NEW ISSUE **RATING:** S&P "AA-"
(Book-Entry Only) **(See "RATING" herein)**

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 1, 2021

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the within described Refunding Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or the availability of an appropriate exception under the laws of such jurisdiction.

In the opinion of Parker McCay P.A., Camden, New Jersey, bond counsel to the School District (as hereinafter defined) interest on the Refunding Bonds (as hereinafter defined) is included in the gross income of the owners thereof for Federal tax purposes. Interest on the Refunding 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.

$29,565,000*
THE BOARD OF EDUCATION OF THE TOWNSHIP OF MONROE IN THE COUNTY OF GLOUCESTER, NEW JERSEY
TAXABLE SCHOOL REFUNDING BONDS, SERIES 2021

Dated: Date of Delivery **Due: March 1, as shown below**

The $29,565,000* aggregate principal amount of Taxable School Refunding Bonds, Series 2021 ("Refunding Bonds"), of The Board of Education of the Township of Monroe, in the County of Gloucester, 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. The principal of the Refunding Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Refunding Bonds at the principal corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey, bond registrar and paying agent ("Paying Agent"). Interest on the Refunding Bonds is payable on March 1 and September 1, commencing on March 1, 2022, in each year until maturity or earlier redemption.

Upon initial issuance, the Refunding Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Refunding Bonds. So long as Cede & Co. is the registered owner of the Refunding Bonds, payments of the principal of and interest on the Refunding 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 Refunding Bonds. Purchasers will not receive certificates representing their ownership interest in the Refunding Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Refunding 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 Refunding Bond.

The School District is issuing the Refunding 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.*; (ii) a refunding bond ordinance, duly and finally adopted by the Board on April 15, 2021; and (iii) a resolution duly adopted by the Board on July 15, 2021.

The Refunding Bonds are being issued to provide funds which will be used to: (i) advance refund and redeem all of the School District's outstanding callable School Refunding Bonds, Series 2014, maturing on March 1 in the years 2025 through 2032, both dates inclusive; and (ii) pay certain costs and expenses related to the issuance, sale and delivery of the Refunding Bonds.

The full faith and credit of the School District are irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds. The Refunding 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 Refunding 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 AND YIELDS*

Year	Principal Amount*	Interest Rate	Yield	Year	Principal Amount*	Interest Rate	Yield
2022	$210,000	%	%	2028	$3,525,000	%	%
2023	470,000			2029	3,655,000		
2024	475,000			2030	3,635,000		
2025	3,180,000			2031	3,785,000		
2026	3,285,000			2032	3,945,000		
2027	3,400,000						

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 Refunding Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Camden, New Jersey, Bond Counsel to the School District, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the School District in connection with the issuance of the Refunding Bonds. Certain legal matters will be passed upon for the School District by its Solicitor, Caitlin Pletcher, Esquire, of the law firm Florio Perrucci Steinhardt & Cappelli, LLC, Cherry Hill, New Jersey. It is anticipated that the Refunding Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about September __, 2021.

STIFEL

* Preliminary, subject to change.

THE BOARD OF EDUCATION OF THE
TOWNSHIP OF MONROE,
IN THE COUNTY OF GLOUCESTER, NEW JERSEY

Board of Education

Frank Torcasio	President
Barbara Chamberlain	Vice President
Tony Ayres	Member
Mike DAndrea	Member
Jennifer Lewis-Gallagher	Member
Cody Miller	Member
Bruce Rice	Member
Tiffany Walker Winters	Member

Superintendent of Schools

Susan B. Ficke

School Business Administrator/Board Secretary

Lisa Schulz

Auditor

Bowman & Company LLP
Woodbury and Voorhees, New Jersey

Solicitor

Caitlin Pletcher, Esquire
Florio Perrucci Steinhardt & Cappelli, LLC
Cherry Hill, New Jersey

Bond Counsel

Parker McCay P.A.
Camden, New Jersey

Municipal Advisor

Phoenix Advisors, LLC
Bordentown, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Board 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 Refunding 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 Refunding 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 Refunding 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 REFUNDING 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

$29,565,000*
THE BOARD OF EDUCATION OF THE
TOWNSHIP OF MONROE
IN THE COUNTY OF GLOUCESTER, NEW JERSEY
TAXABLE SCHOOL REFUNDING BONDS, SERIES 2021

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 Township of Monroe, in the County of Gloucester, 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 its $29,565,000* aggregate principal amount of Taxable School Refunding Bonds, Series 2021 ("Refunding Bonds"), pursuant to a refunding bond ordinance and the 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 Board 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 REFUNDING BONDS

The School District is issuing the Refunding 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"); (ii) a refunding bond ordinance, duly and finally adopted by the Board on April 15, 2021 ("Refunding Bond Ordinance"); and (iii) a resolution, duly adopted by the Board on July 15, 2021 ("Resolution").

PURPOSE OF THE REFUNDING BOND ISSUE

The Refunding Bonds are being issued to provide funds which will be used to: (i) advance refund and redeem on March 1, 2024 ("Redemption Date") at a price of 100% ("Redemption Price") all of the School District's outstanding callable School Refunding Bonds, Series 2014, maturing on March 1 in the years 2025 through and including 2032, both dates inclusive ("Refunded Bonds"); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

Pursuant to an Escrow Deposit Agreement ("Escrow Agreement"), dated the date of issuance of the Refunding Bonds, by and between the Board and TD Bank, National Association, Cherry Hill, New Jersey ("Escrow Agent"), a portion of the proceeds of the Refunding Bonds will be deposited with the Escrow Agent and such proceeds will be invested in direct non-callable obligations of the United States of America ("Government Obligations"), the principal of which, together with investment earnings thereon and cash on deposit, will be sufficient to make full and timely payments of the Redemption Price on the Redemption Date and interest on the Refunded Bonds up to the Redemption Date. The School District will give irrevocable instructions to the Escrow Agent on the delivery date to have the Refunded Bonds called for redemption on the Redemption Date.

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* Preliminary, subject to change.

The mathematical calculations and adequacy of the deposit provided for the Refunded Bonds will be verified by Bowman & Company LLP, Woodbury and Voorhees, New Jersey, certified public accountants ("Verification Agent"), at the time of the delivery of the Refunding Bonds. All moneys and Government Obligations deposited for the payment of the Refunded Bonds, including interest thereon, are pledged solely and irrevocably for the benefit of the owners of the Refunded Bonds.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Refunding Bonds.

Sources of Funds:	
Principal Amount of Refunding Bonds	$
Debt Service Funds on Hand	
Uses of Funds:	
Deposit into Escrow Fund	$
Costs of Issuance (1)	
Underwriter's Discount	
Total Uses of Funds	$

(1) Includes legal fees, municipal advisory fee, accounting fee, escrow agent fee, printing costs, rating agency fee, verification agent fee, additional proceeds, and miscellaneous issuance expenses.

THE REFUNDING BONDS

General Description

The Refunding Bonds will be issued in the aggregate principal amount shown on the front cover page hereof, will be dated the date of delivery and will bear interest from that date. Interest on the Refunding Bonds will be payable on March 1 and September 1 ("Interest Payment Dates"), commencing March 1, 2022, in each year until maturity or earlier redemption. The Refunding Bonds will mature on March 1, in the years and in the principal amounts, as shown on the front cover page of this Official Statement.

The Refunding Bonds will be issued in fully registered book-entry only form without coupons in the principal denominations of $5,000 or any integral multiple thereof. The principal of the Refunding Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Refunding Bonds at the principal corporate trust office ofTD Bank, National Association, Cherry Hill, New Jersey ("Paying Agent"). Interest on each Refunding Bond shall be payable on each Interest Payment Date of such Refunding Bond to the registered owner of record thereof appearing on the registration books kept by the School District for such purpose at the principal office of the Paying Agent, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date ("Record Date").

So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the Refunding Bonds, payments of the principal of and interest on the

Refunding Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants (as herein defined) is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Refunding Bonds is the responsibility of the DTC Participants and not the School District or the Paying Agent. See "THE REFUNDING 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 Refunding Bonds, payment of principal and interest, and other payments on the Refunding Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Refunding 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.

DTC will act as securities depository for the Refunding Bonds. The Refunding 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 Refunding 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 Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding 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.

[1] Source: The Depository Trust Company

Transfers of ownership interests in the Refunding 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 Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding 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 Refunding 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 Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding 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 Refunding 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 Refunding 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 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 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Refunding 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 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, the School District or Paying Agent, 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 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 Refunding Bonds at any time by giving reasonable notice to the School District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Refunding 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, Refunding 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 take any responsibility for the accuracy thereof.

NEITHER THE SCHOOL DISTRICT NOR THE 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 BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE REFUNDING BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE REFUNDING BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE REFUNDING 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 Refunding Bonds, the following provisions would apply: (i) the Refunding Bonds may be exchanged for an equal aggregate principal amount of Refunding Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Paying Agent; (ii) the transfer of any Refunding Bonds may be registered on the books maintained by the Paying Agent for such purpose only upon the surrender thereof to the Paying Agent together with the duly executed assignment in form satisfactory to the School District and the Paying Agent; and (iii) for every exchange or registration of transfer of Refunding Bonds, the Paying Agent 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 Refunding Bonds. Interest on the Refunding 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 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 20__ 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 1, 20__, 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 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 REFUNDING BONDS

Taxing Power

The Refunding 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 Refunding Bonds. The Refunding 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 Refunding 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 Refunding Bonds.

New Jersey School Bond Reserve Act

The Refunding 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 responsibilities of the State of New Jersey ("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 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.

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 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.

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 kindergarten through grade twelve school district, the School District can borrow up to four percent (4%) of the average equalized valuation of taxable property in the School District. The School District is within its debt capacity.

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 new debt in a Type II school district not having a board of school estimate require an approving referendum. The 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 Refunding 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 of the New Jersey Department of Community Affairs (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 REFUNDING 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 Year 2020. A copy of the 2020 audit prepared by Bowman & Company LLP, Woodbury and Voorhees, New Jersey, containing the financial statements and complete Reports of Audit may be obtained upon request to the office of the Business Administrator/Board Secretary.

LITIGATION

Upon delivery of the Refunding Bonds, the School District shall furnish an opinion of Caitlin Pletcher, Esquire, of the law firm Florio Perrucci Steinhardt & Cappelli, LLC, Cherry Hill, New Jersey, the School District's solicitor ("Solicitor"), dated the date of delivery of the Refunding 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 Refunding Bonds, or in any way contesting or affecting the validity of the Refunding 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 Refunding 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 Refunding Bonds.

APPROVAL OF LEGAL PROCEEDINGS

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

The various legal opinions to be delivered concurrently with the delivery of the Refunding 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

Federal

In the opinion of Parker McCay P.A., Camden, New Jersey, Bond Counsel to the School District ("Bond Counsel"), interest on the Refunding Bonds is included in gross income for Federal tax purposes.

New Jersey

Bond Counsel is also of the opinion that interest on the Refunding 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 Refunding 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 Refunding Bonds.

PROSPECTIVE PURCHASERS OF THE REFUNDING 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 LAW AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE REFUNDING 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 requirements of Rule 15c2-12 (the "Rule"), promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission ("Commission"), the School District will, prior to the issuance of the Refunding Bonds, enter into an agreement substantially in the form set forth in Appendix "D" ("Continuing Disclosure Agreement").

The Board has previously entered into continuing disclosure undertakings under the Rule (the "Prior Undertakings"). Under the Prior Undertakings, the Board agreed to provide updates to its audited financial statements, its budgets and certain financial and operational information relating to the Board. While the Board has filed its operating data in each of the past five (5) years, certain information, required in some, but not all, of the Board's Prior Undertakings, was not included and/or available in the operating data for the fiscal years ended June 30, 2016 through 2020. Additionally, due to an oversight, the Board inadvertently filed a draft of its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2018 on February 15, 2019. A remedial filing has been completed to file the final version of the 2018 CAFR. The Board appointed Phoenix Advisors, LLC in April 2015 to serve as continuing disclosure agent.

CERTAIN RISK FACTORS

Recent Healthcare Developments

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States ("President") and a state of emergency by the Governor of the State ("Governor").

In response, the President declared a national emergency on March 13, 2020.Additionally, on March 9, 2020, the Governor issued Executive Order 103, pursuant which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak. Other Executive Orders (some of which have since been modified or rescinded), limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. Quarantine and other "social distancing" measures undertaken by government agencies, businesses, schools and other entities in response to the COVID-19 outbreak altered behavior and have affected commerce in a manner that has negatively affected global, national and local economies.

Notwithstanding the disruptions that have resulted from COVID-19, the State and the School District have recently seen a dramatic reduction in reported cases of COVID-19, and a corresponding reduction in hospitalization rates and fatalities. As a result, on June 4, 2021, the Governor signed legislation formally ending the Public Health Emergency declaration, while retaining certain limited

Executive Orders related to public health and safety until January 1, 2022. The previous declaration of the State of Emergency, however, remains in effect as of the date hereof.

In an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 ("Plan") was signed into law by President Biden on March 12, 2021 and provides $1.9 trillion in financial assistance to businesses, individuals and governmental entities. In particular, the Plan includes various forms of financial relief, including up to a $1,400 increase in direct stimulus payments to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan also provides funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the School District is expected to receive approximately $4,677,913 in funding ("Plan Funds”"), all of which must be assigned by December 31, 2024, and expended by 2026. Such funds are expected to be received in two (2) equal payments; one (1) to be received within 60 days of enactment of the Plan, and the balance to be received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (ii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the School District that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iii) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the School District prior to the emergency; and (iv) make necessary investments in water, sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

While the effects of COVID-19 have abated significantly in the State, the School District cannot predict, and does not predict, the duration, severity or ultimate impact of COVID-19 upon global, State-wide and local economies and operations, including that of the School District.

Cyber Security

The School District relies on a complex technology environment to conducts its various operations. As a result, the School District faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the School District has invested in multiple forms of cybersecurity and operational safeguards. In addition, the School District maintains certain insurance coverage for cyberattacks and related events.

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UNDERWRITING

The Refunding Bonds are being purchased from the School District by Stifel, Nicolaus & Company, Incorporated, Philadelphia, Pennsylvania ("Underwriter"), pursuant to a bond purchase contract dated August __, 2021, between the School District and the Underwriter, at a purchase price of $____________ ("Purchase Price"). The Purchase Price of the Refunding Bonds reflects a par amount of $____________, and less an Underwriter's discount in the amount of $_________. The Underwriter is obligated to purchase all of the Refunding Bonds if any Refunding Bonds are purchased.

