NOTICE OF SALE

$21,706,000
THE BOARD OF EDUCATION OF THE RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT, IN THE COUNTY OF BURLINGTON, NEW JERSEY
SCHOOL BONDS, SERIES 2019
(Book-Entry-Only) (Callable)

ELECTRONIC PROPOSALS will be received by the undersigned for The Board of Education of the Rancocas Valley Regional High School District, in the County of Burlington, New Jersey ("School District") via the BiDCOMP®/Parity® Electronic Competitive Bidding System ("PARITY") of i-Deal LLC ("i-Deal") in the manner described below, until 11:00 a.m. (Eastern), on:

December 10, 2019

at which time they will be publicly opened and announced for the purchase of the following bonds ("Bonds"), due on March 15, as follows:

Year	Principal Amount	Year	Principal Amount
2021	$666,000	2031	$1,110,000
2022	850,000	2032	1,145,000
2023	875,000	2033	1,180,000
2024	900,000	2034	1,215,000
2025	930,000	2035	1,250,000
2026	960,000	2036	1,300,000
2027	985,000	2037	1,300,000
2028	1,015,000	2038	1,300,000
2029	1,045,000	2039	1,300,000
2030	1,080,000	2040	1,300,000

The Bonds will be dated their date of delivery and bear interest at the rates per annum specified by the successful bidder therefor in accordance herewith, payable semiannually March 15 and September 15, commencing September 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth in the Preliminary Official Statement (defined below).

Upon initial issuance, the Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and be responsible for maintaining a book-entry-only system for recording the interests of its participants or the transfers of interests among its participants. Individual purchases may be made in the principal amount of $5,000 or any integral multiple thereof, and in integral multiples of $1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interest in the Bonds, but each book-entry-only bondholder will receive a credit balance on the books of its nominee. For additional information, see "THE BONDS-Book-Entry-Only System" in the preliminary official statement prepared in connection with the issuance of the Bonds, dated the date hereof ("Preliminary Official Statement").

The School District has prepared a Preliminary Official Statement in connection with the sale of the Bonds which has been deemed final as of its date for purposes of paragraph (b)(1) of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for certain omissions permitted thereunder. Within seven (7) business days of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from a customer, the School District will deliver a sufficient number of copies of the final official statement ("Official Statement") to the purchaser in order for the same to comply with Paragraph (b)(4) of Rule 15c2-12.

The Preliminary Official Statement is available for viewing in electronic format through the internet facilities of Bowman & Company LLP. The Bowman & Company LLP web address is **www.govdebt.net** ("Site"). In addition, broker dealers registered with the National Association of Securities Dealers ("NASD") and dealer banks with DTC clearing arrangements may either: (i) print out a copy of the Preliminary Official Statement by their own means; or (ii) at any time prior to December 10, 2019, elect to receive a printed copy of the Preliminary Official Statement in the mail by requesting the same on the Bowman & Company LLP web site or by calling the School District's Bond Counsel, Parker McCay P.A. ("Bond Counsel"), 9000 Midlantic Drive, Suite 300, Mount Laurel, New Jersey 08054. Calls should be directed to Alexis B. Batten, Esquire at (856) 985-4067. In order to view, print a copy or request a copy of the Preliminary Official Statement from the Site, please visit **www.govdebt.net**. Bidders may log-in to access electronic viewing and delivery. Once logged-in to the Site, bidders must follow the applicable instructions and prompts to access the Preliminary Official Statement. All bidders must review the Preliminary Official Statement and certify that they have done so prior to participating in the bidding.

In accordance with the requirements of Rule 15c2-12, the School District will, prior to the issuance of the Bonds, enter into an agreement, substantially in the form set forth in Appendix "D" to the Preliminary Official Statement ("Disclosure Agreement").

The School District will ***not*** designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended ("Code").

BID SPECIFICATIONS

Each electronic proposal for the Bonds must be submitted to PARITY in accordance with this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, including any fee charged, potential bidders may contact BiDCOMP®/PARITY®, at 1359 Broadway, Second Floor, New York, New York 10018; Tel: (212) 849-5021. The School District may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY. When submitting a bid via PARITY, the bidder further agrees that:

1. If a bid submitted electronically by PARITY is accepted by the School District, the terms of this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the School District, and the School District shall have no liability whatsoever based on any bidder's use of PARITY, including, but not limited to, any failure by PARITY to correctly or timely transmit information provided by the School District or information provided by the bidder.

3. The School District may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 p.m. (Eastern Time) on the last business date prior to the bid date set forth above.

4. Once the bids are communicated electronically via PARITY to the School District as described above, each bid will constitute an Official Form of Proposal and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting all Official Forms of Proposals, the time as maintained on PARITY shall constitute the official time.

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the School District nor i-Deal shall have any duty or obligation to provide or assure to any bidder, and neither the School District nor i-Deal shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The School District is using PARITY as a communication mechanism, and not as the School District's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the School District harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

Each proposal must specify in a multiple of 1/8th or 1/20th of 1%, a single rate of interest that each maturity of the Bonds are to bear. Not more than one rate of interest may be named for Bonds of the same maturity. No rate of interest named for any maturity may be less than the rate of interest named for a prior maturity, and the difference between the highest and the lowest rates of interest named in the Official Form of Proposal shall not exceed three percent (3%). No proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest net interest cost to the School District under any legally acceptable proposal.

The Bonds will be sold to the bidder who, after having complied with the terms of this Notice of Sale, offers the lowest net interest cost for the Bonds. The net interest cost shall be computed in each instance by adding to the total amount of Bonds bid for, the total interest cost to maturity in accordance with such bid. **Proposals may not include any premium.** If two (2) or more bidders specify the same lowest net interest cost, then to one of such bidders selected by the undersigned by lot. The purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. The School District reserves the right to reject all bids and any bid not complying with the terms of this Notice of Sale.

Each bidder is required to make a good faith deposit ("Deposit") in the form of a cash wire or a certified, cashier's or treasurer's check, in each case in the amount of **$434,120**, payable to the order of "The Board of Education of the Rancocas Valley Regional High School District, in the County of Burlington, New Jersey". If a cash wire is used, the wire must be received by the School District no later than **11:00 A.M.** on **TUESDAY, DECEMBER 10, 2019**. If a cash wire is utilized, each bidder must: (i) notify the School District of its intent to use such cash wire prior to **10:00 A.M.** on **TUESDAY, DECEMBER 10, 2019**; (ii) provide proof of electronic transfer of such cash wire prior to **11:00 A.M.**, on **TUESDAY, DECEMBER 10, 2019;** and (iii) also enclose return wiring instructions for use by the School District. Wiring instructions may be obtained by contacting the School District's: (i) Municipal Advisor, Acacia Financial Group, Inc., Attention: Jennifer G. Edwards, Telephone: (856) 234-2266 or email jedwards@acaciafin.com; or (ii) Bond Counsel, Parker McCay, P.A., Attention: Alexis B. Batten, Esquire, Telephone: (856) 985-4067 or Email: abatten@parkermccay.com. If a check is used, the check must be certified or cashier's or treasurer's check drawn upon a bank or trust company and must be delivered to the School District by no later than **11:00 A.M.** on **MONDAY, DECEMBER 9, 2019**. Bidders submitting good faith checks should also enclose a return envelope for use by the School District. Each bidder accepts responsibility for delivering such cash wire or check on time and the School District is not responsible for any cash wire or check that is not received on time. No interest on the Deposit will accrue to the successful bidder. When the successful bidder has been ascertained, all such Deposits shall be returned to the persons making the same within a reasonable period of time, except the cash wire or check of the successful bidder which shall be applied as partial payment for the Bonds or to secure the School District from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. Award of the Bonds to the successful bidder or rejection of all bids is expected to be made promptly after opening of the bids. The successful bidder may withdraw its proposal after 5:30 P.M. on the day of such bid opening, but only if such award has not been made prior to the withdrawal.

AT THE TIME OF DELIVERY OF THE BONDS, PAYMENT FOR THE BONDS SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.

The successful bidder may refuse to accept the Bonds, if prior to their delivery, any income tax law of the United States of America shall provide that the interest thereon is taxable, or shall be taxable at a future date, for federal income tax purposes and, in such case, the deposit made by such bidder will be returned and the successful bidder will be relieved of its contractual obligations arising from the acceptance of its proposal.

RATING

Moody's Investors Service has assigned its municipal bond rating of "Aa2". Any change in the aforementioned rating on the Bonds will be communicated via TM3 News Services.

OPTIONAL PURCHASE OF MUNICIPAL BOND INSURANCE

Any purchase of municipal bond insurance will be at the sole option and expense of the bidder and increased costs of issuance including, without limitation, any additional rating agency fees, resulting by reason of such insurance will be paid by such bidder.

POSTPONEMENT

The School District reserves the right to postpone, from time to time, the date and time established for receipt of Bids. **ANY SUCH POSTPONEMENT WILL BE PUBLISHED ON THOMSON MUNICIPAL NEWSWIRE, BEFORE 11:00 A.M. ON THE DAY BEFORE THE SALE.** If any date fixed for receipt of bids and the sale of the Bonds is postponed, an alternative sale date will be announced via Thomson Municipal Newswire at least forty-eight hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice of Sale, except for the date of sale and except for the changes announced on Thomson Municipal Newswire at the time the sale date and time are announced.

DELIVERY OF THE BONDS

It is anticipated that delivery of the Bonds will occur on or about Wednesday, December 18, 2019.

CUSIP

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or a refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. In accordance with Municipal Securities Rulemaking Board Rule G-34, as amended, Acacia Financial Group, Inc., municipal advisor to the School District, will request CUSIP identification numbers and will advise CUSIP Global Services of the details related to the sale of the Bonds, including the identity of the winning purchaser of the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the School District; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the purchaser.

Closing Certificates:

Simultaneously with the delivery of the Bonds, the purchaser shall assist the School District in establishing the issue price and yield of the Bonds and shall execute and deliver to the School District at closing an "issue price" and "yield" or similar certificate setting forth the reasonably expected initial offering price to the public or the sale price or prices of the Bonds and yield, together with the supporting pricing wires or equivalent communications ("Issue Price Certificate"). A form of the Issue Price Certificate is attached hereto as Appendix "A".

Establishment of Issue Price:

(a) The School District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) the School District disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the School District may receive bids from at least three (3) underwriters of municipal bonds or Bonds who have established industry reputations for underwriting new issuances of municipal bonds or Bonds; and

(4) the School District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(b) If the successful bidder is a bank or local government unit purchasing for its own account the provisions of paragraphs (d) and (e) below shall not apply

(c) In the event that paragraph (b) above is not applicable and the competitive sale requirements are not satisfied, the School District shall so advise the successful bidder. The School District shall treat the first price at which 10% of the Bonds (the "10% Test") is sold to the public as the issue price of the Bonds. The successful bidder shall advise the School District if the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The School District will permit, but will not require, bidders to comply with the "hold-the-offering-price rule". Bids will ***not*** be subject to cancellation in the event that the competitive sale requirements are not satisfied. *Bidders should prepare their bids on the assumption that the Bonds will be subject to the 10% Test or "hold-the-offering-price rule" in order to establish the issue price of the Bonds.*

(d) If the competitive sale requirements are not satisfied and the successful bidder is not relying on the "hold-the-offering-price rule", then until the 10% Test has been satisfied as to the Bonds, the successful bidder agrees to promptly report to the School District the prices at which the unsold Bonds have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds. If the 10% Test is not met by the closing date, a supplemental issue price certificate must be provided.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds, if and for so long as directed by the successful bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

(f) Sales of any securities to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means: (A) any person that agrees pursuant to a written contract with the School District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds are awarded by the School District to the successful bidder.

The obligation of the purchaser to purchase and pay for the Bonds is conditioned on the delivery, at the time of settlement of the Bonds, of the following: (i) approving legal opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, a form of which can be found in Appendix "C" to the Preliminary Official Statement; (ii) the delivery of certificates in form and tenor satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, including a statement of the School District, dated as of the date of such delivery, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened relating to the issuance, sale and delivery of the Bonds; and (iii) an executed copy of the Disclosure Agreement.

LISA GIOVANELLI,
Business Administrator/Board Secretary

Dated: December 3, 2019

APPENDIX "A"

$21,706,000
THE BOARD OF EDUCATION OF THE RANCOCAS VALLEY
REGIONAL HIGH SCHOOL DISTRICT,
IN THE COUNTY OF BURLINGTON, NEW JERSEY
SCHOOL BONDS, SERIES 2019

CERTIFICATE OF UNDERWRITER
REGARDING YIELD AND ISSUE PRICE

The undersigned, an authorized representative of ________________, as underwriter ("Underwriter") for the above-captioned bonds ("Bonds"), hereby certifies as follows:

1. This certificate is delivered to The Board of Education of the Rancocas Valley Regional High School District, in the County of Burlington, New Jersey ("Board" when referring to the governing body and "School District" when referring to the legal entity governed by the Board), and may be relied upon in establishing the reasonable expectations of the School District as to the matters stated herein as may be necessary or appropriate in the preparation by the School District of a certificate relating to arbitrage matters in connection with the issuance of the Bonds and in complying with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated thereunder with respect to arbitrage.

2. This certificate is based on facts and estimates in existence on the date hereof and, to the best of the undersigned's knowledge and belief, the matters set forth herein are reasonable in light of such facts and estimates.

3. On December 10, 2019 ("Sale Date"), the Underwriter submitted and the School District accepted its competitive proposal to purchase the Bonds.

4. [As of the date of this certificate, the Underwriter has not sold at least 10% of the Bonds at a single price and agrees once it has sold at least 10% of the Bonds at a single price, it will provide a Supplemental Issue Price Certificate to the School District and Bond Counsel, which date will be not later than thirty (30) days after the last day of the calendar quarter next ending after the date of closing of the Bonds.] [As of the date of this certificate, the first price at which at least 10% of the Bonds was sold to the Public (as defined below) is ___________.]

[5. The Underwriter has offered the Bonds to the Public for purchase at the initial offering price listed in Schedule A ("Initial Offering Price") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

6. As set forth in the Notice of Sale and bid award, the Underwriter has agreed in writing that: (i) it would neither offer nor sell any of the Bonds to any person at a price that is higher than the Initial Offering Price during the Holding Period (as defined below) ("hold-the-offering-price rule"); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no underwriter (as defined below) has offered or sold the Bonds at a price that is higher than the respective Initial Offering Price during the Holding Period.]

[5/7]. The Yield (as defined below) on the Bonds to maturity is not less than _____%

[6/8]. Capitalized terms utilized herein and not otherwise defined shall have the meanings ascribed thereto below:

(i) "Public" shall mean any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(ii) "Underwriter" shall mean: (a) any person that agrees pursuant to a written contract with the School District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public). The representations set forth in this certificate are limited to factual matters only.

(iii) "Yield" shall mean that discount rate, determined on the basis of one interest compounding period equal to the term of the Bonds, which, when used in computing the present value of all unconditionally payable payments of principal (including original issue discount, if any), produces an amount equal to the aggregate issue price thereof.

[(iv) "Holding Period" means the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on which the Underwriter has sold at least 10% of the Bonds to the Public at a price that is no higher than the Initial Offering Price.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the School District with respect to certain of the representations set forth in the Certificate as to Nonarbitrage and Other Tax Matters and with respect to compliance with the federal income tax rules affecting the Bonds, and by Parker McCay P.A. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the School District from time to time relating to the Bonds.

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IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of December, 2019.

______________________,
as Underwriter

By:____
[NAME], [Title]

[Schedule A]

[Schedule B]

NEW ISSUE **Rating:** Moody's: "Aa2"
(Book-Entry-Only) (See "RATING" herein)

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 3, 2019

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the School District (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. In addition, interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and any gain from the sale thereof are not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

$21,706,000
THE BOARD OF EDUCATION OF THE RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT IN THE COUNTY OF BURLINGTON, NEW JERSEY SCHOOL BONDS, SERIES 2019 (Callable)

Dated: **Date of Delivery** **Due: March 15, as shown below**

The $21,706,000 aggregate principal amount of School Bonds, Series 2019 ("Bonds"), of The Board of Education of the Rancocas Valley Regional High School District, in the County of Burlington, New Jersey ("Board" when referring to the governing body, and "School District" when referring to the legal entity governed by the Board), shall be issued in fully registered book-entry-only form without coupons. Principal of and interest on the Bonds will be paid to DTC (as hereinafter defined) on the respective maturity date thereof upon presentation and surrender of the Bonds to the School District or its hereinafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on March 15 and September 15, commencing on September 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to optional redemption prior to their respective maturity dates as set forth herein.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such Bond.

The School District is issuing the Bonds pursuant to: (i) Title 18A, Chapter 24, of the New Jersey Statutes, as amended and supplemented; *N.J.S.A.* 18A:24-1 *et seq*.; and (ii) a resolution, duly and finally adopted by the Board on October 29, 2019. The Bonds are authorized by a proposal adopted by the Board on July 23, 2019, and approved by the legal voters of the School District at a special election held on September 24, 2019 ("Proposal").

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of the capital improvements set forth in the Proposal; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The full faith and credit of the School District are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the School District payable as to principal and interest from *ad valorem* taxes to be levied upon all taxable property in the School District without limitation as to rate or amount. The Bonds are also entitled to the benefits of and are secured under the provisions of the New Jersey School Bond Reserve Act, P.L. 1980 c.72, as amended.

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIPS

Year	Principal Amount	Interest Rate	Yield	CUSIP[1]	Year	Principal Amount	Interest Rate	Yield	CUSIP[1]
2021	$666,000	%	%		2031	$1,110,000	%	%	
2022	850,000				2032	1,145,000			
2023	875,000				2033	1,180,000			
2024	900,000				2034	1,215,000			
2025	930,000				2035	1,250,000			
2026	960,000				2036	1,300,000			
2027	985,000				2037	1,300,000			
2028	1,015,000				2038	1,300,000			
2029	1,045,000				2039	1,300,000			
2030	1,080,000				2040	1,300,000			

This cover contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making of an informed investment decision.

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, and certain other conditions described herein. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has acted as Municipal Advisor to the School District in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the School District by its Solicitor, Stephen J. Mushinski, Esquire, of the law firm of Parker McCay P.A., Mount Laurel, New Jersey. It is anticipated that the Bonds in definitive form will be available for delivery through DTC on or about December 18, 2019.

ELECTRONIC SUBMISSIONS FOR THE SCHOOL BONDS WILL BE RECEIVED VIA PARITY AT 11:00 A.M. ON DECEMBER 10, 2019. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT WWW.GOVDEBT.NET

[1]CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of The American Bankers Association by S&P Global Market Intelligence. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the School District does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

THE BOARD OF EDUCATION OF THE
RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT,
IN THE COUNTY OF BURLINGTON, NEW JERSEY

Board of Education

Charles S. Miller	President
Diane J. Solan	Vice-President
Richard A. Alaimo	Member
Luis E. Don	Member
Gerald Finsen	Member
Eric R. Fueger	Member
Allan J. Hollowell	Member
Christina Lestician	Member
Robert L. Sapp	Member

Superintendent

Dr. Christopher Heilig

Business Administrator/Board Secretary

Lisa Giovanelli

Treasurer of School Monies

Lawrence E. Fisher

Auditor

Bowman & Company LLP
Voorhees and Woodbury, New Jersey

Solicitor

Stephen J. Mushinski, Esq.
Parker McCay P.A.
Mount Laurel, New Jersey

Bond Counsel

Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor

Acacia Financial Group, Inc.
Mount Laurel, New Jersey

No dealer, broker, salesperson or other person has been authorized by the School District or by the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such offer, solicitation or sale. The information set forth herein has been obtained from the School District and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the School District since the date hereof.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by references to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be obtained from the School District during normal business hours.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the School District, will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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OFFICIAL STATEMENT
Relating to

$21,706,000
THE BOARD OF EDUCATION OF THE
RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
IN THE COUNTY OF BURLINGTON, NEW JERSEY
SCHOOL BONDS, SERIES 2019
(Callable)

INTRODUCTION

This Official Statement, including the cover page hereof and the Appendices attached hereto, sets forth certain information relating to The Board of Education of the Rancocas Valley Regional High School District, in the County of Burlington, New Jersey ("Board" when referring to the governing body and "School District" when referring to the legal entity governed by the Board) and the issuance of $21,706,000 aggregate principal amount of its School Bonds, Series 2019 ("Bonds"), pursuant to a proposal approved by the voters of the School District and a resolution of the Board described below.

The information contained herein relating to the School District including, *inter alia*, existing facilities, enrollment and other data was furnished by the School District unless otherwise indicated.

All financial and other information presented herein has been provided by the School District from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the School District.

AUTHORIZATION FOR THE BONDS

The School District is issuing the Bonds pursuant to: (i) Title 18A, Chapter 24, of the New Jersey ("State") Statutes, as amended and supplemented; *N.J.S.A.* 18A:24-1 *et seq*. ("School Bond Law"); and (ii) a resolution duly adopted by the Board on October 29, 2019 ("Resolution"). The Bonds are authorized by a proposal adopted by the Board on July 23, 2019 and approved by the legal voters of the School District at a special election held on September 24, 2019.

