit is included in the single audit section of this report.

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.

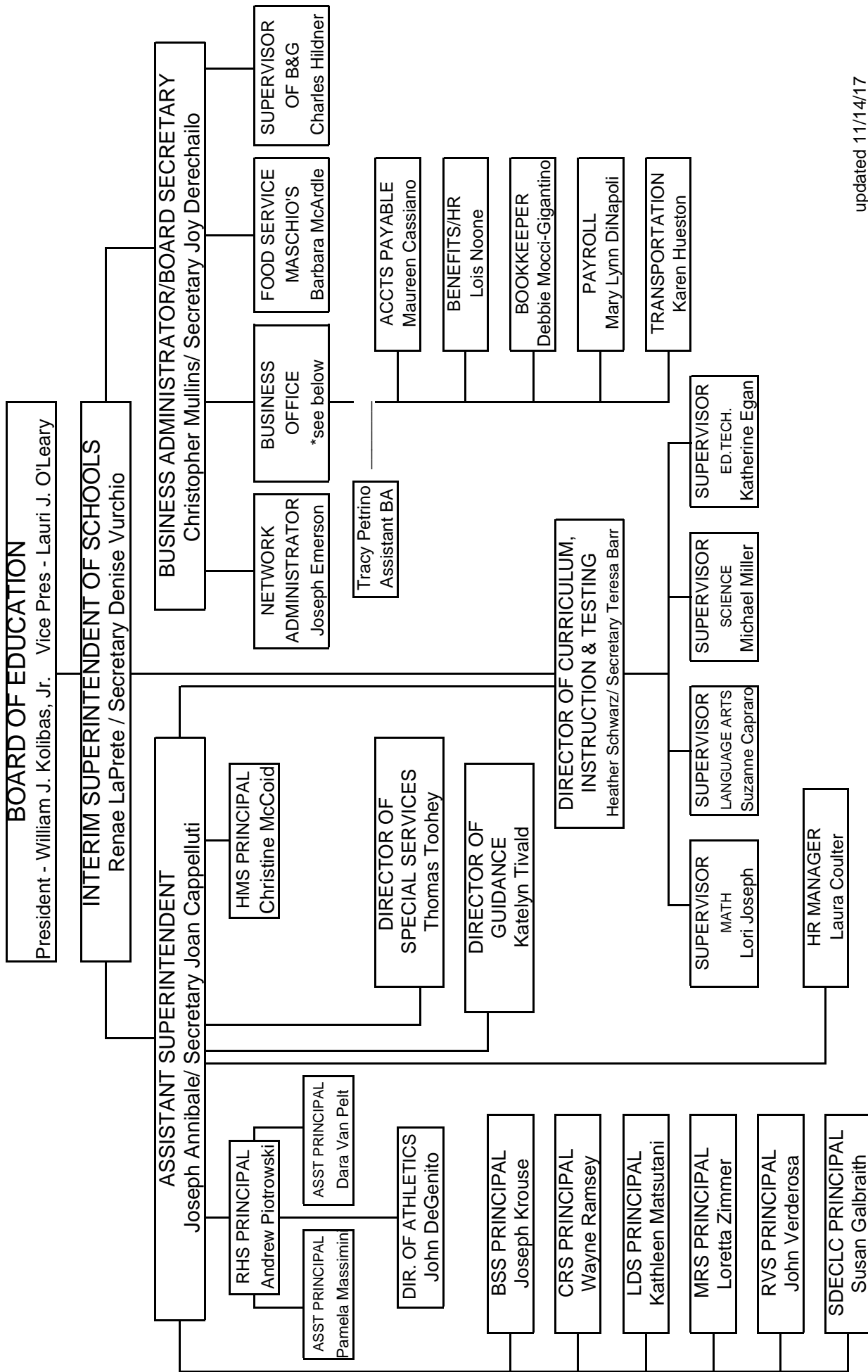


Renae LaPrete  
Interim Superintendent of Schools



Christopher J. Mullins  
School Business Administrator

# HAZLET BOARD OF EDUCATION ORGANIZATIONAL CHART



updated 11/14/17

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

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
William J. Kolibas, Jr., President	2017
Lauri J. O'Leary, Vice President	2019
Edward Barrett	2019
Deanna M. De'Liberto	2018
Paulette M. De'Liberto	2019
Steve Grossman	2018
Natale Iannello	2018
Victor Iannello	2017
Joseph Lamb	2017

**OTHER OFFICIALS**

Bernard F. Bragen, Jr., Ed.D., Superintendent

Rena LaPrete, Interim Superintendent (effective September 18, 2017)

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**

Holman Frenia Allison, P.C.  
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

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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  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010  
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090  
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090  
[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT AUDITOR'S REPORT

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

### 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, 2017, and the related notes to the financial statements, which collectively comprise the School 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, 2017, 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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are 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 relate 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 as a whole.

The introductory section and statistical section listed in the table of contents 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 27, 2017 on our consideration of the 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 the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey  
November 27, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

As management of the Hazlet Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund and the Shared Services Fund.

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis (continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Overview of the Basic Financial Statements (continued)**

**Fund Financial Statements (continued)**

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's two enterprise funds (Food Service Fund and Shared Services Fund) are listed individually and are considered to be a major funds.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis (continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Financial Analysis of the School District as a Whole**

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current and Other Assets	\$ 21,271,521	\$ 7,086,318	\$ 14,185,203	200.2%
Capital Assets, Net	22,586,718	19,325,665	3,261,053	16.9%
Total Assets	<u>43,858,239</u>	<u>26,411,983</u>	<u>17,446,256</u>	66.1%
Deferred Outflow of Resources	<u>7,197,263</u>	2,817,592	4,379,671	155.4%
Current and Other Liabilities	1,150,408	318,709	831,699	261.0%
Noncurrent Liabilities	43,998,016	23,679,676	20,318,340	85.8%
Total Liabilities	<u>45,148,424</u>	<u>23,998,385</u>	<u>21,150,039</u>	88.1%
Deferred Inflow of Resources	<u>-</u>	240,611	<u>(240,611)</u>	-100.0%
Net Position:				
Net Investment in Capital Assets	16,820,712	13,845,665	2,975,047	21.5%
Restricted	7,984,581	6,215,753	1,768,828	28.5%
Unrestricted (Deficit)	<u>(18,898,215)</u>	<u>(15,070,839)</u>	<u>(3,827,376)</u>	25.4%
Total Net Position	<u>\$ 5,907,078</u>	<u>\$ 4,990,579</u>	<u>\$ 916,499</u>	18.4%

**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis (continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Financial Analysis of the School District as a Whole (continued)**

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 790,664	\$ 823,772	\$ (33,108)	-4.0%
Operating Grants & Contributions	1,553,099	1,514,520	38,579	2.5%
General Revenues:				
Property Taxes	38,370,797	37,272,050	1,098,747	2.9%
Federal & State Aid	19,274,977	18,554,389	720,588	3.9%
Other General Revenues	490,273	330,281	159,992	48.4%
<b>Total Revenues</b>	<b>60,479,810</b>	<b>58,495,012</b>	<b>1,984,798</b>	<b>3.4%</b>
<b>Function/Program Expenditures:</b>				
Instruction	22,348,602	22,087,807	260,795	1.2%
Tuition	1,352,741	1,225,743	126,998	10.4%
Student & Instruction Related Services	5,086,343	5,049,304	37,039	0.7%
School Administrative Services	2,353,076	2,239,579	113,497	5.1%
Central Services	561,001	537,434	23,567	4.4%
Administrative Info. Technology	95,229	90,959	4,270	4.7%
Other Administrative Services	1,115,506	1,117,991	(2,485)	-0.2%
Plant Operations & Maintenance	4,922,851	5,119,969	(197,118)	-3.8%
Pupil Transportation	2,130,142	2,193,567	(63,425)	-2.9%
Unallocated Benefits	17,243,809	13,769,313	3,474,496	25.2%
Special Schools	154,260	136,990	17,270	12.6%
Interest & Other Charges	244,363	350,668	(106,305)	-30.3%
Unallocated Depreciation	842,769	741,110	101,659	13.7%
Food Service	953,978	936,277	17,701	1.9%
Shared Services	158,641	140,056	18,585	13.3%
<b>Total Expenditures</b>	<b>59,563,311</b>	<b>55,736,767</b>	<b>3,826,544</b>	<b>6.9%</b>
Change In Net Position	916,499	2,758,245	(1,841,746)	-66.8%
Net Position - Beginning	4,990,579	2,232,334	2,758,245	123.6%
Net Position - Ending	<b>\$ 5,907,078</b>	<b>\$ 4,990,579</b>	<b>\$ 916,499</b>	<b>18.4%</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**Management’s Discussion and Analysis (continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Governmental Activities**

During the fiscal year 2017, the net position of governmental activities increased by \$889,152 or 20.19%. The primary reason for the increase was an increase in the local tax levy.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$5,294,104, with an unrestricted deficit balance of \$19,062,666. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District’s governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3**  
**GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$	(19,062,666)
Plus: PERS Pension Liability		20,540,231
Less: Deferred Outflows Related to Pensions		<u>(7,197,263)</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(5,719,698)</u>

**Business-Type Activities**

During the fiscal year 2017, the net position of business-type activities increased by \$27,347 or 4.67%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$612,974.

**General Fund Budgeting Highlights**

Final budgeted revenues was \$51,299,079, which was an increase to the original budget in the amount of \$125,000 due to the inclusion of additional Extraordinary Aid. Excluding nonbudgeted revenues, the School District’s actual revenues exceeded budgeted revenues by \$176,886.

Final budgeted appropriations was \$53,303,975, which was an increase of \$765,114 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year’s budget. Excluding nonbudgeted revenues, the School District’s budget appropriations exceeded actual expenditures by \$4,254,993.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$9,795,852 at June 30, 2017, an increase of \$2,472,035 from the prior year.

**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis (continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Governmental Funds**

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$20,772,594, an increase of \$14,041,053 from the prior year.

*General fund* - During the current fiscal year, the fund balance of the School District's general fund increased by \$2,468,215 or 40.73% to \$8,528,445 at June 30, 2017, compared to an increase of \$1,849,604 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- The District is aware of future budgets could be difficult and reviewed all cost centers for potential savings limiting expenditure to only what was necessary.

*Special revenue fund* – There was no change in the fund balance for the special revenue fund.

*Capital projects fund* - During the current fiscal year, the fund balance of the School District's capital projects fund increased by \$11,572,838 or 1,723.92% to \$12,244,148 at June 30, 2017, compared to an increase of \$224,240 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

- Issuance of Bond Anticipation Note.

*Debt service fund* – There was no change in the fund balance for the debt service fund.

**Proprietary Funds**

*Food service fund* - During the current fiscal year, the net position of the School District's food service fund increased by \$47,943 or 8.49% to \$612,974 at June 30, 2017, compared to an increase of \$52,599 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- No expenditures on capital outlay.

*Shared services fund* - During the current fiscal year, the net position of the School District's shared services fund decreased by \$20,596 or 100% to \$0 at June 30, 2017, compared to an increase of \$20,596 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- The anticipated utilization of surplus.

**Capital Assets**

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$22,586,718 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School Districts "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$3,261,053. This increase is primarily due to current year construction. Table 4 shows fiscal 2017 balances compared to 2016.



**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**Management’s Discussion and Analysis (continued)**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Capital Assets (continued)**

**Table 4**  
**Summary of Capital Assets**

<u>Capital Assest (Net of Depreciation)</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 4,526,730	\$ 4,526,730	\$ -	0.0%
Construction in Progress	2,781,353	228,691	2,552,662	1116.2%
Building and Improvements	14,692,748	14,028,731	664,017	4.7%
Equipment	585,887	541,513	44,374	8.2%
	<u>\$ 22,586,718</u>	<u>\$ 19,325,665</u>	<u>\$ 3,261,053</u>	<u>16.9%</u>

Depreciation expense for the year was \$872,215. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$5,170,000, which is a decrease of \$310,000 from the prior year.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Factors on the School District’s Future**

The recently passed referendum will bring improvements to all the District’s facilities. Enrollment continues to decrease, and the central office administration monitors the situation and adjusts staffing levels as needed. Hazlet Township Public Schools has received Districtwide accreditation from the Middle States Association and continues to be an excellent school district that families move into Hazlet Township, so their children can attend our schools.

**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

**Contacting the School Districts Financial Management**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator/Board Secretary at Hazlet Township School District, 421 Middle Road, Hazlet, New Jersey 07730. Please visit our website at [www.hazlet.org](http://www.hazlet.org).

**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, 2017**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 16,023,243	\$ 200,914	\$ 16,224,157
Restricted Cash & Cash Equivalents (Note 3)	4,434,519	-	4,434,519
Receivables, Net (Note 4)	553,954	31,025	584,979
Internal Balances Receivable	-	7,066	7,066
Inventory	-	20,800	20,800
Capital Assets (Note 5):			
Depreciable	14,830,112	-	14,830,112
Non-Depreciable	7,308,083	448,523	7,756,606
<b>Total Assets</b>	<b>43,149,911</b>	<b>708,328</b>	<b>43,858,239</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions (Note 8)	7,197,263	-	7,197,263
<b>Total Deferred Outflow of Resources</b>	<b>7,197,263</b>	<b>-</b>	<b>7,197,263</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>50,347,174</b>	<b>708,328</b>	<b>51,055,502</b>
<b>LIABILITIES</b>			
Accounts Payable	226,291	70,364	296,655
Accrued Interest Expense	147,856	-	147,856
Pension Payable to Other Governments (Note 8)	668,076	-	668,076
Internal Balances Payable	7,066	-	7,066
Intergovernmental Payable	4,844	-	4,844
Unearned Revenue	921	24,990	25,911
Noncurrent Liabilities (Note 7):			
Due Within One Year	15,501,181	-	15,501,181
Due Beyond One Year	28,496,835	-	28,496,835
<b>Total Liabilities</b>	<b>45,053,070</b>	<b>95,354</b>	<b>45,148,424</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>45,053,070</b>	<b>95,354</b>	<b>45,148,424</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	16,372,189	448,523	16,820,712
Restricted For:			
Capital Projects	4,434,519	-	4,434,519
Excess Surplus	3,550,061	-	3,550,061
Debt Service	1	-	1
Unrestricted Net Position/(Deficit) (Note 19)	(19,062,666)	164,451	(18,898,215)
<b>Total Net Position</b>	<b>\$ 5,294,104</b>	<b>\$ 612,974</b>	<b>\$ 5,907,078</b>

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, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS JUNE 30, 2017
	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:					
Instruction:					
Regular	\$ 16,611,253	\$ -	\$ (16,611,253)	\$ -	\$ (16,611,253)
Special Education	4,239,574	736,983	(3,502,591)	-	(3,502,591)
Other Special Instruction	599,919	-	(599,919)	-	(599,919)
Other Instruction	897,856	-	(897,856)	-	(897,856)
Support Services & Undistributed Costs:					
Tuition	1,352,741	-	(1,352,741)	-	(1,352,741)
Attendance & Social Work Services	55,640	-	(55,640)	-	(55,640)
Health Services	569,921	-	(569,921)	-	(569,921)
Student & Instruction Related Services	4,383,689	379,989	(4,003,700)	-	(4,003,700)
Educational Media Services/School Library	19,799	-	(19,799)	-	(19,799)
Instructional Staff Training	57,294	-	(57,294)	-	(57,294)
School Administrative Services	2,353,076	-	(2,353,076)	-	(2,353,076)
Central Services	561,001	-	(561,001)	-	(561,001)
Administrative Information Technology	95,229	-	(95,229)	-	(95,229)
Other Administrative Services	1,115,506	-	(1,115,506)	-	(1,115,506)
Plant Operations & Maintenance	4,922,851	-	(4,922,851)	-	(4,922,851)
Pupil Transportation	2,130,142	-	(2,130,142)	-	(2,130,142)
Unallocated Benefits	17,243,809	-	(17,243,809)	-	(17,243,809)
Special Schools	154,260	-	(154,260)	-	(154,260)
Interest on Long-Term Debt	244,363	107,959	(136,404)	-	(136,404)
Unallocated Depreciation	842,769	-	(842,769)	-	(842,769)
<b>Total Governmental Activities</b>	<b>58,450,692</b>	<b>1,224,931</b>	<b>(57,225,761)</b>	<b>-</b>	<b>(57,225,761)</b>