The Underwriter intends to offer the Refunding 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 Refunding Bonds to the public. The Underwriter may offer and sell the Refunding Bonds to certain dealers (including dealers depositing Refunding Bonds into investment trusts) at yields higher than the public offering yields set forth on the cover page, and such 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

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the School District with respect to the issuance of the Refunding Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetic computations supporting the conclusion that the principal amounts of, and interest earned on, the Government Obligations to be acquired with a portion of the proceeds of the Refunding Bonds, are sufficient to pay the Redemption Price on the Redemption Date and interest on the Refunded Bonds up to the Redemption Date will be independently verified by Bowman & Company LLP, certified public accountants, Woodbury and Voorhees, New Jersey.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC business ("Rating Agency"), has assigned a rating of "AA-" the Refunding Bonds based on the creditworthiness of the School District. The Refunding Bonds are further secured by the New Jersey School Bond Reserve Act.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The School District furnished to the Rating Agency certain information and materials concerning the Refunding Bonds and the School District. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Refunding 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 Underwriter 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.

Neither Bond Counsel nor the Municipal Advisor has participated in the preparation of this Official Statement, nor have such firms verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS" for Bond Counsel) and, accordingly, will express no opinion with respect thereto.

Bowman & Company LLP, Woodbury and Voorhees, 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 Refunding 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 Schulz, Business Administrator/Board Secretary, Monroe Township School District, at (856) 629-6400 or the Municipal Advisor at (609) 291-0130.

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 Refunding 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 School District.

THE BOARD OF EDUCATION OF THE TOWNSHIP OF MONROE, IN THE COUNTY OF GLOUCESTER, NEW JERSEY

By: ____

LISA SCHULZ,
Business Administrator/Board Secretary

Dated: August __, 2021

APPENDIX A

Economic and Demographic Information Relating to the School District and the Township of Monroe, New Jersey

GENERAL INFORMATION ON THE SCHOOL DISTRICT(1)

Education

The Monroe Township Public School District ("School District") is a Type II School District functioning through a nine (9) member board elected for three (3) year staggered terms. The School District operates four (4) elementary schools, one (1) middle school and one (1) high school complex, providing educational services for grades, including pre-school and disabled students, kindergarten through twelve.

TOWNSHIP OF MONROE SCHOOL DISTRICT
SCHOOL ENROLLMENTS(1)

			As of June 30th		
Grade	**2020**	**2019**	**2018**	**2017**	**2016**
Preschool (1/2 Day)	46	92	23	35	---
K	318	291	314	302	339
1	335	377	339	381	394
2	333	380	358	374	364
3	360	406	363	370	408
4	380	419	345	399	390
5	424	421	396	391	399
6	454	478	388	396	390
7	447	491	396	407	423
8	487	465	411	429	405
9	453	421	399	368	396
10	437	465	374	399	418
11	444	409	399	419	367
12	471	453	413	362	382
Special Education	177	165	1,082	982	987
Totals(2)	5,566	5,733	6,000	6,014	6,062

Present School Facilities, Enrollment and Capacity (1)

Name of School	Date Constructed	Renovations / Additions	Grades	Enrollment June 30, 2020	Functional Capacity
Whitehall Elementary	1967	1970/2009	K-4	317	418
Radix Elementary	1981	2009	PSD-4	584	666
Oak Knoll	1926	'54/'70/2010	K-4	528	593
Holly Glen Elementary	1967	'76/'91/2009	PSD-4	434	548
Williamstown Middle School	1958	'78/'80/'04/2009	5-8	1,869	1,864
Williamstown High School	1997	2008	9-12	1,834	1,662
Totals				**5,566**	**5,751**

(1) Source: School District officials
(2) On roll students only, does not include students sent out of district

Local School District Employees

	2020	2019	June 30, 2018	2017	2016
Totals	805	811	803	804	804

Employee Collective Bargaining Units

The School District has a contract with the Monroe Township Education Association covering all teaching staff. This contract expires on June 30, 2024. The School District also has contracts with the Monroe Township Federation of Teachers/Paraprofessionals and the Monroe Township Organization of Administrators and Supervisors both of which expire on June 30, 2022. Contracts for Non unit employees are approved annually. The Monroe Township Association of Educational Secretaries contract expires on June 30, 2022.

Budget History

Budget Year	Outcome of Election	Amount as Originally Proposed
2020-2021	(1)	$109,068,071
2019-2020	(1)	104,356,843
2018-2019	(1)	102,964,156
2017-2018	(1)	99,267,713
2016-2017	(1)	98,159,362

Pension Plans

Those School District employees who are eligible for pension coverage are enrolled in one of three 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 plans. See Appendix "B" - Financial Statements of the School District, Note 9 to Financial Statements.

HIGHER EDUCATION FACILITIES

Rowan College of South Jersey – Gloucester Campus (2)

Rowan College of South Jersey (“RCSJ” or “College”), formerly known as Rowan College at Gloucester Counter and Gloucester County College, is a public, comprehensive, two-year institution accredited by the Middle States Association of Colleges and Schools. The College consists of two campuses, one in Sewell and one in Vineland. The College was established in 1966 as Gloucester County College. In 2014, the College changed its name to Rowan College at Gloucester Counter when Rowan University and Gloucester County College entered into a partnership. The College then expanded in 2019, combining Rowan College at Gloucester County and Cumberland County College to become Rowan College of South Jersey. While Gloucester County College took the Rowan name, it maintains its independence with its own Board of Trustees and administration.

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(1) Current Expense Levy was within the 2.0% State CAP, therefore an election was not required.
(2) Rowan College South Jersey website

Offering 126 academic programs across seven (7) career fields, the College seeks to assist individuals in the development of a career, while at the same time cultivating values and encouraging personal growth. A number of selective admission programs related to the allied-health filed, including nursing, diagnostic medical sonography (DMS) and nuclear medicine technology (NMT) are available.

The College awards certificate and associate degrees that lead to immediate career and transfer opportunities. With an extensive record of matriculation agreements with four-year colleges and universities, graduates are able to transfer seamlessly into baccalaureate and master degree programs. The College added an automatic dual acceptance initiative with five (5) four-year universities, which makes earning a bachelor's degree an uncomplicated progression with added benefits.

Additionally, RCSJ graduates are guaranteed admission to Rowan University as long as they maintain a 2.0 GPA or higher and meet the prerequisite coursework requirements for their program. By attending RCSJ, students reap the benefits of a four-year institution while paying the community-college tuition and fee rates.

Recently, RCSJ underwent several developments and renovations, including a $1 million renovation to the former Sciences building, a $11.5 million; 41,000-square-foot building at the Nursing and Allied Health Center, and a $2 million; 6,500-square-foot expansion to the Law and Justice Education Center.

Located on 250 acres in Sewell, RCSJ's main campus also houses the Continuing Education Center that provides customized training and safety instruction to the business community. The Safety Unit is especially well-known for its long-term relationship with the Delaware Valley Safety Council, which represents large petrochemical and manufacturing businesses in the region.

Total enrollment for the Fall 2020 semester was 9,020 students, with 6,369 students attending the Gloucester campus and 2,651 enrolled at the Cumberland campus.

Rowan University (1)

Rowan University ("University") is a public, national research university located in Glassboro, Camden, and Stratford. It is recognized for its nationally ranked academic and athletic programs, talented professors and high-tech facilities. Focused on practical research at the intersection of engineering, medicine, science and business, Rowan has earned national recognition for innovation, commitment to high-quality, affordable education, and developing public-private partnerships.

The University is comprised of seven (7) academic colleges and five (5) schools, offering a wide range of areas of study. Its Division of Global Learning and Partnerships provides flexible undergraduate and graduate programs on campus, off site – including at two area community colleges – and online. Rowan offers 90 bachelor's, 48 master's, two professional, and eight doctoral degree programs.

Rowan is one of three universities in the nation to offer M.D. and D.O. medical degree programs. The institution is also home to the South Jersey Technology Park, which fosters the translation of applied research into commercial products and processes. The Carnegie Classification of Institutions of Higher Education has designated Rowan as an R2 institution (high research activity).

The State of New Jersey recognizes the University as a comprehensive research university and as a public institution of higher education. The New Jersey Legislature appropriates funds annually to support the University; however, it operates autonomously from the State.

(1) Rowan University website

As of the 2020-2021 academic year, Rowan's undergraduate and graduate enrollment totaled 19,678 students.

Gloucester County Institute of Technology (1)

The Gloucester County Institute of Technology ("GCIT") provides a full range of regionalized occupational and technical County-wide educational services and programs appropriate to the needs of the students of 13 public high schools, as well as adults who seek educational opportunities that lead to employment or higher education. GCIT also provides programing for secondary students who wish to continue their education through Tech Prep matriculation agreements with various four-year institutions in the County.

As of June 30, 2020, approximately 1,349 students were enrolled in GCIT's Academy and Career-Technical programs. Recent construction has added, among other things, a cafeteria, gymnasium, and classrooms to the academic facilities in order to keep pace with demand. For the upcoming 2021-2022 academic year, GCIT plans to offer eleven (11) career-centric programs that aim to prepare students entering the workforce or continuing their education.

In addition to its day school enrollment, GCIT serves an average of 4,000 residents in various programs, including: (i) adult and continuing education programs; (ii) County employees in customized training programs; (iii) adults in the skill center; (iv) over 400 at-risk youth and their families in school-based youth services counseling; (v) the U.S. Junior Olympics swim team of 175 members; and (vi) the joint auto technology program with Rowan College serving 40 adult students in an AAS degree program.

GCIT also offers School to Careers (aka Cooperative Education), which is a program that provides supervised workplace employment opportunities and learning experiences for qualified students. The employment experience is based upon an agreement developed by the employer, student, parent, and high school representative. Students are closely supervised and periodically evaluated by the employer and the Cooperative Education Coordinator. The evaluations are used to assign a grade and receive credit for the experience in their career-theme class.

Gloucester County Special Services School District (2)

Gloucester County Special Services School District ("GCSSSD") provides a wide range of educational services to the families of the County. GCSSSD serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford was approximately 631 students as of June 2020.

Bankbridge Regional opened its doors in September 2000 and serves secondary-level students who have special needs. In September 2002, GCSSSD opened Bankbridge Elementary School, which serves special needs students from pre-kindergarten to grade five (5).

The Bankbridge Development Center ("BDC") opened in 2007. With an emphasis on developing skills in the areas of communication, socialization, and independence, the BDC strives toward helping students become participating and contributing members of their community. Education, advocacy, public awareness efforts, and the promotion of research form the cornerstones of our activities. Together, we can promote lifelong access and opportunity for all individuals within the autism spectrum.

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(1) Gloucester County Institute of Technology website
(2) Gloucester County Special Services School District website

The student outcome goals include, but are not limited to:

- The development of a functional communication system in order to increase interaction and enhance adaptive behaviors.
- Effectively provide functional, skill based instruction to develop each student's social, behavioral and academic abilities.
- Providing students with the skills necessary to become contributing and functional members of society.

The staff at the Bankbridge Developmental Center is dedicated to educating and supporting the special needs students who attend our Center. Each classroom and specialty area has been carefully designed to provide an encouraging but challenging learning environment to help the children reach their maximum potential. The programs are tailored to meet the specific needs of each child. The philosophy, goals, and objectives of the BDC reflect the diversity of the children we serve. Programs are designed to meet their educational, social, and emotional needs.

GCSSSD also provides the following services to support the special needs children of the County: (i) the Early Intervention Program for children from birth to age 3 and their families; and (ii) the Center for Regional Education Support Services (CRESS), which provides professional services to the school districts in the County and the County of Camden.

Additionally, GCSSSD offers support to non-public students through their schools including remedial programs, speech-language therapy, and textbook purchasing. GCSSSD's Special Projects Program provides Migrant Services to more than 3,000 students and families through the southern region of New Jersey.

LOCAL SCHOOL DISTRICT BUDGETS

	2020-21	2019-20
Revenues:		
General Fund:		
Current Expense:		
Fund Balance Appropriated	$ 6,200,533	$ 5,114,128
Local District School Taxes	52,112,368	51,596,404
State Aid	42,406,223	39,606,778
Federal Aid	162,972	177,182
Tuition	434,582	442,645
Transportation Fees	44,437	32,894
Interest Earned on Maintenance Reserve Funds	15	
Interest Earned on Capital Reserve Funds	100	100
Miscellaneous	194,206	194,206
Total General Fund	101,555,436	97,164,337
Special Revenue Fund:		
Local, State and Federal Aid	2,808,154	3,885,845
Debt Service Fund:		
Local District School Taxes	3,692,118	3,657,085
State Aid	1,012,363	978,321
Total Debt Service Fund	4,704,481	4,635,406
Total Revenues	$ 109,068,071	$ 105,685,588
Appropriations:		
General Fund:		
Current Expense:		
Regular Programs--Instruction	$ 26,433,342	$ 24,972,539
Special Education--Instruction	9,885,515	9,291,424
Basic Skills/Remedial	1,679,009	1,541,767
Bilingual Education--Instruction	228,039	224,984
School-Spon. Cocurricular Activities--Instruction	472,697	441,925
School-Spon. Athletics--Instruction	839,919	790,976
Summer School	51,616	61,676
Instructional Alternative Education Programs	20,000	38,422
Other Instructional Programs	45,000	41,500

(Continued)

LOCAL SCHOOL DISTRICT BUDGETS (Cont'd)

	2020-21	2019-20
Appropriations (Cont'd):		
General Fund (Cont'd):		
Undistributed Expenditures:		
Instruction	$ 6,244,326	$ 5,183,625
Attendance and Social Work Services	30,750	30,000
Health Services	1,385,607	1,186,067
Other Support Services--Stds-Related & Extraordinary	1,245,391	1,165,783
Other Support Services--Students--Regular	1,944,611	1,706,816
Other Support Services--Students--Special	2,171,507	2,063,372
Improvement of Instructional Services	1,916,963	1,899,834
Educational Media Services--School Library	1,804,223	1,705,145
Instructional Staff Training Services	1,055,720	1,170,340
Support Services--General Administration	2,077,747	2,028,287
Support Services--School Administration	3,730,141	3,720,292
Central Services & Administration Information Technology	1,436,611	1,626,796
Operation and Maintenance of Plant Services	8,686,523	8,358,233
Student Transportation Services	8,728,694	8,896,727
Personal Services--Employee Benefits	15,451,478	16,187,740
Interest Earned on Maintenance Reserve	15	100
Increase in Maintenance Reserve	50,000	50,000
Total Current Expense	97,615,444	94,384,370
Capital Outlay:		
Interest Deposit to Capital Reserve	100	100
Equipment	191,406	517,377
Facilities Acquisition and Construction Services	3,257,208	1,499,210
Increase in Capital Reserve		350,000
Land & Improvements	225,000	125,000
Assessment for Debt Service on SDA Funding	219,099	219,099
Total Capital Outlay	3,892,813	2,710,786
Transfers to Charter Schools	47,179	69,181
Total General Fund	101,555,436	97,164,337
Special Revenue Fund:		
Local Projects	330,339	365,385
State Projects	456,574	550,075
Federal Projects	2,021,241	2,970,385
Total Special Revenue Fund	2,808,154	3,885,845
Debt Service Fund:		
Principal and Interest	4,704,481	4,635,406
Total Debt Service	4,704,481	4,635,406
Total Appropriations	$ 109,068,071	$ 105,685,588

