

HAZLET TOWNSHIP SCHOOL DISTRICT

Hazlet, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HAZLET TOWNSHIP SCHOOL DISTRICT

HAZLET NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by:

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

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INTRODUCTORY SECTION

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HAZLET TOWNSHIP PUBLIC SCHOOLS



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December 1, 2015

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, 2015. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury Circular Letters 04-04 and 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

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

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

Supervising District-wide goals is a District Superintendent, an Assistant Superintendent, a School Business Administrator/Board Secretary, a Director of Curriculum, Instruction and Testing, a District-wide Supervisor of Math, 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 and one-half assistant principals, 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.

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 January and a public hearing is held annually. All members of the community are invited to attend these meetings. The District maintains a website that contains a wealth of District information and District contacts for public access. Each Board meeting agenda is posted on the website prior to the meeting and minutes are posted the following week.

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

The New Jersey Department of Education's 2015 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 2014-15 budgets on file with the State Department of Education. This report shows that the District expended \$14,186 per pupil of the other K-12 school districts in the state with enrollments between 1,801 and 3,500 children, Hazlet ranked 42nd in total cost per pupil of the 67 similar type districts.

Elementary Schools: Grades Pre-K through 6

For the 2014-15 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 275 students. There is one administrator and a staff of 22 teachers, instructional assistants and school aides. The school is located on Sycamore Drive, Hazlet.

Lillian Drive - a grade 1 to 4 school of 279 students. There is one administrator and a staff of 33 teachers, instructional assistants and school aides. The school is located on Lillian Drive, Hazlet.

Middle Road - a grade 1 to 4 school of 298 students. There is one administrator and a staff of 28 teachers, instructional assistants and school aides. The school is located on Middle Road, Hazlet.

Raritan Valley - a grade 1 to 4 school of 275 students. There is one administrator and a staff of 29 teachers, instructional assistants and school aides. The school is located on Cresci Boulevard, Hazlet.

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

Cove Road - a grade 5 to 6 school of 190 students. There is one administrator and a staff of 23 teachers, instructional assistants and school aides. The school is located on Cove Road, Hazlet.

The District's philosophy is that children learn best by being active learners. Towards this end, the District has established an early literacy program where students begin pre-reading and pre-writing as soon as they enter kindergarten 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 512 students during the 2014-2015 school year. There are two and a half administrators and a staff of 54 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 Common Core Curriculum Standards.

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

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

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

The philosophy of the middle school is to meet the unique needs of the preadolescent child. For students, this is a period of change and upheaval. This is a time when students are very interested in the world around them and have a need to explore their options. Courses available in related arts at grade 7 and/or 8 are art, music, computer technology, study skills, applied technology, health and physical education. Hazlet Middle School also offers AVID (Advancement Via Individual Determination) for grade 8.

Raritan High School

Raritan High School is a grade 9-12 school of 969 full and part time students. There are 3 administrators and a staff of 89 teachers, instructional assistants and school aides. The school is located on Middle Road, Hazlet.

This educational facility boasts a state-of-the-art auditorium, Global Communications Classroom and Television Production Studio, which benefits not only the educational community, but the Township of Hazlet as well. The school offers both advanced placement classes and dual enrollment with local colleges and universities. 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 offers AVID in grade 9.

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

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

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

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

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

Special Education

The Special Education program is an integral part of each school. As of June 30, 2014, there were approximately 500 students classified as educationally-handicapped in the District and 23 students were placed out-of-district. Most of the students were placed in regular classes with Resource Center support. In addition, a pre-school handicapped program is offered as well as classes for those who have mild to severe learning and/or language disabilities and classes for multiply-handicapped students.

Core Curriculum Content Standards

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

Staff Development

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

- Our District focused on professional development activities in the following areas: Professional conferences, workshops, articulation meetings between buildings for Pre-K-12 staff members, regularly-scheduled departmental and grade-level programs Pre-K-12, District-wide in-service workshops and summer workshops.
- Numerous professional development activities aligned to the New Jersey Core Curriculum Content Standards and Common Core Standards took place in the 2013-14 school year. Teacher lesson plans were monitored to include the New Jersey Core Curriculum Content and Common Core Standards. Professional Development Plans, related to building objectives, included Pupil Performance and Student Assessment.
- In October the District held its annual full-day Professional Development In-Service using many of its capable staff members to conduct training sessions. Additional afternoon workshops 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 three-year mentor/novice teacher training program including professional teaching portfolios and action research.
- A summer institute took place to offer support and guidance to new teachers and mentors for the start of the school year.
- Professional Development Opportunities were offered through the District's Professional Development Academy totaling over 300 workshops for staff members, administrators, parents and families.
- Partnership activities with local universities facilitated professional development in early literacy, mathematics instruction, mentor and novice teacher training and data driven decision making.

MAJOR INITIATIVES

District-Wide Curriculum:

During the 2014-15 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
Increased bandwidth and upgraded Internet connectivity
Additional Computers, Chromebooks, Smartboards, Student Response Systems, iPads, ELMOs and Wireless Tablets

Technology:

District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction. Every classroom, computer lab, media center, and office in all eight schools and the central office are linked together in local and wide area networks. All administrators, teachers, and support staff have access to computers, printers, e-mail accounts, and the Internet within their work areas. As of June 30, 2015, all of our 8 schools have a wireless environment and upgraded bandwidth with laptop, Chromebook and ipad carts for the students' use.

- The District has a network administrator and 3 full-time computer technicians, focusing on more complex and difficult repairs, while also completing basic technological installations and maintenance and staff training. This also allows the District to host its own e-mail and maintain a District website.
- This year the District was able to purchase/replace over 150 devices, including portable labs, iPads and desktops.
- The District purchased numerous Smartboards, ELMOs and other devices to increase the infusion of technology in the classrooms and computer labs.

Pupil Enrollment:

The District completed the 2014-15 fiscal year with an enrollment of 3,087 students, a decrease of 95 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 2004-05 through 2014-15.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014/15	3,087	(2.98%)
2013/14	3,182	(1.09%)
2012/13	3,217	(1.41%)
2011/12	3,263	(0.79%)
2010/11	3,289	(0.58%)
2009/10	3,308	(2.00%)
2008/09	3,374	(2.42%)
2007/08	3,388	(0.76%)
2006/07	3,414	(0.41%)
2005/06	3,425	0.41%
2004/05	3,411	0.32%

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 Olymics 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 award scholarships to Raritan High School students.
- Parent literacy trainings were conducted by the District.
- The Athletic Department continues to raise funds from corporate sponsorship to support all high school athletic teams and to improve our athletic and school facilities.
- The continuation of a partnership by Barnes and Noble affords us to have all of our elementary schools review summer readings.
- Our Parent Special Education Advocacy Group meets regularly.
- A Rocket Launchers Booster Association comprised of parents, community members, coaches, teachers and administrators coordinates the activities of all high school booster organizations for all athletic and extra-curricular groups. The Raritan High School Athletic Hall of Fame committee of administrators, community persons, alumni and staff held the Raritan High School Hall of Fame dinner.
- Numerous organizations including HYAL, Boy Scouts and Girl Scouts use the District Facilities to hold meetings and events.

Technology:

- During the 2014-15 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, including SMARTBoards and iPads.
- In-service training were held, including classes in website creation and maintenance and the use of interactive Smartboards, iPods 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 facebook page that has been instrumental in promoting parental communications with the District.

Special Services:

- During the 2014-15 school year, the Department of Special Services, through part-time behavior consultants, continued to address the needs of the autistic population and students with moderate to severe behavior problems. Training for teachers, aides, and Child Study Team members is on-going and includes topics such as: Applied Behavioral Analysis/Verbal Behavior, pairing, manding, prompting, prompt fading, reinforcement survey inventories, Functional Behavior Assessments, Behavior Intervention Plans and co-teaching.
- The part-time early childhood specialist provided on-going training and classroom coaching and mentoring to the preschool teachers in the state-approved curriculum, The Creative Curriculum. Data collection began with targeted goals incorporated into the Individual Education Plans, as well as progress reports distributed three times this past year.
- A half-day integrated preschool class was successful in that special education preschool students were educated in a general education preschool class, promoting federal and state mandates of instruction in the least restrictive environment. All preschool students were educated in District this year, with one exception.
- The Alternate Proficiency Assessment was administered in an effort to increase the percentage of the special education subgroup passing rate in the overall District performance for Adequate Yearly Progress.
- High school students continue to participate in community-based experiences that promote career awareness, job readiness and pre-vocational skills. The focus remains on socialization skills within the community and appropriate social skills interpersonally. A school social worker provides weekly group social skill lessons weekly to students, based on the research by Jed Baker.
- In the high school, the Structured Learning Experience Educator provided daily instruction to special education upper classmen in the areas of job readiness, career awareness, job applications, and daily living skills. The successful students received 15 credits for their participation in the program that took them to work in the community at locations such as: Best Buy, Barnes and Noble, 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 2013-14 school year.
- There were articulation meetings between 6th, 7th, 8th, 9th grade teachers to improve understanding of middle school and high school academic expectations for special education students. Revised Individual Education Plan goals and objectives reflect more realistic and meaningful information to be included in the Present Levels of Academic and Functional Performance section of the Individual Educational Plan.

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

Business:

Accomplishment and initiatives for the 2014-15 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 2015-16 District budget.
- The District maintains a Power Purchase Agreement for the acquisition of electricity, this agreement will save the District \$1.7 million over the next fifteen years.
- The District maintains self-insured dental and prescription insurance programs.
- The District made a profit in food service operations during the year and some of those funds were reinvested into new equipment for the program, including the new kitchen at the Cove Road School.
- The District maintains a shared services agreement with the Highlands Elementary School District for Business Services. This venture generated the District \$60,000 in revenue in the 2013-2014 school year.
- The District generated over \$50,000 by renting out school facilities.
- The District completed number large construction projects and collected grants from the NJ Schools Development Authority.
- The District maintains the Long Range Facilities Plan and Comprehensive maintenance Plan for submission to the New Jersey Department of Education and continued maintenance of our facilities.

Personnel:

The District employed approximately 450 full time equivalent persons during the 2014-15 school year. The certificated staff numbered approximately 330; including 21 administrators and supervisors; certified staff includes teachers as well as educational support personnel (nurses, guidance counselors, child study team members, etc.); other employees include instructional assistants, school aides, bus attendants, secretaries, technology staff and custodial and maintenance employees were also part of the staff.

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

The District, for example, continued its new teacher mentoring program. All newly-certified teachers and most teachers new to the District were assigned mentors as well as supervisory advocates to assist them in their first year. District administrators further provided these teachers

with an extensive in-service program and meetings throughout the school year designed to help them acclimate to their new working environment.

4. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse; and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally-accepted accounting principles ("GAAP"). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the district management. As part of the District's single audit, described earlier, tests are made to determine adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

A Standard Operating Procedures Manual is maintained by the District.

5. BUDGETARY CONTROLS

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

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

6. CASH MANAGEMENT

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

7. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A Schedule of Insurance Coverage is found in Schedule J-20.

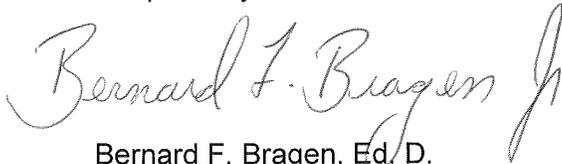
8. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board to perform the audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular(s) 04-04 and/or 15-08. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Hazlet Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully submitted,

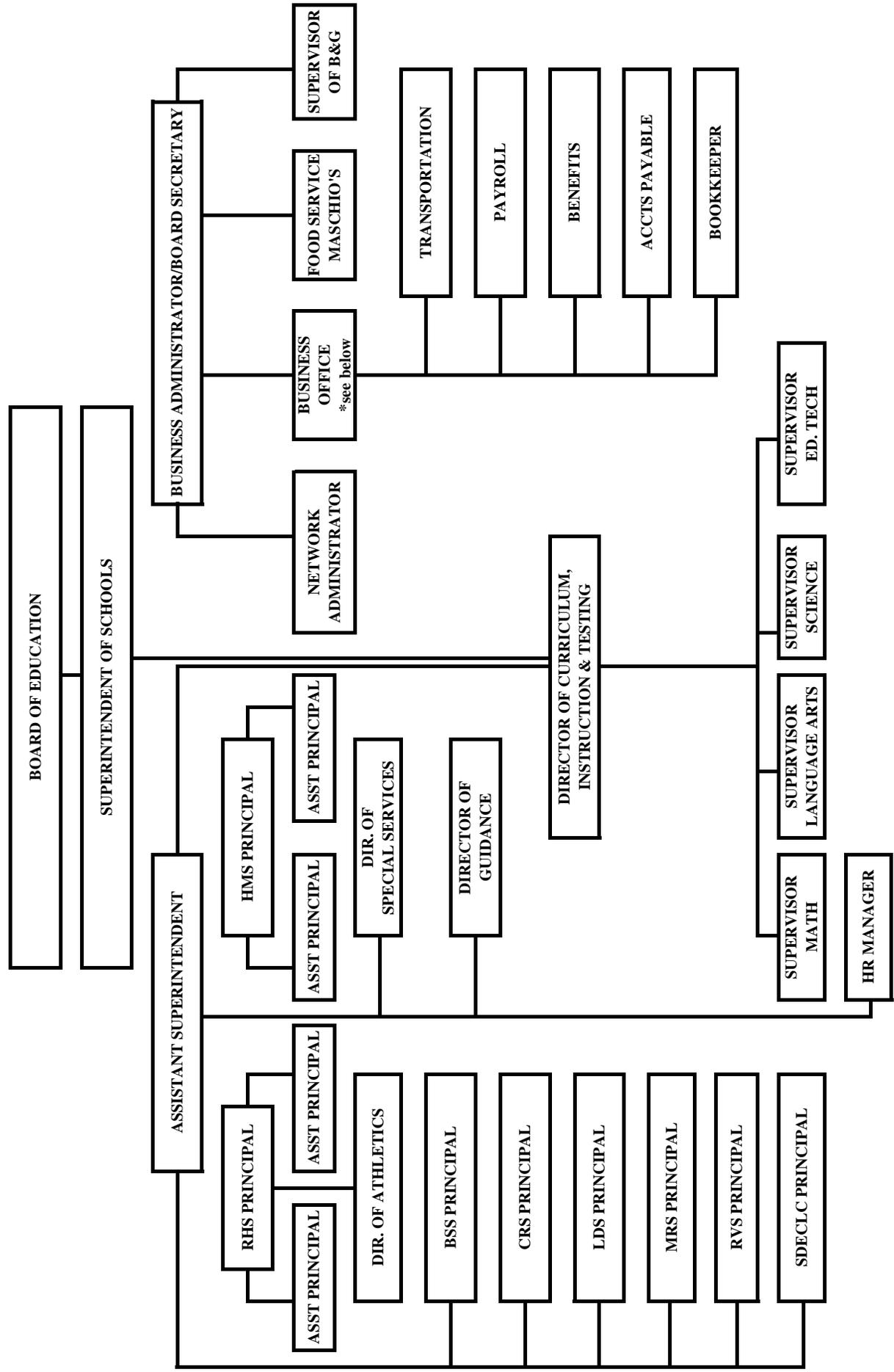


Bernard F. Bragen, Ed. D.
Superintendent of Schools



Christopher J. Mullins
School Business Administrator/Board Secretary

HAZLET TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2015

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
William Kolibas, Jr., President	2017
Lauri J. O'Leary, Vice President	2016
Carol Gaffney	2016
Thomas Herman	2015
Natale Iannello	2015
Victor J. Iannello, Jr.	2017
Joseph Lamb, Jr.	2017
Francis J. McGrath	2015
Giuseppe "Joe" Pruscino	2016

OTHER OFFICIALS

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

David A. Roman, Ed.D., Assistant Superintendent

Christopher J. Mullins, Board Secretary/Business Administrator

Ronald J. Mehlhorn, Sr., Treasurer of School Monies

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

CONSULTANTS AND ADVISORS

ATTORNEY

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

BOND COUNSEL

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

INDEPENDENT AUDITORS

Rodney R. Haines, CPA, PSA
Holman Frenia Allison, P.C.
680 Hooper Avenue, Building B, Suite 201
Toms River, New Jersey 08753

PROPERTY/CASUALTY BROKER

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

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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912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hazlet Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hazlet Township School District, County of Monmouth, State of New Jersey, as of June 30, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

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 other required supplemental information 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 accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are 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 relates directly to the underlying accounting and other records

used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015 on our consideration of the Hazlet Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hazlet Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
December 1, 2015

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

UNAUDITED

This discussion and analysis of Hazlet Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

As described in Note 19 to the financial statements, "Prior Period Adjustment/Restatement of Net Position", the District has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of (\$11,690,486), as indicated in Note 19 to the financial statements. Prior year balances reflected in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ◆ General revenues accounted for \$49,538,818 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$12,323,410 or 20% to total revenues of \$61,862,228.
- ◆ Total assets of governmental activities increased by \$2,257,850.
- ◆ The Governmental Activities of the School District had \$59,328,285 in expenses; \$11,261,861 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$49,537,946, plus capital projects fund balance were adequate to provide for these programs.
- ◆ The General Fund had \$53,068,234 in revenues and \$52,527,148 in expenditures and transfers. The General Fund's balance increased \$541,086 over 2014.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds is included in the 2014-15 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Funds

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

The School District as a Whole

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

Table 1 provides a summary comparison of the School District's net position for 2015 and 2014.