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, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS
	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Business-Type Activities:					
Food Service	953,978	328,168	-	26,809	26,809
Shared Services	158,641	-	-	(20,596)	(20,596)
Total Business-Type Activities	1,112,619	328,168	-	6,213	6,213
Total Primary Government	\$ 59,563,311	\$ 1,553,099	\$ (57,225,761)	6,213	(57,219,548)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net			37,963,778	-	37,963,778
Taxes Levied for Debt Service			407,019	-	407,019
Federal & State Aid Not Restricted			19,274,977	-	19,274,977
Tuition Received			129,905	-	129,905
Miscellaneous Income			339,234	21,134	360,368
Total General Revenues			58,114,913	21,134	58,136,047
Change In Net Position			889,152	27,347	916,499
Net Position - Beginning			4,404,952	585,627	4,990,579
Net Position - Ending			\$ 5,294,104	\$ 612,974	\$ 5,907,078

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

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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, 2017**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Cash & Cash Equivalents	\$ 3,854,446	\$ -	\$ 12,479,225	\$ -	\$ 16,333,671
Restricted Cash	4,434,519	-	-	-	4,434,519
Accounts Receivable:					
Federal Aid	-	124,292	-	-	124,292
State Aid	417,837	3,675	-	-	421,512
Interfund Receivables	143,521	-	-	203,510	347,031
Other	280	7,870	-	-	8,150
<b>Total Assets</b>	<b>\$ 8,850,603</b>	<b>\$ 135,837</b>	<b>\$ 12,479,225</b>	<b>\$ 203,510</b>	<b>\$ 21,669,175</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Liabilities:					
Cash Deficit	\$ -	\$ 106,919	\$ -	\$ 203,509	\$ 310,428
Accounts Payable	111,582	8,333	106,376	-	226,291
Intergovernmental Payable:					
State	-	4,844	-	-	4,844
Interfund Payables	210,576	14,820	128,701	-	354,097
Unearned Revenue	-	921	-	-	921
<b>Total Liabilities</b>	<b>322,158</b>	<b>135,837</b>	<b>235,077</b>	<b>203,509</b>	<b>896,581</b>
Fund Balances:					
Restricted for:					
Capital Reserve Account	4,434,519	-	-	-	4,434,519
Excess Surplus - Current Year	1,804,919	-	-	-	1,804,919
Excess Surplus - Designated for Subsequent Year's Expenditures	1,745,142	-	-	-	1,745,142
Capital Projects Fund	-	-	12,244,148	-	12,244,148
Debt Service Fund	-	-	-	1	1
Assigned to:					
Other Purposes	543,865	-	-	-	543,865
<b>Total Fund Balances</b>	<b>8,528,445</b>	<b>-</b>	<b>12,244,148</b>	<b>1</b>	<b>20,772,594</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 8,850,603</b>	<b>\$ 135,837</b>	<b>\$ 12,479,225</b>	<b>\$ 203,510</b>	

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 \$39,363,813 and the accumulated depreciation is \$17,225,618.	22,138,195
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	7,197,263
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(147,856)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(668,076)
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.	(43,998,016)
<b>Net position of Governmental Activities</b>	<b>\$ 5,294,104</b>

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, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<b>Revenues:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 37,963,778	\$ -	\$ -	\$ 407,019	\$ 38,370,797
Tuition	129,905	-	-	-	129,905
Transportation	40,474	-	-	-	40,474
Interest Earned	64,785	-	-	-	64,785
Miscellaneous	181,776	52,199	-	-	233,975
<b>Total Local Sources</b>	<b>38,380,718</b>	<b>52,199</b>	<b>-</b>	<b>407,019</b>	<b>38,839,936</b>
State Sources	19,296,244	58,746	-	107,959	19,462,949
Federal Sources	26,116	1,010,843	-	-	1,036,959
<b>Total Revenues</b>	<b>57,703,078</b>	<b>1,121,788</b>	<b>-</b>	<b>514,978</b>	<b>59,339,844</b>
<b>Expenditures:</b>					
<b>Current Expense:</b>					
Regular Instruction	16,611,253	-	-	-	16,611,253
Special Education Instruction	3,502,591	736,983	-	-	4,239,574
Other Special Instruction	599,919	-	-	-	599,919
Other Instruction	897,856	-	-	-	897,856
<b>Support Services:</b>					
Tuition	1,352,741	-	-	-	1,352,741
Attendance	55,640	-	-	-	55,640
Health Services	569,921	-	-	-	569,921
Student & Instruction Related Services	4,003,700	379,989	-	-	4,383,689
Educational Media Services/School Library	19,799	-	-	-	19,799
Instructional Staff Training	57,294	-	-	-	57,294
School Administrative Services	2,353,076	-	-	-	2,353,076
Central Services	561,001	-	-	-	561,001
Administrative Information Technology	95,229	-	-	-	95,229
Other Administrative Services	1,115,506	-	-	-	1,115,506
Plant Operations & Maintenance	4,899,655	-	-	-	4,899,655
Pupil Transportation	2,130,142	-	-	-	2,130,142
Employee Benefits	15,437,885	-	-	-	15,437,885
Capital Outlay	709,071	4,816	3,427,162	-	4,141,049
Special Schools	154,260	-	-	-	154,260
<b>Debt Service:</b>					
Principal	145,000	-	-	310,000	455,000
Interest & Other Charges	11,024	-	-	204,978	216,002
<b>Total Expenditures</b>	<b>55,282,563</b>	<b>1,121,788</b>	<b>3,427,162</b>	<b>514,978</b>	<b>60,346,491</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>2,420,515</b>	<b>-</b>	<b>(3,427,162)</b>	<b>-</b>	<b>(1,006,647)</b>
<b>Other Financing Sources/(Uses):</b>					
Proceeds from Issuance of Bond Anticipation Note	-	-	15,000,000	-	15,000,000
Premium Received on Bond Anticipation Note	-	-	47,700	-	47,700
Transfer In/(Out)	47,700	-	(47,700)	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>47,700</b>	<b>-</b>	<b>15,000,000</b>	<b>-</b>	<b>15,047,700</b>
<b>Excess/(Deficiency) of Revenues &amp; Other Financing Sources Over/(Under) Expenditures &amp; Other Financing (Uses)</b>	<b>2,468,215</b>	<b>-</b>	<b>11,572,838</b>	<b>-</b>	<b>14,041,053</b>
<b>Fund Balances, July 1,</b>	<b>6,060,230</b>	<b>-</b>	<b>671,310</b>	<b>1</b>	<b>6,731,541</b>
<b>Fund Balances, June 30,</b>	<b>\$ 8,528,445</b>	<b>\$ -</b>	<b>\$ 12,244,148</b>	<b>\$ 1</b>	<b>\$ 20,772,594</b>

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, 2017**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	14,041,053
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. When capital outlays and other adjustments exceed depreciation, the difference is an addition in the reconciliation (+); when depreciation and other adjustments exceed capital outlays the difference is a reduction to the reconciliation (-)		
Depreciation Expense	\$	(842,769)
Capital Outlays		4,141,049
Adjustment to Capital Assets		<u>(23,196)</u>
		3,275,084
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(1,622,839)
Repayment of long-term debt principal and obligation of lease purchase agreements are 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.		
		455,000
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Proceeds from Bond Anticipation Note		(15,000,000)
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
Amortization of Bond Premium		32,490
Bond Anticipation Note Premium Received		<u>(47,700)</u>
		(15,210)
In the statement of activities, 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. The accrued interest is an addition in the reconciliation (+).		
		(60,851)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(183,085)</u>
Change in Net Position of Governmental Activities	\$	<u><u>889,152</u></u>

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, 2017**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES</u>		TOTAL
	FOOD SERVICE FUND	SHARED SERVICES	
Current Assets:			
Cash & Cash Equivalents	\$ 188,923	\$ 11,991	\$ 200,914
Accounts Receivable:			
State	618	-	618
Federal	19,195	-	19,195
Miscellaneous	11,212	-	11,212
Interfund Receivable	-	7,066	7,066
Inventories	20,800	-	20,800
Total Current Assets	<u>240,748</u>	<u>19,057</u>	<u>259,805</u>
Capital Assets:			
Buildings and Improvements	229,757	-	229,757
Machinery and Equipment	497,941	-	497,941
Accumulated Depreciation	(279,175)	-	(279,175)
Total Capital Assets	<u>448,523</u>	<u>-</u>	<u>448,523</u>
Total Assets	<u>689,271</u>	<u>19,057</u>	<u>708,328</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	51,307	19,057	70,364
Unearned Revenue	24,990	-	24,990
Total Current Liabilities	<u>76,297</u>	<u>19,057</u>	<u>95,354</u>
<b>NET POSITION</b>			
Investment in Capital Assets	448,523	-	448,523
Unrestricted	164,451	-	164,451
Total Net Position	<u>\$ 612,974</u>	<u>\$ -</u>	<u>\$ 612,974</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, 2017**

	<u>BUSINESS-TYPE ACTIVITIES</u>		TOTAL
	FOOD SERVICE FUND	SHARED SERVICES	
Operating Revenue:			
Charges for Services:			
Daily Sales - Reimbursable programs	\$ 619,615	\$ -	\$ 619,615
Daily Sales - Nonreimbursable programs	33,004	-	33,004
Program Income	-	138,045	138,045
Miscellaneous Income	21,134	-	21,134
<b>Total Operating Revenue</b>	<b>673,753</b>	<b>138,045</b>	<b>811,798</b>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	457,348	-	457,348
Cost of Sales - Non-Reimbursable Programs	24,361	-	24,361
Salaries	317,048	117,618	434,666
Employee Benefits	24,347	41,023	65,370
Other Purchased Services	19,651	-	19,651
Repairs & Other Expenses	22,208	-	22,208
Supplies and Materials	2,113	-	2,113
Depreciation	29,446	-	29,446
Management Fee	40,365	-	40,365
Miscellaneous	17,091	-	17,091
<b>Total Operating Expenses</b>	<b>953,978</b>	<b>158,641</b>	<b>1,112,619</b>
<b>Operating Loss</b>	<b>(280,225)</b>	<b>(20,596)</b>	<b>(300,821)</b>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	8,472	-	8,472
Federal Sources:			
National School Lunch Program	221,876	-	221,876
National School Performance Based Program	11,372	-	11,372
National School Breakfast Program	33,730	-	33,730
Food Distribution Program	52,718	-	52,718
<b>Total Nonoperating Revenues</b>	<b>328,168</b>	<b>-</b>	<b>328,168</b>
Change in Net Position	47,943	(20,596)	27,347
Total Net Position - Beginning	565,031	20,596	585,627
<b>Total Net Position - Ending</b>	<b>\$ 612,974</b>	<b>\$ -</b>	<b>\$ 612,974</b>

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, 2017**

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	SHARED SERVICES	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 679,928	\$ 142,117	\$ 822,045
Payments to Employees	(317,048)	(117,618)	(434,666)
Payments for Employee Benefits	(24,347)	(29,032)	(53,379)
Payments to Suppliers	(580,478)	-	(580,478)
Net Cash Flows From Operating Activities	<u>(241,945)</u>	<u>(4,533)</u>	<u>(246,478)</u>
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Agencies	276,820	-	276,820
Net Cash Flows From Noncapital Financing Activities	<u>276,820</u>	<u>-</u>	<u>276,820</u>
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	(15,415)	-	(15,415)
Net Cash Flows From Capital & Related Financing Activities	<u>(15,415)</u>	<u>-</u>	<u>(15,415)</u>
Net Change in Cash & Cash Equivalents	19,460	(4,533)	14,927
Cash & Cash Equivalents, July 1	169,463	16,524	185,987
Cash & Cash Equivalents, June 30	<u>\$ 188,923</u>	<u>\$ 11,991</u>	<u>\$ 200,914</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Flows From Operating Activities:			
Operating Loss	\$ (280,225)	\$ (20,596)	\$ (300,821)
Adjustments to Reconcile Operating Loss to Cash Flows From Operating Activities:			
Depreciation Expense	29,446	-	29,446
Food Distribution Program	52,718	-	52,718
Change in Assets & Liabilities:			
(Increase)/Decrease in Interfunds Receivable	-	(7,066)	(7,066)
(Increase)/Decrease in Accounts Receivable	(5,165)	4,072	(1,093)
(Increase)/Decrease in Inventory	(5,504)	-	(5,504)
Increase/(Decrease) in Accounts Payable	(44,555)	19,057	(25,498)
Increase/(Decrease) in Unearned Revenue	11,340	-	11,340
Total Adjustments	<u>38,280</u>	<u>16,063</u>	<u>54,343</u>
Net Cash Flows From Operating Activities	<u>\$ (241,945)</u>	<u>\$ (4,533)</u>	<u>\$ (246,478)</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, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL
	UNEMPLOYMENT	SCHOLARSHIP	PAYROLL	STUDENT	
	COMPENSATION TRUST	TRUST	FUND	ACTIVITY	
Cash & Cash Equivalents	\$ 107,741	\$ 234	\$ 389,023	\$ 205,452	\$ 702,450
Investments	-	8,317	-	-	8,317
<b>Total Assets</b>	<b>107,741</b>	<b>8,551</b>	<b>389,023</b>	<b>205,452</b>	<b>710,767</b>
<b>LIABILITIES</b>					
Payroll Deductions & Withholdings	8,262	-	389,023	-	397,285
Due to Student Groups	-	-	-	205,452	205,452
<b>Total Liabilities</b>	<b>8,262</b>	<b>-</b>	<b>389,023</b>	<b>205,452</b>	<b>602,737</b>
<b>NET POSITION</b>					
Held in Trust for:					
Unemployment Claims	99,479	-	-	-	99,479
Scholarships	-	8,551	-	-	8,551
<b>Total Net Position</b>	<b>\$ 99,479</b>	<b>\$ 8,551</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,030</b>

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, 2017**

	PRIVATE PURPOSE		TOTAL JUNE 30, 2017
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
ADDITIONS:			
Contributions:			
Board Contributions	\$ 47,557	\$ -	\$ 47,557
Total Contributions	47,557	-	47,557
Investment Earnings:			
Appreciation	-	1,664	1,664
Interest on Investments	-	231	231
Total Investment Earnings	-	1,895	1,895
Total Additions	47,557	1,895	49,452
DEDUCTIONS:			
Quarterly Contributions	48,322	-	48,322
Scholarships Awarded	-	900	900
Miscellaneous Expenses	-	70	70
Total Deductions	48,322	970	49,292
Change in Net Position	(765)	925	160
Net Position - Beginning of Year	100,244	7,626	107,870
Net Position - End of Year	\$ 99,479	\$ 8,551	\$ 108,030

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

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Hazlet Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**Reporting Entity**

The Hazlet Township School District is a Type II School District located in the County of Monmouth, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades Pre-K through twelfth. The School District has an approximate enrollment at June 30, 2017 of 2,901 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

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

**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*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

## HAZLET TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

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

##### **Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

##### **A. Government-Wide Financial Statements**

The School 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 School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 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 property taxes.

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.

##### **B. 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. The School 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 School 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



## HAZLET TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

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

##### B. Governmental Fund Financial Statements (continued)

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 School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. 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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the School 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.

## HAZLET TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

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

##### B. Governmental Fund Financial Statements (continued)

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

**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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

##### C. 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.

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.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

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

**C. Proprietary Fund Financial Statements (continued)**

**Shared Services Fund** – The shared services fund accounts for the financial transactions related to the operations of the School District’s shared service agreements with surrounding communities.

**D. Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and 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.

The School District reports the following 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 School 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 School 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 (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

**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 School 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. 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.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

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

**Budgets/Budgetary Control (continued)**

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 one or more June 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 School 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.

**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 School 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)  
YEAR ENDED JUNE 30, 2017**

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

**Cash, Cash Equivalents and Investments**

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 considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.

*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 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. 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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

**Tuition Receivable/Payable**

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

**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.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

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

**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 market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets. Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**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 School District is eligible to realize the revenue.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

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

**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.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**Deferred Outflows and Deferred Inflows 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.

**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.

## HAZLET TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

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

##### **Bond Premiums, Discounts and Issuance Costs (continued)**

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.

##### **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 of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

##### **Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- **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.
- **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)  
YEAR ENDED JUNE 30, 2017**

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

**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 School 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 School 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.

**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 into the following three components:

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

**Impact of Recently Issued Accounting Principles**

**Adopted Accounting Pronouncements**

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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. The adoption of this Statement had no impact on the School District’s financial statements

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

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

**Impact of Recently Issued Accounting Principles (continued)**

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School 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*. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

**Recently Issued Accounting Pronouncements**

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

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 School District's financial statements.

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 have a material impact on the School 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 have a material impact on the School District's financial statements.