TOWNSHIP OF MONROE BOARD OF EDUCATION
HISTORICAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Revenues:					
Tax Levy	$ 55,253,487	$ 54,317,552	$ 53,290,723	$ 52,142,577	$ 50,593,181
Miscellaneous	852,492	1,313,514	1,357,287	1,434,097	683,598
State Sources	54,404,304	51,752,300	49,040,762	46,246,271	44,874,235
Federal Sources	2,471,656	2,639,743	2,567,473	2,842,175	2,778,053
Total Revenue	112,981,939	110,023,109	106,256,244	102,665,120	98,929,066
Expenditures:					
Instruction					
Regular Instruction	25,403,712	25,198,735	25,012,004	23,839,727	24,309,862
Special Education Instruction	8,871,631	8,675,216	8,590,188	8,235,965	7,857,929
Other Special Instruction	1,671,253	1,638,445	1,651,343	1,591,273	1,517,403
Other Instruction	1,235,962	1,254,417	1,223,513	1,241,421	1,164,585
Support Services:					
Student and Instruction Related Service	15,328,782	15,394,941	14,322,307	15,210,177	13,500,690
School Administrative Services	3,778,619	3,809,343	3,783,515	3,721,707	3,685,863
Other Administrative Services	3,312,959	3,517,584	3,157,274	3,344,075	2,984,351
Plant Operations and Maintenance	7,564,926	8,796,718	9,501,882	8,191,299	8,075,543
Pupil Transportation	7,198,006	8,356,171	8,105,955	7,540,316	7,093,824
Unallocated Benefits	26,835,078	26,667,770	25,158,502	23,731,635	21,746,432
Transfer to Charter Schools	67,889	33,021	120,119	59,248	66,029
Capital Outlay	1,380,364	2,250,138	1,360,353	738,108	1,196,070
Debt Service:					
Principal	2,880,000	3,003,000	2,815,000	2,610,000	2,500,000
Interest and Other Charges	1,755,406	1,874,304	2,000,815	2,109,364	2,210,565
Total Expenditures	107,284,588	110,469,804	106,802,769	102,164,315	97,909,146
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,697,351	(446,695)	(546,525)	500,805	1,019,920
Other Financing Sources (Uses):					
Capital Leases				149,335	81,992
Transfers In	1,802,964	3,056,288		1,563,246	400,000
Transfers Out	(1,802,964)	(3,056,288)		(1,563,246)	(400,000)
Total Other Financing Sources (Uses)	-	-	-	149,335	81,992
Net Change in Fund Balances	5,697,351	(446,695)	(546,525)	650,140	1,101,912
Fund Balances, July 1	12,909,167	13,355,862	13,902,387	13,252,247	12,150,335
Fund Balances, July 1	$ 18,606,518	$ 12,909,167	$ 13,355,862	$ 13,902,387	$ 13,252,247

Source: School District Reports of Audit

TOWNSHIP OF MONROE BOARD OF EDUCATION
HISTORICAL REVENUES, EXPENDITURES AND CHANGES IN
RETAINED EARNINGS (NET ASSETS) -- ALL PROPRIETARY FUND TYPES(1)

	Enterprise Fund				
	2020	2019	2018	2017	2016
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs	$334,574.53	$493,238.12	$540,374.84	$588,688.64	$642,190.24
Daily Sales - Non-Reimbursable Programs	237,594.78	349,480.59	376,709.23	415,342.19	511,714.59
Miscellaneous Revenues	21,478.48	66,396.42			
Total Operating Revenues	593,647.79	909,115.13	917,084.07	1,004,030.83	1,153,904.83
OPERATING EXPENSES:					
Salaries	631,771.39	736,134.35	872,042.96	912,711.17	893,450.25
Benefits	210,687.43	214,305.79			
General Supplies	86,779.02	95,146.31	83,964.46	107,527.99	158,167.83
Management Fees	73,756.14		90,490.77	119,367.30	134,665.46
Other Purchased Technical Services	9,620.00	28,850.50	47,510.77	10,300.00	
Repairs and Maintenance	31,956.58	31,917.16	36,542.19	31,847.10	
Miscellaneous			235,265.76		
Cost of Sales - Reimburseable Programs	608,983.60	644,680.80	741,936.81	817,370.02	840,495.42
Cost of Sales - Non-Reimburseable Programs	72,499.00	123,268.00	116,626.00	115,377.00	189,334.00
Depreciation	45,176.25	37,434.25	70,520.00	45,673.00	37,955.00
Total Operating Expenses	1,771,229.41	1,911,737.16	2,294,899.72	2,160,173.58	2,254,067.96
Operating Income (Loss)	(1,177,581.62)	(1,002,622.03)	(1,377,815.65)	(1,156,142.75)	(1,100,163.13)
NON-OPERATING REVENUES (EXPENSES):					
Loss on Disposal of Capital Assets	(12,094.02)	(441.75)	(40,142.00)	(286.00)	(1,831.00)
State Sources:					
State School Lunch Program	15,736.30	19,566.57	19,372.91	19,804.70	20,926.66
Federal Sources:					
National School Lunch Program	678,370.43	722,852.46	708,423.43	779,716.03	779,618.44
National School Breakfast Program	210,704.37	148,400.43	161,835.82	184,146.16	205,625.55
National School Milk Program	2,380.45	1,911.85	2,028.00	4,160.18	5,049.92
Food Distribution Program	233,223.44	148,383.98	180,915.24	175,035.71	170,918.13
Total Non-operating Revenue (Expenses)	1,128,320.97	1,040,673.54	1,032,433.40	1,162,576.78	1,180,307.70
Change in Net Position	(49,260.65)	38,051.51	(345,382.25)	6,434.03	80,144.57
Net Position - Beginning, as originally stated					901,184.20
Restatement (see Note 20)					101,998.00
Net Position - Beginning, as restated	782,430.06	744,378.55	1,089,760.80	1,083,326.77	1,003,182.20
Net Position - Ending	$733,169.41	$782,430.06	$744,378.55	$1,089,760.80	$1,083,326.77

(1) Source: School District Records

GENERAL INFORMATION ON THE TOWNSHIP

The following material presents certain economic and demographic information of the Township of Monroe (the "Township"), in the County of Gloucester (the "County"), State of New Jersey (the "State").

The Township is the gateway to the County, Atlantic City, Philadelphia and Southern New Jersey. The Township has a population of over 36,000 persons and a land area of 48 square miles. The Township is coupled with extensive regional highway transportation facilities, convenient transit facilities, and a vastly growing housing development market. The Township is situated near five (5) major highways – Atlantic City Expressway, Garden State Parkway, New Jersey Turnpike and Routes 295 & 42. It is also located within thirty (30) minutes of the Philadelphia International Airport and within forty (40) minutes of the Atlantic City Casinos, Atlantic City and the Atlantic City Airport.

Form of Government

The Township operates under the Mayor-Council Plan form of government under the provisions of the Faulkner Act form of government, the Mayor-Council Plan (N.J.S.A. 40A:69A-31 to 40A:69A-67.2). This form of government consists of a Mayor who serves for a four (4) year term, and seven (7) Council members consisting of four (4) Ward Council seats, and three (3) Council-at-Large seats, who serve for four (4) year staggered terms. An administrator appointed by the Mayor, with the advice and consent of Council, supervises all paid personnel and directs the business activities of the Township.

Public Safety

The Department of Public Safety is responsible for Police, Fire, Emergency Medical Services, and Disaster management coordination services for the Township

Full time Police protection is provided by the Monroe Township Police Department under the direction of the Chief of Police.

The Township is serviced by two (2) volunteer fire companies, Williamstown Fire Company and Cecil Fire Company. The paid Monroe Township Ambulance (EMS) crew serves the Township Monday through Friday 6 am to 6 pm.

The Office of Emergency Management ("OEM") is staffed full-time and coordinates disaster emergency responses for the Township together with all public safety agencies and other Township departments. OEM also interacts frequently with county, state, and federal agencies involved in disaster planning, response, mitigation and recovery. The Office of Emergency Management received an annual performance grant to assist with staffing the office on a full-time basis. An emergency operations plan is currently in place and is tested annually.

Recreation

The Department of Community Affairs has its office in the Pfeiffer Community Center, located at Main and Blue Bell Roads. Many of the Township's residents belong to a variety of civic, social, and community groups. This building, along with the "Senior Building", serves as the primary meeting space for these groups. The Pfeiffer Community Center built in 1971, hosts everything from Boy & Girl Scouts to church groups to alcoholics and overeaters anonymous. It serves as a County Nutrition Site that feeds lunch to the senior residents every day.

Public Works

The Township Public Works is located at 1040 Glassboro Road in Williamstown. Public Works consists of various departments which include the following:

The Vehicle Maintenance Department is staffed by qualified mechanics who maintain all Township owned vehicles.

The Road Department maintains, repairs and repaves the streets and roads governed by the Township, removes snow and ice from all municipal streets and roads, maintains culverts and drainage of the municipality and constructs and reconstructs such steeps and drainage as may be authorized or needed. The Department maintains a curbside leaf collection program, maintains municipal retention basins and trims all bushes and trees as necessary along municipal roadways.

The Sanitation Department maintains and operates all sanitation equipment and provides for the collection and disposal of municipal and household waste and other debris as required by ordinance.

Library

The Township's library collection consists of more than 80,000 items, including: books, magazines, newspapers, DVDs, videos, music on compact disk and cassette, and books on both audio cassette and CD. The library consists of more than two dozen computers for public use.

Personnel

The Township currently employs 163 persons on a full-time year-round basis and 46 persons on a part-time basis. The police force currently employs 64 officers..

Employee Collective Bargaining Units

The Township maintains collective bargaining relationships with the following organizations:

- The United Food & Commercial Workers Union Local 360 (Clerical & Public Works) contract expires December 31, 2021.

- The Police Officers Association, with contracts expiring December 31, 2021 for the Sergeants and Patrolmen.

- The Monroe Township Supervisor's Association (Supervisors) contract expires December 31, 2021.

Compensated Absences

Employees of the Township are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. Employees are represented by a number of labor unions, and each contract contains different provisions for such employee compensated absences.

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one (1) of three (3) pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State.

Township Population(1)

2019 Estimated Federal Census	36,865
2010 Federal Census	36,129
2000 Federal Census	28,967
1990 Federal Census	26,703
1980 Federal Census	21,639
1970 Federal Census	14,701

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(1) Source: U.S. Department of Commerce, Bureau of Census.

Selected Census 2019 Data for the Township(1)

Median household income	$85,399
Per capita income	$36,364

Labor Force(2)

The following table discloses current labor force data for the Township, County and State.

	2020	2019	2018	2017	2016
Township					
Labor Force	18,837	18,595	18,129	18,403	18,376
Employment	16,815	17,860	17,282	17,428	17,328
Unemployment	2,022	735	847	975	1,048
Unemployment Rate	10.7%	4.0%	4.7%	5.3%	5.7%
County					
Labor Force	151,080	150,912	147,175	149,158	148,968
Employment	137,052	145,571	140,940	142,127	141,431
Unemployment	14,028	5,341	6,235	7,031	7,537
Unemployment Rate	9.3%	3.5%	4.2%	4.7%	5.1%
State					
Labor Force	4,495,200	4,522,200	4,422,900	4,453,500	4,474,700
Employment	4,055,300	4,367,300	4,239,600	4,247,500	4,252,100
Unemployment	439,900	154,900	183,400	206,000	222,600
Unemployment Rate	9.8%	3.4%	4.1%	4.6%	5.0%

Planning and Development

The Township had an established geographical master plan that identifies an existing and evolving community. Over fifteen (15) separate housing developments remain at various stages of the preliminary review and approval process while five (5) housing developments with final approvals continue through the construction phase. A 250,000 square foot retail shopping center anchored by a major retailer was recently constructed and opened while the development of a 2nd 350,000 square foot shopping center anchored by another major retailer is in the preliminary development stages.

Building Permits(3)

Year	Number of Permits Issued	Value of Construction
2021(4)	705	$14,178,414.00
2020	1967	32,699,479.00
2019	1891	26,333,665.00
2018	1,821	27,536,713.75
2017	1,990	23,279,183.90
2016	2,226	31,555,198.80

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(1) Source: U.S. Department of Commerce, Bureau of Census.
(2) Source: New Jersey Department of Labor
(3) Source: Township's Construction office
(4) As of July 31, 2021

TEN LARGEST EMPLOYERS

Employer	Type of Business	Approximate Number of Employees
Monroe Township School District	K-12 Education	819
COPS Monitoring	Alarm Monitoring Company	250
Monroe Township	Government	250
Snow Ball Foods, Inc.	Poultry Processing Plant	250
Student Transportation of America, Inc.	School Transportation	250
Tall Pines Day Camp, Inc.	Camp for Children	250
ASL Transportation Group	Trucking Company	100
County Acres Preschool	Private Preschool	100
Meadowview Geriatrics, Inc.	Nursing Center	100
Maryville, Inc.	Addiction Treatment Center	100

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS (1)

Name of Taxpayer	Nature of Business	2021 Assessed Valuation
Barclay Glen at Cross Keys LLC	Apartments	$21,550,000
Wal-Mart Real Estate Business Trust	Shopping Center	18,500,000
Nationwide MHC, LLC / Continental Com.	Mobile Home Park	16,330,000
Williamstown Inc. C Suisse / Wal-Mart	Shopping Center	13,905,000
Jefferson Village LLC	Apartments	12,630,000
Friendly Village MHP LLC	Mobile Home Park	12,350,000
Gordon Partnership LLP	Shopping Center	8,979,600
Laurelton Village Realty	Apartments	8,970,000
Barclay Glen North LLC	Apartments	7,940,000
Streamwood Association Williamstown, LLC	Apartments	7,650,000

CURRENT TAX COLLECTIONS (2)

Year	Tax Levy	Current Collection Amount	Current Collection Percent	Outstanding Dec. 31	Percent
2020	$99,792,157	$97,418,438	97.62%	$1,903,565	1.91%
2019	98,218,471	96,038,559	97.78	1,880,077	1.91
2018	96,479,120	94,017,691	97.45	1,854,762	1.92
2017	94,712,100	92,295,798	97.45	1,760,746	1.86
2016	93,263,582	90,848,082	97.41	1,927,419	2.07

(1) Source: Township Tax Assessor
(2) Source: Annual Reports of Audit

DELINQUENT TAXES (1)

Year	Outstanding Jan. 1	Added	Collected Amount	Collected Percent	Transfer to Liens	Other Credits	Outstanding Dec. 31
2020	$1,932,337	$82,098	$1,918,240	95.22%	$24,538	$3,399	$68,258
2019	1,913,060	79,570	1,896,575	95.18	15,724	28,069	52,260
2018	1,832,658	59,630	1,745,963	92.27	80,287	7,740	58,297
2017	2,004,253	23,488	1,780,604	87.81	52,692	122,533	71,912
2016	2,033,479	80,550	1,913,330	90.51	70,740	53,125	76,834