PURPOSE OF THE BOND ISSUE

The Bonds are being issued to fund a capital program consisting of: (i) security upgrades and improvements, fire safety upgrades and improvements, exterior renovations including doors and windows, interior renovations including ceilings, lighting, doors, frames, hardware replacement and bathroom renovations for handicap accessibility, and renovations and/or replacement of building systems including HVAC, electrical and plumbing at the Rancocas Valley Regional High School; (ii) security upgrades and improvements, fire safety upgrades and improvements, exterior renovations including windows, interior renovations including doors, frames and hardware replacement, and renovations and/or replacement of building systems including HVAC and electrical at the Rancocas

Valley Regional School District Annex; and (iii) the completion of such other work and improvements, and acquisition of furniture, fixtures and equipment as may be necessary therefor or related thereto; and (iv) the costs of issuance with respect to the Bonds (collectively, (i) through (iv), the "Project").

The School District is authorized to expend an amount not to exceed $21,706,981 for the Project (of which, $21,706,981 represents eligible costs ("Final Eligible Costs"), as determined by the Commissioner of Education), for which the State has agreed to pay approximately 40.00% of the debt service on the portion of the Bonds (including both principal and interest) issued to finance the Final Eligible Costs of the Project.

THE BONDS

General Description

The Bonds will be issued in the aggregate principal amount of $21,706,000, will be dated the date of delivery and will bear interest from that date. Interest on the Bonds will be payable semi-annually on March 15 and September 15 ("Interest Payment Dates"), commencing September 15, 2020, in each year until maturity or earlier redemption. The Bonds will mature on March 15 in the years and in the principal amounts, all as shown on the cover page of this Official Statement. The Bonds shall be subject to redemption prior to their stated maturity dates as set forth herein.

The Bonds will be issued in fully registered book-entry-only form without coupons in the principal denominations of $5,000, or any integral multiple of $5,000, and in integral multiples of $1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the School District or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the School District or its hereafter designated paying agent, if any, for such purpose at the principal offices of the School District or its hereafter designated paying agent, , if any, as of the close of business on the first (1st) day of the calendar month containing an Interest Payment Date ("Record Date").

So long as The Depository Trust Company, Jersey City, New Jersey ("DTC"), or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the School District or its hereafter designated paying agent, if any. See "THE BONDS--Book-Entry Only System" herein.

Book-Entry Only System[1]

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the School District. Accordingly, the School District does not make any representations as to the completeness or accuracy of such information.

[1] Source: The Depository Trust Company

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District or its hereafter designated paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or its hereafter designated paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its hereafter designated paying agent, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or its hereafter designated paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District or its hereafter designated paying agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but neither the School District nor the Underwriter (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE SCHOOL DISTRICT NOR ANY HEREAFTER DESIGNATED PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the School District or its hereafter designated paying agent, if any; (ii) the transfer of any Bonds may be registered on the books maintained by the School District or its hereafter designated paying agent, if any, for such purpose only upon the surrender thereof to the School District or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the School District or its hereafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of Bonds, the School District or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date.

Redemption Provisions

The Bonds maturing prior to March 15, 2030 are not subject to redemption prior to maturity. The Bonds maturing on and after March 15, 2030 are subject to redemption prior to their stated maturity dates at the option of the School District, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the School District shall determine and within any such maturity by lot) on any date on or after March 15, 2029, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the School District or its hereafter designated paying agent. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC, the securities depository for the Bonds or any successor, and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of the Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Taxing Power

The Bonds are general obligations of the School District and the full faith and credit of the School District are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are payable, if payment is not provided in any other manner, from *ad valorem* taxes to be levied upon all taxable real property located within the School District without limitation as to rate or amount, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

In accordance with Section 56 of the School Bond Law, *N.J.S.A.* 18A:24-56, the Bonds shall be a lien upon the real estate situated in the School District, the personal estates of the inhabitants of the School District and the property of the School District, and such estates and property shall be liable for the payment of the Bonds.

New Jersey School Bond Reserve Act

The Bonds will be secured under the provisions of the New Jersey School Bond Reserve Act of 1980, Chapter 56 of Title 18A of the New Jersey Statutes, as amended and supplemented, *N.J.S.A.* 18A:56-17 *et seq.* ("School Bond Reserve Act"). Pursuant to the School Bond Reserve Act, there shall be a reserve comprised of two accounts, one in an amount equal to at least one and one-half percent (1.5%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued before July 1, 2003 ("Old Reserve Account") and another in an amount equal to at least one percent (1%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued on or after July 1, 2003 ("New Reserve Account", together with the Old Reserve Account, the "School Bond Reserve"). The amount to be held within the State Fund ("Fund") for the Support of Free Public Schools as the School Bond Reserve pledged by law to secure payments of principal and interest due on such bonds in the event of the inability of the issuer to make payment shall be determined on June 30 of each fiscal year by the State Treasurer and shall be funded in the amount determined by the State Treasurer on September 15 of the ensuing fiscal year. If the Old Reserve Account exceeds the amount determined to be required, the State Treasurer may transfer the excess to the New Reserve Account. The School Bond Reserve is required to be composed entirely of direct obligations of the United States Government or obligations guaranteed by the full faith and credit of the United States Government. The amount of the School Bond Reserve may not exceed the moneys available in the Fund. If a county, municipality or school district is unable to meet payment of principal of or interest on any of its bonds issued for school purposes, it shall certify such liability to the Commissioner of Education ("Commissioner") and the Director of the Division of Local Government Services ("Director") at least ten (10) days prior to the date any such payment is due. If the Commissioner and Director approve the certification, they shall certify the same to the trustees of the Fund. The trustees of the Fund will purchase such bonds at par value or will pay to the bondholders the interest due or to become due within the limit of funds available in either account of the School Bond Reserve in accordance with the provisions of the School Bond Reserve Act. Payment by the trustees of the Fund on behalf of any county, municipality or school district shall be deducted from the appropriation or apportionment of State aid which may otherwise be payable to the school district, county or municipality, and shall not obligate the State or entitle the school district, county or municipality to the payment of any additional appropriation or apportionment. To date, there has been no occasion to call upon this Fund.

GENERAL INFORMATION REGARDING NEW JERSEY SCHOOL DISTRICTS

State's Role in Public Education

The Constitution of the State of New Jersey ("State") provides that the maintenance of and the support of a thorough and efficient system of public schools for the instruction of all children between 5 and 18 years of age is a legislative responsibility. Below is a summary of the role of the State.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the State Department of Education ("Department") which is a part of the executive branch of the State government. The Department is governed by the State Board of Education ("State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that are binding upon school districts, to acquire land and other property and to decide appeals from decisions of the Commissioner on matters of school law or State Board regulations.

The Commissioner is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State, with the advice and consent of the State Senate, for a five (5) year, salaried term. The Commissioner is responsible for the supervision of all school districts in the State and obligated to enforce the rules and regulations of the State Board. The Commissioner's consent is required for authorization to sell school bonds that exceed the statutory debt limits, and the Commissioner may also set the amount to be raised by taxation in a school district in a fiscal year, if a school budget has not been approved by the voters of the school district or by a board of school estimate, as the case may be, or by the governing body of the municipality.

The Executive County Superintendent of Schools ("County Superintendent") is appointed in each county in the State by the Commissioner with the approval of the State Board. The Executive County Superintendent is the local representative of the Commissioner and is responsible for the daily supervision of the school districts in the county.

Structure of New Jersey School Districts

School districts are generally coterminous with the boundaries of the municipalities they serve. They are characterized by the manner in which the governing body takes office. Type I school districts, most commonly found in cities, have a board of education appointed by the mayor or chief executive officer of the municipality. In Type II districts, the board of education is elected by the voters of the school district. Almost all regional and consolidated school districts operate as Type II school districts. The School District is a Type II school district.

There is a procedure whereby a school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I school district, or the board of education in a Type II school district, or when petitioned for by fifteen percent (15%) of the voters of any school district.

STATE AID TO SCHOOL DISTRICTS

General

In 1973, the State Supreme Court ("Supreme Court") ruled that the existing method of financing school costs primarily through property taxation was unconstitutional. Pursuant to the Supreme Court's ruling, the State Legislature enacted the Public School Education Act of 1975 (P.L. 1975, c. 212) ("Act"), which required funding of the State's school aid through the State Gross Income Tax Act (P.L. 1976, c. 47). The Act also intended to provide property tax relief. A new formula (*N.J.S.A.* 18A:7A-1 *et seq.*), which took into account a local school district's ability to pay for its operating costs, was made available commencing July 1, 1976.

On June 5, 1990, the Supreme Court ruled in *Abbott v. Burke* that the school aid formula described above did not distribute funds fairly. The Supreme Court found that poorer urban districts were significantly disadvantaged under the then funding formula because revenues were derived primarily from property taxes. The Supreme Court found that wealthy districts were able to spend more, yet tax less for educational purposes. In urban areas, on the other hand, the Supreme Court found the opposite to be true.

The Quality Education Act of 1990

The Legislative response to *Abbott v. Burke* was the passage of the Quality Education Act of 1990 ("Quality Education Act"), (P.L. 1990, c. 52), which was signed into law on July 3, 1990. This law established a new formula for the distribution of state aid for public education commencing with the 1991-92 fiscal year. The law provided a formula that took into account property value and personal income to determine a district's capacity to raise money for public education. A budgetary limitation or "CAP" on expenditures was also provided in the law. The "CAP" was intended to control the growth in local property taxes. The Quality Education Act was amended and revised by Chapter 62 of the Pamphlet Laws of 1991 of the State, effective March 14, 1991, and further amended by Chapter 7 of the Pamphlet Laws of 1993, effective January 14, 1993.

On July 12, 1994, the Supreme Court declared the school aid formula under the Quality Education Act of 1990, as amended, unconstitutional on several grounds as it applied to the 30 special needs districts designated by the State in ongoing litigation commonly known as *Abbott v. Burke II*. No specific remediation was ordered, but the Supreme Court ultimately held that the Legislature and the Governor were required to have a new funding formula in effect by December 31, 1996 so that the new formula would be implemented in the 1997-98 fiscal year.

Comprehensive Educational Improvement and Financing Act of 1996

In keeping with the Supreme Court's deadline, then Governor Christine Todd Whitman signed into law on December 20, 1996, the Comprehensive Educational Improvement and Financing Act of 1996 ("CEIFA" or "Comprehensive Plan"). The Comprehensive Plan affects how public schools are funded by the State, beginning in the 1997-98 fiscal year.

The Comprehensive Plan departs from other funding formulas adopted in the State in defining what constitutes a "thorough and efficient" education, which is what the State Constitution requires every public school student to receive. The Comprehensive Plan further establishes the costs to provide each student with a "thorough and efficient" education.

In defining what constitutes a "thorough" education, the State Board adopted a set of Core Curriculum Content Standards. The purpose of these standards is to provide all students with the knowledge and skills that will enable them to be productive citizens when they graduate from any State high school, regardless of the school's location or socioeconomic condition. The Comprehensive Plan provides state aid assistance in the form of Core Curriculum Standards Aid based on a school district's financial ability to raise sufficient tax revenue for its students to achieve the Core Curriculum Contents Standards.

The definition of an "efficient" education under the Comprehensive Plan determines the cost to provide each student with an education that fulfills the requirements for the Core Curriculum Content Standards. The efficiency standard defines such things as optimal class size, administrator/teachers per student, schools per district, and the types and amount of classroom supplies, services, and materials. The Comprehensive Plan establishes an approximate amount per student to educate each student at various grade levels in the Core Curriculum Content Standards. This amount will be adjusted biennially for inflation by the consumer price index.

In determining how much Core Curriculum Standards Aid a school district will receive, the Comprehensive Plan considers each school district's financial ability to fund such a level of education. This component of the Comprehensive Plan is referred to as the local share requirement, namely, the amount of taxes that a school district can raise relative to other school districts based on property wealth and income levels. The purpose of the Core Curriculum Standards Aid is to provide school districts with adequate State assistance that is proportionate to their ability to pay. The purpose of this type of aid is to ensure that all school districts have the economic ability to provide their students with the ability to achieve the Core Curriculum Content Standards. In addition to the Core Curriculum Standards Aid, the Comprehensive Plan also provides per pupil assistance from the State for special education, early childhood programs, demonstrably effective programs, instructional supplement, bilingual education, county vocational schools and distance learning network.

Another form of aid that is provided by CEIFA is school facilities aid. During the 1997-98 fiscal period, this type of aid was provided to those school districts that qualified for aid under the Quality Education Act. The amount of school facilities aid that the State provided during the 1997-98 fiscal year was determined by the amount budgeted in the approved State budget.

Beginning in the 1998-99 fiscal year, State aid for school facilities consisted of a ratio that divides (i) the amount of debt service or the amount of facilities rent for lease terms that exceed five years required to be budgeted for a fiscal year period into (ii) the costs that are approved by the Department for a proposed building or renovation project. The approved facility costs under the Comprehensive Plan have not yet been determined. The Comprehensive Plan requires the Governor to submit to the legislature criteria for determining approved facilities costs, State support levels and maintenance incentives applicable to the fiscal year.

The Comprehensive Plan also limits the amount school districts can increase their annual current expense and capital outlay budgets. Generally, these budgets can increase by either two and one-half percent (2.5%) or the consumer price index, whichever is greater. Recent amendments to the Comprehensive Plan lowered the budget CAP to two and one-half percent (2.5%) from three percent (3%). Budgets can also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceed $40,000 per pupil. Waivers are available from the Commissioner based on increasing enrollments and other fairly narrow grounds or by approval of the voters at the annual school election.

Under the Comprehensive Plan, rent payments made pursuant to a facilities lease purchase agreement for a term that exceeds five years are treated as debt service for accounting purposes. These rent payments will be eligible for aid in an amount determined in the State budget for the respective fiscal year. Rent payments under a facilities lease with a term not exceeding five years and under equipment leases are budgeted in the general fund and are subject to the school district's spending growth limitations under the Comprehensive Plan.

On May 14, 1997, the Supreme Court held that the Comprehensive Plan was unconstitutional as applied to the 28 special needs districts ("Abbott Districts") because: (1) its funding provisions fail to assure that students in such districts will receive a thorough and efficient education; and (2) supplemental programs to increase student performance in such districts have neither been adequately identified nor funded. They recognized the Core Curriculum Content Standards as a valid means of identifying what is a "thorough and efficient" education under the State Constitution, but found that the State did not adequately determine or provide the adequate funding level to allow those standards to be met in the Abbott Districts. The Comprehensive Plan was not held unconstitutional as applied to the non-Abbott Districts. The School District is not an Abbott District.

The Supreme Court ordered the State: (1) to increase State aid to the Abbott Districts for the 1997-98 school year to a level such that the per-pupil expenditure in such districts is equivalent to the average per-pupil expenditure in wealthy suburban districts; (2) through the Commissioner, to manage the additional spending to assure that it will be used to allow the students to meet the education content standards; and (3) under the supervision of the Superior Court, Chancery Division, to determine a plan to provide supplemental educational and facilities programs in the Abbott Districts.

Provisions for the additional amounts of money were appropriated in the State budgets. The Supreme Court then ruled that the Commissioner and the Department will be responsible for maintaining the educational system in accordance with the orders of the Supreme Court. In response to the order, the State enacted the Educational Facilities Construction and Financing Act discussed below.

Educational Facilities Construction and Financing Act

In response to the Supreme Court's order under CEIFA, then Governor Whitman signed into law on July 18, 2000, the Educational Facilities Construction and Financing Act ("Facilities Act"). The Facilities Act provides for full funding of the qualified costs of school facilities required in the Abbott Districts and for the funding of the qualified costs of school facilities for all other school districts in an amount equal to the ratio between their core curriculum facilities aid and their thorough and efficient budget times 115% or 40% of the qualified costs, whichever is greater. In lieu of debt service aid, school districts may elect to receive grants for the State's share of the capital project and authorize bonds only for the local share of the capital project. School districts may receive debt service aid under the same formula for certain capital projects which were begun prior to the effective date of the Facilities Act.

A challenge was made to have the Facilities Act declared unconstitutional because it authorizes the issuance of debt paid out of the State's General Fund without voter approval. On August 21, 2002, the Supreme Court upheld the Facilities Act as constitutional advancing the guarantee of a "thorough and efficient" education.

School Funding Reform Act of 2008

On January 7, 2008, the New Jersey Legislature adopted Senate Bill No. 4000 (companion Assembly Bill No. 500) entitled the "School Funding Reform Act of 2008" ("School Funding Reform Act"), which establishes a new system for the funding of public school districts. The intent of the School Funding Reform Act is to create a fair, equitable, and predictable funding formula based on student characteristics, regardless of the community in which a student resides.

This legislation was signed into law by Governor Corzine on January 13, 2008.

The School Funding Reform Act maintains the requirements for the establishment and update by the State Board of Education of the core curriculum content standards that define the substance of a thorough education; however it repeals certain sections of the Comprehensive Educational Improvement and Financing Act of 1996, P.L.1996, c.138, which established the State aid formulas that supported school district programs to implement such standards. In addition, the School Funding Reform Act establishes revised formulas for calculating such State aid.

The School Funding Reform Act also establishes two categorical State aid programs. The first categorical aid program will support the cost of providing services to general special education students that is not supported through the adequacy budget. The second categorical aid program will support security costs for school districts. The School Funding Reform Act also includes preschool education State aid, which will fund a significant expansion of early childhood programs. The School Funding Reform Act continues extraordinary special education aid, but with a number of revisions. In addition, the School Funding Reform Act establishes the State aid category of educational adequacy aid for certain school districts that received education opportunity aid in the 2007-2008 school year and are spending below adequacy.

Moreover, the School Funding Reform Act provides a new formula for determining the amount of State aid received by a school district or county vocational school district for transportation aid.

The School Funding Reform Act also addresses issues associated with the funding of charter school students, as well as remaining choice students. The School Funding Reform Act also amends the Facilities Act to establish the category of a "SDA" district, which is a district that received education opportunity aid or preschool expansion aid in the 2007-2008 school year. For these "SDA" districts, the State share for their school facilities projects will remain at 100% and they will be constructed by the New Jersey Schools Development Authority. The School Funding Reform Act also revises numerous sections of law that are related to school funding and school budgeting procedures.

In the Supreme Court's most recent decision in *Abbott v. Burke* (decided on May 28, 2009), it was determined that the School Funding Reform Act of 2008 is constitutional as applied to the State's 31 Abbott Districts. The Supreme Court ordered the State to provide school funding to all districts during this and the next two (2) years in accordance with the School Funding Reform Act's funding formula, subject further to mandated review after three years of implementation.

Recent Developments in State Aid

The State provides aid to school districts in accordance with amounts provided annually in the State budget. Such aid includes equalization aid, special education categorical aid, transportation aid, preschool education aid, supplemental core curriculum standards aid, choice aid, education adequacy aid, security aid, adjustment aid and other aid as determined in the discretion of the Commissioner.

The State has reduced debt service aid by fifteen percent (15%) since 2011. As a result of the debt service aid reduction for such years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, for such years, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in such years' budgets representing fifteen percent (15%) of the school district's proportionate share of such respective years' principal and interest payments on the outstanding EDA bonds issued to fund such grants.

Pursuant to Public Law 2018, c.67, signed into law by the Governor of the State on July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State ("SFRA Modification Law"). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a seven-year transition period during which funding will be reduced (with the exception of the Board of Education of the City of Jersey City, where the transition period will be five years). For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one-year. The School District makes no representations as to how the SFRA Modification Law will impact the School District's State aid in future years. Any changes in the School District's State aid due to the SFRA Modification Law will be accounted for in the School District's annual budget.

FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the federal government with allocation decided by the State, which assigns a proportion to each local school district. The No Child Left Behind Act of 2001, 20 *U.S.C.A.* § 6301 *et seq*. ("NCLB") is a federal assistance program for which a school district qualifies to receive aid. Under the NCLB, states and local educational agencies have been given flexibility with regard to the use of federal funds for education. Federal aid is generally received in the form of block grants.

SUMMARY OF CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY RELATING TO SCHOOL DISTRICTS AND SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay for those budgeted amounts which are not provided by the State. The municipalities within which a school district is situated levy and collect the required taxes and must remit them in full to the school district.

School Budgets

On January 17, 2012, Governor Christopher J. Christie signed into law Senate Bill S-3148 which allows a school district to hold its annual school election in either April or on the same day as the General Election in November. The change in election date can be made by resolution of the board of education or the municipality or municipalities that are members of a regional board of education, or by citizen petition. The date of the School District's annual school election was changed to the first Tuesday in November due to all constituent districts passing resolutions to make such change.

In a Type II school district holding its annual election in April, the elected board of education develops the budget proposal and, after a public hearing, submits it for voter approval. Debt service provisions are not subject to a voter approval. If approved, the budget goes into effect. If defeated, the municipal governing body has until May 19 to fix the amount to be raised by taxation and certify that amount to the County Board of Taxation. The board of education may then appeal the action of the governing body to the Commissioner.

In a Type II school district holding its annual election in November, the elected board of education develops the budget proposal in a timeframe identical to that described above. If the budget is at or below the state cap, voter approval is not required and the budget immediately goes into effect. If the budget exceeds the state mandated cap, the budget becomes temporary and the portion exceeding the cap is then submitted for voter approval in November.

The Commissioner must also review every proposed local school district budget for the then current school year. The Commissioner has the power to increase or decrease individual line items in a budget. Any amendments in the school district's budget must be approved by the board of the school district.