## HAZLET TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

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

##### Impact of Recently Issued Accounting Principles (continued)

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 School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 2. Deposits and Investments**

**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 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 fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$22,819,387 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 22,284,560
Uninsured and Uncollateralized	534,827
	\$ 22,819,387

**Investments**

At June 30, 2017, the School District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 years</u>
Stocks	\$ 8,317	\$ -	\$ -	\$ -	\$ 8,317

Fair Value Measurement - The School District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. Investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

All of the School District’s investments described above are classified in Level 1 and are valued using prices quoted in active markets for those securities. The School District does not hold any investments that are measured using Level 2 and Level 3 inputs

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 School District does not have custodial credit risk policies for investments.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 2. Deposits and Investments (continued)**

**Investments (continued)**

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 School 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.

Concentration of Credit Risk - The School District places no limit in the amount the School District may invest in any one issuer

**Note 3. Reserve Accounts**

**Capital Reserve**

A capital reserve account was established by the School District on September 20, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 2,434,519
Increased by:	
Deposits approved by Board on June 19, 2017	<u>2,000,000</u>
Ending Balance, June 30, 2017	<u>\$ 4,434,519</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		<u>Total Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Shared Services Fund</u>	
Federal Awards	\$ -	\$ 124,292	\$ 124,292	\$ 19,195	\$ -	\$ 19,195
State Awards	417,837	3,675	421,512	618	-	618
Other	280	7,870	8,150	11,212	-	11,212
<b>Total</b>	<b>\$ 418,117</b>	<b>\$ 135,837</b>	<b>\$ 553,954</b>	<b>\$ 31,025</b>	<b>\$ -</b>	<b>\$ 31,025</b>

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,526,730	\$ -	\$ -	\$ 4,526,730
Construction in Progress	228,691	2,781,353	(228,691)	2,781,353
<b>Total Capital Assets not being depreciated</b>	<b>4,755,421</b>	<b>2,781,353</b>	<b>(228,691)</b>	<b>7,308,083</b>
Capital Assets being depreciated:				
Buildings and Improvements	29,228,056	1,251,958	160,191	30,640,205
Machinery and Equipment	1,406,807	107,738	(99,020)	1,415,525
<b>Total Capital Assets being depreciated</b>	<b>30,634,863</b>	<b>1,359,696</b>	<b>61,171</b>	<b>32,055,730</b>
Less: Accumulated Depreciation:				
Buildings and Improvements	(15,410,443)	(743,024)	-	(16,153,467)
Machinery and Equipment	(1,116,730)	(99,745)	144,324	(1,072,151)
<b>Total Accumulated Depreciation</b>	<b>(16,527,173)</b>	<b>(842,769)</b>	<b>144,324</b>	<b>(17,225,618)</b>
<b>Total Capital Assets being depreciated, net</b>	<b>14,107,690</b>	<b>516,927</b>	<b>205,495</b>	<b>14,830,112</b>
<b>Total Governmental Activities Capital Assets, net</b>	<b>\$ 18,863,111</b>	<b>\$ 3,298,280</b>	<b>\$ (23,196)</b>	<b>\$ 22,138,195</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 5. Capital Assets (continued)**

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
<b>Business-Type Activities:</b>				
Buildings and Improvements	\$ 229,757	\$ -	\$ -	\$ 229,757
Machinery and Equipment	520,526	15,415	(38,000)	497,941
	750,283	15,415	(38,000)	727,698
Less: Accumulated Depreciation:				
Buildings and Improvements	(18,639)	(5,108)	-	(23,747)
Machinery and Equipment	(269,090)	(24,338)	38,000	(255,428)
	(287,729)	(29,446)	38,000	(279,175)
 Total Business-Type Activities Capital Assets, net	 \$ 462,554	 \$ (14,031)	 \$ -	 \$ 448,523

Depreciation expense was not allocated among the various functions/programs of the School District.

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 143,521	\$ 210,576
Special Revenue Fund	-	14,820
Capital Projects Fund	-	128,701
Debt Service Fund	203,510	-
Shared Services Fund	7,066	-
	 \$ 354,097	 \$ 354,097

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.

A summary of interfund transfers is as follows:

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 6. Interfund Receivables, Payables and Transfers (continued)**

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 47,700	\$ -
Capital Projects Fund	-	47,700
	<u>\$ 47,700</u>	<u>\$ 47,700</u>

The purpose of the interfund transfer was for the bond premium received on the issuance of bond anticipation notes within the Capital Projects Fund.

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental activities:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Balance</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 5,480,000	\$ -	\$ 310,000	\$ 5,170,000	\$ 320,000
Capital Leases	607,000	-	145,000	462,000	149,000
Unamortized Bond Premiums	118,796	47,700	32,490	134,006	32,181
Compensated Absences	2,508,694	183,085	-	2,691,779	-
Net Pension Liability	14,965,186	5,575,045	-	20,540,231	-
Bond Anticipation Note	-	15,000,000	-	15,000,000	15,000,000
	<u>\$ 23,679,676</u>	<u>\$ 20,805,830</u>	<u>\$ 487,490</u>	<u>\$ 43,998,016</u>	<u>\$ 15,501,181</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and net pension liability are liquidated by the general fund.

**Bonds Payable**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

The bonds bear interest from 3.00% 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 \$320,000 to \$495,000.

Principal and interest due on the outstanding bonds is as follows:



**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 7. Long-Term Obligations (continued)**

**Bonds Payable (continued)**

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	365,000	143,328	508,328
2023-2027	2,035,000	512,055	2,547,055
2028-2030	1,420,000	115,200	1,535,200
	<u>\$ 5,170,000</u>	<u>\$ 1,478,294</u>	<u>\$ 6,648,294</u>

**Capital Lease Payable**

During the year ended June 30, 2015, the School District entered into a lease purchase agreement in the amount of \$750,000 to finance various equipment purchases. The lease obligation was issued at an interest rate of 1.58% and matures on November 1, 2019.

The future minimum lease payments for this lease are as follows:

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 155,123
2019	157,729
2020	160,256
Total Minimum Lease Payments	473,108
Less: Amount Representing Interest	(11,108)
Present Value of Minimum Lease Payments	<u>\$ 462,000</u>

Amortization of the leased equipment under capital assets is included with depreciation expense.

**Bond Anticipation Note Payable**

On December 13, 2016, voters of the municipality approved a referendum authorizing the issuance of bonds in the amount of \$43,667,516. On February 27, 2017, the District issued bond anticipation notes totaling \$15,000,000. The note bears an annual interest rate of 2.00% and matures on September 15, 2017.

**Bonds Authorized but not Issued**

As of June 30, 2017, the School District had bonds authorized but not issued totaling \$28,667,516.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans**

**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](http://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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**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 2016, 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.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

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

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$20,540,231 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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 July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .0693525333%, which was an increase of .0026923063% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$2,238,922 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 381,986	\$ -
Changes of Assumptions	4,254,839	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	783,218	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	1,109,144	-
School District contributions subsequent to measurement date	668,076	
	\$ 7,197,263	\$ -

\$668,076 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

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

<b>Year Ending <u>June 30,</u></b>	
2018	\$ 1,485,640
2019	1,485,641
2020	1,658,307
2021	1,386,900
2022	<u>512,699</u>
	<u>\$ 6,529,187</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

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

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

**A. Public Employees’ Retirement System (PERS) (continued)**

asset class included in PERS’s target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District’s proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School 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 or 1-percentage point higher than the current rate:

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

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

	<b>At 1% Decrease <u>(2.98%)</u></b>	<b>At Current Discount Rate <u>(3.98%)</u></b>	<b>At 1% Increase <u>(4.98%)</u></b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 25,169,656</u>	<u>\$ 20,540,231</u>	<u>\$ 16,718,240</u>

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.06935%	 0.06666%

**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](http://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)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$178,192,982. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .2265173654%, which was a decrease of .0022518296% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$13,388,723 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.



**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

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

**Actuarial Assumptions** – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 8. Pension Plans (continued)**

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

	<b>At 1% Decrease <u>(2.22%)</u></b>	<b>At Current Discount Rate <u>(3.22%)</u></b>	<b>At 1% Increase <u>(4.22%)</u></b>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 212,802,242	\$ 178,192,982	\$ 149,930,055
	\$ 212,802,242	\$ 178,192,982	\$ 149,930,055

**Pension Plan Fiduciary Net Position** - 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.

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

## HAZLET TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

#### Note 8. Pension Plans (continued)

##### C. Defined Contribution Plan (DCRP) (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% 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% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$6,093, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$3,324.

#### Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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.

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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$2,544,277, \$2,119,961 and \$5,566, respectively.

**Note 11. Risk Management**

The School 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.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School 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 trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 47,557	\$ 48,322	\$ 99,479
2015-2016	46,380	35,933	100,244
2014-2015	44,733	33,779	89,797

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

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School 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 School 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, 2017 may be impaired. In the opinion of the School 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.

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 12. Contingencies (continued)**

**Economic Dependency** – The School 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 School District’s programs and activities.

**Note 13. Deferred Compensation**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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:

Lincoln Investment Planning  
Met Life  
AXA Equitable  
Siracusa  
Valic Investments

**Note 14. Compensated Absences**

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School 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 School District for the unused sick leave in accordance with School 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. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$2,691,779.

**Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 15. Tax Abatements (continued)**

municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**Note 16. Commitments**

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$543,648.

There was \$5,070,240 of contractual commitments at June 30, 2017 to vendors related to the ongoing construction projects in the capital projects fund that is reported as part of the fund balance restricted for capital projects.

**Note 17. 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. 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, 2017 was \$1,804,919.

**Note 18. Fund Balances**

**General Fund** – Of the \$8,528,445 General Fund fund balance at June 30, 2017, \$4,434,519 has been restricted for the Capital Reserve Account; \$1,804,919 has been restricted for current year excess surplus; \$1,745,142 is restricted for prior year excess surplus – designated for subsequent year's expenditures; and \$543,865 has been assigned to other purposes.

**Capital Projects Fund** – Of the \$12,244,148 Capital Projects Fund fund balance at June 30, 2017, the entire amount is restricted for capital projects.

**Debt Service Fund** – Of the \$1 Debt Service Fund fund balance at June 30, 2017, \$1 is restricted for future debt service payments.

**HAZLET TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED JUNE 30, 2017**

**Note 19. Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$19,062,666 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**Note 20. Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2017 through November 27, 2017, which is the date the financial statements were available to be issued, and noted the following:

On September 13, 2017, the District issued serial bonds totaling \$13,090,000. The bond proceeds were utilized to retire the bond anticipation note outstanding at June 30, 2017. The bonds bear interest from 4.00% to 5.00% per annum payable semi-annually on the fifteenth day of January and July of each year, until maturity. The principal is due annually on the fifteenth day of July through 2037, installments range from \$320,000 to \$495,000.