TAX TITLE LIENS (1)

Year	Balance Jan. 1	Added by Sales & Transfers	Collected	Other Credits	Balance Dec. 31
2020	$1,430,749	$268,033	$123,698	$322,226	$1,252,858
2019	1,414,188	282,690	119,908	146,221	1,430,749
2018	1,226,703	412,797	74,473	150,839	1,414,188
2017	992,308	350,834	116,439	---	1,226,703
2016	886,873	318,508	213,073	---	992,308

FORECLOSED PROPERTY (1)(2)

Year	Balance Jan. 1	Transfer from Municipal Liens	Sale	Adjust to Assessed Values	Loss on Sale	Balance Dec. 31
2020	$2,294,600	$315,870	---	$1,508,530	---	$4,119,000
2019	2,328,000	138,366	$48,450	325,334	$448,650	2,294,600
2018	2,033,900	120,250	---	173,850	---	2,328,000
2017	2,033,900	---	---	---	---	2,033,900
2016	2,033,900	---	---	---	---	2,033,900

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)

		Tax Rate(4)				
Year	Net Valuation Taxable	Total	County	Local School	Municipal	Municipal Open Space
2021	$2,753,359,000	$3.641	$.705	$2.037	$.895	$.004
2020	2,721,975,400	3.637	.697	2.040	.897	.003
2019	2,704,193,200	3.615	.688	2.026	.898	.003
2018	2,704,555,200	3.556	.668	1.990	.896	.002
2017	2,666,561,754	3.542	.666	1.977	.896	.003

(1) Source: Annual Reports of Audit
(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. These amounts represent the property acquired for taxes and by deed by the Township
(3) Source: Township Tax Assessor
(4) Per $100 of assessed valuation

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
2021	$2,753,359,000	97.41%	$2,826,567,088	$76,673(2)
2020	2,721,975,400	100.15	2,717,896,552	73,726(2)
2019	2,704,193,200	99.55	2,716,417,077	73,686(2)
2018	2,704,555,200	102.08	2,649,446,708	71,785(3)
2017	2,658,667,400	101.09	2,630,000,396	71,258(3)

REAL PROPERTY CLASSIFICATION (4)

Year	Assessed Value Land and Improvements	Vacant Land	Residential	Commercial	Farmland & Industrial	Apartment
2021	$2,753,359,000	$54,825,400	$2,283,698,900	$306,264,000	$40,305,000	$68,265,700
2020	2,721,975,400	56,442,200	2,253,341,900	304,210,900	39,714,700	68,265,700
2019	2,704,193,200	54,606,700	2,239,400,000	302,500,300	39,420,500	68,265,700
2018	2,704,555,200	54,336,500	2,237,912,700	304,869,300	39,171,000	68,265,700
2017	2,658,667,400	56,106,300	2,215,759,500	295,580,800	39,008,800	52,212,000

(1) Source: State of New Jersey, Department of Treasury, Division of Taxation
(2) Based on Estimated Census 2019 of 36,865
(3) Based on Estimated Census 2016 of 36,908
(4) Source: Township Tax Assessor

TOWNSHIP OF MONROE
STATEMENT OF INDEBTEDNESS (1)

The following table summarizes the direct debt of the Township of Monroe as of December 31, 2020. The gross debt comprises long-term debt issued, debt authorized but not issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include deductible school district debt. The resulting net debt of $29,304,626 represents 1.071% of the average of equalized valuations for the Township for the last three years, which is

	Debt Issued		Authorized but not	Gross	Deductions School	Net
	Bonds & Notes	Loans	Issued	Debt	Debt	Debt
General	$16,555,000	$24,176	$12,725,450	$29,304,626		$29,304,626
School District	37,970,000			37,970,000	$37,970,000	
	$54,525,000	$24,176	$12,725,450	$67,274,626	$37,970,000	$29,304,626

(1) As of December 31, 2020

Source: Township Annual Debt Statement and School District Records

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad Property for 2018, 2019 and 2020	$2,737,090,913
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2018, 2019 and 2020	1.07%
2020 Net Valuation Taxable	$2,753,359,000
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	$2,826,567,088
Gross Debt (2):	
As a percentage of 2020 Net Valuation Taxable	2.44%
As a percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.38%
Net Debt (2):	
As a percentage of 2020 Net Valuation Taxable	1.06%
As a percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.04%
Gross Debt Per Capita (3)	$1,862
Net Debt Per Capita (3)	$811

SCHOOL DISTRICT BORROWING CAPACITY

4% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements ($2,737,090,913)	$109,483,637
Local School Debt	37,970,000
Remaining Borrowing Capacity	$71,513,637

TOWNSHIP BORROWING CAPACITY(1)

3.5% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements ($2,737,090,913)	$95,798,182
Net Debt	29,304,626
Remaining Borrowing Capacity	$66,493,556

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(1) As of December 31, 2020
(2) Excluding overlapping debt
(3) Based on 2010 Census of 36,129

TOWNSHIP OF MONROE
OVERLAPPING DEBT
AS OF DECEMBER 31, 2020

	DEBT ISSUED							
	Debt Outstanding	Deduction		Net Debt Outstanding	Net Debt Outstanding Allocated to the Issuer		**Debt Auth. but not Issued**
County of Gloucester(1):							
General	$ 258,227,000	$ 19,156,621	(2)	$ 239,070,379	$23,572,339	(4)	$ 7,000,800
Bonds Issued by Other Public Bodies Guaranteed by the County	182,249,993	182,249,993	(3)	-			
Monroe MUA	7,755,000			7,755,000	7,755,000		
	$ 448,231,993	$ 201,406,614		$ 246,825,379	$31,327,339		$ 7,000,800

(1) Source: County's Annual Debt Statement.
(2) Includes Reserve for Payment of Debt and County College Bonds.
(3) Deductible in accordance with N.J.S. 40:37A-80.
(4) Such debt is allocated as a proportion of the Issuer's share of the total 2020 Net Valuation on which County taxes are apportioned, which is 9.86%.

MONROE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE
(BONDED DEBT ONLY)

Fiscal Year	Existing Debt (1)			2021 Taxable School Refunding Bonds		
July 1 to June 30	Principal	Interest	Total	Principal*	Interest	Total
2020-2021	$3,070,000.00	$1,634,481.26	$4,704,481.26			
2021-2022	3,255,000.00	1,500,181.26	4,755,181.26	$210,000.00		
2022-2023	2,350,000.00	1,337,431.26	3,687,431.26	470,000.00		
2023-2024	2,505,000.00	1,219,931.26	3,724,931.26	475,000.00		
2024-2025	2,700,000.00	1,094,681.26	3,794,681.26	3,180,000.00		
2025-2026	2,900,000.00	959,681.26	3,859,681.26	3,285,000.00		
2026-2027	3,115,000.00	814,681.26	3,929,681.26	3,400,000.00		
2027-2028	3,340,000.00	658,931.26	3,998,931.26	3,525,000.00		
2028-2029	3,505,000.00	558,731.26	4,063,731.26	3,655,000.00		
2029-2030	3,525,000.00	449,200.00	3,974,200.00	3,635,000.00		
2030-2031	3,740,000.00	308,200.00	4,048,200.00	3,785,000.00		
2031-2032	3,965,000.00	158,600.00	4,123,600.00	3,945,000.00		
	$37,970,000.00	$10,694,731.34	$48,664,731.34	$29,565,000.00		

(1) As of June 30, 2021. Not Adjusted for Refunding.

* Preliminary, subject to change.

APPENDIX B

Financial Statements of the Board of Education of the Township of Monroe, in the County of Gloucester, New Jersey

FISCAL YEAR 2020

BASIC FINANCIAL STATEMENTS

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Monroe School District
County of Gloucester, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Monroe School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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.

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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 Township of Monroe School District, in the County of Gloucester, State of New Jersey, as of June 30, 2020, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Monroe School District's basic financial statements. The School District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020 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/Michael J. Welding
Certified Public Accountant
Public School Accountant No. CS 00886

Woodbury, New Jersey
January 20, 2021

TOWNSHIP OF MONROE SCHOOL DISTRICT
Statement of Net Position
As of June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 19,946,240.17	$ 300,975.71	$ 20,247,215.88
Receivables, net	1,387,888.36	112,744.96	1,500,633.32
Inventories		77,932.50	77,932.50
Capital Assets, net	79,998,745.08	347,799.73	80,346,544.81
Total Assets	101,332,873.61	839,452.90	102,172,326.51
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions	2,171,433.00		2,171,433.00
Deferred Loss on Refunding of Debt	2,198,489.51		2,198,489.51
Total Deferred Outflows Of Resources	4,369,922.51	-	4,369,922.51
LIABILITIES:			
Accounts Payable and Other Current Liabilities	3,185,496.84	85,822.17	3,271,319.01
Unearned Revenue	241,397.41	20,461.32	261,858.73
Accrued Interest Payable	554,366.19		554,366.19
Noncurrent Liabilities:			
Due within One Year	3,705,889.98		3,705,889.98
Due Beyond One Year	67,214,897.80		67,214,897.80
Total Liabilities	74,902,048.22	106,283.49	75,008,331.71
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	5,275,000.00	-	5,275,000.00
NET POSITION:			
Net Investment in Capital Assets	41,351,494.34	347,799.73	41,699,294.07
Restricted for:			
Excess Surplus	8,296,649.70		8,296,649.70
Capital Projects	6,935,384.89		6,935,384.89
Special Revenue	308,773.85		308,773.85
Other Purposes	50,002.50		50,002.50
Unrestricted (Deficit)	(31,416,557.38)	385,369.68	(31,031,187.70)
Total Net Position	$ 25,525,747.90	$ 733,169.41	$ 26,258,917.31

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		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	$ 26,648,205.11	$ 382,924.45	$ 1,483,431.47		$ (24,781,849.19)		$ (24,781,849.19)
Special Education	9,306,923.43				(9,306,923.43)		(9,306,923.43)
Other Special Instruction	1,753,254.40				(1,753,254.40)		(1,753,254.40)
Other Instruction	1,320,558.61				(1,320,558.61)		(1,320,558.61)
Support Services:							
Student and Instruction Related Services	16,093,506.03		1,185,213.54	$ 74,060.00	(14,834,232.49)		(14,834,232.49)
School Administrative Services	3,966,286.12				(3,966,286.12)		(3,966,286.12)
General and Business Administrative Services	3,614,459.37				(3,614,459.37)		(3,614,459.37)
Plant Operations and Maintenance	7,971,779.82				(7,971,779.82)		(7,971,779.82)
Pupil Transportation	7,198,005.85				(7,198,005.85)		(7,198,005.85)
Unallocated Benefits	31,811,015.49		18,831,488.54		(12,979,526.95)		(12,979,526.95)
Transfer to Charter Schools	67,889.00				(67,889.00)		(67,889.00)
Unallocated Depreciation	25,515.33				(25,515.33)		(25,515.33)
Interest Expense	1,683,831.55		450,027.66		(1,233,803.89)		(1,233,803.89)
Total Governmental Activities	111,461,230.11	382,924.45	21,950,161.21	74,060.00	(89,054,084.45)	$ -	(89,054,084.45)
BUSINESS-TYPE ACTIVITIES:							
Food Service	1,771,229.41	593,647.79	1,140,414.99			(37,166.63)	(37,166.63)
Total Business-Type Activities	1,771,229.41	593,647.79	1,140,414.99	-	-	(37,166.63)	(37,166.63)
Total Government	$ 113,232,459.52	$ 976,572.24	$ 23,090,576.20	$ 74,060.00	$ (89,054,084.45)	$ (37,166.63)	$ (89,091,251.08)
GENERAL REVENUES (EXPENSES):							
Property Tax Levy					$ 55,253,487.00		$ 55,253,487.00
Federal and State Aid					40,448,067.80		40,448,067.80
Investment Earnings					95,063.33		95,063.33
Miscellaneous Income					374,504.25		374,504.25
Loss on Disposal of Capital Assets					(3,200.00)	$ (12,094.02)	(15,294.02)
Total General Revenues (Expenses)					96,167,922.38	(12,094.02)	96,155,828.36
Change in Net Position					7,113,837.93	(49,260.65)	7,064,577.28
Net Position -- July 1					18,411,909.97	782,430.06	19,194,340.03
Net Position - June 30					$ 25,525,747.90	$ 733,169.41	$ 26,258,917.31

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Balance Sheet
As of June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	$ 18,938,840.98	$ 124,200.46	$ 883,198.73		$ 19,946,240.17
Due from Other Funds	36,225.06				36,225.06
Intergovernmental Accounts Receivable:					
State	575,935.10	20,256.00			596,191.10
Federal	22,341.61	583,054.00			605,395.61
Other	130,280.62				130,280.62
Other Accounts Receivable	19,795.97				19,795.97
Total Assets	$ 19,723,419.34	$ 727,510.46	$ 883,198.73	$ -	$ 21,334,128.53
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 2,149,860.85	$ 314,355.99	$ 225.00		$ 2,464,441.84
Due to Grantor		21,771.00			21,771.00
Unearned Revenue	158,787.79	82,609.62			241,397.41
Total Liabilities	2,308,648.64	418,736.61	225.00	$ -	2,727,610.25
Fund Balances:					
Restricted:					
Capital Reserve Account	6,052,411.16				6,052,411.16
Maintenance Reserve Account	50,002.50				50,002.50
Excess Surplus	8,296,649.70				8,296,649.70
Capital Projects			882,973.73		882,973.73
Special Revenue		308,773.85			308,773.85
Debt Service					
Assigned:					
Designated for Subsequent Year Expenditures	173,926.65				173,926.65
Other Purposes	1,011,793.27				1,011,793.27
Unassigned	1,829,987.42				1,829,987.42
Total Fund Balances	17,414,770.70	308,773.85	882,973.73	-	18,606,518.28
Total Liabilities and Fund Balances	$ 19,723,419.34	$ 727,510.46	$ 883,198.73	$ -	

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 are $135,413,921.20 and the accumulated depreciation is $55,415,176.12.	79,998,745.08
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	2,198,489.51

(Continued)

TOWNSHIP OF MONROE SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Balance Sheet
As of June 30, 2020

Amounts reported for *governmental activities* in the statement of Net Position (A-1) are different because (Cont'd):	
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.	$ (554,366.19)
Postemployment benefits other than pension are accrued during an employees tenure and not due and payable in the current period and therefore are not reported as liabilities in the funds.	(14,156,455.00)
Long-term liabilities, including compensated absences and pension deferrals, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(44,837,208.78)
Net Pension Liability	(11,927,124.00)
Accounts Payable related to the April 1, 2021 required PERS pension contribution that is not to be liquidated with current financial resources.	(699,284.00)
Deferred Outflows of Resources - Related to Pensions	2,171,433.00
Deferred Inflows of Resources - Related to Pensions	(5,275,000.00)
Net Position of governmental activities	$ 25,525,747.90