Limitation of Increase in the Net Current Expense Budget

Annual increases in a school district budget are limited by law subject to certain limited exceptions. Specifically, P.L. 2007, c. 62, which became effective April 3, 2007, amended the prior limitations on a school district's ability to increase its net budget under CEIFA by placing a four percent (4%) cap on the amount that can be raised by property taxation in a given year for school district purposes (excluding debt service payments) over the prior budget year's tax levy. Appropriations for the payment of debt service on bonds, notes and lease obligations over five (5) years approved by the Commissioner were not subject to such limitations and were required to be included in full in a school district's budget.

Although P.L. 2007, c. 62 allowed for certain adjustments to the four percent (4%) tax levy cap for increases in enrollment, reductions in state aid and increases in health care costs, the bill also granted to the Commissioner discretion to grant waivers from the cap for increases in special education costs, capital outlay, and tuition charges for sending districts. During the first school budget year following the enactment of P.L. 2007, c. 62 (i.e., for the school year 2007-2008), school districts were permitted to seek voter approval to exceed the four percent (4%) levy cap. Such approval had to be obtained by a simple majority of those voting. After the first year, however, school districts were required to receive approval by at least sixty percent (60%) of the voters to exceed the levy cap. In addition, the Commissioner was given the ability to grant certain extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

Legislation constituting P.L. 2010, c. 44 ("Chapter 44"), was adopted on July 13, 2010 and is applicable to the next local budget year following enactment. Chapter 44 provides limitation on school district spending by limiting the amount a school district can raise for school district purposes through the property tax levy by two percent (2%) over the prior year's tax levy; with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of two percent (2%), certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election. The process for obtaining waivers from the Commissioner for additional increases over the tax levy or spending limitations has been eliminated under Chapter 44.

The restrictions under Chapter 44 solely apply to the property tax levy related to a school district's general fund and are not applicable to a school district's debt service fund. Accordingly, there are no restrictions imposed by Chapter 44 on a local school district's ability to raise funds through its property tax levy for debt service, and nothing contained in Chapter 44 limits the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the district to pay debt service on its bonds or notes.

Uniform System of Bookkeeping

Effective July 1, 1993, the State mandated that all school districts develop and implement accounting practices consistent with generally accepted accounting principles ("GAAP"). In addition, the school districts are required to comply with the Uniform Minimum Chart of Accounts (Federal Handbook 2R2) for their internal accounting reporting systems. The School District's financial statements since the above effective date have been prepared in accordance with the GAAP requirements.

Annual Audits

The board of education of each school district annually shall have a licensed public school accountant perform an audit of a school district's accounts and financial transactions. Within five months after the end of the school fiscal year, the Commissioner shall receive certified copies of each school district's audit. In addition, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days of its completion.

Debt Limitation

Except as provided below, no additional debt shall be authorized by a local school district if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a grade nine through twelfth school district, the School District can borrow up to three percent (3%) of the average equalized valuation of taxable property in the School District. The School District is within its debt capacity.

Exceptions to Debt Limitation

A Type II local school district may also utilize its municipality's remaining statutory borrowing power (i.e. the excess of three and one-half percent (3.5%) of the average equalized valuation of taxable property within the municipality over the municipality's net debt). The School District has not utilized any part of the constituent municipalities borrowing margin. A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Bonds and Notes

School district bonds and bond anticipation notes are required to be issued in conformity with the School Bond Law, which establishes debt limits on the issuance of bonds or notes. The debt limits vary depending on the type of school system.

The School District is a Type II school district. All authorizations of debt in a Type II school district not having a board of school estimate require an approving referendum. The Local Finance Board in the Department of Consumer Affairs, Division of Local Government Services ("Local Finance Board") and the Commissioner must approve any proposed authorization of debt that exceeds the combined statutory debt limitations of a Type II school district and the municipality or municipalities coterminous therewith. When such obligations are issued, they are issued in the name of the school district.

Prior to final approval, all authorizations of debt must be reported by a supplemental debt statement to the Division of Local Government Services, a State agency having regulatory responsibility for all state and local debt incurrence in the State.

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one year periods, with the final maturity not exceeding five years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired in each year subsequent to said third anniversary date.

Exceptions to the Requirements for the Issuance of Bonds and Notes

School districts may authorize and issue refunding bonds pursuant to *N.J.S.A.* 18A:24-1 *et seq.* without a voter referendum for the purpose of paying for the redemption of a series of bonds previously issued by the school district, together with the costs of issuing the refunding bonds.

Additionally, pursuant to *N.J.S.A.* 18A:18A-4.6, school districts may issue "energy savings obligations" (in the same manner as refunding bonds) without voter approval to fund the costs of certain improvements that result in reduced energy use, including, but not limited to, installation of energy efficient equipment; demand response equipment; combined heat and power systems; facilities for the production of renewable energy; water conservation measures, fixtures or facilities; building envelope improvements that are part of an energy savings improvement program; and related control systems for each of the foregoing (collectively, "Energy Conservation Measures"); provided that the amount of the savings resulting from reduced energy usage will cover the cost of such Energy Conservation Measures. Energy savings obligations require the approval of the Local Finance Board prior to issuance.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements: (i) for the acquisition of equipment; (ii) for the acquisition of land and school buildings; and (iii) for the construction or the improvement of the school buildings. Generally, lease purchase agreements for equipment cannot exceed five (5) years without the approval of the Commissioner. Lease purchase agreements for Energy Conservation Measures may be for a term of up to fifteen (15) years (twenty (20) years for the lease of combined heat and power equipment); provided that the amount of the savings resulting from reduced energy usage will cover the cost of such improvements. The Facilities Act repealed the authorization to enter into facilities leases in excess of five (5) years other than for Energy Conservation Measures. Lease purchase agreements involving a ground lease of school facilities for a term of five (5) years or less must be approved by the Commissioner. The payment of rent on a lease not in excess of five (5) years (other than for Energy Conservation Measures) is treated as a current expense and is within the CAP on the school district's budget. Under CEIFA, lease purchase payments on leases in excess of five years (other than for Energy Conservation Measures) will be treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and will be outside the school district's spending limitation on the General Fund.

Related Constitutional and Statutory Provisions

In the general election of November 2, 1976, as amended by the general election of November 6, 1984, the following Article 8, Section 1, Paragraph 7, in respect of a state income tax, was added to the State Constitution:

> No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the federal Social Security Act, the federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State. Interest payable on the Refunding Bonds is exempt therefrom.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths of all of the members of each house of the Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

Rights and Remedies of Owners of Bonds

The New Jersey Municipal Finance Commission Act, Chapter 27 of Title 52 of the New Jersey Statutes, as amended and supplemented ("Municipal Finance Commission Act"), provides that when it has been established by court proceeding that a municipality has defaulted for over sixty (60) days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board (which, pursuant to the Municipal Finance Commission Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Municipal Finance Commission Act provides that the Commission shall remain in control in the municipality until all bonds or notes of the municipality that have become due and all bonds or notes that will become due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Municipal Finance Commission Act empowers the Commission to direct the school district coterminous with the municipality to provide for the funding of bonds or notes of the school district and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Municipal Finance Commission Act further authorizes the Commission to bring and maintain an appropriate proceeding for the levy or collection of taxes for the payment of principal of or interest on such indebtedness, which special tax shall be levied upon all the real and personal property in the school district subject to taxation.

Under Article 6 of the Municipal Finance Commission Act, while the Commission functions in a municipality having a school district coterminous therewith, no judgment, levy, or execution against the school district or its property for the recovery of the amount due on any bonds, notes or other obligations of the school district in the payment of which it has defaulted, shall be enforced unless otherwise directed by court order. However, Article 6 of the Municipal Finance Commission Act also provides that upon application of any creditor made upon notice to the school district and the Commission, a court may vacate, modify, or restrict any such statutory stay contained therein.

Limitation of Remedies Under Federal Bankruptcy Code

The undertakings of the School District should be considered with reference to Chapter 9 of the Bankruptcy Act, 11 *U.S.C.* Section 901 *et seq.*, as amended by Public Law 94-260, approved May 8, 1976 ("Chapter 9"), the Bankruptcy Reform Act of 1978, effective November 1, 1979, Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective November 22, 1994, and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter 9 and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under Chapter 9 shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or materials actually provided within three (3) months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to *N.J.S.A.* 52:27-40 *et seq.* ("State Bankruptcy Statute"), which provides that a municipality or school district has the power to file a petition in bankruptcy provided the approval of the New Jersey Municipal Finance Commission has been obtained. The powers of the New Jersey Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter 9 does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality or school district must follow in order to take advantage of the provisions of the Bankruptcy Act.

THE ABOVE REFERENCES TO CHAPTER 9 AND THE STATE BANKRUPTCY STATUTE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE SCHOOL DISTRICT EXPECTS TO RESORT TO THE PROVISIONS OF CHAPTER 9 AND THE STATE BANKRUPTCY STATUTE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE BONDS.

INFORMATION REGARDING THE SCHOOL DISTRICT

General

General information concerning the School District, including statistical, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains audited financial statements of the School District for the Fiscal Years 2019 and 2018. A copy of the 2019 audit prepared by Bowman & Company LLP, Voorhees and Woodbury, New Jersey, containing the financial statements and complete Reports of Audit may be obtained upon request to the office of the School Business Administrator/Board Secretary.

LITIGATION

Upon delivery of the Bonds, the School District shall furnish an opinion of Stephen J. Mushinski, Esquire, of the law Firm of Parker McCay P.A., Mount Laurel, New Jersey, the School District's solicitor ("Solicitor"), dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such opinion shall state that there is no litigation of any nature now pending or threatened by or against the School District wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the School District or adversely affect the power to levy, collect and enforce the collection of taxes and other revenues for the payment of its bonds, which has not otherwise been disclosed in this Official Statement.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Parker McCay P.A., Mount Laurel, New Jersey, as bond counsel to the School District ("Bond Counsel"), whose approving legal opinion will be delivered with the Bonds substantially in the form set forth in Appendix "C" hereto. Certain legal matters will be passed upon for the School District by the Solicitor.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the School District, assuming continuing compliance by the School District with the tax covenants described below, under existing law, interest on the Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the School District that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the School District to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The School District has ***not*** designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

Bond Counsel is also of the opinion that interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

CONTINUING DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission (“Rule”), pursuant to the Securities Exchange Act of 1934, as amended, the School District will, prior to the issuance of the Bonds, enter into an agreement, substantially in the form set forth in Appendix "D" hereto (“Continuing Disclosure Agreement”).

The Rancocas Valley Regional High School District (the “District”) has previously failed to file its annual financial information as required in accordance with the Rule with the Electronic Municipal Market Access (“EMMA”). The District failed to timely file the adopted budget for the year ended 2014 and certain material event notices. The District has subsequently filed the annual financial information, budget and material event notices on EMMA as of October 16, 2014. The District is now in compliance with all existing continuing disclosure agreements in all material respects and has implemented procedures to remedy the oversight.

UNDERWRITING

The Bonds have been purchased from the School District at a public sale by _________________________, ___________, as underwriter (“Underwriter"), pursuant to a Certificate of Determination and Award, dated December __, 2019. The Underwriter has purchased the Bonds in accordance with the Notice of Sale and the Official Form of Proposal. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds into investment trusts) at yields higher than the public offering yields set forth on the cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

NO DEFAULT

There is no record of default in the payment of the principal of or interest on the bonds or notes of the School District.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey, served as municipal advisor to the Board (“Municipal Advisor”) with respect to the issuance of the Bonds. Certain information set forth herein has been obtained from the Board and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized. The Municipal Advisor is a financial advisory firm and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instruments.

RATING

Moody’s Investor’s Service ("Moody’s"), has assigned an underlying rating on the Bonds of “Aa2” based upon the creditworthiness of the School District.

Explanations of the significance of the rating may be obtained from Moody’s at 250 Greenwich Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. Such rating reflects only the views of Moody’s. There is no assurance that the rating mentioned above will remain in effect for any given period of time, or that they might not be lowered or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Neither the Underwriter (as defined herein), nor the School District has undertaken any responsibility either to bring to the attention of the holders of the Bonds any proposed change in or withdrawal of a rating of the Bonds or to oppose any such proposed change or withdrawal. Any such downward change in or withdrawal of a rating might have an adverse effect on the market price or marketability of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

The School District hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Bonds, by certificates signed by various School District officials.

All other information has been obtained from sources that the School District considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

Bowman & Company LLP, Voorhees and Woodbury, New Jersey, compiled this Official Statement from information obtained from School District management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Auditor’s Reports.

LEGALITY FOR INVESTMENT

Applicable laws of the State provide that the Bonds are legal investments for funds held by, *inter alia*, banks, savings banks, trust companies, insurance companies or associations and fiduciaries.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Lisa Giovanelli, School Business Administrator/Board Secretary, Rancocas Valley Regional High School District (609) 267-0830 or to the Municipal Advisor, Acacia Financial Group, Inc. at 6000 Midlantic Drive, Suite 410 North, Mount Laurel, New Jersey 08054.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of the Bonds.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement has been duly executed and delivered by the Business Administrator/Board Secretary of the School District.

THE BOARD OF EDUCATION OF THE RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT, IN THE COUNTY OF BURLINGTON, NEW JERSEY

By: ______________________________________
LISA GIOVANELLI,
Business Administrator/Board Secretary

Dated: December __, 2019

APPENDIX A

GENERAL INFORMATION RELATING TO THE SCHOOL DISTRICT AND ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE BOARDS OF EDUCATION AND THE MUNICIPALITIES WITHIN THE SCHOOL DISTRICT, COUNTY OF BURLINGTON, STATE OF NEW JERSEY

GENERAL INFORMATION ON THE SCHOOL DISTRICT(1)

History

The secondary public school system is operated as a Type II school district. It functions independently through the nine-member Board, elected by the voters in alternate three-year terms.

In 1934, the municipalities which sent pupils to the Mount Holly High School held meetings to consider the creation of a regional school district for the purpose of erecting a new high school. The overcrowded conditions of the Mount Holly High School made building a new school to satisfy the educational requirements, prevent loss of certification and the possibility of the loss state funds, imperative.

After several local elections in 1934, five districts voted to join the regional group, namely: Eastampton, Hainesport, Lumberton, Mount Holly and Westampton. In January 1935, a nine-member board of education, five members from Mount Holly and one member from each of the other towns, was appointed.

Education

Public school students who attend grades K through 8 are enrolled in the school system of each municipality included in the School District. High school students attend the Rancocas Valley Regional High School or may elect to attend Burlington County Institute of Technology.

School District Enrollments

		Oct. 15,			
Grade	2019(3)	2018	2017	2016	2015
9		469	425	447	446
10		412	421	411	444
11		407	419	454	426
12		410	449	424	382
Special Education		349	345	350	321
Totals:		2,047	2,059	2,086	2,019

Present High School Facilities, Enrollment and Capacity

Facility	Date Constructed	Renovations/ Additions	Grades	Enrollment 10/15/18	Functional Capacity
Rancocas Valley Regional High School	1936	1958;1963;2000	9-12	2,047	2,480

Budget History

Budget Year	Outcome of Election	Amount of Current Expense
2019-2020	(2)	$37,861,908.15
2018-2019	(2)	37,783,052.18
2017-2018	(2)	36,883,946.34
2016-2017	(2)	35,622,524.98
2015-2016	(2)	34,780,149.15

(1) Source: School District Officials.
(2) Current Expense levy was within the 2.0% State CAP, therefore an election was not required.
(3) Unavailable

Elementary School District Enrollments

Township of Eastampton

Grade	Oct. 15, 2019(1)	2018	2017	2016	2015
K	49	65	48	61	65
1	57	50	60	50	56
2	41	53	51	59	55
3	49	56	56	54	56
4	51	56	55	54	46
5	55	50	56	47	44
6	48	55	44	47	55
7	56	47	43	59	61
8	56	44	59	63	61
Special Education	100	109	92	100	95
Totals	562	585	564	594	594

Township of Hainesport

Grade	Oct. 15, 2019(1)	2018	2017	2016	2015
PK – 3 Yr Old	8	5	2	4	
PK – 4 Yr Old	6	6	8	4	5
K	43	43	44	45	50
1	53	47	43	53	60
2	40	46	47	56	56
3	48	55	54	55	48
4	47	54	51	42	71
5	58	45	41	73	59
6	57	65	71	60	75
7	47	59	58	77	52
8	64	50	82	53	55
Special Education	95	99	98	99	92
Totals	566	574	599	621	623

Township of Lumberton

Grade	Oct. 15, 2019(1)	2018	2017	2016	2015
K	100	103	99	102	84
1	97	96	96	82	127
2	92	90	85	124	111
3	90	90	121	110	113
4	86	117	117	117	133
5	114	108	129	130	133
6	115	124	131	140	122
7	124	138	145	123	142
8	145	140	125	154	127
Special Education	211	233	237	273	305
Totals	1,174	1,239	1,285	1,355	1,397

(1) Preliminary Count

Elementary School Enrollments

Township of Mount Holly

Grade	Oct. 15, 2019(1)	2018	2017	2016	2015
P-K		51	59	52	42
K		101	85	100	89
1		85	98	93	86
2		104	96	92	88
3		82	89	91	81
4		94	88	79	92
5		100	71	84	82
6		71	94	88	93
7		107	93	90	62
8		90	90	60	83
Special Education		157	175	173	189
Totals		1,042	1,038	1,002	987

Township of Westampton

Grade	Oct. 15, 2019(2)	2018	2017	2016	2015
PK – 3 Yr Old	6	8	4	6	5
PK – 4 Yr Old	18	10	7	12	19
K	86	89	89	91	78
1	91	83	93	81	78
2	76	94	82	79	94
3	91	80	82	89	99
4	75	84	98	91	89
5	78	98	92	89	85
6	92	97	92	89	100
7	96	86	93	101	110
8	86	94	104	106	99
Special Education	231	184	163	142	119
Totals	1,026	1,007	999	976	975

School District Employees

	June 30, 2019	2018	2017	2016	2015
Permanent Employees	242	232	234	222	225

Employee Collective Bargaining Units

The School District Educational Association represents 180 employees. The School District Principals/Supervisors Association represents 11 employees. Both bargaining contracts expire June 30, 2022.

Compensated Absences

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days, which may be carried forward to subsequent years. Up to five vacation days not used during the year may not be accumulated

(1) Unavailable
(2) Preliminary count

and carried forward with the approval of the Superintendent. For additional information regarding compensated absences, see Appendix B: Financial Statements of the School District, Note 14 to Financial Statements.

Pension Costs

Those School District employees who are eligible for pension coverage are enrolled in one of two pension systems established for School Districts by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension costs, see Appendix B: Financial Statements of the School District, Note 9 to Financial Statements.

HIGHER EDUCATION FACILITIES

Rowan College at Burlington County

Burlington County College ("College"), founded in October 1965, is fully accredited by the Middle State Association of Colleges and Secondary Schools, is a comprehensive, publicly supported, co-educational two-year institution developed under a program of the State Department of Higher Education. It is sponsored by the Board of Chosen Freeholders who appoint nine of the twelve Board of Trustees. In June 2015, the College partnered with Rowan University and formally changed its name to Rowan College at Burlington County.

The partnership will enable students to pursue degrees on the Mount Laurel campus and provide automatic, conditional acceptance to Rowan University.

The College's campuses located in Mount Laurel Township, Willingboro and Mount Holly offer a full range of student services, university transfer degrees, associate degree programs, professional-technical career development programs and certifications in technology and management, as well as personal, cultural and recreational enrichment programs.

The Burlington ACT Center offers individuals and corporate clients a broad array of job training courses, and has an approved testing center for an inventory of professional licenses and certifications.

The enrollment as of Spring 2019 consisted of 7,626 students. In addition, the College serves thousands of other County residents each semester through youth programs, the Learning Institute for Elders, customized training for local businesses, theatrical productions, guest speakers, and art exhibitions.

Burlington County Institute of Technology

The Burlington County Institute of Technology ("B.C.I.T.") was created by the County Board of Chosen Freeholders in 1962 after a favorable referendum. B.C.I.T. is a vocational high school serving grades 9 through 12 which also provides all required academic training. In addition to the high school program, the B.C.I.T. operates an extensive adult post-secondary program. The thrust at B.C.I.T. is to make students academically and vocationally ready for employment and continuing education into the 21st century.

The current enrollment for the two campuses in Westampton and Medford is 2,016 students.

Burlington County Special Services School District

The Burlington County Special Services School District ("B.C.S.S.S.D.") was created by the Burlington County Board of Chosen Freeholders in June, 1972. The B.C.S.S.S.D. is comprised of state of the art facilities located in the Townships of Westampton, Lumberton and Medford and programs are provided for (1) the orthopedically handicapped, the multiple handicapped, and the autistic; (2) elementary school students with severe emotional and social problems; (3) students ages fourteen through sixteen with educational needs, which are beyond the capabilities of existing local school boards and regions; and (4) trainable mentally retarded young people from ages fourteen to twenty-one.

The current enrollment for the B.C.S.S.S.D. is 590 students.