**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, 2017**

ACCOUNT NUMBERS	JUNE 30, 2017				ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
<b>Revenues:</b>						
Local Tax Levy	10-1210	\$ 37,963,778	\$ -	\$ 37,963,778	\$ 37,963,778	\$ -
Tuition from Individuals	10-1310	95,000	-	95,000	129,905	34,905
Transportation Fees from Individuals	10-1410	40,000	-	40,000	40,474	474
Transportation Fees from Other LEAs	10-1420-1440	20,000	-	20,000	-	(20,000)
Interest Income	10-1510	40,000	-	40,000	64,785	24,785
Rents and Royalties	10-1910	25,000	-	25,000	29,688	4,688
Miscellaneous Revenues	10-1XXX	100,050	-	100,050	152,088	52,038
<b>Total Local Sources</b>		<b>38,283,828</b>	<b>-</b>	<b>38,283,828</b>	<b>38,380,718</b>	<b>96,890</b>
<b>State Sources:</b>						
Extraordinary Aid	10-3131	125,000	125,000	250,000	325,667	75,667
Non-Public Transportation Costs	10-3120	-	-	-	15,517	15,517
Categorical Special Education Aid	10-3132	1,936,203	-	1,936,203	1,936,203	-
Equalization Aid	10-3176	10,451,173	-	10,451,173	10,451,173	-
Categorical Security Aid	10-3177	71,011	-	71,011	71,011	-
Categorical Transportation Aid	10-3121	180,190	-	180,190	180,190	-
PARCC Readiness Aid	10-3181	30,220	-	30,220	30,220	-
Per Pupil Growth Aid	10-3182	30,220	-	30,220	30,220	-
Professional Learning Community Aid	10-3183	28,930	-	28,930	28,930	-
<b>Non-budgeted:</b>						
On-Behalf TPAF Pension Contribution		-	-	-	2,544,277	2,544,277
On-Behalf TPAF Post-Retirement Medical		-	-	-	2,119,961	2,119,961
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	5,566	5,566
Reimbursed TPAF Social Security Contribution		-	-	-	1,561,129	1,561,129
<b>Total State Sources</b>		<b>12,852,947</b>	<b>125,000</b>	<b>12,977,947</b>	<b>19,300,064</b>	<b>6,322,117</b>
<b>Federal Sources:</b>						
Medicaid Reimbursement	10-4200	37,304	-	37,304	8,618	(28,686)
Medicaid Reimbursement - ARRA	10-4200	-	-	-	2,404	2,404
Disaster Grants - Public Assistance	10-4200	-	-	-	15,094	15,094
<b>Total Federal Sources</b>		<b>37,304</b>	<b>-</b>	<b>37,304</b>	<b>26,116</b>	<b>(11,188)</b>
<b>Total Revenues</b>		<b>51,174,079</b>	<b>125,000</b>	<b>51,299,079</b>	<b>57,706,898</b>	<b>6,407,819</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Preschool	11-105-100-101	280,787	(10,237)	270,550	270,550	-
Kindergarten	11-110-100-101	1,190,218	(63,353)	1,126,865	1,113,680	13,185
Grades 1 - 5	11-120-100-101	4,989,254	(94,638)	4,894,616	4,838,089	56,527
Grades 6 - 8	11-130-100-101	3,643,947	(96,542)	3,547,405	3,501,394	46,011
Grades 9 - 12	11-140-100-101	4,865,172	(29,513)	4,835,659	4,807,485	28,174
<b>Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	50,000	6,859	56,859	56,859	-
Purchased Professional - Educational Services	11-150-100-320	12,000	-	12,000	6,081	5,919
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	112,000	74,137	186,137	185,944	193
Purchased Professional - Educational Services	11-190-100-320	1,000	-	1,000	-	1,000
Purchased Technical Services	11-190-100-340	289,952	200,399	490,351	284,927	205,424
Other Purchased Services	11-190-100-500	158,650	-	158,650	115,975	42,675
General Supplies	11-190-100-610	1,157,662	445,547	1,603,209	1,202,016	401,193
Textbooks	11-190-100-640	121,460	74,756	196,216	169,101	27,115
Other Objects	11-190-100-800	87,192	1,350	88,542	59,152	29,390
<b>Total Regular Programs</b>		<b>16,959,294</b>	<b>508,765</b>	<b>17,468,059</b>	<b>16,611,253</b>	<b>856,806</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		FINAL TO ACTUAL
<b>Special Education:</b>						
<b>Learning and/or Language Disabilities:</b>						
Salaries of Teachers	11-204-100-101	629,082	116,449	745,531	690,531	55,000
Other Salaries for Instruction	11-204-100-106	301,096	(7,715)	293,381	292,274	1,107
General Supplies	11-204-100-610	11,905	(1,000)	10,905	7,248	3,657
Textbooks	11-204-100-640	2,050	-	2,050	-	2,050
<b>Total Learning and/or Language Disabilities</b>		<b>944,133</b>	<b>107,734</b>	<b>1,051,867</b>	<b>990,053</b>	<b>61,814</b>
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	11-213-100-101	2,051,063	(86,471)	1,964,592	1,958,950	5,642
Other Salaries for Instruction	11-213-100-106	418,715	67,443	486,158	481,550	4,608
General Supplies	11-213-100-610	7,500	158	7,658	3,482	4,176
Textbooks	11-213-100-640	7,050	-	7,050	2,899	4,151
<b>Total Resource Room/Resource Center</b>		<b>2,484,328</b>	<b>(18,870)</b>	<b>2,465,458</b>	<b>2,446,881</b>	<b>18,577</b>
<b>Preschool Disabilities- Part-Time:</b>						
Salaries of Teachers	11-215-100-101	62,653	2,361	65,014	65,014	-
General Supplies	11-215-100-600	1,200	-	1,200	643	557
<b>Total Preschool Disabilities- Part-Time</b>		<b>63,853</b>	<b>2,361</b>	<b>66,214</b>	<b>65,657</b>	<b>557</b>
<b>Total Special Education- Instruction</b>		<b>3,492,314</b>	<b>91,225</b>	<b>3,583,539</b>	<b>3,502,591</b>	<b>80,948</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	539,290	2,782	542,072	535,994	6,078
General Supplies	11-230-100-610	1,000	-	1,000	594	406
<b>Total Basic Skills/Remedial</b>		<b>540,290</b>	<b>2,782</b>	<b>543,072</b>	<b>536,588</b>	<b>6,484</b>
<b>Bilingual Education:</b>						
Salaries of Teachers	11-240-100-101	68,185	(2,716)	65,469	63,331	2,138
<b>Total Bilingual Education</b>		<b>68,185</b>	<b>(2,716)</b>	<b>65,469</b>	<b>63,331</b>	<b>2,138</b>
<b>School Sponsored Co-curricular Activities:</b>						
Salaries	11-401-100-100	177,426	30,244	207,670	205,699	1,971
Supplies and Materials	11-401-100-600	44,638	-	44,638	19,763	24,875
Other Objects	11-401-100-800	18,152	-	18,152	8,208	9,944
<b>Total School Sponsored Co-curricular Activities</b>		<b>240,216</b>	<b>30,244</b>	<b>270,460</b>	<b>233,670</b>	<b>36,790</b>
<b>School Sponsored Athletics - Instruction:</b>						
Salaries	11-402-100-100	500,312	10,686	510,998	501,603	9,395
Purchased Services (300-500 series)	11-402-100-500	1,320	-	1,320	-	1,320
Supplies and Materials	11-402-100-600	86,741	513	87,254	71,392	15,862
Other Objects	11-402-100-800	54,249	-	54,249	45,191	9,058
Transfers to Cover Deficit (Agency Funds)	11-402-100-930	49,347	-	49,347	46,000	3,347
<b>Total School Sponsored Athletics Instruction</b>		<b>691,969</b>	<b>11,199</b>	<b>703,168</b>	<b>664,186</b>	<b>38,982</b>
<b>Total Instruction</b>		<b>21,992,268</b>	<b>641,499</b>	<b>22,633,767</b>	<b>21,611,619</b>	<b>1,022,148</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		FINAL TO ACTUAL
<b>Undistributed Expenditures:</b>						
<b>Instruction :</b>						
Tuition to Other LEAs Within the State - Special	11-000-100-562	-	48,068	48,068	48,068	-
Tuition to County Vocational School District - Regular	11-000-100-563	318,240	(55,920)	262,320	261,456	864
Tuition to County Vocational School District - Special	11-000-100-564	53,000	(260)	52,740	41,040	11,700
Tuition to Priv. School For the Disabled Within State	11-000-100-566	1,125,522	(146,686)	978,836	969,871	8,965
Tuition - State Facilities	11-000-100-568	38,500	-	38,500	32,306	6,194
<b>Total Instruction</b>		<b>1,535,262</b>	<b>(154,798)</b>	<b>1,380,464</b>	<b>1,352,741</b>	<b>27,723</b>
<b>Attendance &amp; Social Work Services:</b>						
Salaries	11-000-211-100	53,514	1,910	55,424	55,424	-
Supplies and Materials	11-000-211-600	600	-	600	216	384
<b>Total Attendance &amp; Social Work Services</b>		<b>54,114</b>	<b>1,910</b>	<b>56,024</b>	<b>55,640</b>	<b>384</b>
<b>Health Services:</b>						
Salaries	11-000-213-100	535,565	742	536,307	536,162	145
Purchased Professional & Technical Services	11-000-213-300	25,780	-	25,780	21,467	4,313
Other Purchased Services	11-000-213-500	120	-	120	15	105
Supplies and Materials	11-000-213-600	10,500	4	10,504	10,181	323
Other Objects	11-000-213-800	4,600	-	4,600	2,096	2,504
<b>Total Health Services</b>		<b>576,565</b>	<b>746</b>	<b>577,311</b>	<b>569,921</b>	<b>7,390</b>
<b>Speech - Over/Part Time &amp; Related Services:</b>						
Salaries	11-000-216-100	371,636	24,050	395,686	358,424	37,262
Purchased Services	11-000-216-320	18,488	-	18,488	15,778	2,710
Supplies and Materials	11-000-216-600	3,425	(562)	2,863	2,863	-
<b>Total Speech - Over/Part Time &amp; Related Services</b>		<b>393,549</b>	<b>23,488</b>	<b>417,037</b>	<b>377,065</b>	<b>39,972</b>
<b>Other Support Services - Students - Extra Services:</b>						
Salaries	11-000-217-100	422,206	(110,102)	312,104	268,330	43,774
Purchased Professional-Educational Services	11-000-217-320	264,057	(44,145)	219,912	173,952	45,960
Supplies and Materials	11-000-217-600	32,167	-	32,167	28,825	3,342
<b>Total Other Support Services - Students - Extra Services</b>		<b>718,430</b>	<b>(154,247)</b>	<b>564,183</b>	<b>471,107</b>	<b>93,076</b>
<b>Guidance:</b>						
Salaries of Other Professional Staff	11-000-218-104	640,386	(25,740)	614,646	592,444	22,202
Salaries of Secretarial & Clerical Assistants	11-000-218-105	93,001	2,158	95,159	95,159	-
Purchased Professional & Educational Services	11-000-218-320	19,450	(1,913)	17,537	-	17,537
Other Purchased Professional & Technical Services	11-000-218-390	57,500	-	57,500	55,696	1,804
Other Purchased Services	11-000-218-500	115	-	115	-	115
Supplies and Materials	11-000-218-600	66,758	(3,921)	62,837	52,104	10,733
Other Objects	11-000-218-800	23,247	1,913	25,160	24,845	315
<b>Total Guidance</b>		<b>900,457</b>	<b>(27,503)</b>	<b>872,954</b>	<b>820,248</b>	<b>52,706</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Child Study Teams:</b>						
Salaries of Other Professional Staff	11-000-219-104	879,520	41,000	920,520	886,702	33,818
Salaries of Secretarial & Clerical Assistants	11-000-219-105	158,896	2,471	161,367	161,367	-
Purchased Professional - Educational Services	11-000-219-320	92,007	115,873	207,880	189,686	18,194
Other Purchased Prof. & Tech Services	11-000-219-390	8,500	-	8,500	8,500	-
Miscellaneous Purchased Services	11-000-219-592	2,700	818	3,518	3,518	-
Supplies and Materials	11-000-219-600	17,550	-	17,550	17,513	37
Other Objects	11-000-219-800	6,670	9,744	16,414	15,905	509
<b>Total Child Study Teams</b>		<b>1,165,843</b>	<b>169,906</b>	<b>1,335,749</b>	<b>1,283,191</b>	<b>52,558</b>
<b>Improvement of Instruction Services/Other Support Services - Instruction Staff:</b>						
Salaries of Supervisors of Instruction	11-000-221-102	690,899	(27,162)	663,737	655,404	8,333
Salaries of Other Professional Staff	11-000-221-104	156,785	652	157,437	152,703	4,734
Salaries of Secretarial & Clerical Assistants	11-000-221-105	40,523	594	41,117	39,575	1,542
Other Salaries	11-000-221-110	191,410	-	191,410	187,101	4,309
Other Purchased Services	11-000-221-500	2,500	-	2,500	1,267	1,233
Supplies and Materials	11-000-221-600	2,500	-	2,500	1,415	1,085
Other Objects	11-000-221-800	25,150	40	25,190	14,624	10,566
<b>Total Improvement of Instruction Services/Other Support Services Instructional Staff</b>		<b>1,109,767</b>	<b>(25,876)</b>	<b>1,083,891</b>	<b>1,052,089</b>	<b>31,802</b>
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	13,192	98	13,290	12,375	915
Purchased Professional & Technical Services	11-000-222-300	21,900	(11,913)	9,987	7,424	2,563
<b>Total Educational Media Services/School Library</b>		<b>35,092</b>	<b>(11,815)</b>	<b>23,277</b>	<b>19,799</b>	<b>3,478</b>
<b>Support Services Instructional Staff Training Service:</b>						
Salaries of Supervisors of Instruction	11-000-223-110	15,000	4,520	19,520	15,395	4,125
Other Purchased Services	11-000-223-500	9,200	100	9,300	982	8,318
Other Objects	11-000-223-800	37,000	17,400	54,400	40,917	13,483
<b>Total Support Services Instructional Staff Training Services</b>		<b>61,200</b>	<b>22,020</b>	<b>83,220</b>	<b>57,294</b>	<b>25,926</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	540,849	-	540,849	525,414	15,435
Legal Services	11-000-230-331	81,000	-	81,000	54,650	26,350
Audit Fees	11-000-230-332	36,500	-	36,500	30,685	5,815
Other Purchased Professional Services	11-000-230-339	53,000	32,862	85,862	70,825	15,037
Purchased Technical Services	11-000-230-340	57,700	25,000	82,700	67,973	14,727
Communications/Telephone	11-000-230-530	89,600	46,732	136,332	124,888	11,444
Misc. Purchased Services	11-000-230-590	182,700	(13,000)	169,700	152,537	17,163
General Supplies	11-000-230-610	8,750	162	8,912	8,007	905
Miscellaneous Expenditures	11-000-230-890	38,420	20,683	59,103	58,556	547
BOE Membership Dues & Fees	11-000-230-895	25,500	-	25,500	21,971	3,529
<b>Total Support Services General Administration</b>		<b>1,114,019</b>	<b>112,439</b>	<b>1,226,458</b>	<b>1,115,506</b>	<b>110,952</b>



**HAZLET TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBERS	JUNE 30, 2017				ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	1,497,981	55,457	1,553,438	1,553,438	-
Salaries of Other Professional Staff	11-000-240-104	250,327	3,185	253,512	253,511	1
Salaries of Secretarial & Clerical Assistants	11-000-240-105	499,657	7,438	507,095	499,404	7,691
Other Salaries	11-000-240-110	8,304	42	8,346	8,346	-
Other Purchased Services	11-000-240-500	5,900	-	5,900	4,153	1,747
Supplies and Materials	11-000-240-600	18,700	1,900	20,600	15,691	4,909
Other Objects	11-000-240-800	21,350	-	21,350	18,533	2,817
<b>Total Support Services School Administration</b>		<b>2,302,219</b>	<b>68,022</b>	<b>2,370,241</b>	<b>2,353,076</b>	<b>17,165</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	493,494	16,186	509,680	500,391	9,289
Purchased Technical Services	11-000-251-340	33,500	(461)	33,039	29,844	3,195
Miscellaneous Purchased Services	11-000-251-592	5,000	843	5,843	5,792	51
Supplies & Materials	11-000-251-600	10,500	-	10,500	7,590	2,910
Interest on Purchase Agreements	11-000-251-832	8,017	428	8,445	8,445	-
Miscellaneous Expenditures	11-000-251-890	11,150	4,346	15,496	8,939	6,557
		<b>561,661</b>	<b>21,342</b>	<b>583,003</b>	<b>561,001</b>	<b>22,002</b>
<b>Administrative Information Technology:</b>						
Salaries	11-000-252-100	94,000	1,469	95,469	95,229	240
<b>Total Administrative Information Technology</b>		<b>94,000</b>	<b>1,469</b>	<b>95,469</b>	<b>95,229</b>	<b>240</b>
<b>Required Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	424,392	1,816	426,208	413,107	13,101
Cleaning, Repair & Maintenance Services	11-000-261-420	376,740	3,950	380,690	361,851	18,839
General Supplies	11-000-261-610	158,775	26,304	185,079	166,457	18,622
Other Objects	11-000-261-800	3,800	-	3,800	530	3,270
<b>Total Maintenance for School Facilities</b>		<b>963,707</b>	<b>32,070</b>	<b>995,777</b>	<b>941,945</b>	<b>53,832</b>
<b>Custodial Services:</b>						
Salaries	11-000-262-100	1,991,423	(3,843)	1,987,580	1,953,439	34,141
Purchased Professional & Technical Services	11-000-262-300	224,500	-	224,500	207,929	16,571
Cleaning, Repair & Maintenance Services	11-000-262-420	209,198	27,741	236,939	136,720	100,219
Other Than Lease Purchase Agreement	11-000-262-441	2,500	-	2,500	-	2,500
Other Purchased Property Services	11-000-262-490	135,500	2,483	137,983	120,177	17,806
Insurance	11-000-262-520	175,000	(1,078)	173,922	160,020	13,902
Miscellaneous Purchased Services	11-000-262-590	2,275	-	2,275	2,023	252
General Supplies	11-000-262-610	113,125	3,307	116,432	109,674	6,758
Energy (Nat. Gas)	11-000-262-621	500,000	(150,000)	350,000	329,832	20,168
Energy (Electricity)	11-000-262-622	475,000	(70,000)	405,000	401,783	3,217
Other Objects	11-000-262-800	5,350	871	6,221	6,221	-
<b>Total Custodial Services</b>		<b>3,833,871</b>	<b>(190,519)</b>	<b>3,643,352</b>	<b>3,427,818</b>	<b>215,534</b>
<b>Care &amp; Upkeep of Grounds</b>						
Salaries	11-000-263-100	122,351	17,811	140,162	140,162	-
Cleaning, Repair & Maintenance Services	11-000-263-420	166,798	57,919	224,717	208,800	15,917
General Supplies	11-000-263-610	72,900	6,772	79,672	33,602	46,070
<b>Total Care &amp; Upkeep of Grounds</b>		<b>362,049</b>	<b>82,502</b>	<b>444,551</b>	<b>382,564</b>	<b>61,987</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Security						
Salaries	11-000-266-100	126,075	3,696	129,771	123,441	6,330
Cleaning, Repair & Maintenance Services	11-000-266-420	27,300	5,032	32,332	32,332	-
Total Security		153,375	8,728	162,103	155,773	6,330
Total Operation & Maintenance of Plant		5,313,002	(67,219)	5,245,783	4,908,100	337,683
Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	22,000	1,740	23,740	23,740	-
Salaries for Pupil Transportation (Between Home & School)-Regular	11-000-270-160	56,000	2,497	58,497	58,497	-
Purchased Professional & Technical Services	11-000-270-390	4,200	2,000	6,200	6,200	-
Contracted Services (Between Home & School) - Vendors	11-000-270-511	965,000	(45,440)	919,560	864,243	55,317
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	152,500	45,000	197,500	160,832	36,668
Contracted Services (Special Education Students) - Vendors	11-000-270-514	745,000	33,943	778,943	775,824	3,119
Contracted Services (Regular Students) - ESCs & CTSAs	11-000-270-517	300,000	(100,000)	200,000	180,531	19,469
Contracted Services (Special Ed. Students) - ESCs & CTSAs	11-000-270-518	150,000	(120,087)	29,913	25,285	4,628
Aid in Lieu of Payments - Nonpublic	11-000-270-503	40,000	(1,700)	38,300	34,918	3,382
Miscellaneous Purchased Services - Transportation	11-000-270-593	500	10	510	-	510
General Supplies	11-000-270-610	1,500	(10)	1,490	-	1,490
Other Objects	11-000-270-800	500	-	500	72	428
Total Student Transportation Services		2,437,200	(182,047)	2,255,153	2,130,142	125,011
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	7,900	-	7,900	6,801	1,099
Social Security Contributions	11-000-291-220	570,000	39,647	609,647	609,547	100
Other Retirement Contributions-PERS	11-000-291-241	577,500	47,818	625,318	624,720	598
Unemployment Compensation	11-000-291-250	25,000	(25,000)	-	-	-
Worker's Compensation	11-000-291-260	366,000	9,490	375,490	375,490	-
Health Benefits	11-000-291-270	9,492,500	(62,017)	9,430,483	7,345,682	2,084,801
Tuition Reimbursement	11-000-291-280	57,000	(2,887)	54,113	48,927	5,186
Unused Sick Payment to Terminated/Retired Staff	11-000-291-299	196,483	-	196,483	195,785	698
Total Unallocated Benefits - Employee Benefits		11,292,383	7,051	11,299,434	9,206,952	2,092,482
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	2,544,277	(2,544,277)
On-Behalf TPAF Post-Retirement Medical		-	-	-	2,119,961	(2,119,961)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	5,566	(5,566)
Reimbursed TPAF Social Security Contribution		-	-	-	1,561,129	(1,561,129)
Total On-Behalf Contributions		-	-	-	6,230,933	(6,230,933)
Total Personal Services- Employee Benefits		11,292,383	7,051	11,299,434	15,437,885	(4,138,451)
Total Undistributed Expenditures		29,664,763	(195,112)	29,469,651	32,660,034	(3,190,383)
Total Expenditures - Current Expense		51,657,031	446,387	52,103,418	54,271,653	(2,168,235)