TABLE I

STATEMENT OF NET POSITION

	June 30, 2015			June 30, 2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 5,458,274	\$ 127,861	\$ 5,586,135	\$ 5,668,923	\$ 187,958	\$ 5,856,881
Capital assets, net	17,513,656	480,152	17,993,808	15,314,260	368,180	15,682,440
Total assets	22,971,930	608,013	23,579,943	20,983,183	556,138	21,539,321
Deferred outflow of resources	1,055,870	-	1,055,870	510,303	-	510,303
Long-term liabilities	20,903,090	-	20,903,090	20,499,933	-	20,499,933
Other liabilities	714,133	95,581	809,714	234,870	86,778	321,648
Total liabilities	21,617,223	95,581	21,712,804	20,734,803	86,778	20,821,581
Deferred inflow of resources	690,675	-	690,675	-	-	-
Invested in capital assets, net	11,733,656	480,152	12,213,808	9,244,260	368,180	9,612,440
Restricted	4,281,569	-	4,281,569	3,582,788	-	3,582,788
Unrestricted	(14,295,323)	32,280	(14,263,043)	(12,068,365)	101,180	(11,967,185)
	<u>\$ 1,719,902</u>	<u>\$ 512,432</u>	<u>\$ 2,232,334</u>	<u>\$ 758,683</u>	<u>\$ 469,360</u>	<u>\$ 1,228,043</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2015 and 2014.

TABLE II

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2013
Revenue						
Program Revenue:						
Charges for Services	\$ -	\$ -	\$ 748,691	\$ 792,052	\$ 748,691	\$ 792,052
Operating Grants	11,261,861	5,215,938	312,858	318,600	11,574,719	5,534,538
General Revenues:						
Property Taxes	35,495,525	34,515,586	-	-	35,495,525	34,515,586
Federal & State Aid Not Restricted to Specific Purposes	13,759,123	17,132,507	-	-	13,759,123	17,132,507
Tuition	168,112	120,280	-	-	168,112	120,280
Miscellaneous	115,186	177,272	872	2,125	116,058	179,397
Total Revenues	60,799,807	57,161,583	1,062,421	1,112,777	61,862,228	58,274,360
Expenses						
Instructional Services	22,248,387	21,948,547	-	-	22,248,387	21,948,547
Support Services	36,116,050	33,249,380	1,019,349	1,000,329	37,135,399	34,249,709
Special Schools	137,425	123,789	-	-	137,425	123,789
Interest on Long-Term Liabilities	217,837	229,087	-	-	217,837	229,087
Unallocated Depreciation	608,586	494,563	-	-	608,586	494,563
Total Expenses	59,328,285	56,045,366	1,019,349	1,000,329	60,347,634	57,045,695
Change in Net Position	\$ 1,471,522	\$ 1,116,217	\$ 43,072	\$ 112,448	\$ 1,514,594	\$ 1,228,665

Governmental Activities

Property taxes made up 58% of revenues for governmental activities for the Hazlet Township Public School District for fiscal year 2015. The School District's total governmental revenues were \$60,799,807 for the fiscal year ended June 30, 2015. Federal, state and local grants accounted for 41%.

The total cost of all programs and services was \$59,328,285. Direct Regular and Special Education Instruction comprises 38% of School District expenses.

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

- ◆ Food service revenues exceeded expenses by \$43,072.
- ◆ Charges for services represent \$658,699 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$312,858.

Governmental Activities

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

TABLE III

Governmental Activities

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 22,248,387	\$ 21,593,938	\$ 21,948,547	\$ 21,241,458
Support Services:				
Pupil & Instructional Staff	5,685,389	5,347,151	5,471,329	5,165,757
General, School & Business Admin	3,906,030	3,906,030	3,818,364	3,818,364
Operation & Maintenance of Facilities	5,869,851	5,869,851	5,380,163	5,380,163
Pupil Transportation	2,138,402	2,138,402	2,166,430	2,166,430
Unallocated Benefits	18,516,378	8,355,917	12,317,691	12,317,691
Other	963,848	855,135	847,439	739,565
Total Expenses	<u>59,328,285</u>	<u>48,066,424</u>	<u>51,949,963</u>	<u>50,829,428</u>

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

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

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

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

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

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

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

The School District's Funds

Information about the School District's major funds is included in the 2014-15 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund presented in the fund-based statements) had total revenues and transfers of \$55,456,321 and expenditures and transfers of \$56,327,918 demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 13/14</u>	<u>Percent Change</u>
Local Sources	\$ 35,778,823	64.5%	\$ 965,685	2.8%
State Sources	18,679,940	33.7%	1,380,911	8.0%
Federal Sources	997,558	1.8%	43,545	4.6%
Total Revenues	<u>\$ 55,456,321</u>	<u>100.0%</u>	<u>\$ 2,390,141</u>	<u>4.5%</u>

The increase in Local Sources is due to an increase in the local tax levy.

The increase in State Sources is due to an increase in construction grants.

The increase in Federal Sources is due to an increase in federal entitlements.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2015.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 13/14</u>	<u>Percent Change</u>
Instruction	\$ 22,248,387	39.5%	\$ 299,840	1.4%
Undistributed Expenditures	29,980,839	53.3%	805,795	2.8%
Capital Outlay	3,545,257	6.3%	1,267,845	55.7%
Debt Service:				
Principal	290,000	0.5%	15,000	5.5%
Interest	228,578	0.4%	(10,999)	-4.6%
Total Expenses	<u>\$ 56,293,061</u>	<u>100.0%</u>	<u>\$ 2,377,481</u>	<u>4.4%</u>

The increase in Current - Instruction is related to expenditures on salaries and supplies.

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

The increase in Capital Outlay is attributed to the budgeted withdrawal from capital reserve.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2015, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

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

While the School District's final budget for the General Fund anticipated a decrease in surplus funds of \$1,456,337, the actual results for the year show a \$550,192 increase in surplus funds as of June 30, 2015.

Capital Assets

At the end of the fiscal year 2015, the School District had \$17,513,656 invested in land, buildings, and machinery and equipment.

TABLE IV

Capital Assets (Net of Depreciation) at June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Land	\$ 4,526,730	\$ 4,526,730
Construction in Progress	285,729	258,785
Site Improvements	874,306	874,306
Building and Improvements	11,535,626	9,311,116
Machinery and Equipment	<u>291,265</u>	<u>343,323</u>
Total	<u>\$ 17,513,656</u>	<u>\$ 15,314,260</u>

Debt Administration

At June 30, 2015, the School District had \$20,903,090 as outstanding debt. Of this amount, \$2,656,246 is for compensated absences, \$127,282 is for bond premiums, \$5,780,000 is for bonds for school construction, \$750,000 is for capital lease obligations and \$11,589,562 is for net pension obligation.

At June 30, 2015, the School District's overall legal debt margin was \$86,331,071.

For the Future

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

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

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

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

Contacting the School District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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HAZLET TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS JUNE 30, 2015
Cash & Cash Equivalents	\$ 2,828,347	\$ 90,743	\$ 2,919,090
Restricted Cash	2,036,023	-	2,036,023
Receivables, Net	593,904	23,691	617,595
Inventory	-	13,427	13,427
Capital Assets, Net (Note 6)	17,513,656	480,152	17,993,808
Total Assets	22,971,930	608,013	23,579,943
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	1,055,870	-	1,055,870
Total Deferred Outflow of Resources	1,055,870	-	1,055,870
Total Assets and Deferred Outflow of Resources	24,027,800	608,013	24,635,813
LIABILITIES			
Accounts Payable	-	59,167	59,167
Accrued Interest Expense	90,407	-	90,407
PERS Pension Payable	573,149	-	573,149
Intergovernmental Payable	2,012	-	2,012
Unearned Revenue	48,565	36,414	84,979
Noncurrent Liabilities (Note 8):			
Due Within One Year	443,000	-	443,000
Due Beyond One Year	20,460,090	-	20,460,090
Total Liabilities	21,617,223	95,581	21,712,804
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	690,675	-	690,675
Total Deferred Inflow of Resources	690,675	-	690,675
Total Liabilities and Deferred Inflow of Resources	22,307,898	95,581	22,403,479
NET POSITION			
Net Investment in Capital Assets	11,733,656	480,152	12,213,808
Restricted For:			
Capital Projects	447,070	-	447,070
Other Purposes	3,834,499	-	3,834,499
Unrestricted	(14,295,323)	32,280	(14,263,043)
Total Net Position	\$ 1,719,902	\$ 512,432	\$ 2,232,334

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, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS JUNE 30, 2015
	EXPENSES	CHARGES FOR SERVICES OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:					
Instruction:					
Regular	\$ 16,736,993	\$ -	\$ (16,736,993)	-	\$ (16,736,993)
Special Education	4,084,355	654,449	(3,429,906)	-	(3,429,906)
Other Special Instruction	581,166	-	(581,166)	-	(581,166)
Other Instruction	845,873	-	(845,873)	-	(845,873)
Support Services & Undistributed Costs:					
Tuition	1,065,105	-	(1,065,105)	-	(1,065,105)
Attendance & Social Work Services	51,788	-	(51,788)	-	(51,788)
Health Services	581,902	-	(581,902)	-	(581,902)
Student & Instruction Related Services	3,940,251	338,238	(3,602,013)	-	(3,602,013)
Educational Media Services/School Library	19,564	-	(19,564)	-	(19,564)
Instructional Staff Training	26,779	-	(26,779)	-	(26,779)
School Administrative Services	2,292,521	-	(2,292,521)	-	(2,292,521)
Central Services	518,457	-	(518,457)	-	(518,457)
Administrative Information Technology	91,388	-	(91,388)	-	(91,388)
Other Administrative Services	1,003,664	-	(1,003,664)	-	(1,003,664)
Plant Operations & Maintenance	5,869,851	-	(5,869,851)	-	(5,869,851)
Pupil Transportation	2,138,402	-	(2,138,402)	-	(2,138,402)
Unallocated Benefits	18,516,378	10,160,461	(8,355,917)	-	(8,355,917)
Special Schools	137,425	-	(137,425)	-	(137,425)
Interest on Long-Term Debt	217,837	108,713	(109,124)	-	(109,124)
Unallocated Depreciation	608,586	-	(608,586)	-	(608,586)
Total Governmental Activities	59,328,285	11,261,861	(48,066,424)	-	(48,066,424)

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, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS JUNE 30, 2015
	EXPENSES	CHARGES FOR SERVICES OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Business-Type Activities:					
Food Service	929,357	658,699	-	42,200	42,200
Shared Services	89,992	89,992	-	-	-
Total Business-Type Activities	1,019,349	748,691	-	42,200	42,200
Total Primary Government	\$ 60,347,634	\$ 748,691	\$ 11,574,719	(48,066,424)	42,200
					(48,024,224)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net			35,091,060	-	35,091,060
Taxes Levied for Debt Service			404,465	-	404,465
Federal & State Aid Not Restricted			13,759,123	-	13,759,123
Tuition Received			168,112	-	168,112
Miscellaneous Income			115,186	872	116,058
Total General Revenues			49,537,946	872	49,538,818
Change In Net Position			1,471,522	43,072	1,514,594
Net Position - Beginning - Restated (Note 19)			248,380	469,360	717,740
Net Position - Ending			\$ 1,719,902	\$ 512,432	\$ 2,232,334

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, 2015**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
					JUNE 30, 2015
Cash & Cash Equivalents	\$ 3,393,860	\$ -	\$ -	\$ 1	\$ 3,393,861
Restricted Cash	1,286,023	-	-	-	1,286,023
Cash on Hand with Fiscal Agents	750,000	-	-	-	750,000
Accounts Receivable:					
Federal Aid	-	180,121	-	-	180,121
State Aid	264,732	-	146,906	-	411,638
Interfund	3,886	-	737,875	-	741,761
Other	-	2,145	-	-	2,145
Total Assets	\$ 5,698,501	\$ 182,266	\$ 884,781	\$ 1	\$ 6,765,549
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ 127,803	\$ 437,711	\$ -	\$ 565,514
Intergovernmental Payable:					
State	-	2,012	-	-	2,012
Interfund Payables	737,875	3,886	-	-	741,761
Unearned Revenue	750,000	48,565	-	-	798,565
Total Liabilities	1,487,875	182,266	437,711	-	2,107,852
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,286,023	-	-	-	1,286,023
Excess Surplus - Current Year	1,364,782	-	-	-	1,364,782
Excess Surplus - Designated for Subsequent Year's Expenditures	1,183,694	-	-	-	1,183,694
Committed to:					
Other Purposes	-	-	447,070	-	447,070
Assigned to:					
Other Purposes	376,127	-	-	-	376,127
Designated for Subsequent Year's Expenditures	-	-	-	1	1
Unassigned Fund Balance	-	-	-	-	-
Total Fund Balances	4,210,626	-	447,070	1	4,657,697
Total Liabilities & Fund Balances	\$ 5,698,501	\$ 182,266	\$ 884,781	\$ 1	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$33,299,719 and the accumulated depreciation is \$15,786,063.	17,513,656
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	365,195
Accrued interest payable and PERS pension payable are not recorded in the fund financial statements due to the fact that the payables are not due in the current period.	(663,556)
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.	(20,153,090)
Net Position of Governmental Activities	\$ 1,719,902

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, 2015**

					<u>TOTALS</u>
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	JUNE 30, 2015
Revenues:					
Local Sources:					
Local Tax Levy	\$ 35,091,060	\$ -	\$ -	\$ 404,465	\$ 35,495,525
Tuition	168,112	-	-	-	168,112
Transportation	51,400	-	-	-	51,400
Other Restricted Miscellaneous	21,478	-	-	-	21,478
Miscellaneous	7,534	34,774	-	-	42,308
Total Local Sources	35,339,584	34,774	-	404,465	35,778,823
State Sources	17,660,483	43,507	867,237	108,713	18,679,940
Federal Sources	68,167	929,391	-	-	997,558
Total Revenues	53,068,234	1,007,672	867,237	513,178	55,456,321
Expenditures:					
Current Expense:					
Regular Instruction	16,736,993	-	-	-	16,736,993
Special Education Instruction	3,429,906	654,449	-	-	4,084,355
Other Special Instruction	581,166	-	-	-	581,166
Other Instruction	845,873	-	-	-	845,873
Support Services:					
Tuition	1,065,105	-	-	-	1,065,105
Attendance	51,788	-	-	-	51,788
Health Services	581,902	-	-	-	581,902
Student & Instruction Related Services	3,602,013	338,238	-	-	3,940,251
Educational Media Services/School Library	19,564	-	-	-	19,564
Instructional Staff Training	26,779	-	-	-	26,779
School Administrative Services	2,292,521	-	-	-	2,292,521
Central Services	518,457	-	-	-	518,457
Administrative Information Technology	91,388	-	-	-	91,388
Other Administrative Services	1,003,664	-	-	-	1,003,664
Plant Operations & Maintenance	5,135,155	-	-	-	5,135,155
Pupil Transportation	2,138,402	-	-	-	2,138,402
Employee Benefits	13,013,295	-	-	-	13,013,295
Capital Outlay	539,092	14,985	2,991,180	-	3,545,257
Special Schools	137,425	-	-	-	137,425
Debt Service:					
Principal	-	-	-	290,000	290,000
Interest & Other Charges	-	-	-	228,578	228,578
Total Expenditures	51,810,488	1,007,672	2,991,180	518,578	56,327,918
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,257,746	-	(2,123,943)	(5,400)	(871,597)
Other Financing Sources/(Uses):					
Transfer (From) Capital Reserve to Capital Projects Fund	(716,660)	-	716,660	-	-
Total Other Financing Sources/(Uses)	(716,660)	-	716,660	-	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	541,086	-	(1,407,283)	(5,400)	(871,597)
Fund Balances, July 1,	3,669,540	-	1,854,353	5,401	5,529,294
Fund Balances, June 30,	\$ 4,210,626	\$ -	\$ 447,070	\$ 1	\$ 4,657,697

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (871,597)

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

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

Depreciation Expense	(608,586)	
Capital Outlays	2,807,982	2,199,396

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

Unfunded TPAF Pension Expense	(5,343,486)	
State Share of Unfunded TPAF Pension Expense	5,343,486	
Pension Expense - District Contribution - 2015	510,303	
Pension Expense	(617,338)	(107,035)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 290,000

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

Amortization of Original Issue Premiums		8,486
---	--	-------

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

Prior Year	95,241	
Current Year	(90,407)	4,834

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

Prior Year	2,603,684	
Current Year	(2,656,246)	(52,562)

Change in Net Position of Governmental Activities \$ 1,471,522

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
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BUSINESS-TYPE ACTIVITIES		TOTALS
	FOOD SERVICE FUND	SHARED SERVICES	JUNE 30, 2015
Current Assets:			
Cash & Cash Equivalents	\$ 67,469	\$ 23,274	\$ 90,743
Accounts Receivable:			
State	683	-	683
Federal	19,048	-	19,048
Other	3,960	-	3,960
Inventories	13,427	-	13,427
Total Current Assets	104,587	23,274	127,861
Capital Assets:			
Construction in Progress	106,903	-	106,903
Buildings	117,550	-	117,550
Equipment	514,496	-	514,496
Accumulated Depreciation	(258,797)	-	(258,797)
Total Capital Assets	480,152	-	480,152
Total Assets	584,739	23,274	608,013
LIABILITIES			
Current Liabilities:			
Accounts Payable	59,167	-	59,167
Unearned Revenue	13,140	23,274	36,414
Total Current Liabilities	72,307	23,274	95,581
NET POSITION			
Net Investment in Capital Assets	480,152	-	480,152
Unreserved Retained Earnings	32,280	-	32,280
Total Net Position	\$ 512,432	\$ -	\$ 512,432