RANCOCAS VALLEY
REGIONAL HIGH SCHOOL DISTRICT BUDGETS

	2019-2020	2018-2019
Revenues:		
General Fund:		
Fund Balance Appropriated	$ 2,739,028	$ 2,426,880
Withdrawal from Maintenance Reserve	300,000	300,000
State Aid	16,281,037	16,293,099
Regional District School Taxes	18,508,978	18,146,057
Tuition	200,000	200,000
Rents and Royalties	15,000	15,000
Interest Earned on Maintenance Reserve	1,100	1,100
Interest Earned on Capital Reserve Funds	1,500	1,500
Unrestricted Miscellaneous Revenues	388,451	289,351
Medicaid Reimbursement	29,398	27,227
Total General Fund	38,464,492	37,700,214
Special Revenue Fund:		
Federal Aid	573,243	556,722
Total Special Revenue Fund	573,243	556,722
Debt Service Fund:		
Regional District School Taxes	748,055	947,355
State Aid	608,745	711,885
Total Debt Service Fund	1,356,800	1,659,240
Total Revenues	$ 40,394,535	$ 39,916,176

RANCOCAS VALLEY
REGIONAL HIGH SCHOOL DISTRICT BUDGETS

	2019-2020	2018-2019
Appropriations:		
General Fund:		
Current Expense:		
Regular Programs--Instruction	$ 10,368,837	$ 9,731,923
Special Education--Instruction	2,326,645	2,269,393
School-Spon. Cocurricular Activities--Instruction	586,100	541,600
School-Spon. Athletics--Instruction	903,819	989,183
Instructional Alternative Ed Program	630,541	498,500
Other Supplemental/At-Risk Programs	7,900	7,850
Undistributed Expenditures:		
Tuition	5,525,428	5,642,445
Attendance and Social Work Services	41,282	86,050
Health Services	307,588	294,689
Speech, OT, PT, Related & Extraordinary Services	599,409	513,000
Guidance	873,609	851,757
Child Study Team	636,124	506,957
Improvement of Instructional Services	795,551	782,337
Educational Media Services--School Library	300,136	324,598
Instructional Staff Training Services	50,500	50,500
Support Services--General Administration	596,347	567,955
Support Services--School Administration	1,029,905	1,034,920
Central Services & Admin Info Technology	1,423,115	1,306,215
Operation and Maintenance of Plant Services	3,963,046	4,007,081
Student Transportation Services	2,163,890	2,156,738
Personal Services--Employee Benefits	5,272,300	5,531,643
Interest Earned on Maintenance Reserve	1,100	1,100
Total General Current Expense	38,403,172	37,696,434
Capital Outlay:		
Interest Deposit to Capital Reserve	1,500	1,500
Equipment	59,820	2,280
Total Capital Outlay	61,320	3,780
Total General Fund	38,464,492	37,700,214
Special Revenue Fund:		
Federal Projects	573,243	556,722
Total Special Revenue Fund	573,243	556,722
Debt Service Fund:		
Debt Service--Regular	1,356,800	1,659,240
Total Debt Service	1,356,800	1,659,240
Total Appropriations	$ 40,394,535	$ 39,916,176

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
HISTORICAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES (1)

	Fiscal Year Ended June 30,				
	2019	2018	2017	2016	2015
Revenues		(Restated)			
Tax levy	$ 19,093,412.00	$ 18,531,987.00	$ 17,968,240.00	$ 17,510,984.00	$ 17,053,439.00
Tuition charges	490,513.63	715,234.37	475,999.34	536,087.01	643,286.31
Miscellaneous	729,343.29	342,177.81	304,403.22	359,418.53	380,982.31
State sources	22,001,081.70	21,153,493.29	20,388,781.97	19,722,800.96	19,388,422.14
Federal sources	729,200.42	764,284.22	676,745.79	630,707.28	701,075.03
Total revenue	43,043,551.04	41,507,176.69	39,814,170.32	38,759,997.78	38,167,204.79
Expenditures					
Instruction					
Regular instruction	9,464,117.40	9,613,664.54	9,656,224.48	9,449,483.79	9,406,472.98
Special education instruction	2,328,918.24	2,199,857.09	2,100,259.01	1,968,457.83	1,997,149.04
Other instruction	1,873,837.05	1,307,313.08	1,220,654.21	1,205,886.73	1,094,168.54
Support services:					
Tuition	5,361,149.17	5,810,272.35	5,795,147.06	5,428,719.40	4,453,397.10
Student & instruction related services	3,463,403.10	3,526,547.75	3,477,219.51	3,052,410.85	2,800,087.01
General administration	599,706.50	513,182.75	573,424.99	468,269.85	525,255.63
School administrative services	1,051,020.13	1,050,408.33	998,416.72	1,122,100.98	989,009.74
Central services	573,553.14	580,591.50	517,559.49	513,442.35	479,923.85
Administrative information technology	669,529.29	793,680.87	714,142.47	705,528.32	469,002.43
Plant operations and maintenance	3,735,002.73	3,298,309.73	3,547,618.01	3,506,951.05	3,394,243.02
Pupil transportation	2,050,659.49	2,075,494.51	2,040,248.09	1,999,434.59	2,013,352.52
Unallocated benefits	9,527,358.13	8,674,017.90	8,038,253.21	7,215,146.37	6,663,162.94
Capital outlay	1,667,766.26	1,028,732.43	1,040,870.85	656,511.68	4,090,317.69
Debt service:					
Principal	1,148,000.00	1,110,000.00	1,085,000.00	1,050,000.00	1,165,000.00
Interest and other charges	511,240.00	546,080.00	580,155.00	612,873.75	630,506.53
Total expenditures	44,025,260.63	42,128,152.83	41,385,193.10	38,955,217.54	40,171,049.02
Excess (deficiency) of revenues over (under) expenditures	(981,709.59)	(620,976.14)	(1,571,022.78)	(195,219.76)	(2,003,844.23)
Other Financing Sources (Uses)					
Proceeds of refunding bonds	-	-	-	-	14,220,000.00
Deferred loss on defeasance of bonds	-	-	-	-	(336,756.60)
Premium -- refunding bonds	-	-	-	-	1,658,756.60
Payment to refunded bond escrow account	-	-	-	-	(15,460,000.00)
Transfers in	-	-	-	-	3,385,221.22
Transfers out	-	-	-	-	(3,385,221.22)
Total other financing sources (uses)	-	-	-	-	82,000.00
Net change in fund balances	(981,709.59)	(620,976.14)	(1,571,022.78)	(195,219.76)	(1,921,844.23)
Fund Balances, July 1	8,427,748.39	9,048,724.53	10,697,291.04	10,892,510.80	12,814,355.03
Fund Balances, June 30	$ 7,446,038.80	$ 8,427,748.39	$ 9,126,268.26	$ 10,697,291.04	$ 10,892,510.80

(1) Source: District Records

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
HISTORICAL REVENUES, EXPENDITURES AND CHANGES IN
NET POSITION -- ALL PROPRIETARY FUND TYPES (1)

	Fiscal Year Ended June 30,				
	2019	2018	2017	2016	2015
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs	$ 193,938.85	$ 189,114.75	$ 185,026.00	$ 162,534.74	$ 148,963.45
Daily Sales - Non-Reimbursable Programs	317,875.95	324,869.75	378,003.39	393,137.33	413,013.87
Total Operating Revenues	511,814.80	513,984.50	563,029.39	555,672.07	561,977.32
OPERATING EXPENSES:					
Salaries	223,999.41	250,282.11	263,701.45	246,125.69	243,147.66
Employee Benefits	42,957.13	50,152.95	53,397.59	52,846.80	52,454.15
Purchased Professional Services	48,563.00	47,189.00	46,456.20	46,273.00	45,815.00
Supplies and Materials	29,013.18	25,703.37	27,698.33	30,022.77	29,988.05
Depreciation	9,451.35	9,451.35	5,513.99	5,513.99	3,008.48
Cost of Sales-Reimbursable Programs	149,248.83	158,086.97	244,441.46	186,384.11	299,924.08
Cost of Sales-Non-Reimbursable Programs	106,271.00	115,516.14	75,573.00	118,147.00	
Uniforms & Laundry	2,661.38	2,289.93	972.95	3,526.28	2,169.96
Management Fees	37,156.00	36,077.00	35,702.00	36,358.00	35,998.00
Insurance	9,828.60	9,074.58	9,238.66	8,777.01	8,021.64
Professional Service	5,000.00	5,000.00	5,000.00		
Equipment Repair	14,544.77	20,129.51	21,676.87	15,725.06	21,636.86
Bank Fees		192.99	10,787.47	9,620.30	6,126.12
Miscellaneous	26,060.09	7,049.61	18,719.12	12,436.85	13,441.43
Total Operating Expenses	704,754.74	736,195.51	818,879.09	771,756.86	761,731.43
Operating Income (Loss)	(192,939.94)	(222,211.01)	(255,849.70)	(216,084.79)	(199,754.11)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	5,556.29	5,480.42	5,250.31	4,771.61	4,869.59
Federal Sources:					
National School Lunch Program	179,257.01	181,356.29	200,857.42	182,209.45	186,340.84
National School Breakfast Program	28,956.89	28,501.05	34,039.94	30,606.24	32,123.38
Food Distribution Program	39,717.71	38,263.53	50,154.91	41,665.25	31,435.46
Interest Revenue	3,541.29	1,877.05	561.15	241.70	178.07
Total Nonoperating Revenues (Expenses)	257,029.19	255,478.34	290,863.73	259,494.25	254,947.34
Change in Net Position	64,089.25	33,267.33	35,014.03	43,409.46	55,193.23
Net Position -- July 1	324,101.58	290,834.25	255,820.22	212,410.76	157,217.53
Net Position -- June 30	$ 388,190.83	$ 324,101.58	$ 290,834.25	$ 255,820.22	$ 212,410.76

(1) Source: School District Records

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT

SCHEDULE OF DEBT SERVICE

BONDED DEBT ONLY

	Existing Debt (1)			2019 Proposed School Bonds			Grand
Year	Principal	Interest	Total	Principal	Interest	Total	Total
2019-2020	$ 885,000	$ 471,800	$ 1,356,800				
2020-2021	920,000	436,400	1,356,400	$ 666,000			
2021-2022	955,000	399,600	1,354,600	850,000			
2022-2023	1,000,000	351,850	1,351,850	875,000			
2023-2024	1,050,000	301,850	1,351,850	900,000			
2024-2025	1,100,000	249,350	1,349,350	930,000			
2025-2026	1,155,000	194,350	1,349,350	960,000			
2026-2027	1,205,000	136,600	1,341,600	985,000			
2027-2028	1,260,000	76,350	1,336,350	1,015,000			
2028-2029	1,285,000	38,550	1,323,550	1,045,000			
2029-2030				1,080,000			
2030-2031				1,110,000			
2031-2032				1,145,000			
2032-2033				1,180,000			
2033-2034				1,215,000			
2034-2035				1,250,000			
2035-2036				1,300,000			
2036-2037				1,300,000			
2037-2038				1,300,000			
2038-2039				1,300,000			
2039-2040				1,300,000			
Total	$ 10,815,000	$ 2,656,700	$ 13,471,700	$ 21,706,000	$ -	$ -	$ -

(1) As of June 30, 2019

GENERAL INFORMATION ON THE REGION

The School District, and its constituent municipalities, are located at the center of Burlington County, New Jersey.

Burlington County is located in South Central New Jersey and is the largest county in the State from a geographical perspective. It is thirty minutes from downtown Philadelphia and ninety minutes from New York City. Its area covers 529,351 acres of which 524,160 are land and 5,191 are water. Its 827 square miles extend from the Delaware River to Great Bay at the Atlantic Ocean. It is bordered on the north by Mercer County, on the northeast by Monmouth County, and on the west by Camden County.

POPULATION (1)

	Total	Township of Eastampton	Township of Hainesport	Township of Lumberton	Township of Mount Holly	Township of Westampton
2013 Estimated Census	42,765	6,075	6,117	12,449	9,345	8,779
2010 Federal Census	43,087	6,069	6,110	12,559	9,536	8,813
2000 Federal Census	38,734	6,202	4,126	10,461	10,728	7,217
1990 Federal Census	31,559	4,962	3,249	6,705	10,639	6,004
1980 Federal Census	26,487	3,814	3,236	5,236	10,818	3,383

SELECTED CENSUS 2010 DATA (1)

	Township of Eastampton	Township of Hainesport	Township of Lumberton	Township of Mount Holly	Township of Westampton
Median household income	$69,375	$85,804	$83,631	$58,523	$96,032
Median family income	84,821	90,282	112,183	78,919	104,826
Per capita income	34,351	35,953	37,284	26,532	43,632

LABOR FORCE(2)

The following table discloses current labor force data for the Township of Eastampton, Township of Hainesport, Township of Lumberton, Township of Mount Holly, the Township of Westampton, the County and State. Data was provided by the New Jersey Department of Labor, using the U.S. Bureau of Labor Statistics Methods.

Township of Eastampton	**2018**	**2017**	**2016**	**2015**	**2014**
Labor Force	3,377	3,426	3,423	3,441	3,443
Employment	3,257	3,285	3,283	3,263	3,225
Unemployment	120	141	140	178	218
Unemployment Rate	3.6%	4.1%	4.1%	5.2%	6.3%

(1) Source: U.S. Department of Commerce, Bureau of Census
(2) Source: New Jersey Department of Labor

LABOR FORCE(1)

	2018	2017	2016	2015	2014
Township of Hainesport					
Labor Force	3,226	3,268	3,264	3,240	3,238
Employment	3,112	3,139	3,135	3,085	3,049
Unemployment	114	129	129	155	189
Unemployment Rate	3.5%	3.9%	4.0%	4.8%	5.8%
Township of Lumberton					
Labor Force	6,189	6,249	6,280	6,291	6,281
Employment	5,944	5,995	5,988	5,964	5,866
Unemployment	245	254	292	327	415
Unemployment Rate	4.0%	4.1%	4.6%	5.2%	6.6%
Township of Mount Holly					
Labor Force	4,640	4,691	4,627	4,624	4,611
Employment	4,387	4,425	4,353	4,284	4,207
Unemployment	253	266	274	340	404
Unemployment Rate	5.5%	5.7%	5.9%	7.4%	8.8%
Township of Westampton					
Labor Force	4,861	4,932	4,942	4,860	4,851
Employment	4,702	4,743	4,735	4,647	4,572
Unemployment	159	189	207	213	279
Unemployment Rate	3.3%	3.8%	4.2%	4.4%	5.8%
County					
Labor Force	227,445	230,174	230,271	230,059	228,530
Employment	218,877	220,764	219,995	217,756	213,837
Unemployment	8,568	9,410	10,276	12,303,	14,693
Unemployment Rate	3.8%	4.1%	4.5%	5.3%	6.4%
State					
Labor Force	4,422,900	4,453,500	4,474,700	4,489,000	4,487,000
Employment	4,239,600	4,247,500	4,252,100	4,229,200	4,183,500
Unemployment	183,400	206,000	222,600	259,800	303,500
Unemployment Rate	4.1%	4.6%	5.0%	5.8%	6.8%

BUSINESS, INDUSTRY AND TRANSPORTATION

Located within the School District are many types of businesses including farming in Eastampton, Lumberton, and Westampton, industrial centers in Hainesport, Lumberton, Mount Holly and Westampton, retail shopping centers in Hainesport, Lumberton and Mount Holly. Mount Holly, which is the center of the School District, is also the County Seat of Burlington County and a number of the County's facilities are located in Mount Holly such as the county court system, administration and legislative facility, prison system, and economic development and community development offices.

Transiting through the School District are several major highways such as Interstate #295, State Route #38, and State Route #206.

Several transportation services have routes transversing the School District. Trailways, Greyhound and Transport of New Jersey are the major bus lines connecting the communities within the School District to Philadelphia, New York, Baltimore and Washington. Conrail also has rail corridors passing through the School District which enhance the industrial environment of the area.

(1) Source: New Jersey Department of Labor

Building, Zoning and Development Codes

The communities in the School District operate under the Uniform Construction Code of New Jersey and have adopted a "Comprehensive Land Management Code" consistent with provisions of the State Municipal Land Use Law. A Construction Code Official oversees the enforcement of these codes with the assistance of a full-time code enforcement officer, as is the case in Mount Holly, or part-time on call sub-code officials and/or contractual arrangements with third party inspection firms, in the other communities.

BUILDING PERMITS (1)

	Year	Number of Permits	Value of Construction
Township of Eastampton (2)			
	2019 *		
	2018		
	2017		
	2016		
	2015		
* As of 10/31/19			
Township of Hainesport			
	2019 *	309	$3,988,193
	2018	360	841,427
	2017	475	2,098,365
	2016	388	2,537,154
	2015	409	4,411,665
* As of 10/31/19			
Township of Lumberton			
	2019 *	531	$9,788,982
	2018	621	14,358,384
	2017	896	14,837,719
	2016	839	9,978,261
	2015	613	13,306,888
*As of 10/31/19			
Township of Mount Holly			
	2019 *	1	$13,098
	2018	2	317,937
	2017	3	685,700
	2016	4	590,100
	2015	3	162,500
* As of 10/31/19			
Township of Westampton (2)			
	2019 *		
	2018		
	2017		
	2016		
	2015		
* As of 10/31/19			

(1) Source: Construction Office of each Municipality
(2) Unavailable

LARGEST PRIVATE EMPLOYERS(1)

Virtua Memorial Hospital	5,473
TD Bank	5,000
Lockheed Martin	3,943
Burlington Stores (Coat Factory)	3,018
Freedom Mortgage	1,590
CVS Corporation	1,575
Amazon Florence	1,500
Automotive Resources International (ARI)	1,277
Deborah Heart and Lung Center	1,195
Viking Yacht Co. Corp.	1,113
Wawa	1,100
B&H Photo	1,100

By comparison, the County employed 1,362 employees as of December 31, 2018.

CERTAIN TAX INFORMATION
FIVE LARGEST TAXPAYERS(2)

Name	Type of Business	2019 Assessed Value
Township of Eastampton		
East Coast Sherwood Village, LLC	Apartment Complex	$19,282,600
East Coast Eastampton Apts., LLC	Apartment Complex	14,189,500
Eastampton Place West Urban Renewal	Apartment Complex	7,100,000
US Home Corporation	Real Estate	2,031,400
Eastampton Place Urban Renewal LLC	Apartment Complex	1,952,500
Township of Hainesport		
DDRM Crossroads Plaza, LLC	Shopping Center	$14,475,000
South Hainesport Industrial Trust	Industrial Park	10,875,400
Berry Drive LLC	Warehouse	8,772,800
Creek Crossing LLC	Professional Office Buildings	7,746,500
Mt. Laurel Rd LTD Partnership	Warehouse	6,295,300
Township of Lumberton		
CVS	Distribution center	$31,950,000
The Estaugh	55+ Community	29,812,800
Whitehall Apartments Associates	Apartment complex	12,900,000
BF Saul Holdings LTD Partnership	Retail	12,000,000
Newman Development Group of Hainesport	Real Estate Company	10,354,400

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(1) Source: Burlington County Bridge Commission Department of Economic Development and Regional Planning – 2019
(2) Source: Assessor's office of each municipality

CERTAIN TAX INFORMATION
FIVE LARGEST TAXPAYERS(1)

Name	Type of Business	2019 Assessed Value
Township of Mount Holly		
Levine Properties, LLC	Fairgrounds Plaza	$12,967,000
Virtua Memorial Hospital	Hospital	12,663,100
Mount Holly Associates	Village Sq. Apts.	10,576,100
Verizon Property	Communications	8,169,424
Mount Holly Equities	Strip Mall	6,494,400
Township Westampton		
Ikea Property, Inc.	Warehouse	$36,250,000
Rowan Technologies, Inc.	System for Industrial Plant	17,702,800
ICON EX US Properties	Warehouse	17,293,300
The Dolan Group VIII, LLC	Warehouse	15,933,000
CIFI I-NJ2B01 LC	Warehouse	13,606,700

CURRENT TAX COLLECTIONS(2)

		Collected in Year of Levy		Outstanding Year-end	
Year	Total Levy	Amount	Percentage	Amount	Percentage
Township of Eastampton					
2018	$13,952,984	$13,898,989	99.61%	$4,588	0.03%
2017	13,380,719	13,339,236	99.69	5,101	0.04
2016	13,168,378	13,080,594	99.33	9,933	0.08
2015	13,162,557	13,104,873	99.56	6,754	0.05
2014	12,858,386	12,811,030	99.63	3,382	0.03
Township of Hainesport					
2018	$18,297,905	$18,071,658	98.76%	$169,607	0.93%
2017	18,107,137	17,916,631	98.95	140,566	0.78
2016	17,703,301	17,502,414	98.87	177,465	1.00
2015	17,161,101	16,994,143	99.03	146,308	0.85
2014	16,259,284	16,040,914	98.66	146,898	0.90
Township of Lumberton					
2018	$32,578,700	$31,960,041	98.10%	$452,263	1.39%
2017	32,029,479	31,459,414	98.22	401,934	1.25
2016	31,592,341	31,129,587	98.54	252,462	0.80
2015	31,242,429	30,804,249	98.60	295,569	0.95
2014	30,182,625	29,745,947	98.55	251,880	0.84

(1) Source: Assessor's office of each municipality
(2) Source: Municipalities' Annual Audit Report unless otherwise noted

CURRENT TAX COLLECTIONS(1)