**HAZLET TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Capital Outlay:						
Equipment:						
Undistributed Expense - Required Maintenance For School Facilities	12-000-261-730	-	308,835	308,835	138,275	170,560
Undistributed Expense - Custodial Services	12-000-262-730	6,800	10,101	16,901	6,851	10,050
Total Equipment		6,800	318,936	325,736	145,126	180,610
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	572,000	-	572,000	563,945	8,055
Lease Purchase Agreement- Principal Assessment for Debt Service on SDA Funding	12-000-400-721 12-000-400-896	145,000 2,579	- -	145,000 2,579	145,000 2,579	- -
Total Facilities Acquisition & Construction Services		719,579	-	719,579	711,524	8,055
Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	-	-
Total Capital Outlay		726,379	318,936	1,045,315	856,650	188,665
Special Schools:						
Summer School - Instruction:						
Salaries of Teachers	13-422-100-101	111,400	1,272	112,672	112,672	-
Other Salaries for Instruction	13-422-100-106	30,000	4,019	34,019	34,019	-
General Supplies	13-422-100-600	7,051	(1,380)	5,671	4,689	982
Other Objects	13-422-100-800	3,000	(3,000)	-	-	-
Total Summer School - Instruction		151,451	911	152,362	151,380	982
Summer School -Support Services:						
Salaries	13-422-200-100	4,000	(1,120)	2,880	2,880	-
Total Summer School -Support Services		4,000	(1,120)	2,880	2,880	-
Total Special Schools		155,451	(209)	155,242	154,260	982
Total Expenditures		52,538,861	765,114	53,303,975	55,282,563	(1,978,588)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(1,364,782)	(640,114)	(2,004,896)	2,424,335	4,429,231
Other Financing Sources/(Uses):						
Transfer from Capital Projects Fund		-	-	-	47,700	47,700
Total Other Financing Sources/(Uses)		-	-	-	47,700	47,700

**HAZLET TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBERS	JUNE 30, 2017			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)	(1,364,782)	(640,114)	(2,004,896)	2,472,035	4,476,931
Fund Balances, July 1	7,323,817	-	7,323,817	7,323,817	-
Fund Balances, June 30	<u>\$ 5,959,035</u>	<u>\$ (640,114)</u>	<u>\$ 5,318,921</u>	<u>\$ 9,795,852</u>	<u>\$ 4,476,931</u>

**RECAPITULATION OF BUDGET TRANSFERS**

Prior Year Reserve for Encumbrances	\$ 640,114
Increase in Extraordinary Aid Via Resolution Approved on June 20, 2016	<u>125,000</u>
Total Budget Transfers	<u>\$ 765,114</u>

**RECAPITULATION OF FUND BALANCE**

Restricted:	
Capital Reserve	\$ 4,434,519
Excess Surplus	1,804,919
Excess Surplus Designated for Subsequent Year's Expenditures	1,745,142
Assigned:	
Year-End Encumbrances	739,055
Unassigned Fund Balance	<u>1,072,217</u>
Subtotal	<u>9,795,852</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(1,267,407)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 8,528,445</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	
<b>Revenues:</b>					
State Sources	\$ 37,000	\$ 29,146	\$ 66,146	\$ 57,927	\$ 8,219
Federal Sources	1,012,042	122,071	1,134,113	1,056,768	77,345
Local Sources	35,000	(23,460)	11,540	11,540	-
<b>Total Revenues</b>	<b>1,084,042</b>	<b>127,757</b>	<b>1,211,799</b>	<b>1,126,235</b>	<b>85,564</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of Teachers	65,300	108,650	173,950	125,102	48,848
Purchase of Professional Technical Services	-	3,633	3,633	3,633	-
Purchase of Professional Education Services	552,587	23,956	576,543	569,694	6,849
General Supplies	35,000	(1,076)	33,924	30,399	3,525
Textbooks	8,000	1,165	9,165	7,795	1,370
Other Objects	-	4,807	4,807	4,807	-
<b>Total Instruction</b>	<b>660,887</b>	<b>141,135</b>	<b>802,022</b>	<b>741,430</b>	<b>60,592</b>
<b>Support Services:</b>					
Salaries	10,000	23,840	33,840	32,664	1,176
Personnel Services - Employee Benefits	30,765	15,565	46,330	36,718	9,612
Purchase of Professional Technical Services	9,000	31,341	40,341	39,788	553
Purchase of Professional Education Services	280,890	(55,057)	225,833	225,833	-
Other Purchased Services	50,000	2,893	52,893	39,952	12,941
Supplies and Materials	42,500	(37,776)	4,724	4,174	550
Other Objects	-	1,000	1,000	860	140
<b>Total Support Services</b>	<b>423,155</b>	<b>(18,194)</b>	<b>404,961</b>	<b>379,989</b>	<b>24,972</b>
<b>Facilities Acquisition &amp; Construction Services:</b>					
Building	-	4,816	4,816	4,816	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>4,816</b>	<b>4,816</b>	<b>4,816</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,084,042</b>	<b>127,757</b>	<b>1,211,799</b>	<b>1,126,235</b>	<b>85,564</b>
<b>Total Outflows</b>	<b>1,084,042</b>	<b>127,757</b>	<b>1,211,799</b>	<b>1,126,235</b>	<b>85,564</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures &amp; Other Financing Sources/(Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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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, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 57,706,898	\$ 1,126,235
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	-	42,892
Current Year	-	(47,339)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,263,587	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(1,267,407)	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 57,703,078	\$ 1,121,788
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 55,282,563	\$ 1,126,235
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	-	42,892
Current Year	-	(47,339)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 55,282,563	\$ 1,121,788

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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 FOUR FISCAL YEARS\***

	2017	2016	2015	2014
District's proportion of the net pension liability	0.03883%	0.06667%	0.06190%	0.06117%
District's proportionate share of the net pension liability	\$ 20,540,231	\$ 14,965,186	\$ 11,589,562	\$ 11,690,486
District's covered payroll	\$ 5,012,842	\$ 4,834,297	\$ 5,727,550	\$ 4,496,144
District's proportionate share of the net pension liability as a percentage of its covered payroll	409.75%	309.56%	202.35%	260.01%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	47.93%	52.08%	48.72%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's contractually required contribution	\$ 668,076	\$ 619,931	\$ 573,149	\$ 510,303
Contributions in relation to the contractually required contribution	<u>668,076</u>	<u>619,931</u>	<u>573,149</u>	<u>510,303</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,012,842	\$ 4,834,297	\$ 5,727,550	4,496,144
Contributions as a percentage of covered payroll	13.33%	12.82%	10.01%	11.35%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>\$ 178,192,982</u>	<u>\$ 144,591,900</u>	<u>\$ 122,288,990</u>	<u>\$ 117,574,047</u>
Total proportionate share of the net pension liability associated with the District	<u>\$ 178,192,982</u>	<u>\$ 144,591,900</u>	<u>\$ 122,288,990</u>	<u>\$ 117,574,047</u>
District's covered payroll	\$ 22,687,404	\$ 22,766,416	\$ 23,955,925	\$ 22,598,548
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**HAZLET TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**HAZLET TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

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

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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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, 2017**

	NO CHILD LEFT BEHIND					
	TITLE I	TITLE II PART A	TITLE III	TITLE III - IMMIGRANT	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B PRESCHOOL PROGRAM
Revenues:						
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	199,509	77,835	12,179	729	740,120	26,396
Local Sources	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 199,509</b>	<b>\$ 77,835</b>	<b>\$ 12,179</b>	<b>\$ 729</b>	<b>\$ 740,120</b>	<b>\$ 26,396</b>
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 125,102	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase of Professional Technical Services	-	-	3,633	-	-	-
Purchase of Professional Education Services	-	-	-	-	519,562	-
General Supplies	8,247	-	7,838	-	10,314	-
Textbooks	-	-	-	-	-	-
Other Objects	-	-	-	-	4,807	-
<b>Total Instruction</b>	<b>133,349</b>	<b>-</b>	<b>11,471</b>	<b>-</b>	<b>534,683</b>	<b>-</b>
Support Services:						
Salaries	-	26,664	-	-	6,000	-
Personnel Services - Employee Benefits	34,678	2,040	-	-	-	-
Purchase of Professional Technical Services	617	39,171	-	-	-	-
Purchase of Professional Education Services	-	-	-	-	199,437	26,396
Other Purchased Services	30,005	9,239	708	-	-	-
Supplies and Materials	-	721	-	729	-	-
Other Objects	860	-	-	-	-	-
<b>Total Support Services</b>	<b>66,160</b>	<b>77,835</b>	<b>708</b>	<b>729</b>	<b>205,437</b>	<b>26,396</b>
Facilities Acquisition & Construction Services:						
Instructional Equipment	-	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 199,509</b>	<b>\$ 77,835</b>	<b>\$ 12,179</b>	<b>\$ 729</b>	<b>\$ 740,120</b>	<b>\$ 26,396</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NON-PUBLIC TEXTBOOKS	NONPUBLIC HANDICAPPED			NONPUBLIC AUXILIARY	
		EXAM. AND CLASSIFICATION	CORRECTIVE SPEECH	SUPPLEMENTARY INSTRUCTION	COMPENSATORY EDUCATION	ENGLISH AS A SECOND LANGUAGE
<b>Revenues:</b>						
State Sources	\$ 7,795	\$ 722	\$ 3,181	\$ 1,569	\$ 8,600	\$ 12,106
Federal Sources	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 7,795</b>	<b>\$ 722</b>	<b>\$ 3,181</b>	<b>\$ 1,569</b>	<b>\$ 8,600</b>	<b>\$ 12,106</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase of Professional Technical Services	-	-	-	-	-	-
Purchase of Professional Education Services	-	722	3,181	1,569	8,600	12,106
General Supplies	-	-	-	-	-	-
Textbooks	7,795	-	-	-	-	-
Other Objects	-	-	-	-	-	-
<b>Total Instruction</b>	<b>7,795</b>	<b>722</b>	<b>3,181</b>	<b>1,569</b>	<b>8,600</b>	<b>12,106</b>
<b>Support Services:</b>						
Salaries	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-
Purchase of Professional Technical Services	-	-	-	-	-	-
Purchase of Professional Education Services	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Instructional Equipment	-	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 7,795</b>	<b>\$ 722</b>	<b>\$ 3,181</b>	<b>\$ 1,569</b>	<b>\$ 8,600</b>	<b>\$ 12,106</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NON- PUBLIC NURSING	NON- PUBLIC TECHNOLOGY	NON- PUBLIC SECURITY	SUSTAINABLE JERSEY GRANT	SAFETY GRANT	CORPORATE SPONSOR	2017
<b>Revenues:</b>							
State Sources	\$ 11,870	\$ 4,134	\$ 7,950	\$ -	\$ -	\$ -	\$ 57,927
Federal Sources	-	-	-	-	-	-	1,056,768
Local Sources	-	-	-	4,000	4,816	2,724	11,540
<b>Total Revenues</b>	<b>\$ 11,870</b>	<b>\$ 4,134</b>	<b>\$ 7,950</b>	<b>\$ 4,000</b>	<b>\$ 4,816</b>	<b>\$ 2,724</b>	<b>\$ 1,126,235</b>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,102
Purchase of Professional Technical Services	-	-	-	-	-	-	3,633
Purchase of Professional Education Services	11,870	4,134	7,950	-	-	-	569,694
General Supplies	-	-	-	4,000	-	-	30,399
Textbooks	-	-	-	-	-	-	7,795
Other Objects	-	-	-	-	-	-	4,807
<b>Total Instruction</b>	<b>11,870</b>	<b>4,134</b>	<b>7,950</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>741,430</b>
<b>Support Services:</b>							
Salaries	-	-	-	-	-	-	32,664
Personal Services - Employee Benefits	-	-	-	-	-	-	36,718
Purchase of Professional Technical Services	-	-	-	-	-	-	39,788
Purchase of Professional Education Services	-	-	-	-	-	-	225,833
Other Purchased Services	-	-	-	-	-	-	39,952
Supplies and Materials	-	-	-	-	-	2,724	4,174
Other Objects	-	-	-	-	-	-	860
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,724</b>	<b>379,989</b>
<b>Facilities Acquisition &amp; Construction Services:</b>							
Non-Instructional Equipment	-	-	-	-	4,816	-	4,816
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,816</b>	<b>-</b>	<b>4,816</b>
<b>Total Expenditures</b>	<b>\$ 11,870</b>	<b>\$ 4,134</b>	<b>\$ 7,950</b>	<b>\$ 4,000</b>	<b>\$ 4,816</b>	<b>\$ 2,724</b>	<b>\$ 1,126,235</b>

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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, 2017**

PROJECT TITLE	APPROPRIATIONS	EXPENDITURES		UNEXPENDED BALANCE JUNE 30, 2017
		PRIOR YEAR	CURRENT YEAR	
Various Schools:				
Referendum Repairs and Upgrades	\$ 43,667,516	\$ -	\$ 2,781,353	\$ 40,886,163
Raritan High School:				
HVAC Phase 4	900,000	228,691	645,809	25,500
Total	\$ 44,567,516	\$ 228,691	\$ 3,427,162	\$ 40,911,663

**Reconciliation of Fund Balance, June 30, 2017**

Unexpended Project Balances, June 30, 2017	\$ 40,911,663
Less:	
Bond Proceeds Authorized But Not Issued	<u>(28,667,516)</u>
Total Fund Balance (Budgetary Basis) - June 30, 2017	<u>\$ 12,244,147</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, 2017**

Revenues:	
Bond Proceeds	\$ 15,000,000
	<hr/>
Total Revenues	15,000,000
	<hr/>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	\$ 1,054,045
Construction Services	2,373,117
	<hr/>
Total Expenditures	3,427,162
	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	11,572,838
Fund Balance - Beginning	671,309
	<hr/>
Fund Balance - Ending	\$ 12,244,147
	<hr/> <hr/>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
VARIOUS SCHOOLS  
REFERENDUM UPGRADES AND REPAIRS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds	\$ -	\$ 15,000,000	\$ 15,000,000	\$ 43,667,516
Total Revenues	-	15,000,000	15,000,000	43,667,516
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	1,054,045	1,054,045	2,404,863
Construction Services	-	1,727,308	1,727,308	41,262,653
Total Expenditures	-	2,781,353	2,781,353	43,667,516
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ 12,218,647	\$ 12,218,647	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	04/13/17
Bonds Authorized	\$ 43,667,516
Bonds Issued	\$ 15,000,000
Original Authorized Cost	\$ 43,667,516
Revised Authorized Cost	\$ 43,667,516
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	6%
Revised Target Completion Date	August 2018

**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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Transfer from Capital Reserve	\$ 900,000	\$ -	\$ 900,000	\$ 900,000
Total Revenues	900,000	-	900,000	900,000
Expenditures & Other Financing Uses:				
Construction Services	228,691	645,809	874,500	900,000
Total Expenditures	228,691	645,809	874,500	900,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 671,309	\$ (645,809)	\$ 25,500	\$ -