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, 2015**

	BUSINESS-TYPE ACTIVITIES		TOTALS
	FOOD SERVICE FUND	SHARED SERVICES	JUNE 30, 2015
Operating Revenue:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 599,798	\$ -	\$ 599,798
Total - Daily Sales - Reimbursable Programs	599,798	-	599,798
Daily Sales Nonreimbursable Programs	58,901	-	58,901
Program Income	-	89,992	89,992
Miscellaneous Income	872	-	872
Total Operating Revenue	659,571	89,992	749,563
Operating Expenses:			
Salaries	361,091	69,105	430,196
Employee Benefits	24,272	-	24,272
Other Purchased Services	12,325	-	12,325
Supplies and Materials	33,885	20,887	54,772
Depreciation	29,196	-	29,196
Management Fee	39,975	-	39,975
Miscellaneous	5,427	-	5,427
Cost of Sales	415,458	-	415,458
Total Operating Expenses	929,357	89,992	1,019,349
Operating Loss	(269,786)	-	(269,786)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	9,005	-	9,005
Federal Sources:			
National School Lunch Program	212,157	-	212,157
National School Performance Based Program	12,167	-	12,167
National School Breakfast Program	28,372	-	28,372
Food Distribution Program	51,157	-	51,157
Total Nonoperating Revenues	312,858	-	312,858
Change in Net Position	43,072	-	43,072
Total Net Position - Beginning	469,360	-	469,360
Total Net Position - Ending	\$ 512,432	\$ -	\$ 512,432

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, 2015**

	<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTALS</u>
	FOOD SERVICE FUND	SHARED SERVICES	JUNE 30, 2015
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 667,349	\$ 103,834	\$ 771,183
Payments to Employees	(361,091)	(69,105)	(430,196)
Payments for Employee Benefits	(24,272)	-	(24,272)
Payments to Suppliers	(479,741)	(20,887)	(500,628)
Net Cash Flows From Operating Activities	(197,755)	13,842	(183,913)
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Reimbursements	266,199	-	266,199
Net Cash Flows From Noncapital Financing Activities	266,199	-	266,199
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	(141,167)	-	(141,167)
Net Cash Flows From Capital & Related Financing Activities	(141,167)	-	(141,167)
Net Change in Cash & Cash Equivalents	(63,292)	13,842	(49,450)
Cash and Cash Equivalents, July 1	130,761	9,432	140,193
Cash & Cash Equivalents, June 30	\$ 67,469	\$ 23,274	\$ 90,743

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Cash Flows From Operating Activities:			
Operating Loss	\$ (269,786)	\$ -	\$ (269,786)
Adjustments to Reconcile Operating Loss to Cash Flows From Operating Activities:			
Depreciation Expense	29,196	-	29,196
Food Distribution Program	51,157	-	51,157
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	7,400	-	7,400
(Increase)/Decrease in Inventory	(1,251)	-	(1,251)
Increase/(Decrease) in Accounts Payable	(14,849)	-	(14,849)
Increase/(Decrease) in Unearned Revenue	378	13,842	14,220
Total Adjustments	72,031	13,842	85,873
Net Cash Flows From Operating Activities	\$ (197,755)	\$ 13,842	\$ (183,913)

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, 2015**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	JUNE 30, 2015
Cash & Cash Equivalents	\$ 92,206	\$ 70	\$ 209,532	\$ 200,698	\$ 502,506
Investments	-	7,152	-	-	7,152
Total Assets	92,206	7,222	209,532	200,698	509,658
LIABILITIES					
Payroll Deductions & Withholdings	2,409	-	209,532	-	211,941
Due to Student Groups	-	-	-	200,698	200,698
Total Liabilities	2,409	-	209,532	200,698	412,639
NET POSITION					
Reserved:					
Unemployment Claims	89,797	-	-	-	89,797
Reserve for Scholarship	-	7,222	-	-	7,222
Total Net Position	\$ 89,797	\$ 7,222	\$ -	\$ -	\$ 97,019

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, 2015**

	PRIVATE PURPOSE		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	JUNE 30, 2015
ADDITIONS:			
Contributions:			
Board Contributions	\$ 44,733	\$ -	\$ 44,733
Total Contributions	44,733	-	44,733
Investment Earnings:			
Appreciation	-	380	380
Interest on Investments	-	208	208
Total Investment Earnings	-	588	588
Total Additions	44,733	588	45,321
DEDUCTIONS:			
Quarterly Contribution Reports	33,779	-	33,779
Scholarship Awarded	-	750	750
Miscellaneous Expenses	-	50	50
Total Deductions	33,779	800	34,579
Change in Net Position	10,954	(212)	10,742
Net Position - Beginning of Year	78,843	7,434	86,277
Net Position - End of Year	\$ 89,797	\$ 7,222	\$ 97,019

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

HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

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

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits

A. Reporting Entity

The Hazlet Township School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The Hazlet Township School District has an approximate enrollment at June 30, 2015 of 3,084 students.

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

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

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

B. Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2015.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

C. Government-Wide Financial Statements

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

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

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

D. Governmental Fund Financial Statements

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

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

E. Proprietary Fund Financial Statements

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

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

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

F. Fiduciary Fund Financial Statements

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

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

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

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

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

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

The District reports the following major proprietary funds:

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

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

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

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains the following private purpose trust funds:

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

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

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

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

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

H. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

H. Budgets/Budgetary Control (continued)

The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

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

I. Encumbrances

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

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

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

J. Cash and Cash Equivalents

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

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

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

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

K. Tuition Payable/Receivable

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

L. Inventories

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

M. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

N. Capital Assets

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

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

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

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

O. Compensated Absences

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

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

P. Unearned Revenue

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

Q. Accrued Liabilities and Long-Term Obligations

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

R. Pensions

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

S. Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.
- 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
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

S. Fund Balance (continued)

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

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

T. Net Position

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

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

U. Bond Premiums, Discounts and Issuance Costs

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

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

V. Deferred Loss on Refunding Debt

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

W. Deferred Inflows/Outflows of Resources

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

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

X. Use of Estimates

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

Y. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/or a liability its portion of the collective net pension's asset and liability of the New Jersey Public Employees' Retirement System (PERS). The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Also included as a deferred outflow is the District contributions to the pension system subsequent to the measurement date.

Recently Issued and Adopted Accounting Pronouncements

The District has adopted and implemented all current standards of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015.

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. 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*

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

Y. Impact of Recently Issued Accounting Principles (continued)

Recently Issued and Adopted Accounting Pronouncements (continued)

Post-employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Z. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 1, 2015, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

A. Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District’s bank balance of \$5,483,076 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$	250,000
Collateralized by securities held by Pledging financial institution		5,060,092
Uninsured and uncollateralized		<u>172,984</u>
Total	\$	<u><u>5,483,076</u></u>

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 2. Cash and Cash Equivalents (continued)

B. Investments

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

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

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

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

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

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

The District did not hold any investments at June 30, 2015.

Note 3. Capital Reserve Account

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated additional

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 3. Capital Reserve Account (continued)

amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	752,683
Deposits:		
Resolution dated June 22, 2015		1,250,000
Withdrawals:		
Resolution dated April 27, 2015		<u>(716,660)</u>
Ending Balance, June 30, 2015	\$	<u>1,286,023</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$17,772,960.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
State Aid	\$ 264,732	\$ -	\$ 381,152	\$ 683	\$ 646,567
Federal Aid	-	180,121	-	19,048	199,169
Other	-	2,145	-	3,960	6,105
	<u>\$ 264,732</u>	<u>\$ 182,266</u>	<u>\$ 381,152</u>	<u>\$ 23,691</u>	<u>\$ 851,841</u>

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2015 the District did not transfer funds to the capital outlay accounts.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 6. Capital Assets

The following schedule is a summarization of the general capital assets by source for the fiscal year ended June 30, 2015:

	June 30, 2014	Additions	Deletions	June 30, 2015
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 4,526,730	\$ -	\$ -	\$ 4,526,730
Construction in progress	258,785	285,729	(258,785)	285,729
Total capital assets not being depreciated	<u>4,785,515</u>	<u>285,729</u>	<u>(258,785)</u>	<u>4,812,459</u>
Buildings and improvements	24,387,053	2,516,054	258,785	27,161,892
Machinery and equipment	1,319,169	6,199	-	1,325,368
Subtotal	<u>25,706,222</u>	<u>2,522,253</u>	<u>258,785</u>	<u>28,487,260</u>
Less: accumulated depreciation:				
Buildings and improvements	(14,201,631)	(550,329)	-	(14,751,960)
Machinery and equipment	(975,846)	(58,257)	-	(1,034,103)
Total accumulated depreciation	<u>(15,177,477)</u>	<u>(608,586)</u>	<u>-</u>	<u>(15,786,063)</u>
Total capital assets being depreciated, net	<u>10,528,745</u>	<u>1,913,667</u>	<u>258,785</u>	<u>12,701,197</u>
Governmental activities capital assets, net	<u>\$ 15,314,260</u>	<u>\$ 2,199,396</u>	<u>\$ -</u>	<u>\$ 17,513,656</u>

	June 30, 2014	Additions	Deletions	June 30, 2015
Business-Type Activities:				
Capital assets that are not being depreciation:				
Construction in progress	\$ 12,851	\$ 106,903	\$ (12,851)	\$ 106,903
Total capital assets not being depreciated	<u>12,851</u>	<u>106,903</u>	<u>(12,851)</u>	<u>106,903</u>
Buildings and improvements	104,699	-	12,851	117,550
Equipment	480,231	34,265	-	514,496
Subtotal	<u>584,930</u>	<u>34,265</u>	<u>12,851</u>	<u>632,046</u>
Less: accumulated depreciation:				
Buildings and improvements	(8,423)	(5,108)	-	(13,531)
Equipment	(221,178)	(24,088)	-	(245,266)
Total accumulated depreciation	<u>(229,601)</u>	<u>(29,196)</u>	<u>-</u>	<u>(258,797)</u>
Total capital assets being depreciated, net	<u>355,329</u>	<u>5,069</u>	<u>12,851</u>	<u>373,249</u>
Business-type activities capital assets, net	<u>\$ 368,180</u>	<u>\$ 111,972</u>	<u>\$ -</u>	<u>\$ 480,152</u>

HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 7. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2015 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 3,886	\$ 737,875
Special Revenue Fund	-	3,886
Capital Projects Fund	737,875	-
	<u>\$ 741,761</u>	<u>\$ 741,761</u>

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

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 716,660
Capital Projects Fund	716,660	-
	<u>\$ 716,660</u>	<u>\$ 716,660</u>

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

Note 8. Long-Term Obligations

During the fiscal year-ended June 30, 2015 the following changes occurred in long-term obligations:

	June 30, 2014	Accrued/ Increases	Retired/ Decreases	June 30, 2015	Due Within One Year
Governmental Activities:					
Net Pension Obligation	\$ 11,690,486	\$ -	\$ (100,924)	\$ 11,589,562	\$ -
General Obligation Bonds	6,070,000	-	(290,000)	5,780,000	300,000
Bond Premium	135,768	-	(8,486)	127,282	-
Compensated Absences	2,603,684	239,342	(186,780)	2,656,246	-
Capital Lease Obligation	-	750,000	-	750,000	143,000
Total	<u>\$ 20,499,938</u>	<u>\$ 989,342</u>	<u>\$ (586,190)</u>	<u>\$ 20,903,090</u>	<u>\$ 443,000</u>

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8. Long-Term Obligations (continued)

A. Bonds Payable

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

The Bonds bear interest from 3.25% to 4.00% per annum payable semi-annually on the first day of February and August of each year, until maturity. The principal is due annually on the first day of February through 2030, installments range from \$300,000 to \$495,000.

Debt Service requirements on serial bonds payable at June 30, 2015 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 300,000	\$ 216,978	\$ 516,978
2017	310,000	204,978	514,978
2018	320,000	194,128	514,128
2019	330,000	184,827	514,827
2020	340,000	171,328	511,328
2021-2025	1,900,000	656,710	2,556,710
2026-2030	<u>2,280,000</u>	<u>280,600</u>	<u>2,560,600</u>
	<u>\$ 5,780,000</u>	<u>\$ 1,909,549</u>	<u>\$ 7,689,549</u>

B. Bonds Authorized But Not Issued

As of June 30, 2015, the District had no bonds authorized but not issued.

C. Capital Leases

The District approved a lease purchase agreement in 2014-15 year in the amount of \$750,000 at a 1.58% interest rate maturing on November 1, 2019 to finance various equipment purchases. The following is a schedule of the remaining future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2015:

Year-ending June 30,	Amount
2016	\$ 152,503
2017	153,445
2018	155,123
2019	157,729
2020	<u>160,256</u>
Minimum Lease Payments	779,056
Less: Interest	<u>(29,056)</u>
Present Value of Minimum Lease Payments	<u>\$ 750,000</u>

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9: Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9: Pension Obligations (continued)

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

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
06/30/15	\$ 513,514	100%	\$ 11,589,562
06/30/14	449,232	100%	11,690,486
06/30/13	565,366	100%	N/A

Components of Net Pension Liability - At June 30, 2015, the District reported a liability of \$11,589,562 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .0619%, which was an increase of .0007% from its proportion measured as of June 30, 2013.

HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9: Pension Obligations (continued)

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

Collective Balances at June 30, 2015 and June 30, 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
	July 1, 2014	July 1, 2013
Actuarial valuation date		
Deferred Outflows of Resources	\$ 1,055,870	\$ 510,303
Deferred Inflows of Resources	\$ 690,675	N/A
Net Pension Liability	\$ 11,589,562	\$ 11,690,486
District's portion of the Plan's total net pension Liability	0.06190%	0.06117%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the District recognized pension expense of \$554,492. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 364,438	\$ -
Net difference between projected and actual earnings on pension plan investments	-	690,675
Changes in proportion and differences between District contributions and proportionate share of contributions	118,283	-
District contributions subsequent to the measurement date	573,149	-
Total	<u>\$ 1,055,870</u>	<u>\$ 690,675</u>

\$573,149 was reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. 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
JUNE 30, 2015

Note 9: Pension Obligations (continued)

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

Year Ended	
<u>June 30:</u>	<u>PERS</u>
2016	\$ (57,888)
2017	(57,888)
2018	(57,888)
2019	(57,888)
2020	(57,888)
Thereafter	<u>81,486</u>
Total	<u>\$ (207,954)</u>

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

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9: Pension Obligations (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>1% Decrease</u>		<u>Current Discount Rate (5.39%)</u>		<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 14,580,064	\$	11,589,562	\$	9,078,302

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF)

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

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

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

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9: Pension Obligations (continued)

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

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

<u>Year</u> <u>Funding</u>	<u>Post-Retirement</u> <u>Medical &</u> <u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
06/30/15	\$ 3,200,247	100%	\$ -
06/30/14	2,554,999	100%	-
06/30/13	3,202,959	100%	-

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

	<u>TPAF</u>
Measurement date	June 30, 2014
Acturial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9: Pension Obligations (continued)

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

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
Total	100%	

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9: Pension Obligations (continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

C. Defined Contribution Retirement Program (DCRP)

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

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

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2015, the District did not apply forfeitures to reduce the District's pension expense.

Note 10. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 103,432 retirees receiving post-retirement medical benefits, and the state contributed \$1.04 billion on their behalf.. The cost of these benefits is

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 10. Post-Retirement Benefits (continued)

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 who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2015.

Note 11. Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund their New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Interest Earned	Reimbursed	Ending Balance
2014-2015	\$ 44,733	\$ -	\$ (33,779)	\$ 89,797
2013-2014	44,728	-	(37,686)	78,843
2012-2013	44,040	-	(18,587)	71,801

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 13. Economic Dependency

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

Note 14. Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable	Valic	Met Life	Lincoln Investment	Siracusa
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Note 15. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$2,656,246.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 no liability existed for compensated absences in the proprietary fund types.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$1,364,782.

HAZLET TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 17: Deficit Unrestricted Net Position

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$(14,295,323) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

Note 18. Fund Balance

General Fund – Of the \$4,210,626 General Fund fund balance at June 30, 2015, \$1,286,023 has been reserved in the Capital Reserve Account; \$1,183,694 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$1,364,782 is restricted for current year excess surplus; and \$375,430 has been reserved for encumbrances.

Capital Projects Fund – Of the \$447,070 Capital Projects Fund fund balance at June 30, 2015, \$447,070 has been reserved for encumbrances.

Debt Service Fund – Of the \$1 Debt Service Fund fund balance at June 30, 2015, \$1 has been appropriated and included as anticipated revenue for the year ending June 30, 2016.