Year	Total Levy	Collected in Year of Levy Amount	Collected in Year of Levy Percentage	Outstanding Year-end Amount	Outstanding Year-end Percentage
Township of Mount Holly					
2018	$18,935,333	$18,817,515	99.38%	$6,684	0.04%
2017	18,466,949	18,334,882	99.28	18,475	0.10
2016	18,049,251	17,962,050	99.52	7,951	0.04
2015	17,817,886	17,741,250	99.57	1,944	0.01
2014	17,228,420	17,097,719	99.24	3,941	0.02
Township of Westampton					
2018	$27,717,500	$27,445,966	99.02%	$212,051	0.77%
2017	27,076,675	26,487,476	97.82	408,069	1.51
2016	26,552,805	26,262,135	98.90	212,382	0.80
2015	25,609,697	25,203,854	98.41	251,559	0.98
2014	25,609,998	24,959,033	97.46	470,467	1.84

DELINQUENT TAXES(1)

Year	Outstanding Beginning	Added	Collected Amount	Collected Percentage	Transferred To Liens	Other Credits	Outstanding Year-end
Township of Eastampton							
2018	$9,575	$1,750	$3,899	34.43%	-	-	$7,426
2017	11,480	1,000	7,756	62.14	-	$250	4,474
2016	6,754	250	7,500	107.08	-	(2,043)	1,547
2015	3,382	1,025	3,117	70.73	-	1,290	-
2014	13,567	1,234	14,801	100.00	-	-	-
Township of Hainesport							
2018	$193,329	-	$125,272	64.80%	$17,304	-	$50,753
2017	195,022	$17,908	157,309	73.88	4,657	($1,799)	52,763
2016	163,865	1,540	147,848	89.39	-	-	17,557
2015	163,522	250	145,221	88.67	1,927	(933)	17,557
2014	131,505	41,295	151,520	87.68	4,656	-	16,624
Township of Lumberton							
2018	$401,934	$2,000	$390,916	96.78%	$9,958	$3,060	-
2017	252,487	2,894	243,405	95.31	9,073	2,903	-
2016	295,590	7,218	301,805	99.67	-	977	$26
2015	262,458	-	235,799	89.84	5,468	21,170	21
2014	205,659	750	185,935	90.08	-	9,896	10,578

(1) Source: Municipalities' Annual Audit Report unless otherwise noted

DELINQUENT TAXES(1)

Year	Outstanding Beginning	Added	Collected Amount	Collected Percentage	Transferred To Liens	Other Credits	Outstanding Year-end
Township of Mount Holly							
2018	$20,444	$5,000	$23,189	91.14%	-	-	$2,255
2017	7,951	4,162	4,203	34.70	-	$5,941	1,969
2016	1,944	3,500	4,038	74.17	-	1,406	-
2015	3,941	4,033	7,974	100.00	-	-	-
2014	6,797	3,925	10,222	95.34	-	500	-
Township of Westampton							
2018	$414,555	$1,521	$395,455	95.04%	$8,900	$6,457	$5,264
2017	216,855	-	194,375	89.63	-	15,994	6,486
2016	251,559	-	255,030	101.38	-	(601)	4,473
2015	470,467	-	263,105	55.92	678	231,380	-
2014	501,746	2,000	492,220	97.71	4,378	7,148	-

TAX TITLE LIENS(1)

Year	Balance Beginning	Added by Sales and Transfers	Collected	Transfers/ Cancellations	Balance Year-end
Township of Eastampton					
2018	$597,464	$31,816	$5,349	-	$623,931
2017	572,995	38,180	13,711	-	597,464
2016	543,363	39,243	4,740	$4,871	572,995
2015	510,534	34,616	1,787	-	543,363
2014	473,560	36,974	-	-	510,534
Township of Hainesport					
2018	$22,581	$50,100	$1,944	-	$70,737
2017	35,419	18,917	673	$31,082	22,581
2016	29,850	5,569	-	-	35,419
2015	23,077	8,031	1,258	-	29,850
2014	19,785	16,449	13,157	-	23,077
Township of Lumberton					
2018	$501,249	$66,486	$4,544	-	$563,191
2017	454,262	61,208	14,221	-	501,249
2016	439,710	42,882	28,330	-	454,262
2015	390,406	49,304	-	-	439,710
2014	349,479	40,927	-	-	390,406

(1) Source: Municipalities' Annual Audit Report unless otherwise noted

TAX TITLE LIENS(1)

Year	Balance Beginning	Added by Sales and Transfers	Collected	Transfers/ Cancellations	Balance Year-end
Township of Mount Holly					
2018	$148,182	$70,380	$15,467	-	$203,095
2017	103,575	45,613	935	$71	148,182
2016	111,997	31,389	20,734	19,077	103,575
2015	101,976	32,658	43,498	(20,861)	111,997
2014	85,736	72,224	55,984	-	101,976
Township of Westampton					
2018	$64,264	$33,676	-	-	$97,940
2017	53,373	13,015	$2,124	-	64,264
2016	36,071	17,274	-	($28)	53,373
2015	30,873	12,324	955	6,171	36,071
2014	17,911	16,810	3,848	-	30,873

FORECLOSED PROPERTY (1)(2)

Year	Balance Beginning	Added by Transfers	Adjustment to Assessed Valuation	Sale: Loss on Sale	Sale: Cash	Balance Year-End
Township of Eastampton						
2018						
2017						
2016	**(No foreclosed property for the 5 year period)**					
2015						
2014						
Township of Hainesport						
2018	$506,200	-	-	$40,600	$20,000	$445,600
2017	366,200	$31,082	$108,918	-	-	506,200
2016	366,200	-	-	-	-	366,200
2015	366,200	-	-	-	-	366,200
2014	366,200	-	-	-	-	366,200
Township of Lumberton						
2018						
2017						
2016	**(No foreclosed property for the 5 year period)**					
2015						
2014						

(1) Source: Municipalities' Annual Audit Report unless otherwise noted
(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.

FORECLOSED PROPERTY (1)(2)

Year	Balance Beginning	Added by Transfers	Adjustment to Assessed Valuation	Sale: Loss on Sale	Sale: Cash	Balance Year-End
Township of Mount Holly						
2018	$490,805	-	-	-	-	$490,805
2017	490,805	-	-	-	-	490,805
2016	490,805	-	-	-	-	490,805
2015	490,805	-	-	-	-	490,805
2014	490,805	-	-	-	-	490,805
Township of Westampton						
2018	$1,306,500	-	-	-	-	$1,306,500
2017	1,306,500	-	-	-	-	1,306,500
2016	214,300	-	$1,092,200	-	-	1,306,500
2015	214,300	-	-	-	-	214,300
2014	214,300	-	-	-	-	214,300

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(3)

Year	Net Assessed Valuation	Tax Rate (4): Total	County	Local School	Municipal	Regional High School	Fire District
Township of Eastampton							
2019	$449,825,422	$3.115	$0.430	$1.307	$0.881	$0.431	$0.066
2018	433,302,554	3.122	0.422	1.263	0.903	0.468	0.066
2017	430,270,904	3.093	0.427	1.244	0.903	0.453	0.066
2016	428,795,214	3.065	0.433	1.224	0.903	0.439	0.066
2015	428,042,701	3.071	0.450	1.180	0.902	0.473	0.066
Township of Hainesport							
2019	$769,051,395	$2.447	$0.439	$1.184	$0.349	$0.475	-
2018	767,891,921	2.377	0.429	1.150	0.355	0.443	-
2017	767,255,206	2.351	0.431	1.127	0.348	0.445	-
2016	761,468,346	2.300	0.430	1.082	0.358	0.430	-
2015	761,053,271	2.250	0.425	1.067	0.346	0.412	-

(1) Source: Municipalities' Annual Audit Report unless otherwise noted
(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.
(3) Source: Tax Collectors of each municipality.
(4) Per $100 of assessed valuation.

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(1)

Year	Net Assessed Valuation	Tax Rate (2) Total	County	Local School	Municipal	Regional High School	Fire District
Township of Lumberton							
2019	$1,376,872,891	$2.390	$0.399	$1.113	$0.410	$0.468	-
2018	1,378,869,924	2.354	0.394	1.082	0.415	0.463	-
2017	1,383,760,671	2.310	0.398	1.061	0.421	0.430	-
2016	1,390,079,001	2.260	0.387	1.023	0.431	0.419	-
2015	1,391,372,996	2.243	0.400	1.019	0.426	0.398	-
Township of Mount Holly							
2019	$643,182,624	$2.992	$0.389	$1.315	$0.822	$0.369	$0.097
2018	643,167,058	2.939	0.380	1.307	0.791	0.364	0.097
2017	644,771,768	2.863	0.381	1.279	0.746	0.361	0.096
2016	644,819,746	2.797	0.376	1.230	0.733	0.362	0.096
2015	646,720,773	2.738	0.380	1.167	0.733	0.362	0.096
Township of Westampton							
2019	$1,162,222,228	$2.413	$0.416	$0.925	$0.662	$0.410	-
2018	1,153,164,763	2.382	0.416	0.887	0.652	0.427	-
2017	1,158,836,480	2.319	0.427	0.873	0.602	0.417	-
2016	1,155,340,830	2.276	0.407	0.864	0.603	0.402	-
2015	1,146,278,979	2.232	0.389	0.854	0.603	0.386	-

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(3)

Year	Real Property Assessed Valuation	Percentage of True Value	True Value	True Value per Capita(4)
Township of Eastampton				
2019	$449,353,998	92.97%	$483,332,256	$79,640
2018	432,831,798	95.12	455,037,635	74,977
2017	429,798,700	95.11	451,896,436	74,460
2016	428,323,700	95.11	450,345,600	74,204
2015	427,570,550	94.43	452,791,009	74,607

(1) Source: Tax Collectors of each municipality.
(2) Per $100 of assessed valuation.
(3) Source: Burlington County Board of Taxation
(4) Based on 2010 Federal Census

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(1)

Year	Real Property Assessed Valuation	Percentage of True Value	True Value	True Value per Capita(2)
Township of Hainesport				
2019	$767,819,000	91.18%	$842,091,467	$137,822
2018	766,678,800	93.48	820,152,760	134,231
2017	766,041,000	94.26	812,689,370	133,010
2016	760,259,900	94.26	806,556,227	132,006
2015	759,781,900	95.29	797,336,447	130,497
Township of Lumberton				
2019	$1,374,958,863	99.94%	$1,375,784,334	$109,546
2018	1,376,966,740	101.76	1,353,151,278	107,744
2017	1,381,877,163	102.07	1,353,852,418	107,799
2016	1,388,175,993	102.07	1,360,023,506	108,291
2015	1,389,375,723	105.23	1,320,322,839	105,130
Township of Mount Holly				
2019	$637,180,100	103.53%	$615,454,554	$64,540
2018	637,236,100	105.99	601,222,851	63,048
2017	638,895,800	107.75	592,942,738	62,179
2016	639,197,200	107.75	593,222,459	62,209
2015	641,280,800	109.48	585,751,553	59,552
Township of Westampton				
2019	$1,160,386,400	96.29%	$1,205,095,441	$136,741
2018	1,151,354,000	96.54	1,192,618,604	135,325
2017	1,157,053,300	94.84	1,220,005,588	138,432
2016	1,153,495,800	94.84	1,216,254,534	138,007
2015	1,144,389,500	98.86	1,157,585,980	131,350

REAL PROPERTY CLASSIFICATION (3)

Year	Assessed Value Land and Improvements	Vacant Land	Residential	Commercial	Industrial	Apartments	Farmland
Township of Eastampton							
2019	$449,353,998	$7,482,200	$377,053,400	$24,632,198	$3,624,400	$34,282,700	$2,279,100
2018	432,831,798	8,242,300	363,390,000	20,927,098	3,624,400	34,282,700	2,365,300
2017	429,798,700	8,248,200	361,696,500	19,572,500	3,624,400	34,282,700	2,374,400
2016	428,323,700	4,752,400	363,860,200	20,523,900	3,624,400	34,282,700	1,280,100
2015	427,570,550	4,996,800	362,032,700	20,501,150	3,324,400	34,282,700	2,432,800

(1) Source: Burlington County Board of Taxation
(2) Based on 2010 Federal Census
(3) Source: Assessor's Office of each Municipality.

REAL PROPERTY CLASSIFICATION (1)

Year	Assessed Value Land and Improvements	Vacant Land	Residential	Commercial	Industrial	Apartments	Farmland
Township of Hainesport							
2019	$767,819,000	$14,910,600	$613,779,200	$83,084,700	$44,869,800	$606,000	$10,568,700
2018	766,678,800	15,443,400	611,167,100	83,339,600	45,556,600	606,000	10,566,100
2017	766,041,000	16,294,700	612,553,000	80,907,000	45,556,600	606,000	10,123,700
2016	760,259,900	17,416,700	606,011,700	80,907,000	46,231,300	606,000	9,087,200
2015	759,781,900	17,589,300	605,896,300	80,125,000	46,460,900	606,000	9,104,400
Township of Lumberton							
2019	$1,374,958,863	$12,351,900	$1,115,666,300	$131,763,500	$64,227,623	$29,091,200	$21,858,340
2018	1,376,966,740	12,629,500	1,114,412,500	132,281,700	65,927,600	29,091,200	22,624,240
2017	1,381,877,163	12,824,500	1,119,987,200	132,703,400	65,927,623	29,091,200	21,343,240
2016	1,388,175,993	13,099,100	1,126,496,400	132,408,200	66,027,623	29,091,200	21,053,470
2015	1,389,375,723	9,972,300	1,130,249,300	132,675,900	65,632,623	29,091,200	21,754,400
Township of Mount Holly							
2019	$637,180,100	$11,234,300	$503,795,500	$93,878,300	$8,022,800	$20,242,100	$7,100
2018	637,236,100	11,360,300	504,134,200	94,165,800	8,136,400	19,432,300	7,100
2017	638,895,800	11,546,600	505,288,700	94,484,700	8,136,400	19,432,300	7,100
2016	639,197,200	11,543,000	506,972,300	93,068,400	8,136,400	19,470,000	7,100
2015	641,280,800	11,853,500	508,003,300	93,835,500	8,136,400	19,445,000	7,100
Township of Westampton							
2019	$1,160,386,400	$14,744,600	$761,100,400	$184,738,400	$194,253,300	---	$5,549,700
2018	1,151,354,000	12,820,000	763,253,000	185,055,200	184,676,100	---	5,549,700
2017	1,157,053,300	12,868,300	765,342,300	188,617,300	184,676,100	---	5,549,300
2016	1,153,495,800	10,188,700	770,180,400	184,881,500	182,544,400	---	5,700,800
2015	1,144,389,500	8,731,300	760,078,900	186,932,700	182,544,400	---	6,102,200

(1) Source: Assessor's Office of each Municipality.

TOWNSHIP OF EASTAMPTON
STATEMENT OF INDEBTEDNESS(1)

The following table summarizes the direct debt of the Township of Eastampton as of December 31, 2018 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General debt and debt of the Township of Eastampton School District and Rancocas Valley Regional High School District. Deductions from gross debt to arrive at net debt include deductible school debt. The resulting net debt of $6,837,912 represents 1.50% of the average of equalized valuations for the Township for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued				Deductions	
	Bonds	Notes	Authorized But Not Issued	Gross Debt	School Debt	Net Debt
General	$ 4,195,000	$ 2,642,759	$ 153	$ 6,837,912		$ 6,837,912
Local School District	7,410,000			7,410,000	$ 7,410,000	
Regional School District	1,195,928			1,195,928	1,195,928	
	$ 12,800,928	$ 2,642,759	$ 153	$ 15,443,840	$ 8,605,928	$ 6,837,912

(1) As of December 31, 2018
Source: Annual Debt Statement

TOWNSHIP OF HAINESPORT
STATEMENT OF INDEBTEDNESS(1)

The following table summarizes the direct debt of the Township as of December 31, 2018 in accordance with the requirements of the Local Bond Law. The gross debt comprised of short and long-term debt issued, and debt authorized but not issued, including General, and debt of the Local and Regional School Districts. Deductions from gross debt to arrive at net debt include cash on hand, and local and regional school district debt. The resulting net debt of $2,943,527, represents 0.358% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Authorized But Not	Gross	Deductions		Net
	Bonds	Notes	Loans	Issued	Debt	Assessment Cash	School Debt	Debt
General		$736,875	$1,932,903	$1,074,753	$3,744,530	$801,003		$2,943,527
Local School District	$4,808,000				4,808,000		$4,808,000	
Regional School District	2,156,962				2,156,962		2,156,962	
	$6,964,962	$736,875	$1,932,903	$1,074,753	$10,709,492	$801,003	$6,964,962	$2,943,527

(1) As of December 31, 2018

Source: Annual Debt Statement

TOWNSHIP OF LUMBERTON
STATEMENT OF INDEBTEDNESS(1)

The following table summarizes the direct debt of the Township as of December 31, 2018 in accordance with the requirements of the Local Bond Law. The gross debt comprised of short and long-term debt issued, and debt authorized but not issued, including General, and debt of the Local and Regional High School Districts. Deductions from gross debt to arrive at net debt include local and regional high school district debt. The resulting net debt of $10,968,590 represents .803% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Authorized But Not	Gross	Deductions School	Net
	Bonds	Notes	Loans	Issued	Debt	Debt	Debt
General	$5,993,000	$4,685,916	$289,674		$10,968,590		$10,968,590
Local School District	5,890,000			$4,881,288	10,771,288	$10,771,288	
Regional School District	3,581,251				3,581,251	3,581,251	
	$15,464,251	$4,685,916	$289,674	$4,881,288	$25,321,129	$14,352,539	$10,968,590

(1) As of December 31, 2018

Source: Annual Debt Statement

TOWNSHIP OF MOUNT HOLLY
STATEMENT OF INDEBTEDNESS(1)

The following table summarizes the direct debt of the Township as of December 31, 2018 in accordance with the requirements of the Local Bond Law. The gross debt comprised of short and long-term debt issued, and debt authorized but not issued, including General, and debt of the Local and Regional School Districts. Deductions from gross debt to arrive at net debt include local and regional school district debt. The resulting net debt of $19,452,873 represents 3.222% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Authorized But Not	Gross	Deductions School	Net
	Bonds	Notes	Loans	Issued	Debt	Debt	Debt
General	$13,423,000	$2,773,500	$44,373	$3,212,000	$19,452,873		$19,452,873
Local School District	6,169,000				6,169,000	$6,169,000	
Regional School District	1,583,944				1,583,944	1,583,944	
	$21,175,944	$2,773,500	$44,373	$3,212,000	$27,205,817	$7,752,944	$19,452,873

(1) As of December 31, 2018

Source: Township Records

TOWNSHIP OF WESTAMPTON
STATEMENT OF INDEBTEDNESS(1)

The following table summarizes the direct debt of the Township as of December 31, 2018 in accordance with the requirements of the Local Bond Law. The gross debt comprised of short and long-term debt issued, and debt authorized but not issued, including General, and debt of the Local and Regional School Districts. Deductions from gross debt to arrive at net debt include local and regional school district debt, as well as, open space tax reserve to pay debt. The resulting net debt of $4,606,244 represents .383% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not	Gross	Deductions		Net
	Bonds	Notes	Issued	Debt	School Debt	Open Space Tax Res. to Pay Debt	Debt
General	$ 3,070,000	$ 1,915,129	$ 752,494	$ 5,737,623		$ 1,131,379	$ 4,606,244
Local School District	3,040,000			3,040,000	$ 3,040,000		
Regional School District	3,156,916			3,156,916	3,156,916		
	$ 9,266,916	$ 1,915,129	$ 752,494	$ 11,934,539	$ 6,196,916	$ 1,131,379	$ 4,606,244

(1) As of December 31, 2018

Source: Annual Debt Statement

DEBT RATIOS AND VALUATIONS
AS OF DECEMBER 31, 2018

	Township of Eastampton	Township of Hainesport	Township of Lumberton	Township of Mount Holly	Township of Westampton
Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad Property for 2016, 2017 and 2018	$ 455,918,415	$ 822,289,225	$ 1,365,264,565	$ 603,839,953	$ 1,203,497,243
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	1.500%	0.358%	0.803%	3.222%	0.383%
2019 Net Valuation Taxable	$ 449,825,422	$ 769,051,395	$ 1,376,872,891	$ 643,182,624	$ 1,162,222,228
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	$ 483,803,680	$ 843,323,862	$ 1,377,698,362	$ 621,457,078	$ 1,206,931,269
Gross Debt (1) As a Percentage of 2019 Net Valuation Taxable	3.43%	1.39%	1.84%	4.21%	1.03%
As a Percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	3.19%	1.27%	1.84%	4.36%	0.99%
Net Debt (1) As a Percentage of 2019 Net Valuation Taxable	1.52%	0.38%	0.80%	3.02%	0.40%
As a Percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.41%	0.35%	0.80%	3.13%	0.38%
Gross Debt per Capita (2)	$ 2,545	$ 1,753	$ 2,016	$ 2,841	$ 1,354
Net Debt per Capita (2)	$ 1,127	$ 482	$ 873	$ 2,040	$ 523

(1) Excluding overlapping debt.