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	$ 51,596,402.00			$ 3,657,085.00	$ 55,253,487.00
Miscellaneous Revenue	839,824.03	$ 12,668.00			852,492.03
State Sources	52,919,980.54	506,002.00		978,321.00	54,404,303.54
Federal Sources	247,621.46	2,224,035.01			2,471,656.47
Total Revenues	105,603,828.03	2,742,705.01	$ -	4,635,406.00	112,981,939.04
EXPENDITURES:					
Current:					
Regular Instruction	23,912,196.23	1,491,515.47			25,403,711.70
Special Education Instruction	8,871,630.75				8,871,630.75
Other Special Instruction	1,671,253.21				1,671,253.21
Other Instruction	1,235,961.51				1,235,961.51
Support Services and Undistributed Costs:					
Student and Instruction Related Services	14,143,568.93	1,185,213.54			15,328,782.47
School Administrative Services	3,778,619.39				3,778,619.39
Other Administrative Services	3,312,959.44				3,312,959.44
Plant Operations and Maintenance	7,564,925.89				7,564,925.89
Pupil Transportation	7,198,005.85				7,198,005.85
Unallocated Benefits	26,835,078.49				26,835,078.49
Transfer Funds to Charter Schools	67,889.00				67,889.00
Debt Service:					
Principal				2,880,000.00	2,880,000.00
Interest and Other Charges				1,755,406.00	1,755,406.00
Capital Outlay	966,975.62	74,060.00	339,328.40		1,380,364.02
Total Expenditures	99,559,064.31	2,750,789.01	339,328.40	4,635,406.00	107,284,587.72
Excess (Deficiency) of Revenues over Expenditures	6,044,763.72	(8,084.00)	(339,328.40)	-	5,697,351.32
OTHER FINANCING SOURCES (USES):					
Operating Transfers:					
Capital Projects - Transfer to Capital Reserve	1,389,358.44		(1,389,358.44)		
Capital Reserve - Transfer to Capital Projects	(413,605.80)		413,605.80		
Total Other Financing Sources (Uses)	975,752.64	-	(975,752.64)	-	-
Net Change in Fund Balances	7,020,516.36	(8,084.00)	(1,315,081.04)	-	5,697,351.32
Fund Balance -- July 1	10,394,254.34	316,857.85	2,198,054.77	-	12,909,166.96
Fund Balance -- June 30	$ 17,414,770.70	$ 308,773.85	$ 882,973.73	$ -	$ 18,606,518.28

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

TOWNSHIP OF MONROE 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, 2020

Total Net Change in Fund Balances - Governmental Funds		$ 5,697,351.32
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 actual capital outlays exceeded depreciation in the period.		
Depreciation Expense	$ (3,377,645.85)	
Capital Outlay	1,380,364.02	
		(1,997,281.83)
Repayment of capital leases 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.		52,714.41
In the statement of activities, postemployment benefits other than pension that are unpaid or unfunded are accrued while an employee is employed by the School District. In the governmental funds, postemployment benefits other than pension are recorded as expenditures when the benefits are paid to the retirees.		336,716.00
The loss on disposal of capital assets is reported as an expense in the statement of activities, but is not reported as an expenditure in the governmental funds.		(3,200.00)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,939,349.70
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.		24,387.85
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.		257,831.00
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.		(194,030.52)
Change in Net Position of Governmental Activities		$ 7,113,837.93

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
PROPRIETARY FUNDS
Statement of Net Position
As of June 30, 2020

Business Type Activities - Enterprise Funds

	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 300,975.71
Intergovernmental Accounts Receivable:	
State	687.12
Federal	70,960.24
Other Accounts Receivable, Net of Allowance for Doubtful Accounts of $60,609.55	41,097.60
Inventories	77,932.50
Total Current Assets	491,653.17
Capital Assets (Net of Accumulated Depreciation)	347,799.73
Total Assets	839,452.90
LIABILITIES:	
Current Liabilities:	
Accounts Payable	
Due to Grantor	1,744.20
Other	84,077.97
Unearned Revenue	
Prepaid Meals	20,461.32
Total Liabilities	106,283.49
NET POSITION:	
Net Investment in Capital Assets	347,799.73
Unrestricted	385,369.68
Total Net Position	$ 733,169.41

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

Business Type Activities - Enterprise Funds

	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	$ 334,574.53
Daily Sales - Non- Reimbursable Programs	237,594.78
Miscellaneous Revenues	21,478.48
Total Operating Revenues	593,647.79
OPERATING EXPENSES:	
Salaries	631,771.39
Benefits	210,687.43
General Supplies	86,779.02
Management Fees	73,756.14
Other Purchased Technical Services	9,620.00
Repairs and Maintenance	31,956.58
Cost of Sales - Reimbursable Programs	608,983.60
Cost of Sales - Non- Reimbursable Programs	72,499.00
Depreciation	45,176.25
Total Operating Expenses	1,771,229.41
Operating Loss	(1,177,581.62)
NON-OPERATING REVENUES (EXPENSES):	
Loss on Disposal of Capital Assets	(12,094.02)
State Sources:	
State School Lunch Program	15,736.30
Federal Sources:	
National School Lunch Program	678,370.43
National School Breakfast Program	210,704.37
National School Milk Program	2,380.45
Food Distribution Program	233,223.44
Total Non-operating Revenue	1,128,320.97
Change in Net Position	(49,260.65)
Net Position - Beginning	782,430.06
Net Position - Ending	$ 733,169.41

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

Business Type Activities - Enterprise Funds

	Food Service
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Receipts from Customers	$ 602,204.30
Payments to Employees	(842,458.82)
Payments to Suppliers	(1,070,816.38)
Net Cash Used In Operating Activities	(1,311,070.90)
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Acquisitions	(64,405.00)
CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES:	
State Sources	18,562.60
Federal Sources	1,199,086.20
Net Cash Provided by Noncapital Financing Activities	1,217,648.80
Net Decrease in Cash and Cash Equivalents	(157,827.10)
Cash and Cash Equivalents -- July 1	458,802.81
Cash and Cash Equivalents -- June 30	$ 300,975.71
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	$ (1,177,581.62)
Adjustments to Reconcile Operating Loss to Cash Used in Operating Activities:	
Depreciation	45,176.25
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	8,481.51
(Increase) Decrease in Inventory	(52,195.51)
Increase (Decrease) in Unearned Revenue	75.00
Increase (Decrease) in Accounts Payable	(135,026.53)
Net Cash Used for Operating Activities	$ (1,311,070.90)

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
As of June 30, 2020

	Private-Purpose Trust Funds		Agency Funds	
	Unemployment Compensation Trust	Scholarship	Student Activity	Payroll
ASSETS:				
Cash and Cash Equivalents	$ 301,250.18	$ 115,027.16	$ 683,050.80	$277,287.57
Due from Other Funds	118,685.48	4,520.30		
Total Assets	419,935.66	119,547.46	$ 683,050.80	$ 277,287.57
LIABILITIES:				
Due to Other Funds			$ 4,520.30	$154,910.54
Payable to State	16,347.37			
Payroll Deductions and Withholdings				122,377.03
Payable to Student Groups			678,530.50	
Total Liabilities	16,347.37	-	$ 683,050.80	$ 277,287.57
Net Position:				
Restricted for:				
Scholarships		119,547.46		
Unemployment Claims and Other Purposes	403,588.29			
Total Net Position	$ 403,588.29	$ 119,547.46		

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
FIDUCIARY FUNDS
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Private-Purpose Trust Funds	
	Scholarship	Unemployment Compensation Insurance
ADDITIONS:		
Local Sources:		
Interest on Investments	$ 1,227.02	$ 1,721.79
Donations	9,700.00	
Deductions from Employees' Salaries		75,906.07
Total Additions	10,927.02	77,627.86
DEDUCTIONS:		
Scholarship Payments	20,800.00	
Unemployment Compensation Claims		35,077.19
Total Deductions	20,800.00	35,077.19
Change in Net Position	(9,872.98)	42,550.67
Net Position, July 1	129,420.44	361,037.62
Net Position, June 30	$ 119,547.46	$ 403,588.29

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Monroe 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 Gloucester, 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 kindergarten through high school at the School District's six schools. The School District has an approximate enrollment at June 30, 2020 of 5,694.

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 Statement No. 14, *The Financial Reporting Entity,* as amended. 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.

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

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

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 Gloucester 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.

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.

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

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

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 expenditure 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 expenditure 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, or 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 expenditure for principal and interest.

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as non-operating revenues and expenses.

The School District reports the following major proprietary fund:

Enterprise Funds

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

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

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

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:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

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.

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.

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. 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.

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

Budgets / Budgetary Control (Cont'd)

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 reserve 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.

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.

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

<u>Cash, Cash Equivalents and Investments (Cont’d)</u>

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.

<u>Inventories</u>

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.

<u>Tuition Receivable</u>

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

<u>Prepaid Expenses</u>

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, 2020. The School District had no prepaid expenses for the fiscal year ended June 30, 2020.

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.

<u>Short-Term Interfund Receivables / Payables</u>

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.

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

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	12 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.

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: deferred loss on refunding of debt, defined benefit pension plans, and postemployment benefit plans.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2020 and 2019 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. As of June 30, 2020, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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

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 is 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.

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.

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

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.

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 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.

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

<u>Fund Balance (Cont'd)</u>

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.

<u>Interfund Activity</u>

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.

<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, 2020:

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, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2022. 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, 2020, the School District's bank balances of $22,199,279.66 were exposed to custodial credit risk as follows:

Insured by FDIC	$ 250,000.00
Insured by GUDPA	20,672,731.82
Uninsured and uncollateralized	1,276,547.84
	$ 22,199,279.66

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2020, the School District's deposits with the New Jersey Cash Management Fund were $874,943.00.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District during the fiscal year ended June 30, 1995 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.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance July 1, 2019		$ 955,590.99
Increased by:		
Deposits:		
Budgeted Amount to Increase Capital Reserve	$ 350,000.00	
Interest earned on Capital Reserve Funds	44.77	
Surplus Funds from Completed Capital Projects	1,389,358.44	
Transfer per Board Resolution	3,771,022.84	
		5,510,426.05
		6,466,017.04
Decreased by:		
Transfer to Capital Projects		413,605.88
Ending Balance June 30, 2020		$ 6,052,411.16

The June 30, 2020 LRFP balance of local support costs of uncompleted projects at June 30, 2020 is $27,333,775.80.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 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:

Receivables:	General Fund	Special Revenue Fund	Proprietary Fund	Total
Intergovernmental:				
Federal	$ 22,341.61	$ 583,054.00	$ 70,960.24	$ 676,355.85
State	575,935.10	20,256.00	687.12	596,878.22
Local Tuition	130,280.62			130,280.62
Other Receivables	19,795.97		41,097.60	60,893.57
Due from Fiduciary Funds	36,225.06			36,225.06
Total	$ 784,578.36	$ 603,310.00	$ 112,744.96	$ 1,500,633.32

Note 5: INVENTORY

There was no inventory in the General Fund at June 30, 2020.

Inventory in the Food Service Fund at June 30, 2020 consisted of $77,932.50 of food and supplies.

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Transfers	Deletions	Balance June 30, 2020
Governmental Activities:					
Land	$ 2,264,917.00				$ 2,264,917.00
Construction in Progress	4,894,052.57	$ 1,134,833.01	$(2,699,921.01)		3,328,964.57
Total Capital Assets not being Depreciated	7,158,969.57	1,134,833.01	(2,699,921.01)	-	5,593,881.57
Building and Improvements	121,461,847.84		2,699,921.01		124,161,768.85
Equipment	5,461,462.78	245,531.00		$ 48,723.00	5,658,270.78
Total Capital Assets being Depreciated	126,923,310.62	245,531.00	2,699,921.01	48,723.00	129,820,039.63
Total Assets	134,082,280.19	1,380,364.01	-	48,723.00	135,413,921.20
Less Accumulated Depreciation:					
Building and Improvements	48,638,113.10	3,039,291.75			51,677,404.85
Equipment	3,444,940.18	338,354.09		45,523.00	3,737,771.27
Total Accumulated Depreciation	52,083,053.28	3,377,645.84	-	45,523.00	55,415,176.12
Governmental Activities Capital Assets, Net	$ 81,999,226.91	$ (1,997,281.83)	$ -	$ 3,200.00	$ 79,998,745.08
Business-Type Activities:					
Equipment	$ 805,255.00	$ 64,405.00		$ 38,631.00	$ 831,029.00
Less Accumulated Depreciation	464,590.00	45,176.25		26,536.98	483,229.27
Business-Type Activities Capital Assets, Net	$ 340,665.00	$ 19,228.75	$ -	$ 12,094.02	$ 347,799.73

Note 6: CAPITAL ASSETS (CONT'D)

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

Instruction	$ 1,776,110.00
Support Services	720,442.67
School Administration	176,751.28
General and Business Administrative Services	293,825.75
Plant Operations and Maintenance	385,000.82
Unallocated	25,515.32
Total Depreciation Expense	$ 3,377,645.84

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding June 30, 2019	Additions	Reductions	Principal Outstanding June 30, 2020	Due Within One Year
Bonds	$40,850,000.00		$ (2,880,000.00)	$ 37,970,000.00	$ 3,070,000.00
Premium on Bonds	3,124,437.61		(248,697.36)	2,875,740.25	
PERS Deferral	78,113.50		(15,578.00)	62,535.50	16,979.00
Net OPEB Liability	14,493,171.00	$ 304,589.00	(641,305.00)	14,156,455.00	
Net Pension Liability	13,422,724.00	7,039,048.00	(8,534,648.00)	11,927,124.00	
Obligations under Capital Leases	37,136.41		(37,136.41)		
Compensated Absences	3,734,902.51	754,265.90	(560,235.38)	3,928,933.03	618,910.98
Governmental Activitives Long-term Liabilities	$75,740,485.03	$ 8,097,902.90	$ (12,917,600.15)	$ 70,920,787.78	$ 3,705,889.98

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 Board are general obligation bonds and will be paid from property taxes.

On May 5, 2010, the School District issued $11,995,000.00 in general obligation bonds to advance refund $12,127,000.00 of the $13,812,000.00 outstanding 2002 bonds. The bonds carry interest rates ranging from 2.00% to 5.00% and mature in 2032.

On June 27, 2014, the School District issued $40,420,000.00 in general obligation bonds to advance refund $41,129,000.00 of the $42,169,000.00 outstanding 2007 bonds. The bonds carry interest rates ranging from 1.00% to 5.00% and mature in 2032. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,296,551.00. This difference, reported in the accompanying government-wide financial statements as a deferred outflow of resources, is being charged to interest expense over the life of the refunding bonds. The advance refunding was undertaken to reduce total debt payments over the next 10 years by $2,931,243.00 and to obtain a present value economic gain of $2,254,883.00.