Note 19: Prior Period Adjustment/Restatement of Net Position

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities
Net Position as previously reported at June 30, 2014	\$ 11,938,866
Prior period adjustment - Implementation of GASB #68:	
Net Pension Liability (Measurement date as of June 30, 2013)	\$ (11,690,486)
Pension Payable at June 30, 2015	(510,303)
Deferred Outflows (District contributions made during fiscal year 2014)	510,303
Total prior period adjustment	(11,690,486)
Net Position as restated, July 1, 2014	\$ 248,380

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, 2015**

ACCOUNT NUMBERS	JUNE 30, 2015				ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
Revenues:						
Local Tax Levy	10-1210	\$ 35,091,060	\$ -	\$ 35,091,060	\$ 35,091,060	\$ -
Tuition from Individuals	10-1310	95,000	-	95,000	133,348	38,348
Other Tuition	10-1320-1340	-	-	-	34,764	34,764
Transportation Fees from Individuals	10-1410	40,000	-	40,000	51,400	11,400
Transportation Fees from Other LEAs	10-1420-1440	20,000	-	20,000	-	(20,000)
Other Restricted Miscellaneous Revenues	10-1XXX	25,000	-	25,000	21,478	(3,522)
Miscellaneous Revenues	10-1XXX	140,050	-	140,050	7,534	(132,516)
Total Local Sources		35,411,110	-	35,411,110	35,339,584	(71,526)
Federal Sources:						
Medicaid Reimbursement	10-4200	20,701	-	20,701	68,167	47,466
Total Federal Sources		20,701	-	20,701	68,167	47,466
State Sources:						
Extraordinary Aid	10-3131	125,000	-	125,000	173,607	48,607
Non-Public Transportation Costs	10-3120	-	-	-	12,056	12,056
Categorical Special Education Aid	10-3132	1,917,881	-	1,917,881	1,917,881	-
Equalization Aid	10-3176	10,467,565	-	10,467,565	10,467,565	-
Categorical Security Aid	10-3177	61,801	-	61,801	61,801	-
Categorical Transportation Aid	10-3121	159,264	-	159,264	159,264	-
PARCC Readiness Aid	10-3190	30,220	-	30,220	30,220	-
Per Pupil Growth Aid	10-3190	30,220	-	30,220	30,220	-
Non-budgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,236,810	1,236,810
On-Behalf TPAF Medical Contribution		-	-	-	1,963,437	1,963,437
Reimbursed TPAF Social Security Contribution		-	-	-	1,616,728	1,616,728
Total State Sources		12,791,951	-	12,791,951	17,669,589	4,877,638
Total Revenues		48,223,762	-	48,223,762	53,077,340	4,853,578
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	311,500	(70,525)	240,975	236,729	4,246
Kindergarten	11-110-100-101	1,090,945	84,505	1,175,450	1,175,450	-
Grades 1 - 5	11-120-100-101	5,201,776	(61,129)	5,140,647	5,128,856	11,791
Grades 6 - 8	11-130-100-101	3,825,638	(256,246)	3,569,392	3,548,812	20,580
Grades 9 - 12	11-140-100-101	4,917,800	(123,755)	4,794,045	4,784,397	9,648
Home Instruction:						
Salaries of Teachers	11-150-100-101	35,000	31,086	66,086	66,086	-
Purchased Professional - Educational Services	11-150-100-320	12,000	20,256	32,256	24,373	7,883
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	35,000	32,625	67,625	67,625	-
Purchased Professional - Educational Services	11-190-100-320	1,000	-	1,000	-	1,000
Purchased Technical Services	11-190-100-340	259,181	21,930	281,111	278,185	2,926
Other Purchased Services	11-190-100-500	155,750	(12,578)	143,172	139,409	3,763
General Supplies	11-190-100-610	1,045,357	315,371	1,360,728	1,127,464	233,264
Textbooks	11-190-100-640	154,000	931	154,931	115,552	39,379
Other Objects	11-190-100-800	92,728	(18,023)	74,705	44,055	30,650
Total Regular Programs		17,137,675	(35,552)	17,102,123	16,736,993	365,130

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	818,975	(273,025)	545,950	498,231	47,719
Other Salaries for Instruction	11-204-100-106	242,879	(50,166)	192,713	192,641	72
General Supplies	11-204-100-610	7,195	-	7,195	4,703	2,492
Textbooks	11-204-100-640	1,950	-	1,950	165	1,785
Total Learning and/or Language Disabilities		1,070,999	(323,191)	747,808	695,740	52,068
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	1,712,470	469,905	2,182,375	2,149,376	32,999
Other Salaries for Instruction	11-213-100-106	396,919	154,278	551,197	535,435	15,762
General Supplies	11-213-100-610	9,245	1	9,246	4,829	4,417
Textbooks	11-213-100-640	4,800	-	4,800	-	4,800
Total Resource Room/Resource Center		2,123,434	624,184	2,747,618	2,689,640	57,978
Preschool Disabilities- Part-Time:						
Salaries of Teachers	11-215-100-101	-	60,525	60,525	43,354	17,171
Other Salaries for Instruction	11-215-100-106	-	4,377	4,377	851	3,526
General Supplies	11-215-100-600	850	-	850	321	529
Total Preschool Disabilities- Part-Time		850	64,902	65,752	44,526	21,226
Total Special Education- Instruction		3,195,283	365,895	3,561,178	3,429,906	131,272
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	559,211	(47,156)	512,055	504,556	7,499
General Supplies	11-230-100-610	1,000	-	1,000	-	1,000
Total Basic Skills/Remedial		560,211	(47,156)	513,055	504,556	8,499
Bilingual Education:						
Salaries of Teachers	11-240-100-101	76,610	-	76,610	76,610	-
Total Bilingual Education		76,610	-	76,610	76,610	-
School Sponsored Co-curricular Activities:						
Salaries	11-401-100-100	173,831	7,697	181,528	178,555	2,973
Supplies and Materials	11-401-100-600	45,508	(1,000)	44,508	20,481	24,027
Other Objects	11-401-100-800	18,152	-	18,152	11,333	6,819
Total School Sponsored Co-curricular Activities		237,491	6,697	244,188	210,369	33,819
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	488,109	9,866	497,975	463,450	34,525
Purchased Services (300-500 series)	11-402-100-500	1,320	(500)	820	699	121
Supplies and Materials	11-402-100-600	78,641	1,280	79,921	79,794	127
Other Objects	11-402-100-800	54,249	-	54,249	46,307	7,942
Transfers to Cover Deficit (Agency Funds)	11-402-100-930	49,347	-	49,347	45,254	4,093
Total School Sponsored Athletics Instruction		671,666	10,646	682,312	635,504	46,808
Total Instruction		21,878,936	300,530	22,179,466	21,593,938	585,528

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undistributed Expenditures:						
Instruction :						
Tuition to County Vocational School District - Regular	11-000-100-563	281,000	-	281,000	249,916	31,084
Tuition to County Vocational School District - Special	11-000-100-564	15,600	15,600	31,200	30,680	520
Tuition to Priv. School For the Disabled Within State	11-000-100-566	999,992	(112,967)	887,025	784,359	102,666
Tuition - State Facilities	11-000-100-568	35,000	(34,850)	150	150	-
Total Instruction		1,331,592	(132,217)	1,199,375	1,065,105	134,270
Attendance & Social Work Services:						
Salaries	11-000-211-100	51,185	-	51,185	51,185	-
Supplies and Materials	11-000-211-600	603	-	603	603	-
Total Attendance & Social Work Services		51,788	-	51,788	51,788	-
Health Services:						
Salaries	11-000-213-100	542,100	5,900	548,000	543,877	4,123
Purchased Professional & Technical Services	11-000-213-300	23,280	5,088	28,368	26,228	2,140
Other Purchased Services	11-000-213-500	120	-	120	-	120
Supplies and Materials	11-000-213-600	10,500	-	10,500	9,312	1,188
Other Objects	11-000-213-800	4,600	-	4,600	2,485	2,115
Total Health Services		580,600	10,988	591,588	581,902	9,686
Speech - Over/Part Time & Related Services:						
Salaries	11-000-216-100	396,320	-	396,320	396,320	-
Purchased Services	11-000-216-320	16,202	-	16,202	8,545	7,657
Supplies and Materials	11-000-216-600	3,425	(1,609)	1,816	1,816	-
Total Speech - Over/Part Time & Related Services		415,947	(1,609)	414,338	406,681	7,657
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	266,407	(60,323)	206,084	194,685	11,399
Purchased Professional-Educational Services	11-000-217-320	167,379	53,829	221,208	221,208	-
Supplies and Materials	11-000-217-600	14,895	(8,895)	6,000	6,000	-
Total Other Support Services - Students - Extra Services		448,681	(15,389)	433,292	421,893	11,399
Guidance:						
Salaries of Other Professional Staff	11-000-218-104	591,076	3,660	594,736	594,736	-
Salaries of Secretarial & Clerical Assistants	11-000-218-105	88,954	-	88,954	88,954	-
Purchased Professional & Educational Services	11-000-218-320	19,450	(429)	19,021	14,713	4,308
Other Purchased Professional & Technical Services	11-000-218-390	55,000	-	55,000	54,177	823
Other Purchased Services	11-000-218-500	115	-	115	-	115
Supplies and Materials	11-000-218-600	56,065	3,798	59,863	48,605	11,258
Other Objects	11-000-218-800	28,247	(3,069)	25,178	13,899	11,279
Total Guidance		838,907	3,960	842,867	815,084	27,783

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	833,238	(25,000)	808,238	759,301	48,937
Salaries of Secretarial & Clerical Assistants	11-000-219-105	151,978	-	151,978	151,978	-
Purchased Professional - Educational Services	11-000-219-320	82,227	19,894	102,121	86,222	15,899
Other Purchased Prof. & Tech Services	11-000-219-390	8,500	-	8,500	8,500	-
Miscellaneous Purchased Services	11-000-219-592	2,700	(834)	1,866	1,866	-
Supplies and Materials	11-000-219-600	11,100	7,166	18,266	18,266	-
Other Objects	11-000-219-800	6,595	10	6,605	6,470	135
Total Child Study Teams		1,096,338	1,236	1,097,574	1,032,603	64,971
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	504,733	97,395	602,128	598,169	3,959
Salaries of Other Professional Staff	11-000-221-104	157,963	7,000	164,963	148,367	16,596
Salaries of Secretarial & Clerical Assistants	11-000-221-105	38,760	5,000	43,760	43,760	-
Other Salaries	11-000-221-110	141,529	-	141,529	118,834	22,695
Other Purchased Services	11-000-221-500	2,500	-	2,500	851	1,649
Supplies and Materials	11-000-221-600	2,500	-	2,500	1,783	717
Other Objects	11-000-221-800	22,300	-	22,300	13,988	8,312
Total Improvement of Instruction Services/Other Support Services Instructional Staff		870,285	109,395	979,680	925,752	53,928
Educational Media Services/School Library:						
Purchased Professional & Salaries	11-000-222-100	-	11,370	11,370	10,295	1,075
Technical Services	11-000-222-300	24,000	(24,000)	-	-	-
Supplies and Materials	11-000-222-600	22,900	(1,145)	21,755	9,269	12,486
Total Educational Media Services/School Library		46,900	(13,775)	33,125	19,564	13,561
Support Services Instructional Staff Training Service:						
Salaries of Supervisors of Instruction	11-000-223-110	15,000	1,705	16,705	10,665	6,040
Other Purchased Services	11-000-223-500	9,200	100	9,300	2,184	7,116
Other Objects	11-000-223-800	66,600	(17,980)	48,620	13,930	34,690
Total Support Services Instructional Staff Training Services		90,800	(16,175)	74,625	26,779	47,846

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ACCOUNT NUMBERS	JUNE 30, 2015				ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
Support Services General Administration:						
Salaries	11-000-230-100	526,669	10,462	537,131	512,131	25,000
Legal Services	11-000-230-331	81,000	(41,376)	39,624	35,559	4,065
Audit Fees	11-000-230-332	36,500	(2,785)	33,715	32,815	900
Other Purchased Professional Services	11-000-230-339	38,000	200,103	238,103	174,254	63,849
Purchased Technical Services	11-000-230-340	53,200	11,183	64,383	64,383	-
Communications/Telephone	11-000-230-530	89,800	(54,083)	35,717	(8,666)	44,383
Misc. Purchased Services	11-000-230-590	171,400	(30,730)	140,670	127,546	13,124
General Supplies	11-000-230-610	8,750	114	8,864	8,063	801
Miscellaneous Expenditures	11-000-230-890	38,420	-	38,420	35,608	2,812
BOE Membership Dues & Fees	11-000-230-895	25,500	-	25,500	21,971	3,529
Total Support Services General Administration		1,069,239	92,888	1,162,127	1,003,664	158,463
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	1,497,062	2,500	1,499,562	1,499,562	-
Salaries of Other Professional Staff	11-000-240-104	246,932	(3,688)	243,244	243,244	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	518,134	(12,009)	506,125	503,935	2,190
Other Salaries	11-000-240-110	14,214	-	14,214	8,100	6,114
Other Purchased Services	11-000-240-500	5,900	(100)	5,800	4,203	1,597
Supplies and Materials	11-000-240-600	19,420	356	19,776	14,571	5,205
Other Objects	11-000-240-800	21,800	-	21,800	18,906	2,894
Total Support Services School Administration		2,323,462	(12,941)	2,310,521	2,292,521	18,000
Central Services:						
Salaries	11-000-251-100	454,339	22,549	476,888	465,151	11,737
Purchased Technical Services	11-000-251-340	27,500	2,943	30,443	30,362	81
Miscellaneous Purchased Services	11-000-251-592	5,000	-	5,000	3,431	1,569
Supplies & Materials	11-000-251-600	10,500	1,341	11,841	9,913	1,928
Miscellaneous Expenditures	11-000-251-890	11,150	-	11,150	9,600	1,550
Total Central Services		508,489	26,833	535,322	518,457	16,865
Administrative Information Technology:						
Salaries	11-000-252-100	88,087	3,301	91,388	91,388	-
Total Administrative Information Technology		88,087	3,301	91,388	91,388	-
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	404,791	19,187	423,978	421,211	2,767
Cleaning, Repair & Maintenance Services	11-000-261-420	422,482	183,703	606,185	503,706	102,479
General Supplies	11-000-261-610	141,050	174,811	315,861	271,719	44,142
Other Objects	11-000-261-800	3,800	-	3,800	1,327	2,473
Total Maintenance for School Facilities		972,123	377,701	1,349,824	1,197,963	151,861

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
Custodial Services:						
Salaries	11-000-262-100	1,983,550	(8,328)	1,975,222	1,974,495	727
Purchased Professional & Technical Services	11-000-262-300	216,350	-	216,350	200,575	15,775
Cleaning, Repair & Maintenance Services	11-000-262-420	206,923	2,433	209,356	123,995	85,361
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	3,915	139,415	136,810	2,605
Insurance	11-000-262-520	145,000	15,476	160,476	160,476	-
Miscellaneous Purchased Services	11-000-262-590	2,275	499	2,774	2,774	-
General Supplies	11-000-262-610	110,595	1,245	111,840	108,940	2,900
Energy (Nat. Gas)	11-000-262-621	500,000	(118,494)	381,506	371,536	9,970
Energy (Electricity)	11-000-262-622	475,000	(44,352)	430,648	409,431	21,217
Other Objects	11-000-262-800	5,350	599	5,949	5,949	-
Total Custodial Services		3,783,043	(147,007)	3,636,036	3,494,981	141,055
Care & Upkeep of Grounds						
Salaries	11-000-263-100	117,091	17,136	134,227	134,227	-
Cleaning, Repair & Maintenance Services	11-000-263-420	184,498	135,094	319,592	152,891	166,701
General Supplies	11-000-263-610	72,900	-	72,900	26,424	46,476
Total Care & Upkeep of Grounds		374,489	152,230	526,719	313,542	213,177
Security						
Salaries	11-000-266-100	110,000	2,577	112,577	105,170	7,407
Cleaning, Repair & Maintenance Services	11-000-266-420	27,300	-	27,300	23,499	3,801
Total Security		137,300	2,577	139,877	128,669	11,208
Total Operation & Maintenance of Plant		5,266,955	385,501	5,652,456	5,135,155	517,301
Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	25,000	-	25,000	22,848	2,152
Salaries for Pupil Transportation (Between Home & School)-Regular	11-000-270-160	51,823	295	52,118	52,118	-
Purchased Professional & Technical Services	11-000-270-390	4,200	5,000	9,200	5,650	3,550
Contracted Services (Between Home & School) - Vendors	11-000-270-511	992,000	(52,460)	939,540	881,729	57,811
Contracted Services (Other Than Between Home & School - Vendors)	11-000-270-512	169,000	(5,000)	164,000	144,625	19,375
Contracted Services (Special Education Students) - Vendors	11-000-270-514	745,000	(104,119)	640,881	604,019	36,862
Contracted Services (Regular Students) - ESCs & CTSAAs	11-000-270-517	325,000	(28,445)	296,555	257,119	39,436
Contracted Services (Special. Ed. Students) - ESCs & CTSAAs	11-000-270-518	150,000	-	150,000	135,771	14,229
Aid in Lieu of Payments - Nonpublic	11-000-270-503	40,000	1,274	41,274	32,708	8,566
Miscellaneous Purchased Services - Transportation	11-000-270-593	500	92	592	592	-
General Supplies	11-000-270-610	1,500	(45)	1,455	166	1,289
Other Objects	11-000-270-800	500	557	1,057	1,057	-
Total Student Transportation Services		2,504,523	(182,851)	2,321,672	2,138,402	183,270