(2) Based upon Federal Census 2010 population as follows:

Eastampton	6,069
Hainesport	6,110
Lumberton	12,559
Mt. Holly	9,536
Westampton	8,813

BORROWING CAPACITY
AS OF DECEMBER 31, 2018

	Township of Eastampton	Township of Hainesport	Township of Lumberton	Township of Mount Holly	Township of Westampton
3 1/2% of Average (2016-18) Equalized Valuation of Real Property with Improvements	$ 15,957,145	$ 28,780,123	$ 47,784,260	$ 21,134,398	$ 42,122,404
Net Debt	6,837,912	2,943,527	10,968,590	19,452,873	4,606,244
Remaining Borrowing Capacity	$ 9,119,233	$ 25,836,596	$ 36,815,670	$ 1,681,525	$ 37,516,160

REGIONAL SCHOOL DISTRICT BORROWING CAPACITY
AS OF DECEMBER 31, 2018

Averaged (2016-18) Equalized Valuation of Real Property with Improvements	
Township of Eastampton	$ 455,918,415
Township of Hainesport	822,289,225
Township of Lumberton	1,365,264,565
Township of Mount Holly	603,839,953
Township of Westampton	1,203,497,243
	$ 4,450,809,400
School Borrowing Margin (3.0% of $4,450,809,400)	$ 133,524,282
School Debt	10,815,000
Remaining Borrowing Capacity	$ 122,709,282

APPENDIX B

FINANCIAL STATEMENTS OF THE RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT, IN THE COUNTY OF BURLINGTON, NEW JERSEY

FISCAL YEAR 2019

BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Rancocas Valley Regional High School District
Mount Holly, New Jersey 08060

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 Rancocas Valley Regional High School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with 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 entity'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 entity'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 Rancocas Valley Regional High School District, in the County of Burlington, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rancocas Valley Regional High School District's basic financial statements. The School District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019, includes certain required supplementary information and other information, that is not included with this presentation of the basic financial statements.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Fred S. Caltabiano
Certified Public Accountant
Public School Accountant No. CS00238100

Woodbury, New Jersey
November 26, 2019

Exhibit A-1

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 6,659,959.10	$ 405,306.74	$ 7,065,265.84
Receivables, net	804,689.73	19,939.18	824,628.91
Inventory		2,635.11	2,635.11
Capital Assets, net (Note 6)	24,182,089.84	23,367.11	24,205,456.95
Total Assets	31,646,738.67	451,248.14	32,097,986.81
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	2,059,094.00		2,059,094.00
Deferred Loss on Defeasance	675,853.25		675,853.25
Total Deferred Outflows of Resources	2,734,947.25	-	2,734,947.25
LIABILITIES:			
Accounts Payable	340,736.00	38,182.78	378,918.78
Internal Balances	(15,000.00)	15,000.00	-
Accrued Interest	196,583.33		196,583.33
Unearned Revenue	33,610.03	9,874.53	43,484.56
Noncurrent Liabilities (Note 7):			
Due within One Year	951,711.38		951,711.38
Due beyond One Year	18,284,113.83		18,284,113.83
Total Liabilities	19,791,754.57	63,057.31	19,854,811.88
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	2,674,059.00		2,674,059.00
NET POSITION:			
Net Investment in Capital Assets	12,937,105.39	23,367.11	12,960,472.50
Restricted for:			
Debt Service	0.35		0.35
Capital Projects	1,911,500.00		1,911,500.00
Other Purposes	5,438,225.82		5,438,225.82
Unrestricted (Deficit)	(8,370,959.21)	364,823.72	(8,006,135.49)
Total Net Position	$ 11,915,872.35	$ 388,190.83	$ 12,304,063.18

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
Instruction:							
Regular	$ 10,386,478.29	$ 490,513.63	$ 215,856.09	$ -	$ (9,680,108.57)	$ -	$ (9,680,108.57)
Special Education	2,383,174.76				(2,383,174.76)		(2,383,174.76)
Other Instruction	1,873,837.05				(1,873,837.05)		(1,873,837.05)
Support Services:							
Tuition	5,361,149.17		479,905.00		(4,881,244.17)		(4,881,244.17)
Student and Instruction Related Services	3,463,403.10		29,334.80		(3,434,068.30)		(3,434,068.30)
General Administrative Services	599,706.50				(599,706.50)		(599,706.50)
School Administrative Services	1,159,533.18				(1,159,533.18)		(1,159,533.18)
Central Services	573,553.14				(573,553.14)		(573,553.14)
Administrative Information Technology	669,529.29				(669,529.29)		(669,529.29)
Plant Operations and Maintenance	3,735,002.73				(3,735,002.73)		(3,735,002.73)
Pupil Transportation	2,050,659.49				(2,050,659.49)		(2,050,659.49)
Unallocated Benefits	13,000,308.40		8,005,225.70		(4,995,082.70)		(4,995,082.70)
Interest on Long-Term Debt	449,708.22				(449,708.22)		(449,708.22)
Unallocated Depreciation	200,732.53				(200,732.53)		(200,732.53)
Total Governmental Activities	45,906,775.85	490,513.63	8,730,321.59	-	(36,685,940.63)	-	(36,685,940.63)
Business-Type Activities:							
Food Service	704,754.74	511,814.80	253,487.90			60,547.96	60,547.96
Total Business-Type Activities	704,754.74	511,814.80	253,487.90	-	-	60,547.96	60,547.96
Total Government	$ 46,611,530.59	$ 1,002,328.43	$ 8,983,809.49	$ -	(36,685,940.63)	60,547.96	(36,625,392.67)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					18,146,057.00		18,146,057.00
Property Taxes, Levied for Debt Service					947,355.00		947,355.00
Federal and State Aid - Unrestricted					17,444,578.54		17,444,578.54
Miscellaneous					714,435.28	3,541.29	717,976.57
Total General Revenues					37,252,425.82	3,541.29	37,255,967.11
Change in Net Position					566,485.19	64,089.25	630,574.44
Net Position -- July 1					11,349,387.16	324,101.58	11,673,488.74
Net Position -- June 30					$ 11,915,872.35	$ 388,190.83	$ 12,304,063.18

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	$ 6,659,958.75	$ -	$ 0.35	$ 6,659,959.10
Interfunds Receivable	143,424.26			143,424.26
Intergovernmental Accounts Receivable:				
State	463,574.03	2,518.00		466,092.03
Other	179,081.41	157,516.29		336,597.70
Total Assets	$ 7,446,038.45	$ 160,034.29	$ 0.35	$ 7,606,073.09
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Interfunds Payable		$ 126,424.26		$ 126,424.26
Unearned Revenues		33,610.03		33,610.03
Total Liabilities	-	160,034.29	-	160,034.29
Fund Balances:				
Restricted:				
Debt Service			$ 0.35	0.35
Maintenance Reserve	$ 644,075.00			644,075.00
Capital Reserve Account	1,911,500.00			1,911,500.00
Excess Surplus - Current Year	2,397,437.12			2,397,437.12
Excess Surplus - Prior Years - Designated for Subsequent Year's Expenditures	2,396,713.70			2,396,713.70
Assigned:				
Other Purposes	52,167.47			52,167.47
Designated for Subsequent Year's Expenditures	342,314.30			342,314.30
Unassigned (Deficit)	(298,169.14)			(298,169.14)
Total Fund Balances	7,446,038.45	-	0.35	7,446,038.80
Total Liabilities and Fund Balances	$ 7,446,038.45	$ 160,034.29	$ 0.35	

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 $43,800,367.22, and the accumulated depreciation is $19,618,277.38.	24,182,089.84
Deferred Loss on Defeasance	675,853.25
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(196,583.33)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(12,187,683.21)
Net Pension Liability	(7,048,142.00)
Accounts Payable related to the April 1, 2020 required PERS pension contribution that is not liquidated with current financial resources.	(340,736.00)
Deferred Outflows of Resources - Related to Pensions	2,059,094.00
Deferred Inflows of Resources - Related to Pensions	(2,674,059.00)
Net Position of Governmental Activities	$ 11,915,872.35

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	$ 18,146,057.00		$ 947,355.00	$ 19,093,412.00
Tuition Charges	490,513.63			490,513.63
Miscellaneous	556,918.99	$ 172,424.30		729,343.29
State Sources	21,289,196.70		711,885.00	22,001,081.70
Federal Sources	19,012.54	710,187.88		729,200.42
Total Revenues	40,501,698.86	882,612.18	1,659,240.00	43,043,551.04
EXPENDITURES:				
Current:				
Regular Instruction	9,248,261.31	215,856.09		9,464,117.40
Special Education Instruction	2,328,918.24			2,328,918.24
Other Instruction	1,873,837.05			1,873,837.05
Support Services and Undistributed Costs:				
Tuition	4,881,244.17	479,905.00		5,361,149.17
Student and Instruction Related Services	3,434,068.30	29,334.80		3,463,403.10
General Administrative Services	599,706.50			599,706.50
School Administrative Services	1,051,020.13			1,051,020.13
Central Services	573,553.14			573,553.14
Administrative Information Technology	669,529.29			669,529.29
Plant Operations and Maintenance	3,735,002.73			3,735,002.73
Pupil Transportation	2,050,659.49			2,050,659.49
Unallocated Benefits	9,527,358.13			9,527,358.13
Capital Outlay	1,510,249.97	157,516.29		1,667,766.26
Debt Service:				
Principal			1,148,000.00	1,148,000.00
Interest and Other Charges			511,240.00	511,240.00
Total Expenditures	41,483,408.45	882,612.18	1,659,240.00	44,025,260.63
Excess (Deficiency) of Revenues over Expenditures	(981,709.59)	-	-	(981,709.59)
Fund Balance -- July 1	8,427,748.04	-	0.35	8,427,748.39
Fund Balance -- June 30	$ 7,446,038.45	$ -	$ 0.35	$ 7,446,038.80

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Total Net Change in Fund Balances - Governmental Funds		$ (981,709.59)
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	$ (1,285,863.00)	
Capital Outlays	1,667,766.26	
		381,903.26
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.		1,148,000.00
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		18,533.34
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		(30,621.00)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-);when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		30,379.18
Change in Net Position of Governmental Activities		$ 566,485.19

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2019

	Business-Type Activities Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 405,306.74
Accounts Receivable:	
State	365.18
Federal	14,156.24
Other	5,417.76
Inventories	2,635.11
Total Current Assets	427,881.03
Noncurrent Assets:	
Furniture, Fixtures and Equipment	129,780.79
Less Accumulated Depreciation	(106,413.68)
Total Noncurrent Assets	23,367.11
Total Assets	451,248.14
LIABILITIES:	
Current Liabilities:	
Accounts Payable	38,182.78
Interfund Payable	15,000.00
Unearned Revenues	9,874.53
Total Liabilities	63,057.31
NET POSITION:	
Net Investment in Capital Assets	23,367.11
Unrestricted	364,823.72
Total Net Position	$ 388,190.83

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

	Business-Type Activities Enterprise Fund
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	$ 193,938.85
Daily Sales - Non-Reimbursable Programs	317,875.95
Total Operating Revenues	511,814.80
OPERATING EXPENSES:	
Salaries	223,999.41
Employee Benefits	42,957.13
Purchased Professional Services	48,563.00
Supplies and Materials	29,013.18
Depreciation	9,451.35
Cost of Sales-Reimbursable Programs	149,248.83
Cost of Sales-Non-Reimbursable Programs	106,271.00
Uniforms & Laundry	2,661.38
Management Fees	37,156.00
Insurance	9,828.60
Professional Service	5,000.00
Equipment Repair	14,544.77
Miscellaneous	26,060.09
Total Operating Expenses	704,754.74
Operating Income (Loss)	(192,939.94)
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	5,556.29
Federal Sources:	
National School Lunch Program	179,257.01
National School Breakfast Program	28,956.89
Food Distribution Program	39,717.71
Interest Revenue	3,541.29
Total Nonoperating Revenues (Expenses)	257,029.19
Change in Net Position	64,089.25
Net Position -- July 1	324,101.58
Net Position -- June 30	$ 388,190.83

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Business-Type Activities Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	$ 511,677.21
Payments for Purchased Professional Services	(633,153.97)
Payments to Suppliers	(14,660.77)
Refunds	(635.15)
Net Cash Provided by (Used for) Operating Activities	(136,772.68)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Federal and State Sources	214,674.78
Net Cash Provided by (Used for) Noncapital Financing Activities	214,674.78
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Capital Assets	(3,757.17)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(3,757.17)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	3,541.29
Net Cash Provided by (Used for) Investing Activities	3,541.29
Net Increase (Decrease) in Cash and Cash Equivalents	77,686.22
Cash and Cash Equivalents -- July 1	327,620.52
Cash and Cash Equivalents -- June 30	$ 405,306.74
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	$ (192,939.94)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	9,451.35
Food Distribution Program	39,717.71
(Increase) Decrease in Accounts Receivable	(1,300.82)
(Increase) Decrease in Prepaid Expenses	3,534.00
(Increase) Decrease in Inventories	2,730.25
Increase (Decrease) in Accounts Payable	1,506.69
Increase (Decrease) in Unearned Revenues	528.08
Total Adjustments	56,167.26
Net Cash Provided by (Used for) Operating Activities	$ (136,772.68)

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2019

	Private - Purpose Trust Funds		Agency Funds	
	Unemployment Compensation Trust	Scholarship Trust	Student Activity	Payroll
ASSETS:				
Cash and Cash Equivalents	$ 838,445.01		$ 904,654.72	$ 4,033.08
Due from Student Activity		$ 51,936.73		
Total Assets	838,445.01	51,936.73	$ 904,654.72	$ 4,033.08
LIABILITIES:				
Interfund Payable				$ 2,000.00
Payable to Student Groups			$ 852,717.99	
Due to Scholarship Trust			51,936.73	
Accrued Salaries and Wages				814.84
Payroll Deductions and Withholdings				1,218.24
Total Liabilities	-	-	$ 904,654.72	$ 4,033.08
NET POSITION:				
Held in Trust for Scholarships		51,936.73		
Held in Trust for Unemployment Claims and Other Purposes	838,445.01			
Total Net Position	$ 838,445.01	$ 51,936.73		

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2019

	Private - Purpose Trust Funds	
	Unemployment Compensation Trust	Scholarship Trust
ADDITIONS:		
Contributions:		
Plan member	$ 47,384.03	
Other		$ 500.00
Total Contributions	47,384.03	500.00
Investment Earnings:		
Interest	9,475.37	
Net Investment Earnings	9,475.37	-
Total Additions	56,859.40	500.00
DEDUCTIONS:		
Unemployment Claims	21,514.43	
Awards		9,500.00
Total Deductions	21,514.43	9,500.00
Change in Net Position	35,344.97	(9,000.00)
Net Position -- July 1	803,100.04	60,936.73
Net Position -- June 30	$ 838,445.01	$ 51,936.73

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

Note 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

The financial statements of the Rancocas Valley Regional High School District (the “School District”) have been prepared to conform with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

<u>Description of the Financial Reporting Entity</u>

The School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the “Board”). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades 9 through 12 at its one school. The School District has an approximate enrollment at June 30, 2019 of 2,065.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the School District over which the Board exercises operating control.

<u>Component Units</u>

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Component Units (Cont'd)

Based upon the application of these criteria, the School District has no component units.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Burlington County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. 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.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

***General Fund* -** The general fund is the primary operating fund of the School District. It 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 classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

***Special Revenue Fund* -** The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

***Debt Service Fund* -** The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating 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. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

Enterprise Fund

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

Additionally, the School District reports the following fund types:

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds **-** Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

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

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

Scholarship Fund - Revenues consist of donations. Expenditures represent scholarships for students, which are awarded in accordance with the trust requirements.

As a general rule the effect of internal/interfund activity has been eliminated from the government-wide financial statements.

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 property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(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:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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 accounting, as presented in the general fund budgetary comparison schedule 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 balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Encumbrances (Cont'd)

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

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

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

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable or accounts payable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is $2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	10-50 Years	N/A
Equipment	5-20 Years	5-20 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Outflows and Deferred Inflows of Resources (Cont'd)

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources: loss on refunding of debt and defined benefit pension plans.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2019 and 2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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 measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

Compensated Absences

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, 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. Bonds are recognized as a liability on the governmental fund financial statements when due.

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

Net Investment in Capital Assets **-** This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the 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 School 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.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable **-** The nonspendable fund balance 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted **-** The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed **-** The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, 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) it employed to previously commit those amounts.

Assigned **-** The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

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

Note 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)</u>

<u>Accounting Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

<u>Impact of Recently Issued Accounting Principles</u>

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2019:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: <u>CASH AND CASH EQUIVALENTS</u>

<u>Custodial Credit Risk Related to Deposits</u> - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2019, the School District's bank balances of $9,249,633.24 were exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ 914,830.31
Insured by FDIC and GUDPA	8,334,802.93
Total	$ 9,249,633.24

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of amounts in previously adopted budgets, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either 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. 6A: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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018		$ 1,135,000.00
Increased by:		
Interest Earnings	$ 1,500.00	
Deposits:		
Board Resolution	563,373.93	
Unspent Prior Year Withdraw	211,626.07	
		776,500.00
Ending Balance, June 30, 2019		$ 1,911,500.00

The June 30, 2019 LRFP balance of local support costs of uncompleted projects at June 30, 2019 is $19,670,000.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	Governmental Funds			Proprietary Funds	
Description	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Total
Federal Awards	$ -	$ -	$ -	$ 14,156.24	$ 14,156.24
State Awards	463,574.03	2,518.00	466,092.03	365.18	466,457.21
Other	181,081.41	157,516.29	338,597.70	5,417.76	344,015.46
	$ 644,655.44	$ 160,034.29	$ 804,689.73	$ 19,939.18	$ 824,628.91

Note 5: INVENTORY

Inventory recorded at June 30, 2019 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	$ 1,173.36
Supplies	1,461.75
Total	$ 2,635.11

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	$ 1,532,630.00			$ 1,532,630.00
Total Capital Assets, not being Depreciated	1,532,630.00	-	-	1,532,630.00
Capital Assets, being Depreciated:				
Buildings and Improvements	36,207,651.22	$ 1,459,444.48		37,667,095.70
Equipment	4,392,319.74	208,321.78		4,600,641.52
Total Capital Assets, being Depreciated	40,599,970.96	1,667,766.26	-	42,267,737.22
Total Capital Assets, Cost	42,132,600.96	1,667,766.26	-	43,800,367.22
Less Accumulated Depreciation for:				
Buildings and Improvements	(14,980,564.42)	(1,085,130.47)		(16,065,694.89)
Equipment	(3,351,849.96)	(200,732.53)		(3,552,582.49)
Total Accumulated Depreciation	(18,332,414.38)	(1,285,863.00) *	-	(19,618,277.38)
Total Capital Assets, being Depreciated, Net	22,267,556.58	381,903.26	-	22,649,459.84
Governmental Activities Capital Assets, Net	$ 23,800,186.58	$ 381,903.26	$ -	$ 24,182,089.84
Business-Type Activities:				
Furniture, Fixtures and Equipment	$ 130,523.62	$ 3,757.17	$ (4,500.00)	$ 129,780.79
Less Accumulated Depreciation	(101,462.33)	(9,451.35) *	4,500.00	(106,413.68)
Business-Type Activities Capital Assets, Net	$ 29,061.29	$ (5,694.18)	$ -	$ 23,367.11

Note 6: CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:	
Regular Instruction	$ 922,360.90
Special Education	54,256.52
School Administrative Service	108,513.05
Unallocated	200,732.53
Total Depreciation Expense - Governmental Activities	$ 1,285,863.00
Business-Type Activities:	
Food Service	$ 9,451.35
Total Depreciation Expense - Business-Type Activities	$ 9,451.35

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations for governmental activities:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$ 11,963,000.00		$(1,148,000.00)	$ 10,815,000.00	$ 885,000.00
Add Amounts:					
Bond Premium	1,216,421.47		(110,583.77)	1,105,837.70	
Total Bonds Payable	13,179,421.47	-	(1,258,583.77)	11,920,837.70	885,000.00
Other Liabilities:					
Compensated Absences (note 13)	254,226.24	$ 37,155.40	(24,536.13)	266,845.51	66,711.38
Net Pension Liability (note 8)	8,061,638.00	4,176,128.00	(5,189,624.00)	7,048,142.00	
Total Other Liabilities	8,315,864.24	4,213,283.40	(5,214,160.13)	7,314,987.51	66,711.38
Governmental Activities Long-Term Liabilities	$ 21,495,285.71	$ 4,213,283.40	$(6,472,743.90)	$ 19,235,825.21	$ 951,711.38

The bonds payable are generally liquidated by the debt service fund, while compensated absences and net pension liability are liquidated by the general fund.

Bonds Payable - Bonds and loans 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 School District are general obligation bonds.

On October 23, 2014, the School District issued $14,220,000.00 refunding general obligation bonds at interest rates varying from 3.00% to 5.00%, original proceeds were for various construction and renovation projects. The final maturity of these bonds is February 1, 2029. The bonds will be paid from property taxes.

Note 7: LONG-TERM LIABILITIES (CONT'D)

Principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	$ 885,000.00	$ 471,800.00	$ 1,356,800.00
2021	920,000.00	436,400.00	1,356,400.00
2022	955,000.00	399,600.00	1,354,600.00
2023	1,000,000.00	351,850.00	1,351,850.00
2024	1,050,000.00	301,850.00	1,351,850.00
2025-2029	6,005,000.00	695,200.00	6,700,200.00
Total	$ 10,815,000.00	$ 2,656,700.00	$ 13,471,700.00

Bonds Authorized but not Issued - As of June 30, 2019, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 8. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, certain School District employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the Division. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and TPAF plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.nj.gov/treasury/pensions/financial-reports.shtml

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans

Plan Descriptions

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. 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. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan that was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000.00 annually.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - 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.