**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	97%
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**  
**SCHEDULE OF NET POSITION**  
**JUNE 30, 2017**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	SHARED SERVICES	TOTAL
Current Assets:			
Cash & Cash Equivalents	\$ 188,923	\$ 11,991	\$ 200,914
Accounts Receivable:			
State	618	-	618
Federal	19,195	-	19,195
Miscellaneous	11,212	-	11,212
Interfunds Receivable	-	7,066	7,066
Inventories	20,800	-	20,800
Total Current Assets	<u>240,748</u>	<u>19,057</u>	<u>259,805</u>
Capital Assets:			
Buildings and Improvements	229,757	-	229,757
Machinery and Equipment	497,941	-	497,941
Accumulated Depreciation	(279,175)	-	(279,175)
Total Capital Assets	<u>448,523</u>	<u>-</u>	<u>448,523</u>
Total Assets	<u>689,271</u>	<u>19,057</u>	<u>708,328</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	51,307	19,057	70,364
Unearned Revenue	24,990	-	24,990
Total Current Liabilities	<u>76,297</u>	<u>19,057</u>	<u>95,354</u>
NET POSITION			
Investment in Capital Assets	448,523	-	448,523
Unrestricted	164,451	-	164,451
Total Net Position	<u>\$ 612,974</u>	<u>\$ -</u>	<u>\$ 612,974</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	SHARED SERVICES	TOTAL
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 619,615	\$ -	\$ 619,615
Daily Sales - Nonreimbursable Programs	33,004	-	33,004
Program Revenues	-	138,045	138,045
Miscellaneous Income	21,134	-	21,134
	<hr/>		
Total Operating Revenue	673,753	138,045	811,798
	<hr/>		
Operating Expenses:			
Cost of Sales - Reimbursable Programs	457,348		457,348
Cost of Sales - Non-Reimbursable Programs	24,361		24,361
Salaries	317,048	117,618	434,666
Employee Benefits	24,347	41,023	65,370
Other Purchased Services	19,651	-	19,651
Repairs & Other Expenses	22,208	-	22,208
Supplies and Materials	2,113	-	2,113
Depreciation	29,446	-	29,446
Management Fee	40,365	-	40,365
Miscellaneous	17,091	-	17,091
	<hr/>		
Total Operating Expenses	953,978	158,641	1,112,619
	<hr/>		
Operating Gain/Loss	(280,225)	(20,596)	(300,821)
	<hr/>		
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	8,472	-	8,472
Federal Sources:			
National School Lunch Program	221,876	-	221,876
National School Performance Based Program	11,372	-	11,372
National School Breakfast Program	33,730	-	33,730
Food Distribution Program	52,718	-	52,718
	<hr/>		
Total Nonoperating Revenues/(Expenses)	328,168	-	328,168
	<hr/>		
Change in Net Position	47,943	(20,596)	27,347
Total Net Position - Beginning	565,031	20,596	585,627
	<hr/>		
Total Net Position - Ending	\$ 612,974	\$ -	\$ 612,974
	<hr/>		

**HAZLET TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	SHARED SERVICES	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 679,928	\$ 142,117	\$ 822,045
Payments to Employees	(317,048)	(117,618)	(434,666)
Payments for Employee Benefits	(24,347)	(29,032)	(53,379)
Payments to Suppliers	(580,478)	-	(580,478)
Net Cash Flows From Operating Activities	<u>(241,945)</u>	<u>(4,533)</u>	<u>(246,478)</u>
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Agencies	276,820	-	276,820
Net Cash Flows From Noncapital Financing Activities	<u>276,820</u>	<u>-</u>	<u>276,820</u>
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	(15,415)	-	(15,415)
Net Cash Flows From Capital & Related Financing Activities	<u>(15,415)</u>	<u>-</u>	<u>(15,415)</u>
Net Change in Cash & Cash Equivalents	19,460	(4,533)	14,927
Cash & Cash Equivalents, July 1	169,463	16,524	185,987
Cash & Cash Equivalents, June 30	<u>\$ 188,923</u>	<u>\$ 11,991</u>	<u>\$ 200,914</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Loss	\$ (280,225)	\$ (20,596)	\$ (300,821)
Adjustments to Reconcile Operating Loss to Cash Flows From Operating Activities:			
Depreciation Expense	29,446	-	29,446
Food Distribution Program	52,718	-	52,718
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	(5,165)	4,072	(1,093)
(Increase)/Decrease in Interfunds Receivable		(7,066)	(7,066)
(Increase)/Decrease in Inventory	(5,504)	-	(5,504)
Increase/(Decrease) in Accounts Payable	(44,555)	19,057	(25,498)
Increase/(Decrease) in Unearned Revenue	11,340	-	11,340
Total Adjustments	<u>38,280</u>	<u>16,063</u>	<u>54,343</u>
Net Cash Flows From Operating Activities	<u>\$ (241,945)</u>	<u>\$ (4,533)</u>	<u>\$ (246,478)</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, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 107,741	\$ 234	\$ 389,023	\$ 205,452	\$ 702,450
Investments	-	8,317	-	-	8,317
<b>Total Assets</b>	<b>107,741</b>	<b>8,551</b>	<b>389,023</b>	<b>205,452</b>	<b>710,767</b>
<b>LIABILITIES</b>					
Payroll Deductions & Withholdings	8,262	-	389,023	-	397,285
Due to Student Groups	-	-	-	205,452	205,452
<b>Total Liabilities</b>	<b>8,262</b>		<b>389,023</b>	<b>205,452</b>	<b>602,737</b>
<b>NET POSITION</b>					
Held in Trust for:					
Unemployment Claims	99,479	-	-	-	99,479
Scholarships	-	8,551	-	-	8,551
<b>Total Net Position</b>	<b>\$ 99,479</b>	<b>\$ 8,551</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,030</b>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	PRIVATE PURPOSE		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
<b>ADDITIONS:</b>			
Contributions:			
Board Contributions	\$ 47,557	\$ -	\$ 47,557
Total Contributions	47,557	-	47,557
Investment Earnings			
Appreciation	-	1,664	1,664
Interest on Investments	-	231	231
Total Investment Earnings	-	1,895	1,895
Total Additions	47,557	1,895	49,452
<b>DEDUCTIONS:</b>			
Quarterly Contribution Reports	48,322	-	48,322
Scholarship Awarded	-	900	900
Miscellaneous Expenses	-	70	70
Total Deductions	48,322	970	49,292
Change in Net Position	(765)	925	160
Net Position - Beginning of Year	100,244	7,626	107,870
Net Position - End of Year	\$ 99,479	\$ 8,551	\$ 108,030

**HAZLET TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
<b>Elementary Schools:</b>				
Beers Street	\$ 856	\$ 4,206	\$ 3,659	\$ 1,403
Cove Road	3,651	1,194	535	4,310
Lillian Drive	3,396	952	3,795	553
Middle Road	2,283	399	1,564	1,118
Raritan Valley	509	1,807	1,851	465
Sycamore Drive	242	454	484	212
<b>Total Elementary Schools</b>	<b>10,937</b>	<b>9,012</b>	<b>11,888</b>	<b>8,061</b>
<b>Middle School:</b>				
Hazlet Middle School	1,411	10,838	11,933	316
<b>Total Middle Schools</b>	<b>1,411</b>	<b>10,838</b>	<b>11,933</b>	<b>316</b>
<b>High Schools:</b>				
Athletic Fund	4,713	69,113	68,551	5,275
Rocket Launchers	75,273	313,321	295,863	92,731
Home Economics	841	8,500	9,135	206
Raritan High School	113,519	136,944	151,600	98,863
<b>Total High School</b>	<b>194,346</b>	<b>527,878</b>	<b>525,149</b>	<b>197,075</b>
<b>Total Assets</b>	<b>\$ 206,694</b>	<b>\$ 547,728</b>	<b>\$ 548,970</b>	<b>\$ 205,452</b>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 206,694	\$ 547,728	\$ 548,970	\$ 205,452
<b>Total Liabilities</b>	<b>\$ 206,694</b>	<b>\$ 547,728</b>	<b>\$ 548,970</b>	<b>\$ 205,452</b>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 259,987	\$ 36,276,830	\$ 36,147,794	\$ 389,023
<b>Total Assets</b>	<b>\$ 259,987</b>	<b>\$ 36,276,830</b>	<b>\$ 36,147,794</b>	<b>\$ 389,023</b>
<b>LIABILITIES</b>				
Net Payroll Deductions & Withholdings	\$ 259,987	\$ 36,276,830	\$ 36,147,794	\$ 389,023
<b>Total Liabilities</b>	<b>\$ 259,987</b>	<b>\$ 36,276,830</b>	<b>\$ 36,147,794</b>	<b>\$ 389,023</b>

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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, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY DATE	ANNUAL MATURITY AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2016	RETIRED	BALANCE JUNE 30, 2017
Refunding Bonds	10/28/10	\$ 6,930,000	February 1, 2018	320,000	3.000%	\$ 5,480,000	\$ 310,000	\$ 5,170,000
			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						\$ 5,480,000	\$ 310,000	\$ 5,170,000

**HAZLET TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF CAPITAL LEASE OBLIGATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ISSUE	AMOUNT OF ISSUE	INTEREST RATE	BALANCE JUNE 30, 2016	RETIRE	BALANCE JUNE 30, 2017
Various Equipment	\$ 750,000	1.580%	<u>\$ 607,000</u>	<u>\$ 145,000</u>	<u>\$ 462,000</u>
		Total	<u>\$ 607,000</u>	<u>\$ 145,000</u>	<u>\$ 462,000</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 407,019	\$ -	\$ 407,019	\$ 407,019	\$ -
State Sources:					
Debt Service Aid Type II	107,959	-	107,959	107,959	-
Total Revenues	514,978	-	514,978	514,978	-
Expenditures:					
Regular Debt Service:					
Interest	204,978	-	204,978	204,978	-
Principal	310,000	-	310,000	310,000	-
Total Expenditures	514,978	-	514,978	514,978	-
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Fund Balance July 1,	1	-	1	1	-
Fund Balance June 30,	\$ 1	\$ -	\$ 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)

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 16,372,189	\$ 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
Restricted	7,984,581	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
Unrestricted	(19,062,666)	(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)
<b>Total Governmental Activities</b>	<b>5,294,104</b>	<b>4,404,952</b>	<b>1,719,902</b>	<b>11,938,866</b>	<b>10,898,361</b>	<b>8,743,728</b>	<b>12,748,791</b>	<b>11,552,674</b>	<b>10,200,742</b>	<b>9,906,832</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	448,523	462,554	480,152	368,180	228,861	150,088	231,319	185,542	160,897	180,311
Unrestricted	164,451	123,073	32,280	101,180	128,051	98,378	204,855	193,806	95,469	107,658
<b>Total Business-Type Activities</b>	<b>612,974</b>	<b>585,627</b>	<b>512,432</b>	<b>469,360</b>	<b>356,912</b>	<b>248,466</b>	<b>436,174</b>	<b>379,348</b>	<b>256,366</b>	<b>287,969</b>
<b>Government-Wide :</b>										
Invested in Capital Assets,										
Net of Related Debt	16,820,712	13,845,665	13,845,665	12,213,808	9,612,440	7,447,777	6,748,526	11,046,122	11,372,960	10,445,675
Restricted	7,984,581	6,215,753	6,215,753	4,281,569	3,582,788	1,395,258	1,417,433	4,776,504	2,671,186	2,449,285
Unrestricted	(18,898,215)	(15,070,839)	(15,070,839)	(14,263,043)	(787,002)	2,412,238	826,235	(2,637,661)	(2,112,124)	(2,437,852)
<b>Total Government-Wide Net Position</b>	<b>\$ 5,907,078</b>	<b>\$ 4,990,579</b>	<b>\$ 4,990,579</b>	<b>\$ 2,232,334</b>	<b>\$ 12,408,226</b>	<b>\$ 11,255,273</b>	<b>\$ 8,992,194</b>	<b>\$ 13,184,965</b>	<b>\$ 11,932,022</b>	<b>\$ 10,457,108</b>

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

	FISCAL YEAR ENDING JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ (16,611,253)	\$ (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)
Special Education	(4,239,574)	(4,055,338)	(4,084,355)	(3,728,748)	(3,562,034)	(3,615,521)	(3,049,523)	(2,922,855)	(3,385,925)	(3,286,686)
Other Special Instruction	(599,919)	(592,534)	(581,166)	(584,004)	(568,892)	(500,627)	(1,061,778)	(916,630)	(725,465)	(776,641)
Other Instruction	(897,856)	(850,704)	(845,873)	(803,550)	(826,631)	(831,548)	(1,172,657)	(1,092,788)	(1,948,716)	(2,049,833)
Support Services:										
Tuition	(1,352,741)	(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)
Student & Instruction Related Services	(5,086,343)	(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)
School Administrative Services	(2,353,076)	(2,239,579)	(2,292,521)	(2,289,161)	(2,264,833)	(2,208,959)	(2,943,208)	(2,960,071)	(3,207,231)	(3,257,247)
Central Services	(561,001)	(537,434)	(518,457)	(495,042)	(486,216)	(469,981)	(481,393)	(567,753)	(550,356)	(524,592)
Administrative Information Technology	(95,229)	(90,959)	(91,388)	(82,245)	(207,381)	(205,469)	(203,628)	(211,260)	(192,974)	(174,860)
General & Business Administrative Services	(1,115,506)	(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)
Plant Operations & Maintenance	(4,922,851)	(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)
Pupil Transportation	(2,130,142)	(2,193,567)	(2,138,402)	(2,166,430)	(1,964,439)	(1,964,439)	(1,848,570)	(2,153,743)	(2,387,318)	(2,534,171)
Special Schools	(154,260)	(136,990)	(123,789)	(123,789)	(109,955)	(100,255)	(102,773)	(119,669)	(93,385)	(75,552)
Interest on Long-Term Debt	(244,363)	(350,668)	(217,837)	(229,087)	(246,675)	(248,241)	(362,315)	(352,431)	(359,319)	(380,564)
Unallocated Depreciation	(842,769)	(741,110)	(608,586)	(494,563)	(446,616)	(489,739)	-	-	-	-
Unallocated Benefits	(17,243,809)	(20,784,364)	(18,516,378)	(12,317,691)	(12,232,998)	(11,751,190)	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>(58,450,692)</b>	<b>(61,675,485)</b>	<b>(59,328,285)</b>	<b>(51,949,963)</b>	<b>(50,720,323)</b>	<b>(50,332,180)</b>	<b>(49,319,156)</b>	<b>(48,978,597)</b>	<b>(48,468,796)</b>	<b>(49,343,325)</b>
Business-Type Activities:										
Food Service	(953,978)	(936,277)	(929,357)	(914,441)	(955,888)	(1,211,129)	(956,250)	(1,022,707)	(1,007,564)	(940,779)
Shared Services	(158,641)	(140,056)	(89,992)	(85,888)	-	-	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>(1,112,619)</b>	<b>(1,076,333)</b>	<b>(1,019,349)</b>	<b>(1,000,329)</b>	<b>(955,888)</b>	<b>(1,211,129)</b>	<b>(956,250)</b>	<b>(1,022,707)</b>	<b>(1,007,564)</b>	<b>(940,779)</b>
<b>Total Government-Wide Expenses</b>	<b>\$ (59,563,311)</b>	<b>\$ (62,751,818)</b>	<b>\$ (60,347,634)</b>	<b>\$ (52,950,292)</b>	<b>\$ (51,676,211)</b>	<b>\$ (51,543,309)</b>	<b>\$ (50,275,406)</b>	<b>\$ (50,001,304)</b>	<b>\$ (49,476,360)</b>	<b>\$ (50,284,104)</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,550	\$ 55,400	\$ 8,913	\$ 375
Pupil Transportation	-	-	-	-	-	-	56,943	27,276	48,167	54,667
Operating Grants & Contributions	-	-	-	-	-	-	211,618	515,916	513,314	847,826
Capital Grants & Contributions	1,224,931	13,770,689	11,261,861	1,120,535	1,156,434	1,296,996	78,268	479,922	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>1,224,931</b>	<b>13,770,689</b>	<b>11,261,861</b>	<b>1,120,535</b>	<b>1,156,434</b>	<b>1,296,996</b>	<b>443,379</b>	<b>1,078,514</b>	<b>570,394</b>	<b>902,868</b>
Business-Type Activities:										
Charges for Services:										
Food Service	652,619	663,120	658,699	706,164	715,182	777,854	787,509	861,605	820,849	799,131
Shared Services	138,045	160,652	89,992	85,888	-	-	-	-	-	-
Operating Grants & Contributions	328,168	325,456	312,858	318,600	342,042	244,452	225,198	230,554	153,884	153,405
<b>Total Business Type Activities Program Revenues</b>	<b>1,118,832</b>	<b>1,149,228</b>	<b>1,061,549</b>	<b>1,110,652</b>	<b>1,057,224</b>	<b>1,022,306</b>	<b>1,012,707</b>	<b>1,092,159</b>	<b>974,733</b>	<b>952,536</b>
<b>Total Government-Wide Program Revenues</b>	<b>\$ 2,343,763</b>	<b>\$ 14,919,917</b>	<b>\$ 12,323,410</b>	<b>\$ 2,319,302</b>	<b>\$ 2,213,658</b>	<b>\$ 2,319,302</b>	<b>\$ 1,456,086</b>	<b>\$ 2,170,673</b>	<b>\$ 1,545,127</b>	<b>\$ 1,855,404</b>
<b>Net (Expense)/Revenue: Governmental Activities</b>	<b>\$ (57,225,761)</b>	<b>\$ (47,904,796)</b>	<b>\$ (48,066,424)</b>	<b>\$ (50,829,428)</b>	<b>\$ (49,563,889)</b>	<b>\$ (49,035,184)</b>	<b>\$ (48,875,777)</b>	<b>\$ (47,900,083)</b>	<b>\$ (47,898,402)</b>	<b>\$ (48,440,457)</b>