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	7,900	-	7,900	6,853	1,047
Social Security Contributions	11-000-291-220	520,000	23,248	543,248	543,248	-
Other Retirement Contributions-PERS	11-000-291-241	542,500	(28,986)	513,514	513,514	-
Unemployment Compensation	11-000-291-250	25,000	(25,000)	-	-	-
Worker's Compensation	11-000-291-260	362,500	(60,594)	301,906	298,192	3,714
Health Benefits	11-000-291-270	7,914,500	(209,666)	7,704,834	6,603,120	1,101,714
Tuition Reimbursement	11-000-291-280	57,000	(27,192)	29,808	29,808	-
Other Employee Benefits	11-000-291-290	193,641	7,944	201,585	201,585	-
Total Unallocated Benefits - Employee Benefits		9,623,041	(320,246)	9,302,795	8,196,320	1,106,475
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,236,810	(1,236,810)
On-Behalf TPAF Medical Contribution		-	-	-	1,963,437	(1,963,437)
Reimbursed TPAF Social Security Contribution		-	-	-	1,616,728	(1,616,728)
Total On-Behalf Contributions		-	-	-	4,816,975	(4,816,975)
Total Personal Services- Employee Benefits		9,623,041	(320,246)	9,302,795	13,013,295	(3,710,500)
Total Undistributed Expenditures		27,155,634	(61,101)	27,094,533	29,540,033	(2,445,500)
Total Expenditures - Current Expense		49,034,570	239,429	49,273,999	51,133,971	(1,859,972)
Capital Outlay:						
Equipment:						
Undistributed Expense - Required Maintenance For School Facilities	12-000-261-730	-	4,026	4,026	4,026	-
Undistributed Expense - Custodial Services	12-000-262-730	-	2,173	2,173	2,173	-
Total Equipment		-	6,199	6,199	6,199	-
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	506,000	60,274	566,274	530,314	35,960
Assessment for Debt Service on SDA Funding	12-000-400-896	2,579	-	2,579	2,579	-
Total Facilities Acquisition & Construction Services		508,579	60,274	568,853	532,893	35,960
Total Capital Outlay		508,579	66,473	575,052	539,092	35,960
Special Schools:						
Summer School - Instruction:						
Salaries of Teachers	13-422-100-101	96,900	2,939	99,839	99,839	-
Other Salaries for Instruction	13-422-100-106	27,000	5,089	32,089	32,089	-
General Supplies	13-422-100-600	6,050	(3,353)	2,697	2,697	-
Other Objects	13-422-100-611	3,000	(3,000)	-	-	-
Total Summer School - Instruction		132,950	1,675	134,625	134,625	-
Summer School -Support Services:						
Salaries	13-422-200-100	4,000	(1,200)	2,800	2,800	-
Total Summer School -Support Services		4,000	(1,200)	2,800	2,800	-
Total Special Schools		136,950	475	137,425	137,425	-
Total Expenditures		49,680,099	306,377	49,986,476	51,810,488	(1,824,012)

**HAZLET TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,456,337)	(306,377)	(1,762,714)	1,266,852	3,029,566
Other Financing Sources/(Uses):					
Operating Transfer Out:					
Transfer From Capital Reserve To Capital Projects Fund	-	(716,660)	(716,660)	(716,660)	-
Total Other Financing Sources/(Uses)	-	(716,660)	(716,660)	(716,660)	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(1,456,337)	(1,023,037)	(2,479,374)	550,192	3,029,566
Fund Balances, July 1	4,924,171	-	4,924,171	4,924,171	-
Fund Balances, June 30	\$ 3,467,834	\$ (1,023,037)	\$ 2,444,797	\$ 5,474,363	\$ 3,029,566

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	\$ 306,377
Withdrawal from Capital Reserve Approved on April 27, 2015	<u>716,660</u>
Total Budget Transfers	<u>\$ 1,023,037</u>

RECAPITULATION OF FUND BALANCE:

Restricted:	
Capital Reserve	\$ 1,286,023
Excess Surplus	1,364,782
Excess Surplus Designated for Subsequent Year's Expenditures	1,183,694
Assigned:	
Year-End Encumbrances	624,998
Unassigned Fund Balance	<u>1,014,866</u>
Subtotal	5,474,363
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(1,263,737)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 4,210,626</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	
Revenues:					
State Sources	\$ 37,000	\$ 8,519	\$ 45,519	\$ 43,507	\$ 2,012
Federal Sources	873,190	83,726	956,916	925,959	30,957
Local Sources	35,000	29,308	64,308	34,774	29,534
Total Revenues	945,190	121,553	1,066,743	1,004,240	62,503
Expenditures:					
Instruction:					
Salaries of Teachers	146,000	(146,000)	-	-	-
Purchase of Professional Education Services	37,000	476	37,476	35,523	1,953
Tuition	727,190	(217,410)	509,780	509,780	-
Textbooks	-	20,501	20,501	18,224	2,277
General Supplies	-	94,516	94,516	87,490	7,026
Total Instruction	910,190	(247,917)	662,273	651,017	11,256
Support Services:					
Purchased Professional Education Services	-	302,437	302,437	294,972	7,465
Other Purchased Service	-	34,430	34,430	21,097	13,333
Supplies and Materials	-	52,618	52,618	22,169	30,449
Total Support Services	-	389,485	389,485	338,238	51,247
Facilities Acquisition & Construction Services:					
Building	35,000	(20,015)	14,985	14,985	-
Total Facilities Acquisition & Construction Services	35,000	(20,015)	14,985	14,985	-
Total Expenditures	945,190	121,553	1,066,743	1,004,240	62,503
Total Outflows	945,190	121,553	1,066,743	1,004,240	62,503
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**HAZLET TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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)	\$ 53,077,340	\$ 1,004,240
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	-	19,696
Current Year	-	(16,264)
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 1,254,631	 -
 State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	 (1,263,737)	 -
 Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	 <u>\$ 53,068,234</u>	 <u>\$ 1,007,672</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 51,810,488	\$ 1,004,240
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	-	19,696
Current Year	-	(16,264)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	 <u>\$ 51,810,488</u>	 <u>\$ 1,007,672</u>

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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 TWO FISCAL YEARS

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

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

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

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

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.22881%	0.23264%
State's share of the net pension liability (asset) pension liability (asset) associated with the District	\$ 7,632,847	\$ 7,062,221
District's covered-employee payroll	\$ 23,955,925	\$ 22,598,548
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

Public Employees' Retirement System (PERS)

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

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

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>NO CHILD LEFT BEHIND</u>			I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B PRESCHOOL PROGRAM
	TITLE I	TITLE II PART A	TITLE III		
Revenues:					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	86,427	61,070	3,461	749,530	25,471
Local Sources	-	-	-	-	-
Total Revenues	<u>\$ 86,427</u>	<u>\$ 61,070</u>	<u>\$ 3,461</u>	<u>\$ 749,530</u>	<u>\$ 25,471</u>
Expenditures:					
Instruction:					
Purchase of Professional Education Services	\$ -	\$ -	\$ -	\$ -	\$ -
Textbooks	-	10,240	-	-	-
Tuition	-	-	-	509,780	-
General Supplies	66,000	-	3,461	18,029	-
Total Instruction	<u>66,000</u>	<u>10,240</u>	<u>3,461</u>	<u>527,809</u>	<u>-</u>
Support Services:					
Purchase of Professional Education Services	-	47,780	-	221,721	25,471
Other Purchased Services	18,047	3,050	-	-	-
Supplies and Materials	2,380	-	-	-	-
Total Support Services	<u>20,427</u>	<u>50,830</u>	<u>-</u>	<u>221,721</u>	<u>25,471</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 86,427</u>	<u>\$ 61,070</u>	<u>\$ 3,461</u>	<u>\$ 749,530</u>	<u>\$ 25,471</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	NON- PUBLIC TEXTBOOKS	NONPUBLIC HANDICAPPED EXAM. AND CLASSIFICATION	NONPUBLIC AUXILIARY COMPENSATORY EDUCATION	NON- PUBLIC NURSING	NON- PUBLIC TECHNOLOGY
Revenues:					
State Sources	\$ 7,984	\$ 4,765	\$ 14,327	\$ 12,123	\$ 4,308
Federal Sources	-	-	-	-	-
Local Sources	-	-	-	-	-
Total Revenues	\$ 7,984	\$ 4,765	\$ 14,327	\$ 12,123	\$ 4,308
Expenditures:					
Instruction:					
Education Services	\$ -	\$ 4,765	\$ 14,327	\$ 12,123	\$ 4,308
Textbooks	7,984	-	-	-	-
Tuition	-	-	-	-	-
General Supplies	-	-	-	-	-
Total Instruction	7,984	4,765	14,327	12,123	4,308
Support Services:					
Purchase of Professional Education Services	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
Total Support Services	-	-	-	-	-
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-	-
Total Expenditures	\$ 7,984	\$ 4,765	\$ 14,327	\$ 12,123	\$ 4,308

**HAZLET TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	CORPORATE SPONSOR	SAFETY GRANT	2015
Revenues:			
State Sources	\$ -	\$ -	\$ 43,507
Federal Sources	-	-	925,959
Local Sources	19,789	14,985	34,774
	<hr/>		
Total Revenues	\$ 19,789	\$ 14,985	\$ 1,004,240
	<hr/> <hr/>		
Expenditures:			
Instruction:			
Education Services	\$ -	\$ -	\$ 35,523
Textbooks	-	-	18,224
Tuition	-	-	509,780
General Supplies	-	-	87,490
	<hr/>		
Total Instruction	-	-	651,017
	<hr/>		
Support Services:			
Purchase of Professional			
Education Services	-	-	294,972
Other Purchased Services	-	-	21,097
Supplies and Materials	19,789	-	22,169
	<hr/>		
Total Support Services	19,789	-	338,238
	<hr/>		
Facilities Acquisition & Construction Services:			
Non-Instructional Equipment	-	14,985	14,985
	<hr/>		
Total Facilities Acquisition & Construction Services	-	14,985	14,985
	<hr/> <hr/>		
Total Expenditures	\$ 19,789	\$ 14,985	\$ 1,004,240
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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, 2015**

PROJECT TITLE	APPROPRIATIONS	EXPENDITURES		TRANSFER OUT	UNEXPENDED BALANCE JUNE 30, 2015
		PRIOR YEAR	CURRENT YEAR		
Raritan High School: Gymnasium Window Replacement	\$ 28,549	\$ 28,533	\$ -	\$ -	\$ 16
Raritan Valley Elementary School: Partial Reroofing	367,000	363,497	-	-	3,503
Raritan High School: Corridor C & D Toilet Room Rehabilitation	78,816	66,380	-	-	12,436
Middle Road Elementary School: Kitchen Upgrade	123,207	114,928	-	-	8,279
Raritan High School: ADA Elevator Addition	282,494	251,659	-	-	30,835
Raritan High School: Mechanical Upgrades	1,703,500	199,709	1,450,252	-	53,539
Lillian Drive Elementary School: Partial Reroofing	502,880	12,692	246,288	146,340	97,560
Middle Road Elementary School: Structural Repairs	760,800	41,884	463,947	152,981	101,988
Middle Road Elementary School: Media Center	65,052	4,500	48,118	-	12,434
Raritan Valley Elementary School: Window Replacement	228,240	-	17,652	-	210,588
Raritan High School: HVAC Phase 3	1,015,981	-	764,923	-	251,058
Total	\$ 5,156,519	\$ 1,083,782	\$ 2,991,180	\$ 299,321	\$ 782,236

Reconciliation of Fund Balance, June 30, 2015

Unexpended Project Balances, June 30, 2015	\$ 782,236
Less:	
Unexpended State Aid - ROD Grants	<u>(335,166)</u>
Total Fund Balance (GAAP Basis) - June 30, 2015	<u>\$ 447,070</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
YEAR ENDED JUNE 30, 2015**

Revenues:	
Transfer from Capital Reserve	<u>\$ 716,660</u>
Total Revenues	<u>716,660</u>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	50,638
Construction Services	<u>2,940,542</u>
Total Expenditures	<u>2,991,180</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2,274,520)
Fund Balance - Beginning	<u>3,056,756</u>
Fund Balance - Ending	<u><u>\$ 782,236</u></u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
GYNASIUM WINDOW REPLACEMENT
YEAR ENDED JUNE 30, 2015**

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

ADDITIONAL PROJECT INFORMATION

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN VALLEY ELEMENTARY SCHOOL -
PARTIAL REROOFING PROJECT
YEAR ENDED JUNE 30, 2015**

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

ADDITIONAL PROJECT INFORMATION

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
CORRIDOR C & D TOILET ROOM REHABILITATION PROJECT
YEAR ENDED JUNE 30, 2015**

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

ADDITIONAL PROJECT INFORMATION

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
MIDDLE ROAD ELEMENTARY SCHOOL -
KITCHEN UPGRADES PROJECT
YEAR ENDED JUNE 30, 2015**

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

ADDITIONAL PROJECT INFORMATION

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
ADA ELEVATOR ADDITION PROJECT
YEAR ENDED JUNE 30, 2015**

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

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-10-1001
Grant Date	8/23/10
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$275,960
Revised Authorized Cost	\$275,960
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	89.08%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL -
MECHANICAL UPGRADES
YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 681,400	\$ -	\$ 681,400	\$ 681,400
Transfer from Capital Reserve	1,022,100	-	1,022,100	1,022,100
Total Revenues	1,703,500	-	1,703,500	1,703,500
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	60,973	7,527	68,500	68,500
Construction Services	138,736	1,442,725	1,581,461	1,635,000
Total Expenditures	199,709	1,450,252	1,649,961	1,703,500
Other Financing Sources/(Uses):				
Transfer to General Fund	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 1,503,791	\$ (1,450,252)	\$ 53,539	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-050-13-3004
Grant Date	06/18/14
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$1,703,500
Revised Authorized Cost	\$1,703,500
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	96.86%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
LILLIAN DRIVE ELEMENTARY SCHOOL -
PARTIAL ROOF REPLACEMENT
YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 202,880	\$ -	\$ 202,880	\$ 202,880
Transfer from Capital Reserve	300,000	-	300,000	304,320
Total Revenues	502,880	-	502,880	507,200
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	12,692	2,688	15,380	44,320
Construction Services	-	243,600	243,600	462,880
Total Expenditures	12,692	246,288	258,980	507,200
Other Financing Sources/(Uses):				
Reallocation of Capital Reserve Funds	-	(146,340)	(146,340)	-
Total Other Financing Sources/(Uses)	-	(146,340)	(146,340)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 490,188	\$ (392,628)	\$ 97,560	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-085-13-1008
Grant Date	06/18/14
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$507,200
Revised Authorized Cost	\$507,200
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	51.06%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
MIDDLE ROAD ELEMENTARY SCHOOL -
STRUCTURAL REPAIRS
YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 304,320	\$ -	\$ 304,320	\$ 304,320
Transfer from Capital Reserve	456,480	-	456,480	456,480
Total Revenues	760,800	-	760,800	760,800
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	18,323	22,771	41,094	60,000
Construction Services	23,561	441,176	464,737	700,800
Total Expenditures	41,884	463,947	505,831	760,800
Other Financing Sources/(Uses):				
Reallocation of Capital Reserve Funds	-	(152,981)	(152,981)	-
Total Other Financing Sources/(Uses)	-	(152,981)	(152,981)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 718,916	\$ (616,928)	\$ 101,988	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-090-13-1010
Grant Date	06/18/14
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$760,800
Revised Authorized Cost	\$760,800
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	66.49%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
MIDDLE ROAD ELEMENTARY SCHOOL
MEDIA CENTER
YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 26,021	\$ -	\$ 26,021	\$ 26,021
Transfer from Capital Reserve	39,031	-	39,031	39,031
Total Revenues	65,052	-	65,052	65,052
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	-	-	5,000
Construction Services	4,500	48,118	52,618	60,052
Total Expenditures	4,500	48,118	52,618	65,052
Other Financing Sources/(Uses):				
Transfer to General Fund	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$ 60,552	\$ (48,118)	\$ 12,434	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-090-13-1009
Grant Date	6/18/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$65,052
Revised Authorized Cost	\$65,052
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	80.89%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN VALLEY ELEMENTARY SCHOOL -
WINDOW REPLACEMENT
YEAR ENDED JUNE 30, 2015**

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

ADDITIONAL PROJECT INFORMATION

Project Number	#2105-095-13-1011
Grant Date	6/18/2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$228,240
Revised Authorized Cost	\$228,240
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	7.73%
Revised Target Completion Date	Not Applicable

**HAZLET TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RARITAN HIGH SCHOOL
HVAC - PHASE III
YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Transfer from Capital Reserve	\$ -	\$ 716,660	\$ 716,660	\$ 716,660
Total Revenues	-	716,660	716,660	716,660
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	-	-	-
Construction Services	-	764,923	764,923	1,033,000
Total Expenditures	-	764,923	764,923	1,033,000
Other Financing Sources/(Uses):				
Reallocation of Capital Reserve Funds	-	299,321	299,321	316,340
Total Other Financing Sources/(Uses)	-	299,321	299,321	316,340
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$ -	\$ 251,058	\$ 251,058	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$1,033,000
Revised Authorized Cost	\$1,033,000
Percentage Increase Over Original Authorized Cost	Not Applicable
Percentage Completion	74%
Revised Target Completion Date	Not Applicable

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G. Proprietary Funds

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Enterprise Funds

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**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015**