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

Bonds Payable (Cont'd) - Principal and interest due on bonds and loans outstanding is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	$ 3,070,000.00	$ 1,634,481.26	$ 4,704,481.26
2022	3,255,000.00	1,500,181.26	4,755,181.26
2023	2,350,000.00	1,337,431.26	3,687,431.26
2024	2,505,000.00	1,219,931.26	3,724,931.26
2025	2,700,000.00	1,094,681.26	3,794,681.26
2026-2030	16,385,000.00	3,441,225.04	19,826,225.04
2031-2032	7,705,000.00	466,800.00	8,171,800.00
	$ 37,970,000.00	$ 10,694,731.34	$ 48,664,731.34

Bonds Authorized But Not Issued - As of June 30, 2020, the School District had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The School District is leasing computer equipment with a total cost of $149,334.98 under capital leases. The capital lease is for a term of 3 years. The capital lease is depreciated in a manner consistent with the School District's deprecation policy for owned assets. As of June 30, 2020, the School District had made the last payment associated with the capital lease.

The capital leases were paid from property taxes.

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.

Public Employees' Retirement System (PERS) Payment Deferral - On March 17, 2009, P.L. 2009, c.19 (S-21) was signed into legislation and provided regular and vocational school districts the option of deferring fifty percent (50%) of the school district's 2008-09 regular PERS pension liability. School districts that elected to defer the pension liability are required to begin repaying the deferred amount over fifteen (15) years, starting in April of 2012. The amount to be paid will fluctuate based on the pension system investment earnings on the unfunded liability. At any time, however, upon requesting a payoff amount from the Division of Pensions and Benefits, a school district may pay off the deferred amount. The deferral of the aforementioned PERS payment is only an option for the 2008-09 fiscal year. Commencing in fiscal year 2010 and beyond, the full annual PERS pension liability will be required to be budgeted and paid.

On April 2, 2009, the School District adopted a resolution electing to defer fifty percent (50%) of the April 2009 payment, equaling a total deferral of $162,225.00. The following is a schedule for the payment of the PERS deferral, based on an interest rate of 8.25%. N.J.S.A 43:15A-24b requires the use of "regular interest" when the actuary calculates the amortization of the unfunded accrued liability of the pension system, which is set by the State Treasurer (N.J.S.A. 43:15A-6n) and currently is 8.25%.

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

Public Employees' Retirement System (PERS) Payment Deferral (Cont'd) - Principal and interest due on the outstanding pension deferral is as follows:

Fiscal Year Ending June 30	Deferral Payment	Interest	Total Projected Payments
2021	$ 16,979.00	$ 8,934.00	$ 25,913.00
2022	9,111.30	5,548.78	14,660.08
2023	9,111.30	4,439.03	13,550.33
2024	9,111.30	3,329.27	12,440.57
2025	9,111.30	2,219.51	11,330.81
2026	9,111.30	1,109.76	10,221.06
	$ 62,535.50	$ 25,580.35	$ 88,115.85

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.

OPEB Liability- For details on the OPEB liability, refer to note 10. The School District's annual required contribution to the plan is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2020, the School District had operating lease agreements in effect for copy machines, mail machines and computers. The future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year Ending June 30	Amount
2021	$1,070,861.29
2022	850,165.78
2023	211,935.79
	$ 2,132,962.86

Rental payments under operating leases for the fiscal year ended June 30, 2020 were $1,263,733.18.

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. The DCRP is administered by Prudential Financial for the Division.

Each of the aforementioned plans have 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 plans' fiduciary net position that can be obtained by writing to or at the following website:

State of New Jersey, Department of the Treasury
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.nj.gov/treasury/pensions/financial-reports.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 ("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 Board of Trustees is primarily responsible for the administration of the Plan.

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 Plan.

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.

Note 9: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

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.

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 10 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.

Note 9: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

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 P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2019, 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, 2020 was 17.68% 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, 2020 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, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was $6,590,503.00 and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were $2,825,361.13.

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. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2019. Employers' contributions 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, 2020 was 15.84% 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.

Note 9: PENSION PLANS (CONT'D)

General Information About the Pension Plans (Cont'd)

Contributions (Cont'd)

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2019, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was $643,871.00, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were $332,994.30.

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 P.L. 2007, C. 92, and P.L. 2007, C. 103, 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 no later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2020, employee contributions totaled $72,204.89 and the School District recognized pension expense, which equaled the required contributions, of $52,185.53. There were no forfeitures during the fiscal year.

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, 2020, 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	201,162,267.00
	$ 201,162,267.00

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. For the June 30, 2019 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 the June 30, 2019 measurement date, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the School District was .3277809573%, which was a decrease of .0050864925% from its proportion measured as of June 30, 2018.

Note 9: <u>PENSION PLANS (CONT'D)</u>

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

<u>Teachers' Pension and Annuity Fund (Cont'd)</u>

Pension Expense - For the fiscal year ended June 30, 2020, the School District recognized $11,865,088.00 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 plan's June 30, 2019 measurement date.

Public Employees' Retirement System

Pension Liability - At June 30, 2020, the School District reported a liability of $11,927,124.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. 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, 2019 measurement date, the School District's proportion was .0661938318%, which was a decrease of .0019781532% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the School District recognized pension expense of $390,804.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 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, 2020, 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	$ 214,076.00	$ 52,689.00
Changes of Assumptions	1,190,967.00	4,139,867.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	188,274.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	67,106.00	894,170.00
School District Contributions Subsequent to the Measurement Date	699,284.00	-
	$ 2,171,433.00	$ 5,275,000.00

$699,284.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2021. 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,	
2021	$ (536,480.00)
2022	(1,353,592.00)
2023	(1,220,468.00)
2024	(626,152.00)
2025	(66,159.00)
	$ (3,802,851.00)

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	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
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
June 30, 2019	-	5.21
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
June 30, 2019	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
June 30, 2019	5.21	5.21

Note 9: PENSION PLANS (CONT'D)

Actuarial Assumptions

The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2018. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55% - 4.45% Based on Yrs. of Service	2.00% - 6.00% Based on Yrs. of Service
Thereafter	2.75% - 5.65% Based on Yrs. of Service	3.00% - 7.00% Based on Yrs. of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2015 - June 30, 2018	July 1, 2014 - June 30, 2018

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2019 measurement date) 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 9: 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	100.00%	

Discount Rate -

Teachers' Pension and Annuity Fund - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers would be based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers would be based on 70% of the actuarially determined contributions for the State. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019, the Plan's measurement date, attributable to the School District is $0.00. The following, however, presents the net pension liability of the State as of June 30, 2019 (Plan's measurement date), attributable to the School District, calculated using the discount rate of 5.60% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
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	237,214,837.00	201,162,267.00	171,250,018.00
	$ 237,214,837.00	$ 201,162,267.00	$ 171,250,018.00

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, 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:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
School District's Proportionate Share of the Net Pension Liability	$ 15,170,705.00	$ 11,927,124.00	$ 9,346,838.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources, 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 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, 2019, 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	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	364,943

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 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 State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2020 was $141,899,726.00. 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, 2019, and was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. For the June 30, 2019 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was .3400499662%, which was an increase of .0036183493% from its proportion measured as of June 30, 2018.

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, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	TPAF/ABP	PERS	PFRS
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
Thereafter	1.55 - 3.05%	3.00 - 7.00%	3.25 - 15.25%

Based on years of service

Inflation Rate - 2.50%.

Mortality Rates - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Experience Studies - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

Total Non-Employer OPEB Liability (Cont'd)

Discount Rate - The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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, 2019		$ 155,131,421.00
Changes for the Year:		
Service Cost	$ 6,275,879.00	
Interest Cost	6,165,451.00	
Difference Between Expected and Actual Experience	(23,561,984.00)	
Changes in Assumptions	2,115,737.00	
Gross Benefit Payments	(4,355,899.00)	
Member Contributions	129,121.00	
Net Changes		(13,231,695.00)
Balance at June 30, 2020		$ 141,899,726.00

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims, and premiums experience.

Changes of assumptions reflect a decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale, and mortality 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, 2019, associated with the School District, using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	$ 167,639,651.00	$ 141,899,726.00	$ 121,453,340.00

Note 10: 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, 2019, 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	$ 116,919,049.00	$ 141,899,726.00	$ 174,969,012.00

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

OPEB Expenses - For the fiscal year ended June 30, 2020, the School District recognized $4,166,198.00 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, 2019 measurement date.

Deferred Outflows and Inflows of Resources - 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, 2020, 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	$ 2,788,715.00	$ 80,406.00
Difference Between Expected and Actual Experience	-	35,654,121.00
Changes of Assumptions	-	28,841,438.00
	$ 2,788,715.00	$ 64,575,965.00

Note 10: 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)

Deferred Outflows and Inflows of Resources (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:

Fiscal Year Ending June 30,	
2021	$ (8,325,071.00)
2022	(8,325,071.00)
2023	(8,325,071.00)
2024	(8,325,071.00)
2025	(8,325,071.00)
Thereafter	(20,161,895.00)
	$ (61,787,250.00)

TOWNSHIP OF MONROE SCHOOL DISTRICT - RETIREE WELFARE BENEFITS PLAN

General Information about the OPEB Plan

Plan Description and Benefits Provided - In addition to post-retirement medical benefits covered under the School Employees Health Benefits Program, the School District also provides post-retirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The plan was closed as of June 30, 2010 and is no longer available to employees who retire after June 30, 2010, except as noted in the following paragraphs. The plan requires that the coverage must never decrease from that which was available as of June 30, 2010. Because the level of benefits cannot decrease, it is estimated that the District may have to pay "Cadillac" excise taxes because the benefits are higher than the thresholds allowed in the Federal Affordable Care Act. While the coverage cannot decrease, the insurance carrier is allowed to change to the School District's current insurance carrier. This Plan was created by the Board of Education of the School District and is a single-employer defined benefit OPEB plan administered by the School District with premium payments being made directly to the insurance carriers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Administrators retiring after twenty-five (25) years of service with the School District will have health, prescription drug and dental benefits provided for both the retiree and spouse, where applicable, for life. If a spouse predeceases the retiree, the benefit will continue for the retiree only and cannot be expanded for any change in marital status. Effective July 1, 2010, any administrator who retires on or after July 1, 2010 will not be eligible to receive medical, prescription drug, and dental benefits from the School District except for three administrators who were grandfathered, and two administrators who will be eligible to receive dental benefits.

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

TOWNSHIP OF MONROE SCHOOL DISTRICT - RETIREE WELFARE BENEFITS PLAN (CONT'D)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)- Secretaries retiring after twenty-five (25) years of service with the School District will have health, prescription drug and dental benefits provided for both the retiree and spouse, where applicable. Upon the death of retiree, coverage does not continue for the surviving spouse. If a spouse predeceases the retiree, the benefit will continue for the retiree only and cannot be expanded for any change in marital status. Effective July 1, 2010, any secretary who retires on or after July 1, 2010 will not be eligible to receive medical, prescription drug, and dental benefits from the School District except for two secretaries who were grandfathered.

Teachers retiring after twenty-five (25) years of service with the School District will have prescription drug and dental benefits provided for both the retiree and spouse, where applicable, until the retiree attains age 65 upon which they enter the New Jersey School Employees Health Benefits Program. If a spouse predeceases the retiree, the benefit will continue for the retiree only and cannot be expanded for any change in marital status. Effective July 1, 2009, any teacher who retires on or after July 1, 2009 will not be eligible to receive prescription drug and dental benefits from the School District.

Full-time paraprofessionals are not eligible for post-retirement welfare benefits from the School District.

No benefits are payable upon pre-retirement death or disability if the employee has less than 25 years of service.

Employees Covered by Benefit Terms - At June 30, 2019, the most recent Actuarial Valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	47
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	2
	49

Total OPEB Liability

The School District's total OPEB liability of $14,156,455.00 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020.

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

TOWNSHIP OF MONROE SCHOOL DISTRICT - RETIREE WELFARE BENEFITS PLAN (CONT'D)

Total OPEB Liability

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Salary Increases	3.00% Annually
Discount Rate	2.20%
Healthcare Cost Trend Rates:	
Medical	5.50% for 2020, Decreasing .10% for 2021, then Decreasing .20% from 2021-2025, then Decreasing .10% for 2026, to an Ultimate Rate of 4.50% 4.50% for 2026 and Later Years
Prescription Drug	6.75% for 2020, Decreasing .25% per Year from 2020 to 2023, then Decreasing .50% from 2024 to 2026, to an Ultimate Rate of 4.50% for 2026 and Later Years
Dental	4.00% for 2020 and Later Years
Retirees' Share of Benefit-Related Costs	None

The discount rate was based on the 20-Bond GO Index.

Mortality rates were based on the PUB-2010 mortality table using projection Scale MP-2019.

An experience study was not performed on the actuarial assumptions used in the June 30, 2019 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables either issued by the SOA or developed for the applicable State Pension system in which the District participates. The actuary has used their professional judgement in applying these assumptions to this plan.

Changes in the Total OPEB Liability

Balance at June 30, 2019		$ 14,493,171.00
Changes for the Year:		
Service Cost	$ 19,835.00	
Interest Cost	495,797.00	
Benefit Payments	(641,305.00)	
Actuarial Assumption Changes	(211,043.00)	
Actuarial Demographic Gains	-	
Net Changes		(336,716.00)
Balance at June 30, 2020		$ 14,156,455.00

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

TOWNSHIP OF MONROE SCHOOL DISTRICT - RETIREE WELFARE BENEFITS PLAN (CONT'D)

Changes in Total OPEB Liability (Cont'd) - There were no changes in benefit terms.

Changes of assumptions and other inputs reflect the following changes:

- The discount rate changed from 3.50% as of June 30, 2019 to 2.20% as of June 30, 2020.
- The mortality table projection scale was updated from the RP-2014 mortality tables with future mortality improvements projected using Scale MP-2017 to the PUB-2010 mortality table using projection Scale MP-2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	1.00% Decrease (1.20%)	Current Discount Rate (2.20%)	1.00% Increase (3.20%)
Total OPEB Liability	$ 16,027,140.00	$ 14,156,455.00	$ 12,605,906.00

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	$ 12,559,470.00	$ 14,156,455.00	$ 16,040,537.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the School District recognized OPEB expense of $304,589.00. At June 30, 2020, there were no deferred outflow of resources or deferred inflows of resources related to the OPEB plan.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, post-retirement medical costs, and non-contributory insurance 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 $7,477,281.00, $134.022.00, $2,823,654.00, and $6,716.00, 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.