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

	FISCAL YEAR ENDING JUNE 30.									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-Type Activities	6,213	72,895	42,200	110,323	101,336	(188,823)	56,457	69,452	(32,831)	11,757
Total Government-Wide Net Expense	\$ (57,219,548)	\$ (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)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 37,963,778	\$ 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
Taxes Levied for Debt Service	407,019	408,599	404,465	406,704	431,338	324,486	449,422	425,721	422,440	418,524
Unrestricted Grants & Contributions	19,274,977	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
Investment Earnings	129,905	175,882	168,112	120,280	161,203	108,339	11,016	17,653	45,340	182,922
Miscellaneous Income	339,234	154,099	115,186	177,272	425,830	184,959	111,283	104,921	78,627	21,989
Total Governmental Activities	58,114,913	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
Business-Type Activities:										
Miscellaneous Income	21,134	300	872	2,125	7,110	1,115	369	489	1,226	-
Total Business-Type Activities	21,134	300	872	2,125	7,110	1,115	369	489	1,226	-
Total Government-Wide General Revenues	\$ 58,136,047	\$ 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
Change in Net Position:										
Governmental Activities	\$ 889,152	\$ 2,685,050	\$ 1,471,522	\$ 1,116,217	\$ 1,116,217	\$ 2,482,963	\$ 1,989,417	\$ 1,196,117	\$ 1,351,931	\$ 304,899
Business-Type Activities	27,347	73,195	43,072	112,448	112,448	108,446	(187,708)	56,826	69,941	(31,605)
Total Government-Wide	\$ 916,499	\$ 2,758,245	\$ 1,514,594	\$ 1,228,665	\$ 1,228,665	\$ 2,591,409	\$ 1,801,709	\$ 1,252,943	\$ 1,421,872	\$ 273,294

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,671,186	\$ 2,326,377	\$ 2,231,233
Unreserved	-	-	-	-	-	-	-	545,297	548,232	1,023,340
Restricted	7,984,580	5,544,443	3,834,499	3,387,986	7,776,079	3,030,803	2,694,052	-	-	-
Assigned	543,865	515,673	376,127	287,554	379,383	789,692	796,918	-	-	-
Unassigned	-	114	-	-	(1,837,237)	717,647	(155,116)	-	-	-
<b>Total General Fund</b>	<b>\$ 8,528,445</b>	<b>\$ 6,060,230</b>	<b>\$ 4,210,626</b>	<b>\$ 3,675,540</b>	<b>\$ 6,318,225</b>	<b>\$ 4,538,142</b>	<b>\$ 3,335,854</b>	<b>\$ 3,216,483</b>	<b>\$ 2,874,609</b>	<b>\$ 3,254,573</b>
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,607	\$ -
Unreserved, Reported in:										
Capital Projects Fund	-	-	-	-	-	-	-	-	(55,700)	-
Debt Service Fund	-	-	-	-	-	-	-	(1)	1	-
Restricted:										
Debt Service Fund	1	-	1	-	-	-	-	-	-	-
Capital Projects Fund	12,244,148	25,502	-	-	-	-	995,869	-	-	-
Committed:										
Capital Projects Fund	-	645,809	447,070	1,854,353	-	34,951	260,276	-	-	-
Assigned:										
Debt Service Fund	-	-	-	-	-	-	51,688	-	-	-
Unassigned	-	-	-	-	60,469	339,031	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 12,244,149</b>	<b>\$ 671,311</b>	<b>\$ 447,071</b>	<b>\$ 1,854,353</b>	<b>\$ 60,469</b>	<b>\$ 373,982</b>	<b>\$ 1,307,833</b>	<b>\$ (1)</b>	<b>\$ 122,908</b>	<b>\$ -</b>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Tax Levy	\$ 38,370,797	\$ 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
Tuition Charges	129,905	175,882	168,112	120,280	161,203	108,339	96,550	55,400	8,913	375
Transportation	40,474	25,756	51,400	52,350	40,363	37,225	56,943	27,276	48,167	54,667
Interest Earnings	64,785	2,307	-	4,924	4,728	219	1,867	14,434	3,788	576
Miscellaneous	233,975	126,036	63,786	119,998	380,738	147,515	120,432	97,009	120,178	216,856
State Sources	19,462,949	18,754,185	18,679,940	17,299,029	17,752,331	16,774,331	14,958,188	14,914,559	16,229,945	17,931,444
Federal Sources	1,036,959	989,268	997,558	954,013	991,506	1,489,019	1,516,344	3,184,941	958,030	971,199
<b>Total Revenue</b>	<b>59,339,844</b>	<b>57,345,484</b>	<b>55,456,321</b>	<b>53,066,180</b>	<b>53,203,285</b>	<b>52,321,597</b>	<b>50,515,273</b>	<b>50,319,398</b>	<b>48,773,694</b>	<b>50,226,065</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	16,611,253	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
Special Education Instruction	4,239,574	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
Other Special Instruction	599,919	592,534	581,166	584,004	568,892	500,627	528,136	468,776	725,465	776,641
Other Instruction	897,856	850,704	845,873	803,550	826,631	831,548	821,005	793,296	763,838	710,455
<b>Support Services:</b>										
Tuition	1,352,741	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
Student & Instruction Related Services	5,086,343	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
General Administration	1,115,506	1,117,991	1,003,664	951,916	1,042,656	961,401	932,756	1,054,479	1,016,919	2,118,929
School Administrative Services	2,353,076	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
Central Services	561,001	537,434	518,457	495,042	486,216	469,981	481,393	567,753	550,356	524,592
Administrative Information Technology	95,229	90,959	91,388	82,245	207,381	205,469	203,628	211,260	192,974	174,860
Plant Operations & Maintenance	4,899,655	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
Pupil Transportation	2,130,142	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
Other Support Services	15,437,885	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
Employee Benefits	154,260	136,990	137,425	123,789	109,955	100,255	102,773	119,669	93,385	75,552
Special Schools	4,141,049	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
Capital Outlay	455,000	300,000	290,000	275,000	265,000	260,000	280,000	205,000	190,000	165,000
Debt Service:	216,002	216,977	228,578	239,577	246,203	250,697	236,939	360,093	370,733	389,885
Principal Interest & Other Charges	60,346,491	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
<b>Total Expenditures</b>	<b>(1,006,647)</b>	<b>1,325,314</b>	<b>(871,597)</b>	<b>(849,400)</b>	<b>1,794,898</b>	<b>268,438</b>	<b>1,427,205</b>	<b>218,965</b>	<b>(257,053)</b>	<b>468,734</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>15,047,700</b>	<b>748,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,007,801</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources/(Uses):</b>										
Proceeds from Debt Issuance	-	-	-	-	-	-	(7,007,801)	-	-	-
Payments to Escrow Agent	-	-	-	-	-	-	1,373,547	276,476	390,363	-
Transfers In	-	-	-	-	-	-	(1,373,547)	(276,476)	(390,363)	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>15,047,700</b>	<b>748,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 14,041,053</b>	<b>\$ 2,073,844</b>	<b>\$ (871,597)</b>	<b>\$ (849,400)</b>	<b>\$ 1,794,898</b>	<b>\$ 268,438</b>	<b>\$ 1,427,205</b>	<b>\$ 218,965</b>	<b>\$ (257,053)</b>	<b>\$ 468,734</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>1.2%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.1%</b>

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	BUILDING USE FEES	TUITION	TRANS-PORTATION	OTHER RESTRICTED		TOTAL
								MISCELLANEOUS	TOTAL	
2017	\$ 64,785	\$ -	\$ -	\$ -	29,688	\$ 129,905	\$ 40,474	\$ 152,088	\$ 416,940	
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	

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
2017	\$ 12,767,000	\$ 1,891,764,100	\$ 25,800	\$ 400,814,000	\$ 28,021,500	\$ 2,333,392,400	\$ 1,607,244	\$ 2,334,999,644	\$ 1.660	\$ 2,383,085,230
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

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

- (a) Taxable Value of Machinery, Implements & Equipment of Telephone, Telegraph & Messenger System Companies.
- (b) Tax rates are per \$100

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL (a)	GENERAL OBLIGATION DEBT SERVICE (b)	TOTAL DIRECT	TOWNSHIP OF HAZLET	MONMOUTH COUNTY	FIRE DISTRICT	
2017	\$ 1.662	\$ 0.017	\$ 1.660	\$ 0.593	\$ 0.308	\$ 0.082	\$ 2.643
2016	1.620	0.018	1.610	0.613	0.305	0.079	2.632
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

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	2017	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	\$ 23,336,400	1.00%
Individual Taxpayer #2	22,429,100	0.97%
Individual Taxpayer #3	17,129,900	0.74%
Individual Taxpayer #4	16,958,700	0.73%
Individual Taxpayer #5	15,383,100	0.67%
Individual Taxpayer #6	13,479,400	0.58%
Individual Taxpayer #7	11,545,000	0.50%
Individual Taxpayer #8	10,665,400	0.42%
Individual Taxpayer #9	9,639,700	0.38%
Individual Taxpayer #10	8,719,800	0.31%
Total	\$ 149,286,500	6.30%

TAXPAYER	2008	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	\$ 14,500,000	1.36%
Individual Taxpayer #2	10,770,100	1.01%
Individual Taxpayer #3	9,440,000	0.88%
Individual Taxpayer #4	9,000,000	0.84%
Individual Taxpayer #5	8,147,300	0.76%
Individual Taxpayer #6	7,470,200	0.70%
Individual Taxpayer #7	5,795,100	0.54%
Individual Taxpayer #8	5,041,400	0.47%
Individual Taxpayer #9	4,854,100	0.45%
Individual Taxpayer #10	4,551,300	0.43%
Total	\$ 79,569,500	7.44%

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY (a)		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 61,514,044	N/A	N/A	N/A
2016	60,827,606	\$ 59,910,981	98.49%	N/A
2015	59,532,901	58,666,205	98.54%	\$ 866,696
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
	49,994,315	49,436,419	98.88%	524,887

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			BOND ANTICIPATION NOTES (BANs)	TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME <sup>a</sup>	PER CAPITA
	GENERAL OBLIGATION BONDS <sup>b</sup>	CAPITAL LEASES					
2017	\$ 5,170,000	\$ 462,000	\$ 15,000,000	\$ 20,632,000	0.34%	\$ 1,031.91	
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	

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 <sup>a</sup> OF PROPERTY	PER CAPITA <sup>b</sup>
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$ 5,170,000	\$ -	\$ 5,170,000	0.22%	258.58
2016	5,480,000	-	5,480,000	0.26%	286.62
2015	5,780,000	-	5,780,000	0.29%	300.15
2014	6,070,000	-	6,070,000	0.31%	313.61
2013	6,080,000	-	6,080,000	0.28%	327.67
2012	6,610,000	-	6,610,000	0.29%	337.86
2011	6,870,000	-	6,870,000	0.30%	337.12
2010	7,060,000	-	7,060,000	0.30%	346.83
2009	7,265,000	-	7,265,000	0.70%	356.68
2008	7,455,000	-	7,455,000	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, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Hazlet Township	\$ 8,686,849	100.000%	\$ 8,686,849
Monmouth County General Obligation Debt	435,341,390	2.066%	<u>8,994,153</u>
Subtotal, Overlapping Debt			17,681,002
Hazlet Township School District Direct Debt			<u>5,170,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 22,851,002</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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 93,456,460	\$ 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	5,170,000	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	\$ 88,286,460	\$ 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	5.53%	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 2017**

	Equalized Valuation Basis
2016	\$ 2,347,561,902
2015	2,338,059,249
2014	2,323,613,333
Total	\$ 7,009,234,484
Average Equalized Valuation of Taxable Property	\$ 2,336,411,495
Debt Limit (4 % of Average Equalization Value)	\$ 93,456,460 a
Net Bonded School Debt	5,170,000
Legal Debt Margin	\$ 88,286,460

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)
2017	19,994	N/A	N/A	4.9%
2016	20,097	N/A	N/A	5.3%
2015	20,163	\$ 1,399,513,830	69,410	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%

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Function/Program:										
Instruction:										
Regular	217	220	217	218	219	218	217	264	270	270
Special Education	80	80	81	80	78	79	74	6	6	6
Other Special Education	20	20	20	20	20	20	18	20	12	12
Other Instruction								12	6	6
Support Services:										
Student & Instruction Related Services	43	43	43	42	42	43	43	25	29	29
General Administration	5	5	5	5	5	5	5	6	6	6
School Administrative Services	25	25	25	25	25	25	25	27	27	27
Other Administrative Services								17	17	17
Central Services	7	7	7	7	7	7	7	8	8	8
Administrative Information Technology	4	4	4	4	4	3	3	3	5	5
Plant Operations & Maintenance	53	53	53	53	53	53	52	51	45	45
Pupil Transportation	1	1	1	1	1	1	2	2	2	2
Other Support Services	1	1	1	1	1	1				
<b>Total</b>	<b>456</b>	<b>459</b>	<b>457</b>	<b>456</b>	<b>455</b>	<b>455</b>	<b>446</b>	<b>441</b>	<b>433</b>	<b>433</b>

**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				
2017	2,952	\$ 54,425,913	18,437	17.07%	289	8.6:1	9.3:1	10.1:1	2,889.2	2,752.0	0.19%	95.25%
2016	3,028	51,271,396	15,924	1.11%	287	10.1:1	9.1:1	10.2:1	2,883.7	2,752.2	0.90%	95.32%
2015	3,065	50,110,930	15,748	1.48%	294	8.6:1	8.1:1	8.5:1	3,032.6	2,890.8	-4.75%	95.37%
2014	3,182	48,910,734	15,519	4.59%	285	9.2:1	8.7:1	8.9:1	3,005.6	2,866.5	-4.75%	95.37%
2013	3,217	48,416,067	14,838	-1.73%	287	9.2:1	8.4:1	9.1:1	3,155.4	3,004.6	-1.10%	95.22%
2012	3,263	50,022,097	15,099	11.24%	285	12.2:1	9.8:1	11.5:1	3,190.4	3,050.3	-2.63%	95.61%
2011	3,313	45,726,214	13,573	1.70%	268	11.2:1	10.5:1	13.2:1	3,276.6	3,109.4	-2.66%	94.90%
2010	3,369	44,147,410	13,346	2.36%	294	11.2:1	10.6:1	12.4:1	3,366.1	3,200.8	3.18%	95.09%
2009	3,308	43,313,640	13,038	-4.91%	311	9.9:1	10.4:1	13.2:1	3,262.5	3,118.7	-1.82%	95.59%
2008	3,322	46,399,085	13,711	1.20%	309	9.7:1	10.3:1	13.4:1	3,323.0	3,170.6	-1.56%	95.41%

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>DISTRICT BUILDINGS</b>										
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	252	267	265	259	272	287	265	264	290	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	215	195	191	216	222	227	229	239	266	276
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	245	253	278	265	271	272	294	294	255	286
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	264	288	297	301	321	326	330	344	279	291
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	265	280	275	280	300	302	308	323	345	362
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	279	298	276	299	282	280	293	215	237	238
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	463	493	512	520	498	499	519	549	557	537
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	918	954	971	1,030	1,000	1,027	1,053	1,056	1,090	1,074
Other:										
Square Feet	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	18,100
<b>Total Enrollment</b>	<b>2,901</b>	<b>3,028</b>	<b>3,065</b>	<b>3,170</b>	<b>3,166</b>	<b>3,220</b>	<b>3,291</b>	<b>3,284</b>	<b>3,319</b>	<b>3,341</b>

Number of Schools at June 30, 2017:

- 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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
Beers Street	\$ 77,671	\$ 90,855	\$ 93,441	\$ 104,914	\$ 77,450	\$ 96,681	\$ 92,094	\$ 70,673	\$ 69,859	\$ 61,973
Cove Road	70,700	82,702	85,055	95,498	70,499	88,005	83,829	64,331	63,589	56,411
Lillian Drive	91,611	107,163	110,213	123,744	91,352	114,033	108,624	83,356	82,397	73,096
Middle Road	86,633	101,339	104,223	117,019	86,386	107,837	102,720	78,828	77,919	69,123
Raritan Valley	85,637	100,174	103,025	115,674	85,393	106,597	101,539	77,922	77,024	68,329
Sycamore Drive	58,751	68,724	70,680	79,358	58,584	73,131	69,661	53,458	52,842	46,877
Middle School:										
Hazlet	149,367	174,722	179,694	201,757	148,942	185,925	177,103	135,910	134,343	119,178
High School:										
Raritan	321,575	439,132	451,632	507,083	374,341	467,292	445,120	341,587	337,661	299,544
<b>Total</b>	<b>\$ 941,945</b>	<b>\$ 1,164,811</b>	<b>\$ 1,197,963</b>	<b>\$ 1,345,047</b>	<b>\$ 992,947</b>	<b>\$ 1,239,501</b>	<b>\$ 1,180,690</b>	<b>\$ 906,065</b>	<b>\$ 895,634</b>	<b>\$ 794,531</b>

\* 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, 2017**

	COVERAGE		DEDUCTIBLE
<b>School Package Policy:</b>			
Building & Contents (All Locations)	88,153,444	(1)	5,000
Boiler & Machinery	50,000,000	(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	30,000,000	(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	 7 Day Elimination	(2)	N/A
Flood-Middle School	500,000	(5)	5,000

- (1) American Guarantee and Liability Insurance Company  
(2) Chubb Insurance Company  
(3) NJSIG/MOCSSIF  
(4) NJSIG/MOCSSIF  
(5) Selective Insurance Company  
(6) Starstone Markel  
(7) QBE Insurance Corporation  
(7) Western Surety

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

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 activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the Hazlet Township School District's basic financial statements, and have issued our report thereon dated November 27, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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 the 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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey  
November 27, 2017



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND 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

**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 School District’s major federal and state programs for the fiscal year ended June 30, 2017. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 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 School District's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the 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, 2017.