ASSETS	BUSINESS-TYPE ACTIVITIES		2015
	FOOD SERVICE FUND	SHARED SERVICES	
Current Assets:			
Cash & Cash Equivalents	\$ 67,469	\$ 23,274	\$ 90,743
Accounts Receivable:			
State	683	-	683
Federal	19,048	-	19,048
Other	3,960	-	3,960
Inventories	13,427	-	13,427
Total Current Assets	104,587	23,274	127,861
Capital Assets:			
Construction in Progress	106,903	-	106,903
Building Improvements	117,550	-	117,550
Equipment	514,496	-	514,496
Accumulated Depreciation	(258,797)	-	(258,797)
Total Capital Assets	480,152	-	480,152
Total Assets	584,739	23,274	608,013
LIABILITIES			
Current Liabilities:			
Accounts Payable	59,167	-	59,167
Unearned Revenue	13,140	23,274	36,414
Total Current Liabilities	72,307	23,274	95,581
NET POSITION			
Net Investment in Capital Assets	480,152	-	480,152
Unreserved Retained Earnings	32,280	-	32,280
Total Net Position	\$ 512,432	\$ -	\$ 512,432

**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES</u>		2015
	FOOD SERVICE FUND	SHARED SERVICES	
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 599,798	\$ -	\$ 599,798
Total - Daily Sales - Reimbursable Programs	<u>599,798</u>	<u>-</u>	<u>599,798</u>
Daily Sales - Nonreimbursable Programs	58,901	-	58,901
Program Revenues	-	89,992	89,992
Miscellaneous Income	872	-	872
Total Operating Revenue	<u>659,571</u>	<u>89,992</u>	<u>749,563</u>
Operating Expenses:			
Salaries	361,091	69,105	430,196
Employee Benefits	24,272	-	24,272
Purchased Professional/Technical Services	-	-	-
Other Purchased Services	12,325	-	12,325
Repairs & Other Expenses	7,728	-	7,728
Supplies and Materials	33,885	20,887	54,772
Depreciation	29,196	-	29,196
Management Fee	39,975	-	39,975
Miscellaneous	5,427	-	5,427
Cost of Sales	415,458	-	415,458
Total Operating Expenses	<u>929,357</u>	<u>89,992</u>	<u>1,019,349</u>
Operating Loss	<u>(269,786)</u>	<u>-</u>	<u>(269,786)</u>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	9,005	-	9,005
Federal Sources:			
National School Lunch Program	212,157	-	212,157
National School Performance Based Program	12,167	-	12,167
National School Breakfast Program	28,372	-	28,372
Food Distribution Program	51,157	-	51,157
Total Nonoperating Revenues/(Expenses)	<u>312,858</u>	<u>-</u>	<u>312,858</u>
Change in Net Position	43,072	-	43,072
Total Net Position - Beginning	<u>469,360</u>	<u>-</u>	<u>469,360</u>
Total Net Position - Ending	<u>\$ 512,432</u>	<u>\$ -</u>	<u>\$ 512,432</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	SHARED SERVICES	2015
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 667,349	\$ 103,834	\$ 771,183
Payments to Employees	(361,091)	(69,105)	(430,196)
Payments for Employee Benefits	(24,272)	-	(24,272)
Payments to Suppliers	(479,741)	(20,887)	(500,628)
Net Cash Used by Operating Activities	<u>(197,755)</u>	<u>13,842</u>	<u>(183,913)</u>
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Agencies	266,199	-	266,199
Net Cash Provided by Noncapital Financing Activities	<u>266,199</u>	<u>-</u>	<u>266,199</u>
Cash Flows From Capital & Related Financing Activities:			
Purchase of Capital Assets	(141,167)	-	(141,167)
Net Cash Used by Capital & Related Financing Activities	<u>(141,167)</u>	<u>-</u>	<u>(141,167)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(63,292)	13,842	(49,450)
Cash & Cash Equivalents, July 1	130,761	9,432	140,193
Cash & Cash Equivalents, June 30	<u>\$ 67,469</u>	<u>\$ 23,274</u>	<u>\$ 90,743</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	\$ (269,786)	\$ -	\$ (269,786)
Adjustments to Reconcile Operating Loss to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	29,196	-	29,196
Food Distribution Program	51,157	-	51,157
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	7,400	-	7,400
(Increase)/Decrease in Inventory	(1,251)	-	(1,251)
Increase/(Decrease) in Accounts Payable	(14,849)	-	(14,849)
Increase/(Decrease) in Unearned Revenue	378	13,842	14,220
Total Adjustments	<u>72,031</u>	<u>13,842</u>	<u>85,873</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (197,755)</u>	<u>\$ 13,842</u>	<u>\$ (183,913)</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, 2015**

ASSETS	PRIVATE PURPOSE		AGENCY		2015
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 92,206	\$ 70	\$ 209,532	\$ 200,698	\$ 502,506
Investments	-	7,152	-	-	7,152
Total Assets	92,206	7,222	209,532	200,698	509,658
LIABILITIES					
Payroll Deductions & Withholdings	2,409	-	209,532	-	211,941
Due to Student Groups	-	-	-	200,698	200,698
Total Liabilities	2,409		209,532	200,698	412,639
NET POSITION					
Reserved:					
Unemployment Claims	89,797	-	-	-	89,797
Reserve for Scholarship	-	7,222	-	-	7,222
Total Net Position	\$ 89,797	\$ 7,222	\$ -	\$ -	\$ 97,019

**HAZLET TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>PRIVATE PURPOSE</u>		
	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>SCHOLARSHIP TRUST</u>	
ADDITIONS:			2015
Contributions:			
Board Contributions	\$ 44,733	\$ -	\$ 44,733
Total Contributions	<u>44,733</u>	<u>-</u>	<u>44,733</u>
Investment Earnings			
Appreciation	-	380	380
Interest on Investments	-	208	208
Total Investment Earnings	<u>-</u>	<u>588</u>	<u>588</u>
Total Additions	<u>44,733</u>	<u>588</u>	<u>45,321</u>
DEDUCTIONS:			
Quarterly Contribution Reports	33,779	-	33,779
Scholarship Awarded	-	750	750
Miscellaneous Expenses	-	50	50
Total Deductions	<u>33,779</u>	<u>800</u>	<u>34,579</u>
Change in Net Position	10,954	(212)	10,742
Net Position - Beginning of Year	<u>78,843</u>	<u>7,434</u>	<u>86,277</u>
Net Position - End of Year	<u>\$ 89,797</u>	<u>\$ 7,222</u>	<u>\$ 97,019</u>

**HAZLET TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BALANCE JULY 1, 2014	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2015
ASSETS				
Elementary Schools:				
Beers Street	\$ 1,967	\$ 3,918	\$ 3,771	\$ 2,114
Cove Road	2,476	2,087	1,353	3,210
Lillian Drive	3,169	1,416	1,263	3,322
Middle Road	2,266	1,615	1,977	1,904
Raritan Valley	393	675	844	224
Sycamore Drive	505	421	495	431
Total Elementary Schools	<u>10,776</u>	<u>10,132</u>	<u>9,703</u>	<u>11,205</u>
Middle School:				
Hazlet Middle School	3,036	13,919	13,691	3,264
Total Middle Schools	<u>3,036</u>	<u>13,919</u>	<u>13,691</u>	<u>3,264</u>
High Schools:				
Athletic Fund	5,394	78,617	66,965	17,046
Rocket Launchers	70,166	214,223	211,439	72,950
Home Economics	71	10,500	9,992	579
Raritan High School	88,714	125,979	119,039	95,654
Total High School	<u>164,345</u>	<u>429,319</u>	<u>407,435</u>	<u>186,229</u>
Total Assets	<u>\$ 178,157</u>	<u>\$ 453,370</u>	<u>\$ 430,829</u>	<u>\$ 200,698</u>
LIABILITIES				
Due to Student Groups	\$ 178,157	\$ 453,370	\$ 430,829	\$ 200,698
Total Liabilities	<u>\$ 178,157</u>	<u>\$ 453,370</u>	<u>\$ 430,829</u>	<u>\$ 200,698</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BALANCE JULY 1, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
ASSETS				
Cash & Cash Equivalents	\$ 155,500	\$ 35,434,773	\$ 35,380,741	\$ 209,532
Total Assets	<u>\$ 155,500</u>	<u>\$ 35,434,773</u>	<u>\$ 35,380,741</u>	<u>\$ 209,532</u>
LIABILITIES				
Net Payroll Deductions & Withholdings	\$ 155,500	\$ 35,434,773	\$ 35,380,741	\$ 209,532
Total Liabilities	<u>\$ 155,500</u>	<u>\$ 35,434,773</u>	<u>\$ 35,380,741</u>	<u>\$ 209,532</u>

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I. Long-Term Debt

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**HAZLET TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2015**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY DATE	INTEREST RATE	BALANCE JUNE 30, 2014	RETIRED	BALANCE JUNE 30, 2015
Refunding Bonds	10/28/2010	\$6,930,000	February 1, 2016	4.000%	\$ 6,070,000	\$ 290,000	\$ 5,780,000
			2017	3.500%			
			2018	3.000%			
			2019	4.000%			
			2020	4.000%			
			2021	4.000%			
			2022	3.250%			
			2023	3.375%			
			2024	3.400%			
			2025	3.500%			
			2026	4.000%			
			2027	4.000%			
			2028	4.000%			
2029	4.000%						
2030	4.000%						
Total					\$ 6,070,000	\$ 290,000	\$ 5,780,000

**HAZLET TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE YEAR ENDED JUNE 30, 2015**

ISSUE	AMOUNT OF ISSUE	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2014	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2015
Various Equipment	\$ 750,000	1.580%	\$ -	\$ 750,000	\$ -	\$ 750,000
		Total	\$ -	\$ 750,000	\$ -	\$ 750,000

**HAZLET TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 404,465	\$ -	\$ 404,465	\$ 404,465	\$ -
State Sources:					
Debt Service Aid Type II	108,713	-	108,713	108,713	-
Total Revenues	513,178	-	513,178	513,178	-
Expenditures:					
Regular Debt Service:					
Interest	228,578	-	228,578	228,578	-
Principal	290,000	-	290,000	290,000	-
Total Expenditures	518,578	-	518,578	518,578	-
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(5,400)	-	(5,400)	(5,400)	-
Fund Balance July 1, 2013	5,401	-	5,401	5,401	-
Fund Balance June 30, 2014	\$ 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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 11,733,656	\$ 9,244,260	\$ 7,218,916	\$ 6,598,438	\$ 10,814,803	\$ 11,187,418	\$ 10,284,778	\$ 9,334,557	\$ 8,938,802	\$ 7,683,425
Restricted	4,281,569	3,582,788	1,395,258	1,417,433	4,776,504	2,671,186	2,449,285	2,941,233	2,573,229	2,311,577
Unrestricted	(14,295,323)	(888,182)	2,284,187	727,857	(2,842,516)	(2,305,930)	(2,533,321)	(2,368,958)	(2,475,418)	(2,600,063)
Total Governmental Activities	1,719,902	11,938,866	10,898,361	8,743,728	12,748,791	11,552,674	10,200,742	9,906,832	9,036,613	7,394,939
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	480,152	368,180	228,861	150,088	231,319	185,542	160,897	180,311	183,327	191,129
Unrestricted	32,280	101,180	128,051	98,378	204,855	193,806	95,469	107,658	92,885	85,285
Total Business-Type Activities	512,432	469,360	356,912	248,466	436,174	379,348	256,366	287,969	276,212	276,414
Government-Wide:										
Invested in Capital Assets,										
Net of Related Debt	12,213,808	9,612,440	7,447,777	6,748,526	11,046,122	11,372,960	10,445,675	9,514,868	9,122,129	7,874,554
Restricted	4,281,569	3,582,788	1,395,258	1,417,433	4,776,504	2,671,186	2,449,285	2,941,233	2,573,229	2,311,577
Unrestricted	(14,263,043)	(787,002)	2,412,238	826,235	(2,637,661)	(2,112,124)	(2,437,852)	(2,261,300)	(2,382,533)	(2,514,778)
Total Government-Wide Net Position	\$ 2,232,334	\$ 12,408,226	\$ 11,255,273	\$ 8,992,194	\$ 13,184,965	\$ 11,932,022	\$ 10,457,108	\$ 10,194,801	\$ 9,312,825	\$ 7,671,353

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (16,736,993)	\$ (16,832,245)	\$ (16,606,036)	\$ (16,676,841)	\$ (24,909,217)	\$ (23,833,572)	\$ (22,383,141)	\$ (22,746,571)	\$ (21,567,977)	\$ (20,348,118)
Special Education	(4,084,355)	(3,728,748)	(3,562,034)	(3,615,521)	(3,049,523)	(2,922,835)	(3,385,925)	(3,286,686)	(4,222,287)	(3,857,813)
Other Special Instruction	(581,166)	(584,004)	(568,892)	(500,627)	(1,061,778)	(916,630)	(725,465)	(776,641)	(654,384)	(774,701)
Other Instruction	(845,873)	(803,550)	(826,631)	(831,548)	(1,172,657)	(1,092,788)	(1,948,716)	(2,049,833)	(1,336,921)	(1,254,284)
Support Services:										
Tuition	(1,065,105)	(1,088,290)	(1,119,072)	(1,168,156)	(1,125,364)	(1,436,468)	(1,434,262)	(1,837,291)	(1,740,298)	(1,694,219)
Student & Instruction Related Services	(4,620,284)	(4,383,039)	(4,375,486)	(4,267,380)	(4,839,316)	(4,993,169)	(5,111,357)	(4,998,274)	(4,099,502)	(4,063,603)
School Administrative Services	(2,292,521)	(2,289,161)	(2,264,833)	(2,208,959)	(2,943,208)	(2,960,071)	(3,207,231)	(3,257,247)	(3,049,937)	(2,840,972)
Central Services	(518,457)	(495,042)	(486,216)	(469,981)	(481,393)	(567,753)	(550,356)	(524,592)	(527,142)	-
Administrative Information	(91,388)	(82,245)	(207,381)	(205,469)	(203,628)	(211,260)	(192,974)	(174,860)	(119,207)	-
Technology	(1,003,664)	(951,916)	(1,042,656)	(961,401)	(1,542,863)	(1,687,245)	(1,200,142)	(1,205,897)	(1,253,638)	(1,937,231)
General & Business Administrative Services	(5,869,851)	(5,380,163)	(4,720,523)	(4,872,433)	(5,676,551)	(5,730,963)	(5,489,205)	(5,495,146)	(5,422,776)	(5,400,890)
Plant Operations & Maintenance	(2,138,402)	(2,166,430)	(1,904,319)	(1,964,439)	(1,848,570)	(2,153,743)	(2,387,318)	(2,534,171)	(2,458,068)	(2,231,761)
Pupil Transportation	(137,425)	(123,789)	(109,955)	(100,255)	(102,773)	(119,669)	(93,385)	(75,552)	(566,848)	(501,844)
Special Schools	(217,837)	(229,087)	(246,675)	(248,241)	(362,315)	(352,431)	(359,319)	(380,564)	(389,885)	(398,555)
Interest on Long-Term Debt	(608,586)	(494,563)	(446,616)	(489,739)	-	-	-	-	-	-
Unallocated Depreciation	(18,516,378)	(12,317,691)	(12,232,998)	(11,751,190)	-	-	-	-	-	-
Unallocated Benefits	(59,328,285)	(51,949,963)	(50,720,323)	(50,332,180)	(49,319,156)	(48,978,597)	(48,468,796)	(49,343,325)	(47,408,870)	(45,303,991)
Total Governmental Activities Expenses	(929,357)	(914,441)	(955,888)	(1,211,129)	(956,250)	(1,022,707)	(1,007,564)	(940,779)	(886,519)	(937,370)
Business-Type Activities:										
Food Service	(89,992)	(85,888)	-	-	-	-	-	-	-	-
Shared Services	(1,019,349)	(1,000,329)	(955,888)	(1,211,129)	(956,250)	(1,022,707)	(1,007,564)	(940,779)	(886,519)	(937,370)
Total Business-Type Activities Expense	(60,347,634)	(52,950,292)	(51,676,211)	(51,543,309)	(50,275,406)	(50,001,304)	(49,476,360)	(50,284,104)	(48,295,389)	(46,241,361)
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ -	\$ -	\$ -	\$ -	\$ 96,550	\$ 55,400	\$ 8,913	\$ 375	\$ -	\$ -
Pupil Transportation	-	-	-	-	56,943	27,276	48,167	54,667	64,892	58,819
Operating Grants & Contributions	-	-	-	-	211,618	515,916	513,314	847,826	987,338	968,648
Capital Grants & Contributions	11,261,861	1,120,535	1,156,434	1,296,996	78,268	479,922	-	-	-	298,115
Total Governmental Activities Program Revenues	11,261,861	1,120,535	1,156,434	1,296,996	443,379	1,078,514	570,394	902,868	1,052,230	1,325,582
Business-Type Activities:										
Charges for Services:										
Food Service	658,699	706,164	715,182	777,854	787,509	861,605	820,849	799,131	758,752	741,062
Shared Services	89,992	85,888	-	-	-	-	-	-	-	-
Operating Grants & Contributions	312,858	318,600	342,042	244,452	225,198	230,554	153,884	153,405	127,566	118,531