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

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

Fiscal Year Ending June 30	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2020	$ 75,906.07	$ 1,721.79	$ 35,077.19	$ 403,588.29
2019	74,759.47	1,673.38	85,497.22	361,037.62
2018	74,694.88	1,579.74	29,703.95	370,101.99

Joint Insurance Pool - The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
General Liability including Police Professional and Employee Benefit Liability
Automobile Liability
Blanket Crime including Public Employee Dishonesty
Property Including Boiler and Machinery
Public Officials and Employment Practices Liability
Volunteer Directors and Officers Liability
Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
Excess General Liability
Non-Owned Aircraft Liability
Excess Auto Liability
Fidelity and Performance (Blanket)
Excess Property including Boiler and Machinery
Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

Note 12: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd)

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2019, which can be obtained from:

Gloucester, Cumberland, Salem County Municipal Joint Insurance Fund
P.O. Box 449
Marlton, New Jersey 08053

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of several 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 include as follows:

Washington
Prudential
Equitable
Travelers

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 three personal days which may be carried forward as sick days to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. 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. As of June 30, 2020, the estimated liability for compensated absences in the governmental activities was $3,928,933.03.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfunds - The composition of interfund balances as of June 30, 2020 is as follows:

Fund	Interfunds Receivable	Interfunds Payable
General	$ 36,225.06	
Fiduciary		$ 36,225.06
	$ 36,225.06	$ 36,225.06

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2021, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Transfers –

	Transfer In:	
Transfer Out:	General Fund	Capital Projects Fund
General Fund		$ 413,605.80
Capital Projects Fund	$ 1,389,358.44	
	$ 1,389,358.44	$ 413,605.80

The above transfers all relate to the Capital Projects Fund as detailed in the F Exhibits. The $413,605.80 are transfers from the Capital Reserve Account to the Capital Projects Fund, funding certain projects. The $1,389,358.44 transfers represent projects that were closed out and/or cancelled in the Capital Projects Fund and returning those funds to the Capital Reserve.

Note 16: 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 17: 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 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, 2020 is $8,296,649.70. Of this, $6,026,606.35 of excess fund balance, which was generated during 2018-2019, has been restricted and designated for utilization in the 2020-2021 budget.

For Capital Reserve Account – As of June 30, 2020, the balance in the capital reserve account is $6,052,411.16. 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, 2020, the balance in the maintenance reserve account is $50,002.50. 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).

Capital Projects Fund –

For Capital Projects - As of June 30, 2020, the restricted fund balance in the capital projects fund was $882,973.73. This balance is a result of a transfer from capital reserve fund balance for the purchase of a new administration building and a window and door project.

Special Revenue Fund –

For Special Revenue – of June 30, 2020, $308,773.85 of special revenue fund balance was restricted.

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, 2021 $173,926.65 of general fund balance at June 30, 2020.

Other Purposes – As of June 30, 2020, the School District had $1,011,793.27 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 18: 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, 2020, $1,829,987.42 of general fund balance was unassigned.

Note 19: TAX ABATEMENTS

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 Township of Monroe has entered into two property tax abatement agreements with properties having aggregate assessed valuations of $17,113,600.00. Based on the School District's 2019 certified tax rate of $2.026, abated taxes totaled $346,721.54.

Note 20: SUBSEQUENT EVENTS

COVID-19 - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Lease Purchase Agreement – On July 1, 2020, the School District closed on an Equipment Lease Purchase Agreement for the acquisition and installation of various equipment as Energy Conservation Measures. The lease is in the amount of $24,284,684.00 at an interest rate of 2.86%, with a final maturity date of July 15, 2039.

FISCAL YEAR 2019

BASIC FINANCIAL STATEMENTS

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Monroe School District
County of Gloucester, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Monroe School District, in the County of Gloucester, 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.

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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 Township of Monroe School District, in the County of Gloucester, 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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Monroe 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/Michael J. Welding
Certified Public Accountant
Public School Accountant No. CS 00886

Woodbury, New Jersey
December 11, 2019

TOWNSHIP OF MONROE SCHOOL DISTRICT
Statement of Net Position
As of June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 13,819,629.21	$ 458,802.81	$ 14,278,432.02
Receivables	2,069,633.79	213,669.86	2,283,303.65
Inventories		25,736.99	25,736.99
Capital Assets, net	81,999,226.91	340,665.00	82,339,891.91
Total Assets	97,888,489.91	1,038,874.66	98,927,364.57
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions	3,287,456.00		3,287,456.00
Deferred Loss on Refunding of Debt	2,387,837.17		2,387,837.17
Total Deferred Outflows Of Resources	5,675,293.17	-	5,675,293.17
LIABILITIES:			
Accounts Payable and Other Current Liabilities	3,347,305.49	220,848.70	3,568,154.19
Unearned Revenue	304,471.55	35,595.90	340,067.45
Accrued Interest Payable	578,754.04		578,754.04
Noncurrent Liabilities:			
Due within One Year	3,565,903.31		3,565,903.31
Due Beyond One Year	72,174,581.72		72,174,581.72
Total Liabilities	79,971,016.11	256,444.60	80,227,460.71
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	5,180,857.00	-	5,180,857.00
NET POSITION:			
Net Investment in Capital Assets	40,375,490.06	340,665.00	40,716,155.06
Restricted for:			
Excess Surplus	7,380,287.38		7,380,287.38
Capital Projects	3,153,645.76		3,153,645.76
Special Revenue	316,857.85		316,857.85
Unrestricted (Deficit)	(32,814,371.08)	441,765.06	(32,372,606.02)
Total Net Position	$ 18,411,909.97	$ 782,430.06	$ 19,194,340.03

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		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	$ 26,036,084.31	$ 378,716.23	$ 1,514,166.53		$(24,143,201.55)		$(24,143,201.55)
Special Education	8,973,935.39				(8,973,935.39)		(8,973,935.39)
Other Special Instruction	1,694,863.10				(1,694,863.10)		(1,694,863.10)
Other Instruction	1,315,211.76				(1,315,211.76)		(1,315,211.76)
Support Services:							
Student and Instruction Related Services	15,929,816.39		1,321,844.34	$ 21,824.63	(14,586,147.42)		(14,586,147.42)
School Administrative Services	3,944,958.60				(3,944,958.60)		(3,944,958.60)
General and Business Administrative Services	3,792,995.13				(3,792,995.13)		(3,792,995.13)
Plant Operations and Maintenance	9,186,838.29				(9,186,838.29)		(9,186,838.29)
Pupil Transportation	8,356,170.94				(8,356,170.94)		(8,356,170.94)
Unallocated Benefits	35,805,620.41		22,636,524.89		(13,169,095.52)		(13,169,095.52)
Transfer to Charter Schools	33,021.00				(33,021.00)		(33,021.00)
Unallocated Depreciation	26,049.00				(26,049.00)		(26,049.00)
Interest Expense	1,777,993.45		526,452.52		(1,251,540.93)		(1,251,540.93)
Total Governmental Activities	116,873,557.77	378,716.23	25,998,988.28	21,824.63	(90,474,028.63)	$ -	(90,474,028.63)
BUSINESS-TYPE ACTIVITIES:							
Food Service	1,911,737.16	909,115.13	1,041,115.29			38,493.26	38,493.26
Total Business-Type Activities	1,911,737.16	909,115.13	1,041,115.29	-	-	38,493.26	38,493.26
Total Government	$ 118,785,294.93	$1,287,831.36	$ 27,040,103.57	$ 21,824.63	$ (90,474,028.63)	$ 38,493.26	$ (90,435,535.37)
GENERAL REVENUES (EXPENSES):							
Property Tax Levy					$ 54,317,552.02		$ 54,317,552.02
Federal and State Aid					38,785,192.76		38,785,192.76
Investment Earnings					94,763.19		94,763.19
Miscellaneous Income					840,034.88		840,034.88
Loss on Disposal of Capital Assets					(2,090.00)	$ (441.75)	(2,531.75)
Total General Revenues (Expenses)					94,035,452.85	(441.75)	94,035,011.10
Change in Net Position					3,561,424.22	38,051.51	3,599,475.73
Net Position -- July 1					14,850,485.75	744,378.55	15,594,864.30
Net Position - June 30					$ 18,411,909.97	$ 782,430.06	$ 19,194,340.03

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Balance Sheet
As of June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	$ 11,613,539.61	$ 150,126.67	$ 2,055,962.93		$ 13,819,629.21
Due from Other Funds	19,726.19				19,726.19
Intergovernmental Accounts Receivable:					
State	661,285.28		452,333.00		1,113,618.28
Federal	31,267.46	666,737.00			698,004.46
Other	165,846.04				165,846.04
Other Accounts Receivable	72,438.82				72,438.82
Total Assets	$ 12,564,103.40	$ 816,863.67	$ 2,508,295.93	$ -	$ 15,889,263.00
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 1,933,218.14	$ 381,806.19	$ 310,241.16		$ 2,625,265.49
Due to Grantor		50,359.00			50,359.00
Unearned Revenue	236,630.92	67,840.63			304,471.55
Total Liabilities	2,169,849.06	500,005.82	310,241.16	$ -	2,980,096.04
Fund Balances:					
Restricted:					
Capital Reserve Account	955,590.99				955,590.99
Excess Surplus	7,380,287.38				7,380,287.38
Capital Projects			2,198,054.77		2,198,054.77
Special Revenue		316,857.85			316,857.85
Assigned:					
Other Purposes	179,765.54				179,765.54
Unassigned	1,878,610.43				1,878,610.43
Total Fund Balances	10,394,254.34	316,857.85	2,198,054.77		12,909,166.96
Total Liabilities and Fund Balances	$ 12,564,103.40	$ 816,863.67	$ 2,508,295.93	$ -	

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 are $131,958,612.89 and the accumulated depreciation is $48,898,801.76.	81,999,226.91
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	2,387,837.17
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.	(578,754.04)

(Continued)

TOWNSHIP OF MONROE SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Balance Sheet
As of June 30, 2019

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

Postemployment benefits other than pension are accrued during an employees tenure and not due and payable in the current period and therefore are not reported as liabilities in the funds.	$ (14,493,171.00)
Long-term liabilities, including compensated absences and pension deferrals, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(47,824,590.03)
Net Pension Liability	(13,422,724.00)
Accounts Payable related to the April 1, 2020 required PERS pension contribution that is not to be liquidated with current financial resources.	(671,681.00)
Deferred Outflows of Resources - Related to Pensions	3,287,456.00
Deferred Inflows of Resources - Related to Pensions	(5,180,857.00)
Net Position of governmental activities	$ 18,411,909.97

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

TOWNSHIP OF MONROE 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	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	$ 50,584,710.00			$ 3,732,842.02	$ 54,317,552.02
Miscellaneous Revenue	1,310,455.35	$ 3,058.95			1,313,514.30
State Sources	50,122,744.89	480,229.00	$ 4,863.63	1,144,462.00	51,752,299.52
Federal Sources	270,059.23	2,369,683.92			2,639,743.15
Total Revenues	102,287,969.47	2,852,971.87	4,863.63	4,877,304.02	110,023,108.99
EXPENDITURES:					
Current:					
Regular Instruction	23,561,045.91	1,637,689.29			25,198,735.20
Special Education Instruction	8,675,216.29				8,675,216.29
Other Special Instruction	1,638,445.49				1,638,445.49
Other Instruction	1,254,416.65				1,254,416.65
Support Services and Undistributed Costs:					
Student and Instruction Related Services	14,073,096.50	1,321,844.34			15,394,940.84
School Administrative Services	3,809,343.13				3,809,343.13
Other Administrative Services	3,517,584.01				3,517,584.01
Plant Operations and Maintenance	8,796,717.86				8,796,717.86
Pupil Transportation	8,356,170.94				8,356,170.94
Unallocated Benefits	26,667,770.41				26,667,770.41
Transfer Funds to Charter Schools	33,021.00				33,021.00
Debt Service:					
Principal				3,003,000.00	3,003,000.00
Interest and Other Charges				1,874,304.26	1,874,304.26
Capital Outlay	1,920,903.34	16,961.00	312,273.16		2,250,137.50
Total Expenditures	102,303,731.53	2,976,494.63	312,273.16	4,877,304.26	110,469,803.58
Excess (Deficiency) of Revenues over Expenditures	(15,762.06)	(123,522.76)	(307,409.53)	(0.24)	(446,694.59)
OTHER FINANCING SOURCES (USES):					
Operating Transfers:					
Capital Projects - Transfer to Capital Reserve	1,029,239.67		(1,029,239.67)		
Capital Reserve - Transfer to Capital Projects	(2,027,048.00)		2,027,048.00		
Total Other Financing Sources (Uses)	(997,808.33)	-	997,808.33	-	-
Net Change in Fund Balances	(1,013,570.39)	(123,522.76)	690,398.80	(0.24)	(446,694.59)
Fund Balance -- July 1	11,407,824.73	440,380.61	1,507,655.97	0.24	13,355,861.55
Fund Balance -- June 30	$ 10,394,254.34	$ 316,857.85	$ 2,198,054.77	$ -	$ 12,909,166.96

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

TOWNSHIP OF MONROE 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		$ (446,694.59)
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 actual capital outlays exceeded depreciation in the period.		
Depreciation Expense	$ (3,308,631.74)	
Capital Outlay	2,250,137.50	
		(1,058,494.24)
Repayment of capital leases 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.		68,186.58
In the statement of activities, postemployment benefits other than pension that are unpaid or unfunded are accrued while an employee is employed by the School District. In the governmental funds, postemployment benefits other than pension are recorded as expenditures when the benefits are paid to the retirees.		1,235,557.00
The loss on disposal of capital assets is reported as an expense in the statement of activities, but is not reported as an expenditure in the governmental funds.		(2,090.00)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		3,062,331.49
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.		53,034.35
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.		14,919.00
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.		634,674.63
Change in Net Position of Governmental Activities		$ 3,561,424.22

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
PROPRIETARY FUNDS
Statement of Net Position
As of June 30, 2019

Business Type Activities - Enterprise Funds

	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 458,802.81
Intergovernmental Accounts Receivable:	
State	3,513.42
Federal	160,577.33
Other Accounts Receivable, Net of Allowance for Doubtful Accounts of $41,517.14	49,579.11
Inventories	25,736.99
Total Current Assets	698,209.66
Capital Assets (Net of Accumulated Depreciation)	340,665.00
Total Assets	1,038,874.66
LIABILITIES:	
Current Liabilities:	
Accounts Payable	
Due to Grantor	1,744.20
Other	219,104.50
Unearned Revenue	
Prepaid Meals	20,386.32
Food Distribution Program Inventory	15,209.58
Total Liabilities	256,444.60
NET POSITION:	
Net Investment in Capital Assets	340,665.00
Unrestricted	441,765.06
Total Net Position	$ 782,430.06