### **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 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 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.

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

Toms River, New Jersey  
November 27, 2017

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**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM/TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2017 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
<b>U.S. DEPARTMENT OF AGRICULTURE</b>											
Passed Through New Jersey Department of Agriculture:											
Child Nutrition Cluster:											
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	\$ 221,876	7/1/16-6/30/17	\$ -	206,052	\$ (221,876)	\$ -	\$ (15,824)	\$ -
National School Lunch Program	10.555	1616INJ304N1099	100-010-3350-026	208,495	7/1/15-6/30/16	(16,893)	16,893	-	-	-	-
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	11,372	7/1/16-6/30/17	(959)	10,539	(11,372)	-	(833)	-
Healthy Hunger-Free Kids Act	10.555	1616INJ304N1099	100-010-3350-026	11,314	7/1/15-6/30/16	(959)	959	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	Not Available	62,230	7/1/16-6/30/17	(17,852)	62,230	(52,718)	-	-	9,512
Subtotal for CFDA #10.555						(285,966)	296,673	(285,966)	-	(16,657)	9,512
National School Breakfast Program	10.553	171NJ304N1099	100-010-3350-028	33,730	7/1/16-6/30/17	(2,622)	31,192	(33,730)	-	(2,538)	-
National School Breakfast Program	10.553	1616INJ304N1099	100-010-3350-028	31,011	7/1/15-6/30/16	(2,622)	2,622	-	-	-	-
Subtotal for CFDA #10.553						(5,244)	33,814	(33,730)	-	(2,538)	-
Total Child Nutrition Cluster						(20,474)	330,487	(319,696)	-	(19,195)	9,512
Total U.S. Department of Agriculture						(20,474)	330,487	(319,696)	-	(19,195)	9,512
<b>U.S. DEPARTMENT OF EDUCATION</b>											
Passed Through New Jersey Department of Education:											
I.D.E.A. Part B (Special Education Cluster)											
Basic	84.027	H027A160100	100-034-5065-016	740,120	7/1/16-6/30/17	-	622,380	(740,120)	-	(117,740)	-
Basic	84.027	H027A150100	100-034-5065-016	760,027	7/1/15-6/30/16	(64,447)	64,447	-	-	-	-
Subtotal for CFDA #84.027						(64,447)	686,827	(740,120)	-	(117,740)	-
Preschool	84.173	H173A160114	100-034-5065-020	26,396	7/1/16-6/30/17	-	26,396	(26,396)	-	-	-
Total Special Education Cluster						(64,447)	713,223	(766,516)	-	(117,740)	-
No Child Left Behind (N.C.L.B.)	84.010	S010A160030	100-034-5064-194	267,215	7/1/16-6/30/17	-	162,261	(199,509)	-	(37,248)	-
Title I, Part A	84.010	S010A150030	100-034-5064-194	188,799	7/1/15-6/30/16	(26,058)	26,058	-	-	-	-
Title I, Part A	84.010	S010A150030	100-034-5064-194	188,799	7/1/15-6/30/16	(26,058)	188,319	(199,509)	-	(37,248)	-
Subtotal for CFDA #84.010						(53,488)	374,638	(399,018)	-	(74,496)	-
Title II-A	84.367	S367A160029	100-034-5063-290	83,639	7/1/16-6/30/17	-	69,103	(77,835)	-	(8,732)	-
Title II-A	84.367	S367A150029	100-034-5063-290	71,888	7/1/15-6/30/16	(5,348)	5,348	-	-	-	-
Subtotal for CFDA #84.367						(5,348)	74,451	(77,835)	-	(8,732)	-
Title III, English Language Acquisitor	84.365	S365A160030	100-034-5064-187	14,994	7/1/16-6/30/17	-	5,917	(12,179)	-	(6,262)	-
Title III, Immigrant	84.365	S365A160030	100-034-5064-187	1,749	7/1/16-6/30/17	-	-	(729)	-	(729)	-
Subtotal for CFDA #84.365						-	5,917	(12,908)	-	(6,991)	-
Total U.S. Department of Education						(95,853)	981,910	(1,056,768)	-	(170,711)	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>											
Passed Through New Jersey Department of Health and Human Services											
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	100-054-7540-211	8,618	7/1/16-6/30/17	-	8,618	(8,618)	-	-	-
ARRA - Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	100-054-7540-211	2,404	7/1/16-6/30/17	-	2,404	(2,404)	-	-	-
Subtotal for CFDA #93.778						-	11,022	(11,022)	-	-	-
Total U.S. Department of Health and Human Services						-	11,022	(11,022)	-	-	-
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>											
Passed Through New Jersey Department of Law and Public Safety											
Disaster Grants - Public Assistance	97.036	Not Available	100-066-1200-B80	15,094	7/1/16-6/30/17	-	15,094	(15,094)	-	-	-
Total U.S. Department of Homeland Security						-	15,094	(15,094)	-	-	-
Total Federal Financial Assistance						\$ (116,327)	\$ 1,338,513	\$ (1,402,580)	\$ -	\$ (189,906)	\$ 9,512

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

**HAZLET TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CARRYOVER/ (WALKOVER) AMOUNT
<b>STATE DEPARTMENT OF EDUCATION:</b>					
General Fund:					
State Aid - Public:					
Equalization Aid	495-034-5120-078	\$ 10,451,173	7/1/16-6/30/17	\$ -	\$ -
Categorical Special Education Aid	495-034-5120-089	1,936,203	7/1/16-6/30/17	-	-
Security Aid	495-034-5120-084	71,011	7/1/16-6/30/17	-	-
Per Pupil Growth Aid	495-034-5120-097	30,220	7/1/16-6/30/17	-	-
PARCC Readiness Aid	495-034-5120-098	30,220	7/1/16-6/30/17	-	-
Professional Learning Community Aid	495-034-5120-101	28,930	7/1/16-6/30/17	-	-
Total State Aid - Public				-	-
Transportation Aid	495-034-5120-014	180,190	7/1/16-6/30/17	-	-
Additional Non-Public School Transportation	495-034-5120-014	10,976	7/1/15-6/30/16	(10,976)	-
Additional Non-Public School Transportation	495-034-5120-014	15,517	7/1/16-6/30/17	-	-
Extraordinary Aid	495-034-5120-044	272,313	7/1/15-6/30/16	(272,313)	-
Extraordinary Aid	495-034-5120-044	325,667	7/1/16-6/30/17	-	-
Reimbursed TPAF Social Security Contribution	100-034-5094-003	1,561,129	7/1/16-6/30/17	-	-
Reimbursed TPAF Social Security Contribution	100-034-5094-003	1,593,508	7/1/15-6/30/16	(77,939)	-
TPAF - Pension Contributions (Noncash)	495-034-5094-002	2,544,277	7/1/16-6/30/17	-	-
TPAF - Post Retirement Medical (Noncash)	495-034-5094-001	2,119,961	7/1/16-6/30/17	-	-
TPAF - Long-Term Disability Insurance (Noncash)	495-034-5094-004	5,566	7/1/16-6/30/17	-	-
Total General Fund				(361,228)	-
Special Revenue Fund:					
Auxiliary Services Aid (Ch. 192):					
Compensatory Education	100-034-5120-067	21,710	7/1/15-6/30/16	4,215	-
Compensatory Education	100-034-5120-067	8,600	7/1/16-6/30/17	-	-
English as a Second Language	100-034-5120-067	12,971	7/1/16-6/30/17	-	-
Total Auxiliary Services Aid (Ch. 192)				4,215	-
Handicapped Services (Ch. 193):					
Examination & Classification	100-034-5120-066	9,712	7/1/15-6/30/16	2,384	-
Examination & Classification	100-034-5120-066	722	7/1/16-6/30/17	-	-
Corrective Speech	100-034-5120-066	3,181	7/1/16-6/30/17	-	-
Supplementary Instruction	100-034-5120-066	1,569	7/1/16-6/30/17	-	-
Total Handicapped Services (Ch. 193)				2,384	-
Textbook Aid	100-034-5120-064	8,394	7/1/15-6/30/16	237	-
Textbook Aid	100-034-5120-064	9,165	7/1/16-6/30/17	-	-
Nursing Services	100-034-5120-070	12,804	7/1/15-6/30/16	407	-
Nursing Services	100-034-5120-070	14,310	7/1/16-6/30/17	-	-
Technology Initiative Aid	100-034-5120-373	3,822	7/1/15-6/30/16	43	-
Technology Initiative Aid	100-034-5120-373	4,134	7/1/16-6/30/17	-	-
Security Aid	100-034-5120-509	3,675	7/1/15-6/30/16	7	-
Security Aid	100-034-5120-509	7,950	7/1/16-6/30/17	-	-
Total Special Revenue Fund				7,293	-
Capital Projects Fund:					
SDA Grant Cluster:					
Raritan Valley Elementary School Window Replacement	#2105-095-13-1011	228,240	Completion	(91,296)	-
Total Capital Projects Fund				(91,296)	-
Debt Service Fund:					
Debt Service Aid	495-034-5120-075	107,959	7/1/16-6/30/17	-	-
Total Debt Service Fund				-	-
Total State Department of Education				(445,231)	-

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

HAZLET TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	ADJUSTMENTS AT JUNE 30, 2017	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	DUE TO GRANTOR AT JUNE 30, 2017	MEMO	
						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
\$ 10,451,173	\$ (10,451,173)	\$ -	\$ -	\$ -	\$ -	\$ 1,040,693	\$ 10,451,173
1,936,203	(1,936,203)	-	-	-	-	192,801	1,936,203
71,011	(71,011)	-	-	-	-	7,071	71,011
30,220	(30,220)	-	-	-	-	3,009	30,220
30,220	(30,220)	-	-	-	-	3,009	30,220
28,930	(28,930)	-	-	-	-	2,881	28,930
12,547,757	(12,547,757)	-	-	-	-	1,249,464	12,547,757
180,190	(180,190)	-	-	-	-	17,943	180,190
10,976	-	-	-	-	-	-	-
-	(15,517)	-	-	(15,517)	-	-	15,517
272,313	-	-	-	-	-	-	-
-	(325,667)	-	-	(325,667)	-	-	325,667
1,484,476	(1,561,129)	-	-	(76,653)	-	-	1,561,129
77,939	-	-	-	-	-	-	-
2,544,277	(2,544,277)	-	-	-	-	-	2,544,277
2,119,961	(2,119,961)	-	-	-	-	-	2,119,961
5,566	(5,566)	-	-	-	-	-	5,566
19,243,455	(19,300,064)	-	-	(417,837)	-	1,267,407	19,300,064
-	-	(4,215)	-	-	-	-	-
8,600	(8,600)	-	-	-	-	-	8,600
12,971	(12,106)	-	-	-	865	-	12,106
21,571	(20,706)	(4,215)	-	-	865	-	20,706
-	-	(2,384)	-	-	-	-	-
722	(722)	-	-	-	-	-	722
3,181	(3,181)	-	-	-	-	-	3,181
1,569	(1,569)	-	-	-	-	-	1,569
5,472	(5,472)	(2,384)	-	-	-	-	5,472
-	-	(237)	169	-	169	-	-
9,165	(7,795)	-	-	-	1,370	-	7,795
-	-	(407)	-	-	-	-	-
14,310	(11,870)	-	-	-	2,440	-	11,870
-	-	(43)	-	-	-	-	-
4,134	(4,134)	-	-	-	-	-	4,134
-	-	(7)	-	-	-	-	-
7,950	(7,950)	-	-	-	-	-	7,950
62,602	(57,927)	(7,293)	169	-	4,844	-	57,927
91,296	-	-	-	-	-	-	-
91,296	-	-	-	-	-	-	-
107,959	(107,959)	-	-	-	-	-	107,959
107,959	(107,959)	-	-	-	-	-	107,959
19,505,312	(19,465,950)	(7,293)	169	(417,837)	4,844	1,267,407	19,465,950

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

**HAZLET TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CARRYOVER/ (WALKOVER) AMOUNT
<b>STATE DEPARTMENT OF AGRICULTURE:</b>					
Enterprise Fund:					
National School Lunch Program (State Share)	100-010-3350-023	8,403	7/1/15-6/30/16	(708)	-
National School Lunch Program (State Share)	100-010-3350-023	8,472	7/1/16-6/30/17	-	-
Total Enterprise Fund				(708)	-
Total State Department of Agriculture				(708)	-
<b>Total State Financial Assistance</b>				<b>\$ (445,939)</b>	<b>\$ -</b>
State Financial Assistance Programs not subject to Calculation for Major Program Determination:					
TPAF - Pension Contributions (Noncash)	495-034-5094-002	2,544,277	7/1/16-6/30/17		
TPAF - Post Retirement Medical (Noncash)	495-034-5094-001	2,119,961	7/1/16-6/30/17		
TPAF - Long-Term Disability Insurance (Noncash)	495-034-5094-004	5,566	7/1/16-6/30/17		
<b>Total State Financial Assistance subject to Calculation for Major Program Determination</b>					

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

**HAZLET TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	ADJUSTMENTS AT JUNE 30, 2017	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	DUE TO GRANTOR AT JUNE 30, 2017	MEMO	
						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
708	-	-	-	-	-	-	-
7,854	(8,472)	-	-	(618)	-	-	8,472
8,562	(8,472)	-	-	(618)	-	-	8,472
8,562	(8,472)	-	-	(618)	-	-	8,472
<u>\$ 19,513,874</u>	<u>(19,474,422)</u>	<u>\$ (7,293)</u>	<u>\$ 169</u>	<u>\$ (418,455)</u>	<u>\$ 4,844</u>	<u>\$ 1,267,407</u>	<u>\$ 19,474,422</u>
	2,544,277						
	2,119,961						
	<u>5,566</u>						
	<u>\$ (14,804,618)</u>						

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

**HAZLET TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Hazlet Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. 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, 2017.

**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.



**HAZLET TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments 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 \$(3,820) for the general fund and \$(45,106) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 26,116	\$ 19,296,244	\$ 19,322,360
Special Revenue Fund	1,010,843	58,746	1,069,589
Debt Service Fund	-	107,959	107,959
Food Service Fund	<u>319,696</u>	<u>8,472</u>	<u>328,168</u>
Total Awards & Financial Assistance	<u>\$ 1,356,655</u>	<u>\$ 19,471,421</u>	<u>\$ 20,828,076</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. Federal and State Loans Outstanding**

The Hazlet Township School District had no loan balances outstanding at June 30, 2017.

**HAZLET TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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?        yes   X   no

2) Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

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

2) Significant deficiency(ies) identified?        yes   X   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 Uniform Guidance?        yes   X   no

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>FAIN Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
<u>84.027</u>	<u>H027A150100</u>	<u>Special Education Cluster:</u>
<u>84.173</u>	<u>H173A150114</u>	<u>I.D.E.A. - Part B, Basic</u>
<u>          </u>	<u>          </u>	<u>I.D.E.A. - Preschool</u>
<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>

Dollar threshold used to determine Type A programs \$750,000

Auditee qualified as low-risk auditee?   X   yes        no



**HAZLET TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

None.

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE**

None

**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, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.