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

	FISCAL YEAR ENDING JUNE 30.									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Business Type Activities Program Revenues	1,061,549	1,110,652	1,057,224	1,022,306	1,012,707	1,092,159	974,733	952,536	886,318	859,593
Total Government-Wide Program Revenues	\$ 12,323,410	\$ 2,231,187	\$ 2,319,302	\$ 2,319,302	\$ 1,456,086	\$ 2,170,673	\$ 1,545,127	\$ 1,855,404	\$ 1,938,548	\$ 2,185,175
Net (Expense)/Revenue:										
Governmental Activities	\$ (48,066,424)	\$ (50,829,428)	\$ (49,563,889)	\$ (49,035,184)	\$ (48,875,777)	\$ (47,900,083)	\$ (47,898,402)	\$ (48,440,457)	\$ (46,356,640)	\$ (43,978,409)
Business-Type Activities	42,200	110,323	101,336	(188,823)	56,457	69,452	(32,831)	11,757	(201)	(77,777)
Total Government-Wide Net Expense	\$ (48,024,224)	\$ (50,719,105)	\$ (49,462,553)	\$ (49,224,007)	\$ (48,819,320)	\$ (47,830,631)	\$ (47,931,233)	\$ (48,428,700)	\$ (46,356,841)	\$ (44,056,186)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 35,091,060	\$ 34,108,882	\$ 33,440,463	\$ 33,440,463	\$ 33,315,527	\$ 31,600,058	\$ 30,982,233	\$ 30,632,424	\$ 29,790,041	\$ 28,587,284
Taxes Levied for Debt Service	404,465	406,704	431,338	324,486	449,422	425,721	422,440	418,524	417,887	416,845
Unrestricted Grants & Contributions	13,759,123	17,132,507	17,588,018	16,966,354	16,184,646	17,103,661	16,674,661	18,054,818	17,491,455	16,073,088
Investment Earnings	168,112	120,280	161,203	108,339	11,016	17,653	45,340	182,922	221,264	14,008
Miscellaneous Income	115,186	177,272	425,830	184,959	111,283	104,921	78,627	21,989	77,668	230,291
Loss on asset Disposition	-	-	-	-	-	-	-	-	-	(1,469,490)
Special Item - Gain on Sale of Land	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	49,537,946	51,945,645	52,046,852	51,024,601	50,071,894	49,252,014	48,203,301	49,310,677	47,998,315	43,852,026
Business-Type Activities:										
Investment Earnings	872	2,125	7,110	1,115	369	489	1,226	-	-	-
Loss on Asset Disposition	-	-	-	-	-	-	-	-	-	(2,820)
Total Business-Type Activities	872	2,125	7,110	1,115	369	489	1,226	-	-	(2,820)
Total Government-Wide	\$ 49,538,818	\$ 51,947,770	\$ 52,053,962	\$ 51,025,716	\$ 50,072,263	\$ 49,252,503	\$ 48,204,527	\$ 49,310,677	\$ 47,998,315	\$ 43,849,206
Change in Net Position:										
Governmental Activities	\$ 1,471,522	\$ 1,116,217	\$ 2,482,963	\$ 1,989,417	\$ 1,196,117	\$ 1,351,931	\$ 304,899	\$ 870,220	\$ 1,641,675	\$ (126,383)
Business-Type Activities	43,072	112,448	108,446	(187,708)	56,826	69,941	(31,605)	11,757	(201)	(80,597)
Total Government-Wide	\$ 1,514,594	\$ 1,228,665	\$ 2,591,409	\$ 1,801,709	\$ 1,252,943	\$ 1,421,872	\$ 273,294	\$ 881,977	\$ 1,641,474	\$ (206,980)

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

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,671,186	\$ 2,326,377	\$ 2,231,233	\$ 1,732,562	\$ 1,035,721
Unreserved	-	-	-	-	-	545,297	548,232	1,023,340	1,053,259	1,004,757
Restricted	3,834,499	3,387,986	7,776,079	3,030,803	2,694,052	-	-	-	-	-
Assigned	376,127	287,554	379,383	789,692	796,918	-	-	-	-	-
Unassigned	-	-	(1,837,237)	717,647	(155,116)	-	-	-	-	-
Total General Fund	\$ 4,210,626	\$ 3,675,540	\$ 6,318,225	\$ 4,538,142	\$ 3,335,854	\$ 3,216,483	\$ 2,874,609	\$ 3,254,573	\$ 2,785,821	\$ 2,040,478
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,607	\$ -	\$ -	\$ 424,734
Unreserved, Reported in:										
Capital Projects Fund	-	-	-	-	-	-	(55,700)	-	40,648	60,956
Debt Service Fund	-	-	-	-	-	(1)	1	-	19	165
Restricted:										
Capital Projects Fund	-	-	-	-	995,869	-	-	-	-	-
Committed:										
Capital Projects Fund	447,070	1,854,353	-	34,951	260,276	-	-	-	-	-
Assigned:										
Debt Service Fund	1	-	-	-	51,688	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	60,469	339,031	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 447,071	\$ 1,854,353	\$ 60,469	\$ 373,982	\$ 1,307,833	\$ (1)	\$ 122,908	\$ -	\$ 40,667	\$ 485,855

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Tax Levy	\$ 35,495,525	\$ 34,515,586	\$ 33,871,801	\$ 33,764,949	\$ 33,764,949	\$ 32,025,779	\$ 31,404,673	\$ 31,050,948	\$ 30,207,928	\$ 29,004,129
Tuition Charges	168,112	120,280	161,203	108,339	96,550	55,400	8,913	375	-	33,308
Transportation	51,400	52,350	40,363	37,225	56,943	27,276	48,167	54,667	-	-
Interest Earnings	-	4,924	4,728	219	1,867	14,434	3,788	576	221,264	130,702
Miscellaneous	63,786	119,998	380,738	147,515	120,432	97,009	120,178	216,856	142,560	139,107
State Sources	18,679,940	17,299,029	17,752,946	16,774,331	14,958,188	14,914,559	16,229,945	17,931,444	17,510,812	16,264,454
Federal Sources	997,558	954,013	991,506	1,489,019	1,516,344	3,184,941	958,030	971,199	977,257	1,075,397
Total Revenue	55,456,321	53,066,180	53,203,285	52,321,597	50,515,273	50,319,398	48,773,694	50,226,065	49,059,821	46,647,097
Expenditures:										
Instruction:										
Regular Instruction	16,736,993	16,832,245	16,606,037	16,676,841	17,096,169	17,169,740	16,052,720	15,794,543	15,418,514	14,832,849
Special Education Instruction	4,084,355	3,728,748	3,562,034	3,615,521	2,831,412	2,731,730	2,934,205	2,788,191	2,638,281	2,428,505
Other Special Instruction	581,166	584,004	568,892	500,627	528,136	468,776	725,465	776,641	654,384	774,701
Other Instruction	845,873	803,550	826,631	831,548	821,005	793,296	763,838	710,455	657,269	619,611
Support Services:										
Tuition	1,065,105	1,088,290	1,119,072	1,168,156	1,125,364	1,436,468	1,434,262	1,837,291	1,740,298	1,694,219
Student & Instruction										
Related Services	4,620,284	4,383,039	4,375,486	4,267,380	4,202,378	4,395,725	4,081,737	3,827,854	3,528,454	3,560,581
General Administration	1,003,664	951,916	1,042,656	961,401	932,756	1,054,479	1,016,919	2,118,929	1,020,904	1,048,126
School Administrative										
Services	2,292,521	2,289,161	2,264,833	2,208,959	2,206,523	2,197,067	2,206,443	998,068	2,038,657	1,950,311
Central Services	518,457	495,042	486,216	469,981	481,393	567,753	550,356	524,592	527,142	571,845
Administrative Information										
Technology	91,388	82,245	207,381	205,469	203,628	211,260	192,974	174,860	119,207	106,445
Plant Operations & Maintenance	5,135,155	5,350,237	4,720,523	4,872,433	4,527,847	4,541,806	4,445,344	4,291,293	4,223,125	4,409,971
Pupil Transportation	2,138,402	2,166,430	1,904,319	1,964,439	1,805,412	2,108,958	2,342,814	2,483,553	2,381,985	2,163,128
Other Support Services										
Employee Benefits	13,013,295	12,244,895	12,297,823	11,850,943	11,073,124	10,079,123	9,990,911	11,790,298	11,400,509	9,845,923
Special Schools	137,425	123,789	109,955	100,255	102,773	119,669	93,385	75,552	59,632	44,292
Capital Outlay	3,545,257	2,277,412	805,326	1,848,509	633,209	1,659,490	1,638,641	1,010,326	1,796,421	2,959,658
Debt Service:										
Principal	290,000	275,000	265,000	260,000	280,000	205,000	190,000	165,000	165,000	155,000
Interest & Other Charges	228,578	239,577	246,203	250,697	236,939	360,093	370,733	389,885	389,885	398,555
Total Expenditures	56,327,918	53,915,580	51,408,387	52,053,159	49,088,068	50,100,433	49,030,747	49,757,331	48,759,667	47,563,720
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(871,597)	(849,400)	1,794,898	268,438	1,427,205	218,965	(257,053)	468,734	300,154	(916,623)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Financing Sources/(Uses):										
Proceeds from Refunding	-	-	-	-	7,007,801	-	-	-	-	-
Payments to Escrow Agent	-	-	-	-	(7,007,801)	-	-	-	-	-
Transfers In	-	-	-	-	1,373,547	276,476	390,363	-	-	445,362
Transfers Out	-	-	-	-	(1,373,547)	(276,476)	(390,363)	-	-	(445,362)
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ (871,597)	\$ (849,400)	\$ 1,794,898	\$ 268,438	\$ 1,427,205	\$ 218,965	\$ (257,053)	\$ 468,734	\$ 300,154	\$ (916,623)

Debt Service as a Percentage of Noncapital Expenditures 1.0% 1.0% 1.0% 1.0% 1.0% 1.1% 1.2% 1.2% 1.1% 1.2% 1.2%

Source: District Records

Note: Noncapital expenditures are total expenditures, less Capital Outlay Central Services and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

**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	TUIITION REFUND	INSURANCE REIMBURSEMENT	VENDOR REFUNDS	RENT	BUILDING USE FEES	MISCELLANEOUS	TUIITION	TRANS- PORTATION	OTHER		TOTAL
										RESTRICTED	MISCELLANEOUS	
2015	\$ -	\$ -	-	\$ -	-	\$ 21,478	7,534	\$ 168,112	\$ 51,400	\$ -	\$ -	\$ 248,524
2014	4,924	-	-	33,949	-	17,544	-	120,280	52,350	13,809	13,809	242,856
2013	4,728	-	-	-	-	-	-	161,203	40,363	286,051	286,051	492,345
2012	4,531	-	-	-	-	-	-	108,339	37,225	46,855	46,855	196,950
2011	11,016	-	-	31,508	-	-	(3,154)	96,550	8,650	8,650	8,650	153,220
2010	14,434	12,604	12,345	6,464	-	-	17,045	55,400	8,650	8,650	8,650	135,592
2009	41,552	-	-	18,632	-	-	44,998	8,913	48,167	12,263	12,263	174,525
2008	182,922	-	-	-	-	-	-	375	54,667	13,957	13,957	251,921
2007	221,264	-	-	13,420	-	-	9,444	-	64,892	21,571	21,571	330,591
2006	130,702	30,726	-	7,055	13,588	-	10,857	2,582	58,819	-	-	254,329

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
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	1.6	\$ 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	1.7	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	1.7	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	1.4	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	1.4	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	1.4	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	1.3	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	2.9	2,663,803,542
2007	10,088,000	843,287,700	4,800	195,193,400	17,690,400	1,066,264,300	805,790	1,067,070,090	2.9	2,450,492,919
2006	9,777,900	840,575,200	4,800	196,545,300	17,690,400	1,064,593,600	898,809	1,065,492,409	2.8	2,135,682,432

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	
2015	1.592	0.018	1.610	0.625	0.319	0.078	2.632
2014	1.682	0.018	1.700	0.673	0.344	0.084	2.801
2013	1.650	0.017	1.667	0.676	0.350	0.082	2.775
2012	1.412	0.018	1.430	0.010	0.306	0.070	1.816
2011	1.417	0.013	1.430	0.570	0.300	0.068	2.368
2010	1.361	0.019	1.380	0.540	0.300	0.066	2.286
2009	1.309	0.018	1.327	0.507	0.287	0.066	2.187
2008	2.881	0.039	2.920	1.076	0.600	0.146	4.742
2007	2.831	0.039	2.870	1.034	0.587	0.133	4.624
2006	2.741	0.039	2.780	0.990	0.600	0.140	4.510

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	2015	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	\$ 23,065,600	1.02%
Individual Taxpayer #2	22,137,000	0.98%
Individual Taxpayer #3	16,951,700	0.75%
Individual Taxpayer #4	16,815,200	0.74%
Individual Taxpayer #5	15,266,100	0.67%
Individual Taxpayer #6	13,392,600	0.60%
Individual Taxpayer #7	11,500,000	0.51%
Individual Taxpayer #8	11,493,200	0.51%
Individual Taxpayer #9	9,495,900	0.42%
Individual Taxpayer #10	8,554,800	0.38%
Total	\$ 148,672,100	6.58%

TAXPAYER	2006	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	\$ 29,000,000	1.37%
Individual Taxpayer #2	23,198,000	1.13%
Individual Taxpayer #3	21,540,200	1.02%
Individual Taxpayer #4	21,000,000	1.00%
Individual Taxpayer #5	16,294,600	0.77%
Individual Taxpayer #6	14,940,400	0.71%
Individual Taxpayer #7	11,590,200	0.55%
Individual Taxpayer #8	10,082,800	0.48%
Individual Taxpayer #9	9,708,200	0.46%
Individual Taxpayer #10	9,200,000	0.44%
Total	\$ 166,554,400	7.93%

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	
2015	\$ 59,532,901	N/A	N/A	N/A
2014	57,689,059	56,954,108	98.73%	N/A
2013	57,087,456	56,147,855	98.35%	800,270
2012	56,605,828	55,794,504	98.57%	801,104
2011	55,889,877	55,247,286	98.85%	576,228
2010	54,500,622	53,945,152	98.98%	511,791
2009	52,355,477	51,690,411	98.73%	567,400
2008	51,584,034	51,037,834	98.94%	524,153
2007	49,994,315	49,436,419	98.88%	524,887
2006	48,183,424	47,769,304	99.14%	409,814

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

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

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

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME ^a	PER CAPITA
	GENERAL OBLIGATION BONDS ^b	CAPITAL LEASES				
2015	\$ 5,780,000	\$ 750,000	\$	6,530,000	0.75%	322.90
2014	6,070,000	-		6,070,000	0.80%	300.02
2013	6,345,000	-		6,345,000	0.73%	311.70
2012	6,610,000	-		6,610,000	0.68%	328.02
2011	6,870,000	-		6,870,000	0.65%	328.05
2010	7,060,000	200,000		7,260,000	0.66%	346.59
2009	7,265,000	400,000		7,665,000	0.62%	365.92
2008	7,440,000	600,000		8,040,000	0.59%	384.67
2007	7,630,000	800,000		8,430,000	0.52%	401.68
2006	7,795,000	533,074		8,328,074	0.53%	396.82

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

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

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE ^a OF PROPERTY	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2015	\$ 5,780,000	\$ -	\$ 5,780,000	0.26%	286.62
2014	6,070,000	-	6,070,000	0.29%	300.15
2013	6,080,000	-	6,080,000	0.31%	313.61
2012	6,610,000	-	6,610,000	0.28%	327.67
2011	6,870,000	-	6,870,000	0.29%	337.86
2010	7,060,000	-	7,060,000	0.30%	337.12
2009	7,265,000	-	7,265,000	0.30%	346.83
2008	7,455,000	-	7,455,000	0.70%	356.68
2007	7,630,000	-	7,630,000	0.72%	364.44
2006	7,795,000	-	7,795,000	0.73%	371.42

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, 2015**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Hazlet Township	\$ 11,294,697	100.000%	\$ 11,294,697
Monmouth County General Obligation Debt	428,759,489	2.045%	<u>8,767,686</u>
Subtotal, Overlapping Debt			20,062,383
Hazlet Township School District Direct Debt			<u>5,780,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 25,842,383</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**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 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	\$ 75,747,609
Total Net Debt Applicable to Limit	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	7,795,000
Legal Debt Margin	\$ 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	\$ 67,952,609
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.28%	6.49%	6.54%	6.57%	9.88%	10.00%	7.03%	7.68%	8.83%	10.29%

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis
2015	\$ 2,333,214,951
2014	2,247,812,230
2013	2,327,303,158
Total	\$ 6,908,330,339
Average Equalized Valuation of Taxable Property	\$ 2,302,776,780
Debt Limit (4 % of Average Equalization Value)	\$ 92,111,071 a
Net Bonded School Debt	5,780,000
Legal Debt Margin	\$ 86,331,071

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)
2015	20,166	N/A	N/A	6.20%
2014	20,223	N/A	49,267	8.50%
2013	20,232	979,370,424	48,407	9.20%
2012	20,356	947,816,072	46,562	8.90%
2011	20,334	919,035,798	45,197	8.70%
2010	20,942	940,149,206	44,893	9.30%
2009	20,947	1,003,382,247	47,901	4.80%
2008	20,901	991,627,044	47,444	4.10%
2007	20,936	970,257,984	46,344	3.90%
2006	20,987	919,881,197	43,831	4.30%

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**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function/Program:										
Instruction:										
Regular	217	218	219	218	217	264	270	270	270	274
Special Education	81	80	78	79	74	6	6	6	6	5
Other Special Education	20	20	20	20	18	20	12	12	12	12
Other Instruction						12	6	6	6	6
Support Services:										
Student & Instruction Related Services	43	42	42	43	43	25	29	29	29	29
General Administration	5	5	5	5	5	6	6	6	6	6
School Administrative Services	25	25	25	25	25	27	27	27	27	27
Other Administrative Services						17	17	17	16	16
Central Services	7	7	7	7	7	8	8	8	9	8
Administrative Information Technology	4	4	4	3	3	3	5	5	5	5
Plant Operations & Maintenance	53	53	53	53	52	51	45	45	44	44
Pupil Transportation	1	1	1	1	2	2	2	2	1	1
Other Support Services	1	1	1	1						
Total	457	456	455	455	446	441	433	433	431	433