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

Teachers' Pension and Annuity Fund (Cont'd) - The following represents the membership tiers for TPAF:

Tier	Definition
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 21, 2010
4	Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th 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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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.

Public Employees' Retirement System - 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 the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th 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 with 25 years or more service credit before age 62 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.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Note 8: <u>PENSION PLANS (CONT'D)</u>

<u>General Information about the Pension Plans (Cont'd)</u>

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2019. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions.*

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 13.23% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2019 was $1,807,998.00, and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were $1,040,908.76.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2019. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 13.15% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2019 was $356,059.00, and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were $200,291.44.

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District had no employees in the Defined Contribution Retirement Program for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2019, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	76,089,562.00
	$ 76,089,562.00

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. For the June 30, 2018 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2018, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2018 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .1196041034%, which was an increase of .0061949355% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School District recognized $4,435,755.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.

Public Employees' Retirement System - At June 30, 2019, the School District reported a liability of $7,048,142.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the School District's proportion was .0357964474%, which was an increase of .0011650404% from its proportion measured as of June 30, 2017.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd) - For the fiscal year ended June 30, 2019, the School District recognized pension expense of $398,149.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date.

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 134,409.00	$ 36,343.00
Changes of Assumptions	1,161,417.00	2,253,621.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	66,112.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	422,532.00	317,983.00
School District Contributions Subsequent to the Measurement Date	340,736.00	-
	$ 2,059,094.00	$ 2,674,059.00

$340,736.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2020	$ 44,884.00
2021	(86,066.00)
2022	(454,851.00)
2023	(354,265.00)
2024	(105,403.00)
	$ (955,701.00)

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd) - The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation	2.25%	2.25%
Salary Increases:		
Through 2026	1.55% - 4.15% Based on Yrs. of Service	1.65% - 4.15% Based on Age
Thereafter	2.00% - 5.45% Based on Yrs. of Service	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement morality rates were based on the RP-2006 Healthy Annuitant White Collar Morality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No morality improvement is assumed for disabled retiree morality.

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd) - Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	100.00%	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2018 were 4.86% and 5.66% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. 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 2040 for TPAF and 2046 for PERS. Therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for TPAF and 2046 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 8: PENSION PLANS (CONT'D)

Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2018, the Plan's measurement date, attributable to the School District is $0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.86%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
School District's Proportionate Share of the Net Pension Liability	$ -	$ -	$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	89,936,417.00	76,089,562.00	64,610,856.00
	$ 89,936,417.00	$ 76,089,562.00	$ 64,610,856.00

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
School District's Proportionate Share of the Net Pension Liability	$ 8,862,227.00	$ 7,048,142.00	$ 5,526,241.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF and PERS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at https://www.nj.gov/treasury/pensions/financial-reports.shtml.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN

General Information about the OPEB Plan

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the “OPEB Plan”) is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the “Division”) and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.nj.gov/treasury/pensions/financial-reports.shtml

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the “State”) in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms - At June 30, 2018, the OPEB Plan’s Measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	362,181

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)

Total Non-Employer OPEB Liability (Cont'd)

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2019 was $56,118,537.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

The total Non-Employer OPEB Liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. For the June 30, 2018 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was .1217035854%, which was an increase of .0023926203% from its proportion measured as of June 30, 2017.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2017 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	TPAF/ABP (1)	PERS (2)	PFRS (2)
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) - Based on years of service
(2) - Based on age

Inflation Rate - 2.50%.

Mortality Rates - Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Experience Studies - The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PERS and PFRS, respectively. 100% of all retirees who currently have healthcare coverage were assumed to continue with that coverage. 100% of active members were considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)

Total Non-Employer OPEB Liability (Cont'd)

Discount Rate - The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total Non-Employer OPEB Liability

The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the School District:

Balance at June 30, 2018		$ 63,998,213.00
Changes for the Year:		
Service Cost	$ 2,262,763.00	
Interest Cost	2,346,439.00	
Difference Between Expected and Actual Experience	(4,600,268.00)	
Changes in Assumptions	(6,439,883.00)	
Gross Benefit Payments	(1,500,590.00)	
Member Contributions	51,863.00	
Net Changes		(7,879,676.00)
Balance at June 30, 2019		$ 56,118,537.00

There were no changes in benefit terms between the June 30, 2017 measurement date and the June 30, 2018 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes of Assumptions reflect a decrease in the liability from June 30, 2017 to June 30, 2018 due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2018, associated with the School District, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	$ 66,343,535.00	$ 56,118,537.00	$ 47,990,720.00

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)

Changes in the Total Non-Employer OPEB Liability (Cont'd)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2018, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	$ 46,385,239.00	$ 56,118,537.00	$ 68,991,196.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

For the fiscal year ended June 30, 2019, the School District recognized $2,567,781.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2018 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2019, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	$ 1,284,267.00	$ 168,795.00
Difference Between Expected and Actual Experience	-	5,447,557.00
Changes of Assumptions	-	12,579,257.00
	$ 1,284,267.00	$ 18,195,609.00

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

Year Ending June 30,	
2020	$ (2,092,830.00)
2021	(2,092,830.00)
2022	(2,092,830.00)
2023	(2,092,830.00)
2024	(2,092,830.00)
Thereafter	(6,447,192.00)
	$(16,911,342.00)

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2019, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were $2,408,196.00, $50,410.00, $1,115,220.00, and $1,745.00, respectively.

Note 11: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

Note 11: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd) - The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

Fiscal Year Ended June 30,	Interest Earnings	Employee Contributions	Amount Reimbursed	Ending Balance
2019	$ 9,475.37	$ 47,384.03	$ 21,514.43	$ 838,445.01
2018	5,488.16	44,968.85	36,351.37	803,100.04
2017	1,879.71	45,677.54	41,259.16	788,994.40

Note 12: DEFERRED COMPENSATION

The School District offers its employees a choice of six deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Fidelity
Equitable
Valic
Lincoln Investment
Tom Sealy Investment
Prudential

Note 13: COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Up to five vacation days not used during the year may be accumulated and carried forward with the approval of the Superintendent. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2019, the liability for compensated absences reported on the government-wide statement of net position was $266,845.51. As of June 30, 2019, no liability existed for compensated absences in the proprietary fund types.

Note 14: INTERFUND RECEIVABLES, PAYABLES

The composition of interfund balances as of June 30, 2019 is as follows:

Fund	Interfunds Receivable	Interfunds Payable
General	$ 143,424.26	
Special Revenue		$ 126,424.26
Food Service		15,000.00
Payroll		2,000.00
	$ 143,424.26	$ 143,424.26

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2020, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 16: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: DEFICIT FUND BALANCES

The School District has a deficit fund balance of $298,169.14 in the general fund as of June 30, 2019 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of $298,169.14 is less than the June state aid payments.

Note 18: FUND BALANCES

RESTRICTED

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general 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, 2019 is $2,397,437.12. Additionally, $2,396,713.70 of excess fund balance generated during 2017-2018 has been restricted and designated for utilization in the 2019-2020 budget.

For Capital Reserve Account - As of June 30, 2019, the balance in the capital reserve account is $1,911,500.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2019, the balance in the maintenance reserve account is $644,075.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019 $342,314.30 of general fund balance at June 30, 2019.

Other Purposes - As of June 30, 2019, the School District had $52,167.47 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2019, a deficit of $298,169.14 general fund balance was unassigned.

Note 19: SUBSEQUENT EVENTS

On September 24, 2019, the voters of the School District approved at a special election, $21,706,981.00 in capital improvements.

FISCAL YEAR 2018

BASIC FINANCIAL STATEMENTS

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Rancocas Valley Regional High School District
Mount Holly, New Jersey 08060

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 Rancocas Valley Regional High School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Administration and 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 entity'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 entity'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 Rancocas Valley Regional High School District, in the County of Burlington, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Prior Period Restatement

As discussed in note 20 to the financial statements, the School District reclassified Scholarship Funds from a Permanent Fund to a Fiduciary Fund to correct an error in reporting of the Scholarship Funds. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* The adoption of this new accounting principle required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. The related disclosures for the implementation of this new accounting pronouncement are included in note 10 in the notes to financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rancocas Valley Regional High School District's basic financial statements. The School District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018, includes certain required supplementary information and other information, that is not included with this presentation of the basic financial statements.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Fred S. Caltabiano
Certified Public Accountant
Public School Accountant No. CS00238100

Woodbury, New Jersey
February 19, 2019

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 7,821,999.57	$ 327,620.52	$ 8,149,620.09
Receivables, net	616,238.82	19,542.95	635,781.77
Inventory		5,365.36	5,365.36
Prepaid Expenses		3,534.00	3,534.00
Capital Assets, net (Note 7)	23,800,186.58	29,061.29	23,829,247.87
Total Assets	32,238,424.97	385,124.12	32,623,549.09
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	2,515,565.00		2,515,565.00
Deferred Loss on Defeasance	743,438.57		743,438.57
Total Deferred Outflows of Resources	3,259,003.57	-	3,259,003.57
LIABILITIES:			
Accounts Payable	356,059.00	41,676.09	397,735.09
Internal Balances	(10,000.00)	10,000.00	-
Accrued Interest	215,116.67		215,116.67
Unearned Revenue	20,490.00	9,346.45	29,836.45
Noncurrent Liabilities (Note 8):			
Due within One Year	1,211,556.56		1,211,556.56
Due beyond One Year	20,283,729.15		20,283,729.15
Total Liabilities	22,076,951.38	61,022.54	22,137,973.92
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	2,071,090.00		2,071,090.00
NET POSITION:			
Net Investment in Capital Assets	11,364,203.68	29,061.29	11,393,264.97
Restricted for:			
Debt Service	0.35		0.35
Capital Projects	1,135,000.00		1,135,000.00
Other Purposes	4,952,344.00		4,952,344.00
Unrestricted (Deficit)	(6,102,160.87)	295,040.29	(5,807,120.58)
Total Net Position	$ 11,349,387.16	$ 324,101.58	$ 11,673,488.74

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

Exhibit A-2

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	$ 10,507,897.68	$ 715,234.37	$ 258,033.00	$ -	$ (9,534,630.31)	$ -	$ (9,534,630.31)
Special Education	2,252,459.04				(2,252,459.04)		(2,252,459.04)
Other Instruction	1,307,313.08				(1,307,313.08)		(1,307,313.08)
Support Services:							
Tuition	5,810,272.35		486,985.00		(5,323,287.35)		(5,323,287.35)
Student and Instruction Related Services	3,526,547.75		36,451.91		(3,490,095.84)		(3,490,095.84)
General Administrative Services	513,182.75				(513,182.75)		(513,182.75)
School Administrative Services	1,155,612.23				(1,155,612.23)		(1,155,612.23)
Central Services	580,591.50				(580,591.50)		(580,591.50)
Administrative Information Technology	793,680.87				(793,680.87)		(793,680.87)
Plant Operations and Maintenance	3,298,309.73				(3,298,309.73)		(3,298,309.73)
Pupil Transportation	2,075,494.51				(2,075,494.51)		(2,075,494.51)
Unallocated Benefits	15,074,449.90		10,100,359.29		(4,974,090.61)		(4,974,090.61)
Interest on Long-Term Debt	488,623.23				(488,623.23)		(488,623.23)
Unallocated Depreciation	185,478.24				(185,478.24)		(185,478.24)
Total Governmental Activities	47,569,912.86	715,234.37	10,881,829.20	-	(35,972,849.29)	-	(35,972,849.29)
Business-Type Activities:							
Food Service	736,195.51	513,984.50	253,601.29			31,390.28	31,390.28
Total Business-Type Activities	736,195.51	513,984.50	253,601.29	-	-	31,390.28	31,390.28
Total Government	$ 48,306,108.37	$ 1,229,218.87	$ 11,135,430.49	$ -	(35,972,849.29)	31,390.28	(35,941,459.01)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					17,586,159.00		17,586,159.00
Property Taxes, Levied for Debt Service					945,828.00		945,828.00
Federal and State Aid - Unrestricted					17,245,974.22		17,245,974.22
Miscellaneous					317,165.90	1,877.05	319,042.95
Total General Revenues					36,095,127.12	1,877.05	36,097,004.17
Change in Net Position					122,277.83	33,267.33	155,545.16
Net Position -- July 1 (Restated)					11,227,109.33	290,834.25	11,517,943.58
Net Position -- June 30					$ 11,349,387.16	$ 324,101.58	$ 11,673,488.74

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	$ 7,804,889.54	$ 17,109.68	$ 0.35	$ 7,821,999.57
Interfunds Receivable	20,941.68			20,941.68
Intergovernmental Accounts Receivable:				
State	459,264.61	14,322.00		473,586.61
Other	142,652.21			142,652.21
Total Assets	$ 8,427,748.04	$ 31,431.68	$ 0.35	$ 8,459,180.07
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Interfunds Payable		$ 10,941.68		$ 10,941.68
Unearned Revenues		20,490.00		20,490.00
Total Liabilities	-	31,431.68	-	31,431.68
Fund Balances:				
Restricted:				
Debt Service			$ 0.35	0.35
Maintenance Reserve	$ 942,975.00			942,975.00
Capital Reserve Account	1,135,000.00			1,135,000.00
Excess Surplus - Current Year	2,396,713.70			2,396,713.70
Excess Surplus - Prior Years - Designated for Subsequent Year's Expenditures	1,612,655.30			1,612,655.30
Assigned:				
Other Purposes	1,885,300.19			1,885,300.19
Designated for Subsequent Year's Expenditures	781,689.70			781,689.70
Unassigned (Deficit)	(326,585.85)			(326,585.85)
Total Fund Balances	8,427,748.04	-	0.35	8,427,748.39
Total Liabilities and Fund Balances	$ 8,427,748.04	$ 31,431.68	$ 0.35	

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 $42,132,600.96, and the accumulated depreciation is $18,332,414.38.	23,800,186.58
Deferred Loss on Defeasance	743,438.57
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(215,116.67)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(13,433,647.71)
Net Pension Liability	(8,061,638.00)
Accounts Payable related to the April 1, 2019 required PERS pension contribution that is not liquidated with current financial resources.	(356,059.00)
Deferred Outflows of Resources - Related to Pensions	2,515,565.00
Deferred Inflows of Resources - Related to Pensions	(2,071,090.00)
Net Position of Governmental Activities	$ 11,349,387.16

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	$ 17,586,159.00		$ 945,828.00	$ 18,531,987.00
Tuition Charges	715,234.37			715,234.37
Miscellaneous	317,165.90	$ 25,011.91		342,177.81
State Sources	20,443,241.29		710,252.00	21,153,493.29
Federal Sources	7,826.22	756,458.00		764,284.22
Total Revenues	39,069,626.78	781,469.91	1,656,080.00	41,507,176.69
EXPENDITURES:				
Current:				
Regular Instruction	9,355,631.54	258,033.00		9,613,664.54
Special Education Instruction	2,199,857.09			2,199,857.09
Other Instruction	1,307,313.08			1,307,313.08
Support Services and Undistributed Costs:				
Tuition	5,323,287.35	486,985.00		5,810,272.35
Student and Instruction Related Services	3,490,095.84	36,451.91		3,526,547.75
General Administrative Services	513,182.75			513,182.75
School Administrative Services	1,050,408.33			1,050,408.33
Central Services	580,591.50			580,591.50
Administrative Information Technology	793,680.87			793,680.87
Plant Operations and Maintenance	3,298,309.73			3,298,309.73
Pupil Transportation	2,075,494.51			2,075,494.51
Unallocated Benefits	8,674,017.90			8,674,017.90
Capital Outlay	1,028,732.43			1,028,732.43
Debt Service:				
Principal			1,110,000.00	1,110,000.00
Interest and Other Charges			546,080.00	546,080.00
Total Expenditures	39,690,602.92	781,469.91	1,656,080.00	42,128,152.83
Excess (Deficiency) of Revenues over Expenditures	(620,976.14)	-	-	(620,976.14)
Fund Balance -- July 1 (Restated)	9,048,724.18	-	0.35	9,048,724.53
Fund Balance -- June 30	$ 8,427,748.04	$ -	$ 0.35	$ 8,427,748.39

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds		$ (620,976.14)
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	$ (1,237,517.23)	
Capital Outlays	1,028,732.43	
		(208,784.80)
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.		1,110,000.00
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		14,458.33
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		(209,944.00)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-);when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		37,524.44
Change in Net Position of Governmental Activities		$ 122,277.83

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2018

	Business-Type Activities Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 327,620.52
Accounts Receivable:	
State	368.55
Federal	15,057.46
Other	4,116.94
Inventories	5,365.36
Prepaid Expense	3,534.00
Total Current Assets	356,062.83
Noncurrent Assets:	
Furniture, Fixtures and Equipment	130,523.62
Less Accumulated Depreciation	(101,462.33)
Total Noncurrent Assets	29,061.29
Total Assets	385,124.12
LIABILITIES:	
Current Liabilities:	
Accounts Payable	41,676.09
Interfund Payable	10,000.00
Unearned Revenues	9,346.45
Total Liabilities	61,022.54
NET POSITION:	
Net Investment in Capital Assets	29,061.29
Unrestricted	295,040.29
Total Net Position	$ 324,101.58

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	$ 189,114.75
Daily Sales - Non-Reimbursable Programs	324,869.75
Total Operating Revenues	513,984.50
OPERATING EXPENSES:	
Salaries	250,282.11
Employee Benefits	50,152.95
Purchased Professional Services	47,189.00
Supplies and Materials	25,703.37
Depreciation	9,451.35
Cost of Sales-Reimbursable Programs	158,086.97
Cost of Sales-Non-Reimbursable Programs	115,516.14
Uniforms & Laundry	2,289.93
Management Fees	36,077.00
Insurance	9,074.58
Professional Service	5,000.00
Equipment Repair	20,129.51
Bank Fees	192.99
Miscellaneous	7,049.61
Total Operating Expenses	736,195.51
Operating Income (Loss)	(222,211.01)
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	5,480.42
Federal Sources:	
National School Lunch Program	181,356.29
National School Breakfast Program	28,501.05
Food Distribution Program	38,263.53
Interest Revenue	1,877.05
Total Nonoperating Revenues (Expenses)	255,478.34
Change in Net Position	33,267.33
Net Position -- July 1	290,834.25
Net Position -- June 30	$ 324,101.58

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

Exhibit B-6

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	$ 513,819.83
Payments for Purchased Professional Services	(680,407.46)
Payments to Suppliers	(10,956.60)
Refunds	(393.40)
Net Cash Provided by (Used for) Operating Activities	(177,937.63)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Federal and State Sources	216,216.86
Net Cash Provided by (Used for) Noncapital Financing Activities	216,216.86
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	1,877.05
Net Cash Provided by (Used for) Investing Activities	1,877.05
Net Increase (Decrease) in Cash and Cash Equivalents	40,156.28
Cash and Cash Equivalents -- July 1	287,464.24
Cash and Cash Equivalents -- June 30	$ 327,620.52
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	$ (222,211.01)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	9,451.35
Food Distribution Program	38,263.53
(Increase) Decrease in Accounts Receivable	(1,814.30)
(Increase) Decrease in Prepaid Expenses	(141.36)
(Increase) Decrease in Inventories	305.81
Increase (Decrease) in Accounts Payable	(3,047.88)
Increase (Decrease) in Unearned Revenues	1,256.23
Total Adjustments	44,273.38
Net Cash Provided by (Used for) Operating Activities	$ (177,937.63)

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2018

	Private - Purpose Trust Funds		Agency Funds	
	Unemployment Compensation Trust	Scholarship Trust	Student Activity	Payroll
ASSETS:				
Cash and Cash Equivalents	$ 803,100.04		$ 924,160.76	$ 14,610.36
Due from Student Activity		$ 60,936.73		
Total Assets	803,100.04	60,936.73	$ 924,160.76	$ 14,610.36
LIABILITIES:				
Payable to Student Groups			$ 863,224.03	
Due to Scholarship Trust			60,936.73	
Accrued Salaries and Wages				8,253.16
Payroll Deductions and Withholdings				6,357.20
Total Liabilities	-	-	$ 924,160.76	$ 14,610.36
NET POSITION:				
Held in Trust for Scholarships		60,936.73		
Held in Trust for Unemployment Claims and Other Purposes	803,100.04			
Total Net Position	$ 803,100.04	$ 60,936.73		

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

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Private - Purpose Trust Funds	
	Unemployment Compensation Trust	Scholarship Trust
ADDITIONS:		
Contributions:		
Plan member	$ 44,968.85	
Other		$ 750.00
Total Contributions	44,968.85	750.00
Investment Earnings:		
Interest	5,488.16	-
Net Investment Earnings	5,488.16	-
Total Additions	50,457.01	750.00
DEDUCTIONS:		
Unemployment Claims	36,351.37	
Awards		7,000.00
Total Deductions	36,351.37	7,000.00
Change in Net Position	14,105.64	(6,250.00)
Net Position -- July 1 (Restated)	788,994.40	67,186.73
Net Position -- June 30	$ 803,100.04	$ 60,936.73

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rancocas Valley Regional High School District (the “School District”) have been prepared to conform with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the “Board”). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades 9 through 12 at its one school. The School District has an approximate enrollment at June 30, 2018 of 2,039.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Component Units (Cont'd)

Based upon the application of these criteria, the School District has no component units.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Burlington County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. 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.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund **-** The general fund is the primary operating fund of the School District. It 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 classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Special Revenue Fund **-** The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

Debt Service Fund **-** The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating 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. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

Enterprise Fund

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

Additionally, the School District reports the following fund types:

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds **-** Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

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

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

Scholarship Fund - Revenues consist of donations. Expenditures represent scholarships for students, which are awarded in accordance with the trust requirements.

As a general rule the effect of internal/interfund activity has been eliminated from the government-wide financial statements.

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 property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(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:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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 accounting, as presented in the general fund budgetary comparison schedule 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 balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Encumbrances (Cont'd)

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

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

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

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable or accounts payable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is $2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	10-50 Years	N/A
Equipment	5-20 Years	5-20 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Outflows and Deferred Inflows of Resources (Cont'd)

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources: loss on refunding of debt, defined benefit pension plans, and postemployment benefit plans.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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 measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

Compensated Absences

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, 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. Bonds are recognized as a liability on the governmental fund financial statements when due.

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 fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

***Net Investment in Capital Assets* -** This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the 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 School 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.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable **-** The nonspendable fund balance 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted **-** The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed **-** The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, 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) it employed to previously commit those amounts.

Assigned **-** The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interfund Activity

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

Accounting 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 assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. *The adoption of this Statement required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. In addition, the School District was required to include additional note disclosures (see note 10) and required supplementary information related to postemployment benefits.*

Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2018:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2018, the School District's bank balances of $11,563,536.38 were exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ 1,330,173.32
Insured by FDIC and GUDPA	10,233,363.06
Total	$ 11,563,536.38

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of amounts in previously adopted budgets, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either 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. 6A: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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017		$ 3,061,878.18
Increased by:		
Interest Earnings	$ 3,000.00	
Deposits:		
Board Resolution	448,871.82	
		451,871.82
		3,513,750.00
Decreased by:		
Withdrawals:		
2017-2018 Budget Appropriation	1,971,000.00	
Board Resolution	407,750.00	
		2,378,750.00
Ending Balance, June 30, 2018		$ 1,135,000.00

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

The June 30, 2018 LRFP balance of local support costs of uncompleted projects at June 30, 2018 is $19,670,000.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: TRANSFERS FROM CAPITAL RESERVE TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the School District transferred $407,750.00 to the capital outlay accounts. The transfer was made (by board resolution) from the fund balance restricted for capital reserve, for various facility improvements, which were approved facilities projects listed in the School District's LRFP.

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	Governmental Funds			Proprietary Funds	
Description	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Total
Federal Awards	$ -	$ -	$ -	$ 15,057.46	$ 15,057.46
State Awards	459,264.61	14,322.00	473,586.61	368.55	473,955.16
Other	142,652.21		142,652.21	4,116.94	146,769.15
	$ 601,916.82	$ 14,322.00	$ 616,238.82	$ 19,542.95	$ 635,781.77

Note 6: INVENTORY

Inventory recorded at June 30, 2018 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	$ 2,879.87
Supplies	335.62
Commodities	2,149.87
Total	$ 5,365.36

Note 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	$ 1,532,630.00			$ 1,532,630.00
Total Capital Assets, not being Depreciated	1,532,630.00	-	-	1,532,630.00
Capital Assets, being Depreciated:				
Buildings and Improvements	35,347,361.85	$ 860,289.37		36,207,651.22
Equipment	4,223,876.68	168,443.06		4,392,319.74
Total Capital Assets, being Depreciated	39,571,238.53	1,028,732.43	-	40,599,970.96
Total Capital Assets, Cost	41,103,868.53	1,028,732.43	-	42,132,600.96
Less Accumulated Depreciation for:				
Buildings and Improvements	(13,928,525.43)	(1,052,038.99)		(14,980,564.42)
Equipment	(3,166,371.72)	(185,478.24)		(3,351,849.96)
Total Accumulated Depreciation	(17,094,897.15)	(1,237,517.23) *	-	(18,332,414.38)
Total Capital Assets, being Depreciated, Net	22,476,341.38	(208,784.80)	-	22,267,556.58
Governmental Activities Capital Assets, Net	$ 24,008,971.38	$ (208,784.80)	$ -	$ 23,800,186.58
Business-Type Activities:				
Furniture, Fixtures and Equipment	$ 138,078.62		$ (7,555.00)	$ 130,523.62
Less Accumulated Depreciation	(99,565.98)	$ (9,451.35) *	7,555.00	(101,462.33)
Business-Type Activities Capital Assets, Net	$ 38,512.64	$ (9,451.35)	$ -	$ 29,061.29

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:	
Regular Instruction	$ 894,233.14
Special Education	52,601.95
School Administrative Service	105,203.90
Unallocated	185,478.24
Total Depreciation Expense - Governmental Activities	$ 1,237,517.23
Business-Type Activities:	
Food Service	$ 9,451.35
Total Depreciation Expense - Business-Type Activities	$ 9,451.35

Note 8: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for governmental activities:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$ 13,073,000.00		$ (1,110,000.00)	$ 11,963,000.00	$ 1,148,000.00
Add Amounts:					
Bond Premium	1,327,005.24		(110,583.77)	1,216,421.47	
Total Bonds Payable	14,400,005.24	-	(1,220,583.77)	13,179,421.47	1,148,000.00
Other Liabilities:					
Compensated Absences (note 14)	248,752.24	$ 59,681.16	(54,207.16)	254,226.24	63,556.56
Net Pension Liability (note 9)	9,946,035.00	3,278,096.00	(5,162,493.00)	8,061,638.00	
Total Other Liabilities	10,194,787.24	3,337,777.16	(5,216,700.16)	8,315,864.24	63,556.56
Governmental Activity Long-Term Liabilities	$ 24,594,792.48	$ 3,337,777.16	$ (6,437,283.93)	$ 21,495,285.71	$ 1,211,556.56

The bonds payable are generally liquidated by the debt service fund, while compensated absences and net pension liability are liquidated by the general fund.

Bonds Payable - Bonds and loans 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 School District are general obligation bonds.

On October 23, 2014, the School District issued $14,220,000.00 refunding general obligation bonds at interest rates varying from 3.00% to 5.00%, original proceeds were for various construction and renovation projects. The final maturity of these bonds is February 1, 2029. The bonds will be paid from property taxes.

On June 11, 2008, the School District issued $2,483,000.00 general obligation bonds at interest rates varying from 3.00% to 3.50% for various renovations and improvement projects. The final maturity of these bonds is August 1, 2018. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	$ 1,148,000.00	$ 511,240.00	$ 1,659,240.00
2020	885,000.00	471,800.00	1,356,800.00
2021	920,000.00	436,400.00	1,356,400.00
2022	955,000.00	399,600.00	1,354,600.00
2023	1,000,000.00	351,850.00	1,351,850.00
2024-2028	5,770,000.00	958,500.00	6,728,500.00
2029	1,285,000.00	38,550.00	1,323,550.00
Total	$ 11,963,000.00	$ 3,167,940.00	$ 15,130,940.00

Note 8: LONG-TERM LIABILITIES (CONT'D)

Bonds Authorized but not Issued - As of June 30, 2018, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and TPAF plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
http://www.nj.gov/treasury/pensions/gasb-notices.shtml

General Information about the Pension Plans

Plan Descriptions

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. 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. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Note 9: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000.00 annually.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - 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:

Tier	Definition
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 21, 2010
4	Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th 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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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.

Note 9: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

Public Employees' Retirement System - 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 the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th 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 with 25 years or more service credit before age 62 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.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions.*

Note 9: PENSION PLANS (CONT'D)

General Information About the Pension Plans (Cont'd)

Contributions (Cont'd)

Teachers' Pension and Annuity Fund (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 9.75% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was $1,273,484.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were $969,568.02.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 14.08% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was $320,823.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were $189,295.84.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District had no employees in the Defined Contribution Retirement Program for the fiscal year ended June 30, 2018.

Note 9: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2018, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	76,464,550.00
	$ 76,464,550.00

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2017, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .1134091679%, which was an increase of .0018208231% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized $5,297,077.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Public Employees' Retirement System - At June 30, 2018, the School District reported a liability of $8,061,638.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the School District's proportion was .0346314070%, which was an increase of .0010493723% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized pension expense of $530,764.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

Note 9: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd) - At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 189,824.00	$ -
Changes of Assumptions	1,624,142.00	1,618,188.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	54,894.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	290,646.00	452,902.00
School District Contributions Subsequent to the Measurement Date	356,059.00	-
	$ 2,515,565.00	$ 2,071,090.00

$356,059.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	$ 139,071.00
2020	235,673.00
2021	108,519.00
2022	(246,663.00)
2023	(148,184.00)
	$ 88,416.00

Note 9: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd) - The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

Note 9: PENSION PLANS (CONT'D)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation	2.25%	2.25%
Salary Increases:		
2012-2021	Varies Based on Experience	-
Through 2026	-	1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

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

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 9: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	100.00%	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. 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 2036 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)

Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the School District is $0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
School District's Proportionate Share of the Net Pension Liability	$ -	$ -	$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	90,842,284.00	76,464,550.00	64,620,110.00
	$ 90,842,284.00	$ 76,464,550.00	$ 64,620,110.00

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	$ 10,001,009.00	$ 8,061,638.00	$ 6,445,902.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at http://www.nj.gov/treasury/pensions/gasb-notices.shtml.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN

General Information about the OPEB Plan

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.nj.gov/treasury/pensions/financial-reports.shtml

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	366,078

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2018 was $69,998,213.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)

Total Non-Employer OPEB Liability (Cont'd)

The total Non-Employer OPEB Liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total Non-Employer OPEB Liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was .1193109651%, which was a decrease of .0004183654% from its proportion measured as of June 30, 2016.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2016 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	TPAF/ABP (1)	PERS (2)	PFRS (2)
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) - Based on years of service
(2) - Based on age

Inflation Rate - 2.50%.

Mortality Rates - Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Experience Studies - The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)

Total Non-Employer OPEB Liability (Cont'd)

Changes in the Total Non-Employer OPEB Liability - The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the School District:

Balance at June 30, 2017		$ 69,241,608.00
Changes for the Year:		
Service Cost	$ 2,738,295.00	
Interest Cost	2,031,225.00	
Changes in Assumptions	(8,585,164.00)	
Gross Benefit Payments	(1,482,334.00)	
Member Contributions	54,583.00	
Net Changes		(5,243,395.00)
Balance at June 30, 2018		$ 63,998,213.00

There were no changes in benefit terms between the June 30, 2016 measurement date and the June 30, 2017 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% for the June 30, 2016 measurement date to 3.58% for the June 30, 2017 measurement date.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	$ 75,970,496.06	$ 63,998,213.00	$ 54,501,684.29

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	$ 52,632,343.48	$ 63,998,213.00	$ 79,091,953.98

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (CONT'D)

STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)

Total Non-Employer OPEB Liability (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability - For the fiscal year ended June 30, 2018, the School District recognized $3,857,250.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2018, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	$ -	$ 191,182.00
Changes of Assumptions or Other Inputs	-	7,568,812.00
	$ -	$ 7,759,994.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2019	$ (908,664.76)
2020	(908,664.76)
2021	(908,664.76)
2022	(908,664.76)
2023	(908,664.76)
Thereafter	(3,216,670.21)
	$ (7,759,994.00)

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were $1,761,347.00, $42,743.00, $1,165,223.00, and $1,921.00, respectively.

Note 12: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

Fiscal Year Ended June 30,	Interest Earnings	Employee Contributions	Amount Reimbursed	Ending Balance
2018	$ 5,488.16	$ 44,968.85	$ 36,351.37	$ 803,100.04
2017	1,879.71	45,677.54	41,259.16	788,994.40
2016	1,090.95	42,420.97	43,195.44	782,696.31

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of six deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Fidelity
Equitable
Valic
Lincoln Investment
Tom Sealy Investment
Prudential

Note 14: COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Up to five vacation days not used during the year may be accumulated and carried forward with the approval of the Superintendent. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was $254,226.24. As of June 30, 2018, no liability existed for compensated absences in the proprietary fund types

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 16: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: INTERFUND RECEIVABLES, PAYABLES

The composition of interfund balances as of June 30, 2018 is as follows:

Fund	Interfunds Receivable	Interfunds Payable
General	$ 20,941.68	
Special Revenue		$ 10,941.68
Food Service		10,000.00
	$ 20,941.68	$ 20,941.68

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 18: DEFICIT FUND BALANCES

The School District has a deficit fund balance of $326,585.85 in the general fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of $326,585.85 is less than the June state aid payments.

Note 19: FUND BALANCES

RESTRICTED

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general 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, 2018 is $2,396,713.70. Additionally, $1,612,655.30 of excess fund balance generated during 2016-2017 has been restricted and designated for utilization in the 2018-2019 budget.

For Capital Reserve Account - As of June 30, 2018, the balance in the capital reserve account is $1,135,000.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2018, the balance in the maintenance reserve account is $942,975.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018 $781,689.70 of general fund balance at June 30, 2018.

Other Purposes - As of June 30, 2018, the School District had $1,885,300.19 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Note 19: FUND BALANCES (CONT'D)

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2018, a deficit of $326,585.85 general fund balance was unassigned.

Note 20: RESTATEMENT OF PRIOR PERIOD NET POSITION

The School District reclassified Scholarship Funds from a Permanent Fund to a Fiduciary Fund. The cumulative effect on the financial statements as reported for June 30, 2017 is as follows:

	As Reported June 30, 2017	Prior Period Adjustment	As Restated June 30, 2017
Governmental Activities			
Restricted Assets:			
Restricted Cash and Cash Equivalents	$ 77,544.08	$ (77,543.73)	$ 0.35
Total Assets	33,182,233.32	(77,543.73)	33,104,689.59
Net Position			
Restricted for:			
Nonexpendable			
Permanent Endowment	70,000.00	(70,000.00)	-
Other Purposes	5,237,098.91	(7,543.73)	5,229,555.18
Total Net Position	11,304,653.06	(77,543.73)	11,227,109.33
Governmental Funds			
Cash and Cash Equivalents	8,591,296.81	(77,543.73)	8,513,753.08
Total Assets	9,215,329.64	(77,543.73)	9,137,785.91
Fund Balances:			
Nonspendable:			
Permanent Fund Principal	70,000.00	(70,000.00)	-
Restricted:			
Other Purposes	7,543.73	(7,543.73)	-
Total Fund Balances	9,126,268.26	(77,543.73)	9,048,724.53
Fiduciary Funds			
Agency Funds:			
Student Activity			
Cash and Cash Equivalents / Total Assets	759,800.56	77,543.73	837,344.29
Due to Scholarship Trust	-	67,186.73	67,186.73
Payable to Student Groups	759,800.56	10,357.00	770,157.56
Total Liabilities	759,800.56	77,543.73	837,344.29
Private - Purpose Trust Funds:			
Scholarship Trust			
Due from Student Activities / Total Assets	-	67,186.73	67,186.73
Net Position - Held in Trust for Scholarships	-	67,186.73	67,186.73

Note 21: <u>TAX ABATEMENTS</u>

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

The Municipalities that are part of the Rancocas Valley Regional High School District have entered into various property tax abatement agreements with properties having aggregate assessed valuations of $69,990,200.00. Based on the various 2018 certified tax rates, abated taxes totaled $295,382.74.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

PARKER McCAY

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December __, 2019

The Board of Education of the
Rancocas Valley Regional High School District
in the County of Burlington, New Jersey
520 Jacksonville Road
Mount Holly, New Jersey

RE: $21,706,000 THE BOARD OF EDUCATION OF THE RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT, IN THE COUNTY OF BURLINGTON, NEW JERSEY, SCHOOL BONDS, SERIES 2019

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by The Board of Education of the Rancocas Valley Regional High School District, County of Burlington, New Jersey ("Board" when referring to the governing body and "School District" when referring to the legal entity governed by the Board).

The School District is issuing the Bonds pursuant to: (i) Chapter 24 of Title 18A of the New Jersey ("State") Statutes, as amended and supplemented ("School Bond Law"); and (ii) a resolution duly adopted by the Board on October 29, 2019 ("Resolution"). The Bonds are authorized by a proposal adopted by the Board on July 23, 2019 ("Proposal") and approved by the voters of the School District at a special election held on September 24, 2019.

The Bonds are dated their date of delivery and mature on March 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, payable semi-annually on March 15 and September 15, commencing September 15, 2020, in each year until maturity or earlier redemption.

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2021	$666,000	%	2031	$1,110,000	%
2022	850,000		2032	1,145,000	
2023	875,000		2033	1,180,000	
2024	900,000		2034	1,215,000	
2025	930,000		2035	1,250,000	
2026	960,000		2036	1,300,000	
2027	985,000		2037	1,300,000	
2028	1,015,000		2038	1,300,000	
2029	1,045,000		2039	1,300,000	
2030	1,080,000		2040	1,300,000	

The Bonds are issued in fully registered book-entry-only form without coupons and are subject to redemption prior to their stated maturity dates on the terms and conditions set forth therein.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of the capital improvements set forth in the Proposal, for which obligations have been authorized, but not yet issued; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State, the Internal Revenue Code of 1986, as amended ("Code"), and the School Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Resolution, a certification of the officials of the School District having responsibility for issuing the Bonds given pursuant to the Code ("Non-Arbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments and opinions examined.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Bonds are legal, valid and binding obligations of the School District enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Bonds, the School District has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable real property within the School District without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations..

3. Interest on the Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive "investment" income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has

Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the School District that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the School District to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The School District has ***not*** designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the School District and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this **___** day of December, 2019 by and between The Board of Education of the Rancocas Valley Regional High School District, County of Burlington, New Jersey ("Board" when referring to the governing body and "School District" when referring to the legal entity governed by the Board) and Acacia Financial Group, Inc., Mount Laurel, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the School District of its School Bonds, Series 2019, in the aggregate principal amount of $21,706,000 ("Bonds").

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 ("Exchange Act"), as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

SECTION 2. Definitions. Capitalized terms not otherwise defined herein shall, for purposes of this Disclosure Agreement, have the following meanings:

"Annual Report" shall mean the School District's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the School District or the Dissemination Agent is authorized by law or contract to remain closed.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the School District.

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

SECTION 3. Provision of Annual Report.

(a) The School District shall not later than 270 days after the end of its fiscal year (currently June 30) during which any of the Bonds remain outstanding provide to the Dissemination Agent, the School District's Annual Report prepared for the preceding fiscal year of the School District (commencing for the fiscal year ending June 30, 2019). Each Annual Report provided to the Dissemination Agent by the School District shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the School District, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the School District certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to the National Repository.

(c) If the School District fails to provide the Annual Report to the Dissemination Agent by the dates required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the School District advising of such failure. Whether or not such notice is given or received, if the School District thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice to the National Repository in substantially the form attached as Exhibit "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the School District's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, dated December __, 2019, audited by an independent certified public accountant, provided that the annual audited financial statements of the School District may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the School District are included in the Annual Report; and (ii) the general financial information and operating data of the School District consistent with the information set forth in Appendix A to the Official Statement. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the New Jersey Department of Education as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to the rights of Bondholders, if material;

(8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) incurrence of a financial obligation[1] of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The School District shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified in clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the School District may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the School District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the School District.

SECTION 6. <u>Termination of Disclosure Agreement</u>. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the School District is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

[1] The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

SECTION 7. **<u>Amendment; Waiver</u>.** Notwithstanding any other provision of this Disclosure Agreement, the School District and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the School District, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of Bondholders. The School District shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. **<u>Additional Information</u>.** Nothing in this Disclosure Agreement shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. **<u>Default and Remedies</u>.** In the event of a failure of the School District to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Bondholder may (and, at the written request of Bondholders of at least twenty-five percent (25%) of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the School District to comply with this Disclosure Agreement shall be an action to compel performance. A failure of the School District to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds.

SECTION 10. **<u>Notices</u>.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the School District:

The Board of Education of the
Rancocas Valley Regional High School District,
in the County of Burlington, New Jersey
520 Jacksonville Road
Mount Holly, New Jersey 08060
Attention: Lisa Giovanelli,
Business Administrator/Board Secretary

(ii) If to the Dissemination Agent:

Acacia Financial Group, Inc.
6000 Midlantic Drive, Suite 410
Mount Laurel, New Jersey 08054
Attention: Jennifer G. Edwards, Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the School District, the Dissemination Agent and the Bondholders, and nothing herein contained shall confer any right upon any other person.

SECTION 12. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 13. Compensation. The School District shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the School District or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

THE BOARD OF EDUCATION OF THE RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT, IN THE COUNTY OF BURLINGTON, NEW JERSEY

By: ____
LISA GIOVANELLI,
Business Administrator/Board Secretary

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

By: ____
JENNIFER G. EDWARDS, Managing Director

EXHIBIT A
NOTICE TO THE NATIONAL REPOSITORY OF
FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: The Board of Education of the Rancocas Valley Regional High School District, in the County of Burlington, New Jersey

Name of Bond Issues Affected: $21,706,000 The Board of Education of the Rancocas Valley Regional High School District, in the County of Burlington, New Jersey, School Bonds, Series 2019

Date of Issuance of the Affected Bond issue: December __, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement dated December __, 2019 between the School District and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by ______________.]

Dated:

ACACIA FINANCIAL GROUP, INC.,
Dissemination Agent

cc: School District