**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				
2015	3,084	\$ 51,271,396	16,625	5.57%	294	8.6:1	8.1:1	8.5:1	3,032.6	2,890.8	0.90%	95.32%
2014	3,182	50,110,930	15,748	1.48%	285	9.2:1	8.7:1	8.9:1	3,005.6	2,866.5	-4.75%	95.37%
2013	3,217	48,910,734	15,519	4.59%	287	9.2:1	8.4:1	9.1:1	3,155.4	3,004.6	-1.10%	95.22%
2012	3,263	48,416,067	14,838	-1.73%	285	12.2:1	9.8:1	11.5:1	3,190.4	3,050.3	-2.63%	95.61%
2011	3,313	50,022,097	15,099	11.24%	268	11.2:1	10.5:1	13.2:1	3,276.6	3,109.4	-2.66%	94.90%
2010	3,369	45,726,214	13,573	1.70%	294	11.2:1	10.6:1	12.4:1	3,366.1	3,200.8	3.18%	95.09%
2009	3,308	44,147,410	13,346	2.36%	311	9.9:1	10.4:1	13.2:1	3,262.5	3,118.7	-1.82%	95.59%
2008	3,322	43,313,640	13,038	-4.91%	309	9.7:1	10.3:1	13.4:1	3,323.0	3,170.6	-0.12%	95.41%
2007	3,384	46,399,085	13,711	1.20%	315	11.6:1	10.4:1	12.6:1	3,326.9	3,165.7	-1.44%	95.15%
2006	3,376	45,740,733	13,549	7.99%	313	11.8:1	10.9:1	12.2:1	3,375.5	3,209.6	1.03%	95.09%

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**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
DISTRICT BUILDINGS										
Elementary School:										
Beers Street (1966)	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Square Feet	290	290	290	290	290	290	290	290	290	290
Capacity (Students)	265	259	272	287	265	264	290	277	277	278
Enrollment										
Cove Road (1962)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Square Feet	320	320	320	320	320	320	320	320	320	320
Capacity (Students)	191	216	222	227	229	239	266	276	280	272
Enrollment										
Lillian Drive School (1962)	35,000	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500
Square Feet	340	340	340	340	340	340	340	340	340	340
Capacity (Students)	278	265	271	272	294	294	255	286	302	311
Enrollment										
Middle Road School (1957)	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900
Square Feet	350	350	350	350	350	350	350	350	350	350
Capacity (Students)	297	301	321	326	330	344	279	291	316	333
Enrollment										
Raritan Valley School (1967)	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250	42,250
Square Feet	350	350	350	350	350	350	350	350	350	350
Capacity (Students)	275	280	300	302	308	323	345	362	355	335
Enrollment										
Sycamore Drive School (1963)	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400	28,400
Square Feet	270	270	270	270	270	270	270	270	270	270
Capacity (Students)	276	299	282	280	293	215	237	238	237	257
Enrollment										
Middle School:										
Hazlet (1965)	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150	69,150
Square Feet	620	620	620	620	620	620	620	620	620	620
Capacity (Students)	512	520	498	499	519	549	557	537	533	580
Enrollment										
High School:										
Raritan High School (1959):	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100	195,100
Square Feet	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Capacity (Students)	971	1,030	1,000	1,027	1,053	1,056	1,090	1,074	1,027	1,059
Enrollment										
Other:										
Square Feet	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	18,100	18,100
Total Enrollment	3,065	3,170	3,166	3,220	3,291	3,284	3,319	3,341	3,327	3,425

Number of Schools at June 30, 2015:
 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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary Schools:										
Beers Street	\$ 93,441	\$ 104,914	\$ 77,450	\$ 96,681	\$ 92,094	\$ 70,673	\$ 69,859	\$ 61,973	\$ 61,529	\$ 89,041
Cove Road	85,055	95,498	70,499	88,005	83,829	64,331	63,589	56,411	59,318	83,218
Lillian Drive	110,213	123,744	91,352	114,033	108,624	83,356	82,397	73,096	53,431	72,936
Middle Road	104,223	117,019	86,386	107,837	102,720	78,828	77,919	69,123	55,175	70,306
Raritan Valley	103,025	115,674	85,393	106,597	101,539	77,922	77,024	68,329	59,316	77,473
Sycamore Drive	70,680	79,358	58,584	73,131	69,661	53,458	52,842	46,877	46,147	55,403
Middle School:										
Hazlet	179,694	201,757	148,942	185,925	177,103	135,910	134,343	119,178	74,619	100,758
High School:										
Raritan	451,632	507,083	374,341	467,292	445,120	341,587	337,661	299,544	351,266	464,820
Total	\$ 1,197,963	\$ 1,345,047	\$ 992,947	\$ 1,239,501	\$ 1,180,690	\$ 906,065	\$ 895,634	\$ 794,531	\$ 760,801	\$ 1,013,955

* 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, 2015**

	COVERAGE		DEDUCTIBLE
School Package Policy:			
Building & Contents (All Locations)	\$89,106,332	(1)	5,000
Boiler & Machinery	Included W/Above	(1)	5,000
General Automobile Liability	1,000,000	(1)	N/A
School Board Legal Liability	11,000,000	(3)	10,000
Employers Liability	2,000,000	(4)	N/A
Workers' Compensation	2,000,000	(4)	N/A
Umbrella - Liability	10,000,000	(1)	10,000
Liability CAP Program	29,000,000	(6)	N/A
Accident Coverage for Volunteers	25,000	(7)	N/A
 Student Accident Insurance	 None		
 Surety Bonds (3)			
Treasurer	300,000	(5)	N/A
Board Secretary	125,000	(5)	N/A
Food Services Director			
 Excess Workers Compensation	 0 Day Elimination	 (2)	 N/A
Flood-Middle School	\$500,000	(5)	5,000

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

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Hazlet Township School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Hazlet Township School District's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
December 1, 2015



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-
133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

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

Report on Compliance for Each Major Federal and State Program

We have audited Hazlet Township School District’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2015. Hazlet Township School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of 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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 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 Hazlet Township School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Hazlet Township School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Hazlet Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of 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 Hazlet Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 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 Hazlet Township School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 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
December 1, 2015

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HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	UNEARNED REVENUE AT JUNE 30, 2015
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:									
Food Distribution Program	10.550	\$ 51,157	7/1/14-6/30/15	\$ -	\$ 51,157	\$ (51,157)	\$ -	\$ -	\$ -
National School Lunch Program	10.555	203,447	7/1/13-6/30/14	(19,431)	19,431	-	-	-	-
National School Lunch Program	10.555	212,157	7/1/14-6/30/15	-	195,099	(212,157)	-	(17,058)	-
National School Performance Based Program	10.555	11,422	7/1/13-6/30/14	(1,112)	1,112	-	-	-	-
National School Performance Based Program	10.555	12,167	7/1/14-6/30/15	-	12,167	(12,167)	-	-	-
National School Breakfast Program	10.553	33,357	7/1/13-6/30/14	(2,861)	2,861	-	-	-	-
National School Breakfast Program	10.553	28,372	7/1/14-6/30/15	-	26,382	(28,372)	-	(1,990)	-
Total U.S. Department of Agriculture				(23,404)	308,209	(303,853)	-	(19,048)	-

**U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH
STATE DEPARTMENT OF EDUCATION:**

Title I Part A	84.010	94,295	7/1/14-6/30/15	-	84,232	(86,427)	-	(2,195)	-
Title I Part A - Concentration, Targeted & EFIG	84.010	129,822	9/1/08-8/31/09	8	-	-	-	-	8
Title I Part A - Grants to Local Educational Agencies	84.010	113,391	9/1/07-8/31/08	79	-	-	-	-	79
Title IIA	84.367A	71,888	7/1/14-6/30/15	-	17,692	(61,070)	-	(43,378)	-
Title IIA	84.367A	87,373	9/1/10-8/31/11	(195)	-	-	-	(195)	-
Title IIA	84.367A	81,216	9/1/07-8/31/08	33	-	-	-	-	33
Title III	84.365	10,487	7/1/14-6/30/15	-	2,669	(3,461)	-	(792)	-
I.D.E.A. Part B, Basic Regular	84.027	760,027	7/1/14-6/30/15	2,606	615,968	(749,530)	-	(130,956)	-
A.R.R.A.-I.D.E.A. Part B, Preschool	84.392	26,065	9/1/10-8/31/11	40	-	-	-	-	40
I.D.E.A. Part B, Preschool	84.173	25,471	7/1/14-6/30/15	-	25,471	(25,471)	-	-	-
Total Department of Education				2,571	746,032	(925,959)	-	(177,516)	160
General Fund:									
Medical Assistance Program	93.778	68,167	7/1/14-6/30/15	-	68,167	(68,167)	-	-	-
Total General Fund				-	68,167	(68,167)	-	-	-
Total Federal Financial Assistance				\$ (20,833)	\$ 1,122,408	\$ (1,297,979)	\$ -	\$ (196,564)	\$ 160

HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	DUE TO GRANTOR AT JUNE 30, 2015	MEMO	
				JUNE 30, 2014	JUNE 30, 2015						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:												
General Fund:												
Transportation Aid	15-495-034-5120-014	\$ 159,264	7/1/14-6/30/15	\$ -	\$ -	\$ 159,264	\$ (159,264)	\$ -	\$ -	\$ -	\$ (15,892)	\$ 159,264
Equalization Aid	15-495-034-5120-078	10,467,565	7/1/14-6/30/15	-	-	10,467,565	(10,467,565)	-	-	-	(1,044,267)	10,467,565
Categorical Special Education Aid	15-495-034-5120-089	1,917,881	7/1/14-6/30/15	-	-	1,917,881	(1,917,881)	-	-	-	(191,379)	1,917,881
Security Aid	15-495-034-5120-084	61,801	7/1/14-6/30/15	-	-	61,801	(61,801)	-	-	-	(6,167)	61,801
PARCC Readiness Aid	15-495-034-5120-098	30,220	7/1/14-6/30/15	-	-	30,220	(30,220)	-	-	-	(3,016)	30,220
Per Pupil Growth Aid	15-495-034-5120-097	30,220	7/1/14-6/30/15	-	-	30,220	(30,220)	-	-	-	(3,016)	30,220
Extraordinary Aid	14-100-034-5120-473	336,471	7/1/13-6/30/14	(336,471)	-	-	-	-	-	-	-	-
Transportation Aid :	15-100-034-5120-473	173,607	7/1/14-6/30/15	-	-	336,471	(173,607)	-	(173,607)	-	-	173,607
Non-Public School Costs	14-495-034-5120-014	13,835	7/1/13-6/30/14	(13,835)	-	-	-	-	-	-	-	-
Non-Public School Costs	15-495-034-5120-014	12,056	7/1/14-6/30/15	-	-	-	(12,056)	-	(12,056)	-	-	12,056
Nonbudgeted:												
Reimbursed TPAF Social Security Contribution	14-495-034-5095-002	1,540,404	7/1/13-6/30/14	(79,975)	-	79,975	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	15-495-034-5095-002	1,616,728	7/1/14-6/30/15	-	-	1,537,659	(1,616,728)	-	(79,069)	-	-	1,616,728
On-Behalf TPAF Pension Contribution	15-495-034-5095-006	1,236,810	7/1/14-6/30/15	-	-	1,236,810	(1,236,810)	-	-	-	-	1,236,810
On-Behalf TPAF Medical Contribution	15-495-034-5095-006	1,963,437	7/1/14-6/30/15	-	-	1,963,437	(1,963,437)	-	-	-	-	1,963,437
Total General Fund		(430,281)		17,835,138		(17,669,589)		(264,732)			(1,263,737)	17,669,589
Special Revenue Fund:												
Nonpublic Textbook	14-100-034-5120-064	9,380	7/1/13-6/30/14	1,376	-	-	-	(1,376)	-	-	-	-
Nonpublic Textbook	15-100-034-5120-064	8,043	7/1/14-6/30/15	-	-	8,043	(7,984)	-	-	59	-	7,984
Nonpublic Nursing	14-100-034-5120-070	13,202	7/1/13-6/30/14	499	-	-	-	(499)	-	-	-	-
Nonpublic Nursing	15-100-034-5120-070	12,804	7/1/14-6/30/15	-	-	12,804	(12,123)	-	-	681	-	12,123
Nonpublic Auxiliary Services:												
Compensatory Education	15-100-034-5120-067	14,327	7/1/14-6/30/15	-	-	14,327	(14,327)	-	-	-	-	14,327
Nonpublic Handicapped Aid:												
Examination & Classification	14-100-034-5120-066	8,377	7/1/13-6/30/14	1,332	-	-	-	(1,332)	-	-	-	-
Nonpublic Handicapped Aid:												
Examination & Classification	15-100-034-5120-066	6,025	7/1/14-6/30/15	-	-	6,025	(4,765)	-	-	1,260	-	4,765
Nonpublic Technology Initiative Aid	14-100-034-5120-373	3,820	7/1/13-6/30/14	51	-	-	-	(51)	-	-	-	-
Nonpublic Technology Initiative Aid	15-100-034-5120-373	4,320	7/1/14-6/30/15	-	-	4,320	(4,308)	-	-	12	-	4,308
Total Special Revenue Fund		3,258		45,519		(43,507)		(3,258)		2,012		43,507
Capital Projects Fund:												
SDA Grant Cluster:												
Raritan High School Mechanical Upgrades	#2105-050-13-3004	1,703,500	Completion	(79,884)	-	622,289	(580,101)	-	(37,695)	-	-	659,984
Lillian Drive Elementary School Partial Roof Replacement	#2105-085-13-1008	507,200	Completion	(5,077)	-	83,325	(98,515)	-	(20,267)	-	-	103,592
Middle Road Elementary School Structural Repairs	#2105-090-13-1010	760,800	Completion	(16,754)	-	167,512	(185,579)	-	(34,820)	-	-	202,332
Middle Road Elementary School Media Center	#2105-090-13-1009	65,052	Completion	(1,800)	-	-	(19,247)	-	(21,047)	-	-	21,047
Raritan Valley Elementary School Window Replacement	#2105-095-13-1011	228,240	Completion	-	-	-	(7,061)	-	(7,061)	-	-	7,061
Total Capital Projects Fund		(103,514)		873,126		(890,503)		(120,891)		-		994,016
Debt Service Fund:												
Debt Service Aid	15-495-034-5120-075	108,713	7/1/14-6/30/15	-	-	108,713	(108,713)	-	-	-	-	108,713
Total Debt Service Fund		-		108,713		(108,713)		-		-		108,713
State Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program (State Share)	14-100-010-3350-023	8,497	7/1/13-6/30/14	(825)	-	825	-	-	-	-	-	-
National School Lunch Program (State Share)	15-100-010-3350-023	9,005	7/1/14-6/30/15	-	-	8,322	(9,005)	-	(683)	-	-	9,005
Total Enterprise Fund		(825)		9,147		(9,005)		(683)		-		9,005
Total State Financial Assistance		\$ (531,362)		\$ 18,871,643		\$ (18,721,317)		\$ (3,258)		\$ 2,012		\$ 18,824,830
Less: Awards Not Subject to New Jersey OMB Circular(s) 04-04 and/or 15-08:												
On-Behalf TPAF Pension Contribution	15-495-034-5095-006	1,236,810	7/1/14-6/30/15	-	-	-	1,236,810	-	-	-	-	-
On-Behalf TPAF Medical Contribution	15-495-034-5095-006	1,963,437	7/1/14-6/30/15	-	-	-	1,963,437	-	-	-	-	-
Total State Financial Assistance Subject to New Jersey OMB Circular(s) 04-04 and/or 15-08						\$ (15,521,070)						

HAZLET TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2015

Note 1. General

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

Note 2. Basis of Accounting

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

Note 3. Relationship to Basic Financial Statements

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

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$9,106) for the General fund and \$3,432 for the Special Revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

HAZLET TOWNSHIP SCHOOL DISTRICT

NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
JUNE 30, 2015

Note 3. Relationship to Basic Financial Statements (continued)

	Federal	State	Total
General Fund	\$ 68,167	\$ 17,660,483	\$ 17,728,650
Special Revenue Fund	929,391	43,507	972,898
Capital Projects Fund	-	867,237	867,237
Debt Service Fund	-	108,713	108,713
Food Service Fund	303,853	9,005	312,858
Total Financial Assistance	<u>\$ 1,301,411</u>	<u>\$ 18,688,945</u>	<u>\$ 19,990,356</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. 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, 2015.

Note 6. Federal and State Loans Outstanding

The Hazlet Township School District had no loan balances outstanding at June 30, 2015.

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

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

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued)
For the Fiscal Year Ended June 30, 2015**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$465,632
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular(s) 04-04 and/or 15-08?	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5095-002	Reimbursed TPAF Social Security Contributions
Multiple, as listed on Exhibit K-4	SDA Grant Cluster

Section II – Financial Statement Findings

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

No Current Year Findings

**HAZLET TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued)
For the Fiscal Year Ended June 30, 2015**

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

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter(s) 04-04 and/or 15-08.

No Current Year Findings

**HAZLET TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular(s) 04-04 and/or 15-08.

No Prior Year Findings