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

TOWNSHIP OF MONROE 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 Funds

	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	$ 493,238.12
Daily Sales - Non- Reimbursable Programs	349,480.59
Miscellaneous Revenues	66,396.42
Total Operating Revenues	909,115.13
OPERATING EXPENSES:	
Salaries	736,134.35
Benefits	214,305.79
General Supplies	95,146.31
Other Purchased Technical Services	28,850.50
Repairs and Maintenance	31,917.16
Cost of Sales - Reimbursable Programs	644,680.80
Cost of Sales - Non- Reimbursable Programs	123,268.00
Depreciation	37,434.25
Total Operating Expenses	1,911,737.16
Operating Loss	(1,002,622.03)
NON-OPERATING REVENUES (EXPENSES):	
Loss on Disposal of Capital Assets	(441.75)
State Sources:	
State School Lunch Program	19,566.57
Federal Sources:	
National School Lunch Program	722,852.46
National School Breakfast Program	148,400.43
National School Milk Program	1,911.85
Food Distribution Program	148,383.98
Total Non-operating Revenue (Expenses)	1,040,673.54
Change in Net Position	38,051.51
Net Position - Beginning	744,378.55
Net Position - Ending	$ 782,430.06

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

TOWNSHIP OF MONROE 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 PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Receipts from Customers	$ 942,214.24
Payments to Employees	(950,440.14)
Payments to Suppliers	(838,993.43)
Net Cash Used In Operating Activities	(847,219.33)
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES :	
Capital Acquisitions	(115,002.00)
CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES:	
State Sources	19,517.02
Federal Sources	1,032,102.16
Net Cash Provided by Noncapital Financing Activities	1,051,619.18
Net Decrease in Cash and Cash Equivalents	89,397.85
Cash and Cash Equivalents -- July 1	369,404.96
Cash and Cash Equivalents -- June 30	$ 458,802.81
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities:	
Operating Loss	$ (1,002,622.03)
Adjustments to Reconcile Operating Loss to	
Cash Used in Operating Activities:	
Depreciation	37,434.25
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	32,216.04
(Increase) Decrease in Inventory	469.60
Increase (Decrease) in Unearned Revenue	883.07
Increase (Decrease) in Accounts Payable	84,399.74
Net Cash Used for Operating Activities	$ (847,219.33)

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
As of June 30, 2019

	Private-Purpose Trust Funds		Agency Funds	
	Unemployment Compensation Trust	Scholarship	Student Activity	Payroll
ASSETS:				
Cash and Cash Equivalents	$ 380,589.65	$ 113,800.14	$ 506,943.08	$457,442.61
Due from Other Funds		15,620.30		14,738.27
Total Assets	380,589.65	129,420.44	$ 506,943.08	$ 472,180.88
LIABILITIES:				
Due to Other Funds	14,738.27		$ 15,620.30	$ 19,726.19
Payable to State	4,813.76			
Payroll Deductions and Withholdings				452,454.69
Payable to Student Groups			491,322.78	
Total Liabilities	19,552.03	-	$ 506,943.08	$ 472,180.88
Net Position:				
Restricted for:				
Scholarships		129,420.44		
Unemployment Claims and Other Purposes	361,037.62			
Total Net Position	$ 361,037.62	$ 129,420.44		

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
FIDUCIARY FUNDS
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2019

	Private-Purpose Trust Funds	
	Scholarship	Unemployment Compensation Insurance
ADDITIONS:		
Local Sources:		
Interest on Investments	$ 1,155.48	$ 1,673.38
Donations	23,361.38	
Deductions from Employees' Salaries		74,759.47
Total Additions	24,516.86	76,432.85
DEDUCTIONS:		
Scholarship Payments	26,700.00	
Unemployment Compensation Claims		85,497.22
Total Deductions	26,700.00	85,497.22
Change in Net Position	(2,183.14)	(9,064.37)
Net Position, July 1	131,603.58	370,101.99
Net Position, June 30	$ 129,420.44	$ 361,037.62

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

TOWNSHIP OF MONROE SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Monroe 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 Gloucester, 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 kindergarten through high school at the School District's six schools. The School District has an approximate enrollment at June 30, 2019 of 5,733.

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.

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

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

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 Gloucester 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.

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.

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

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

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 expenditure 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 expenditure 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, or 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.

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

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as non-operating revenues and expenses.

The School District reports the following major proprietary fund:

Enterprise Funds

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

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

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

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:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

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.

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.

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. 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.

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

Budgets / Budgetary Control (Cont'd)

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 reserve 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.

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.

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

Cash, Cash Equivalents and Investments (Cont'd)

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.

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. The School District had no prepaid expenses for the fiscal year ended 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.

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

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	12 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.

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: deferred loss on refunding of debt, defined benefit pension plans, and postemployment benefit 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. As of June 30, 2019, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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

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 is 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.

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.

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

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.

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 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.

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

Fund Balance (Cont'd)

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.

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 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.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. 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, 2019, the School District's bank balances of $18,312,183.36 were exposed to custodial credit risk as follows:

Insured by FDIC	$ 250,000.00
Insured by GUDPA	16,667,249.95
Uninsured and uncollateralized	1,394,933.41
	$ 18,312,183.36

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2019, the School District's deposits with the New Jersey Cash Management Fund were $861,759.26.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District during the fiscal year ended June 30, 1995 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.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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		$ 1,453,355.63
Increased by:		
Deposits:		
Surplus Capital Project Funds	$ 1,029,239.67	
Interest earned on Capital Reserve Funds	43.69	
Transfer per Board Resolution	500,000.00	
Decreased by:		
Transfer to Capital Projects		2,027,048.00
Ending Balance June 30, 2019		$ 955,590.99

The June 30, 2019 LRFP balance of local support costs of uncompleted projects at June 30, 2019 is $27,333,775.80.

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:

Receivables:	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
Intergovernmental:					
Federal	$ 31,267.46	$ 666,737.00		$ 160,577.33	$ 858,581.79
State	661,285.28		$ 452,333.00	3,513.42	1,117,131.70
Local Tuition	165,846.04				165,846.04
Other Receivables	72,438.82			49,579.11	122,017.93
Due from Fiduciary Funds	19,726.19				19,726.19
Total	$ 950,563.79	$ 666,737.00	$ 452,333.00	$ 213,669.86	$ 2,283,303.65

Note 5: INVENTORY

There was no inventory in the General Fund at June 30, 2019.

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food and Supplies	$ 25,736.99

Note 6: CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Transfers	Deletions	Balance June 30, 2019
Governmental Activities:					
Land	$ 2,264,917.00				$ 2,264,917.00
Construction in Progress	4,109,318.03	$ 2,125,170.50	$(1,340,435.96)		4,894,052.57
Total Capital Assets not being Depreciated	6,374,235.03	2,125,170.50	(1,340,435.96)	-	7,158,969.57
Building and Improvements	120,121,411.88		1,340,435.96		121,461,847.84
Equipment	5,462,965.99	124,967.00		$ 126,470.21	5,461,462.78
Total Capital Assets being Depreciated	125,584,377.87	124,967.00	1,340,435.96	126,470.21	126,923,310.62
Total Assets	131,958,612.90	2,250,137.50	-	126,470.21	134,082,280.19
Less Accumulated Depreciation:					
Building and Improvements	45,652,124.93	2,985,988.17			48,638,113.10
Equipment	3,246,676.83	322,643.56		124,380.21	3,444,940.18
Total Accumulated Depreciation	48,898,801.76	3,308,631.73	-	124,380.21	52,083,053.28
Governmental Activities Capital Assets, Net	$ 83,059,811.14	$ (1,058,494.23)	$ -	$ 2,090.00	$ 81,999,226.91
Business-Type Activities:					
Equipment	$ 718,319.00	$ 115,002.00		$ 28,066.00	$ 805,255.00
Less Accumulated Depreciation	454,780.00	37,434.25		27,624.25	464,590.00
Business-Type Activities Capital Assets, Net	$ 263,539.00	$ 77,567.75	$ -	$ 441.75	$ 340,665.00

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

Instruction	$ 1,648,819.50
Support Services	677,962.92
School Administration	171,021.19
General and Business Administrative Services	312,898.13
Plant Operations and Maintenance	471,881.00
Unallocated	26,049.00
Total Depreciation Expense	$ 3,308,631.74

Note 7: LONG-TERM LIABILITIES

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

Governmental Activities:	Principal Outstanding June 30, 2018	Additions	Reductions	Principal Outstanding June 30, 2019	Due Within One Year
Bonds	$43,853,000.00		$ (3,003,000.00)	$ 40,850,000.00	$ 2,880,000.00
Premium on Bonds	3,373,078.39		(248,640.78)	3,124,437.61	
PERS Deferral	92,488.50		(14,375.00)	78,113.50	15,578.00
Net OPEB Liability	15,728,728.00	$ 1,646,202.00	(2,881,759.00)	14,493,171.00	
Net Pension Liability	16,530,752.00	6,811,915.00	(9,919,943.00)	13,422,724.00	
Obligations under Capital Leases	90,947.99		(53,811.58)	37,136.41	39,032.51
Compensated Absences	4,369,577.13	346,343.75	(981,018.37)	3,734,902.51	631,292.80
Governmental Activitives Long-term Liabilities	$84,038,572.01	$ 8,804,460.75	$ (17,102,547.73)	$ 75,740,485.03	$ 3,565,903.31

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 Board are general obligation bonds and will be paid from property taxes.

On May 5, 2010, the School District issued $11,995,000.00 in general obligation bonds to advance refund $12,127,000.00 of the $13,812,000.00 outstanding 2002 bonds. The bonds carry interest rates ranging from 2.00% to 5.00% and mature in 2032.

On June 27, 2014, the School District issued $40,420,000.00 in general obligation bonds to advance refund $41,129,000.00 of the $42,169,000.00 outstanding 2007 bonds. The bonds carry interest rates ranging from 1.00% to 5.00% and mature in 2032. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,296,551.00. This difference, reported in the accompanying government-wide financial statements as a deferred outflow of resources, is being charged to interest expense over the life of the refunding bonds. The advance refunding was undertaken to reduce total debt payments over the next 10 years by $2,931,243.00 and to obtain a present value economic gain of $2,254,883.00.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 2,880,000.00	$ 1,755,406.26	$ 4,635,406.26
2021	3,070,000.00	1,634,481.26	4,704,481.26
2022	3,255,000.00	1,500,181.26	4,755,181.26
2023	2,350,000.00	1,337,431.26	3,687,431.26
2024	2,505,000.00	1,219,931.26	3,724,931.26
2025-2029	15,560,000.00	4,086,706.30	19,646,706.30
2030-2032	11,230,000.00	916,000.00	12,146,000.00
	$ 40,850,000.00	$ 12,450,137.60	$ 53,300,137.60

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

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

Obligations under Capital Lease - The School District is leasing computer equipment with a total cost of $231,326.92 under capital leases. The capital leases are for terms of 3 to 4 years. Capital leases are depreciated in a manner consistent with the School District's deprecation policy for owned assets. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2019.

Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 37,136.41	$ 1,896.10	$ 39,032.51

The capital leases will be paid from property taxes.

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.

Public Employees' Retirement System (PERS) Payment Deferral - On March 17, 2009, P.L. 2009, c.19 (S-21) was signed into legislation and provided regular and vocational school districts the option of deferring fifty percent (50%) of the school district's 2008-09 regular PERS pension liability. School districts that elected to defer the pension liability are required to begin repaying the deferred amount over fifteen (15) years, starting in April of 2012. The amount to be paid will fluctuate based on the pension system investment earnings on the unfunded liability. At any time, however, upon requesting a payoff amount from the Division of Pensions and Benefits, a school district may pay off the deferred amount. The deferral of the aforementioned PERS payment is only an option for the 2008-09 fiscal year. Commencing in fiscal year 2010 and beyond, the full annual PERS pension liability will be required to be budgeted and paid.

On April 2, 2009 the School District adopted a resolution electing to defer fifty percent (50%) of the April 2009 payment, equaling a total deferral of $162,225.00. The following is a schedule for the payment of the PERS deferral, based on an interest rate of 8.25%. N.J.S.A 43:15A-24b requires the use of "regular interest" when the actuary calculates the amortization of the unfunded accrued liability of the pension system, which is set by the State Treasurer (N.J.S.A. 43:15A-6n) and currently is 8.25%.

Principal and interest due on the outstanding pension deferral is as follows:

Fiscal Year Ending June 30	Deferral Payment	Interest	Total Projected Payments
2020	$ 15,578.00	$ 10,267.00	$ 25,845.00
2021	10,422.58	7,616.82	18,039.40
2022	10,422.58	6,347.35	16,769.93
2023	10,422.58	5,077.88	15,500.46
2024	10,422.58	3,808.41	14,230.99
2025-2026	20,845.17	3,808.41	24,653.58
	$ 78,113.50	$ 36,925.87	$ 115,039.37

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

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.

OPEB Liability- For details on the OPEB liability, refer to note 10. The School District's annual required contribution to the plan is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2019, the School District had operating lease agreements in effect for copy machines, mail machines and computers. The future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year Ending June 30	Amount
2020	$1,011,861.18
2021	905,069.08
2022	672,537.33
2023	25,038.58
	$ 2,614,506.17

Rental payments under operating leases for the fiscal year ended June 30, 2019 were $1,089,738.79.

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
https://www.nj.gov/treasury/pensions/financial-reports.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.

Note 9: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

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.

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 7.50% 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.*

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, 2019 was 14.04% 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 $5,031,799.00 and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were $2,725,286.53

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 14.89% 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 $678,091.00 and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were $340,038.72.

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.

For the fiscal year ended June 30, 2019, employee contributions totaled $65,757.77 and the School District recognized pension expense, which equaled the required contributions, of $49,707.98. There were no forfeitures during the fiscal year.

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, 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	211,763,122.00
	$ 211,763,122.00

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 .3328674498%, which was a decrease of .0020730819% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School District recognized $12,345,049.00 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 $13,422,724.00 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 .0681719850%, which was a decrease of .0028412737% from its proportion measured as of June 30, 2017.

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) - For the fiscal year ended June 30, 2019, the School District recognized pension expense of $1,225,241.00 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	$ 255,973.00	$ 69,212.00
Changes of Assumptions	2,211,843.00	4,291,873.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	125,906.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	147,959.00	693,866.00
School District Contributions Subsequent to the Measurement Date	671,681.00	-
	$ 3,287,456.00	$ 5,180,857.00

$671,681.00 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	$ 12,242.00
2021	(235,057.00)
2022	(1,075,265.00)
2023	(938,566.00)
2024	(328,436.00)
	$ (2,565,082.00)

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	-
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 9: 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 9: 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 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, 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:

	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	250,299,989.00	211,763,122.00	179,816,998.00
	$ 250,299,989.00	$ 211,763,122.00	$ 179,816,998.00

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:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
School District's Proportionate Share of the Net Pension Liability	$ 16,877,529.00	$ 13,422,724.00	$ 10,524,364.00

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 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 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 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 State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2019 was $155,131,421.00. 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 .3364316170%, which was an increase of .0017344762% 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 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (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		$ 179,531,017.00
Changes for the Year:		
Service Cost	$ 7,050,932.00	
Interest Cost	6,608,578.00	
Difference Between Expected and Actual Experience	(16,252,207.00)	
Changes in Assumptions	(17,802,107.00)	
Gross Benefit Payments	(4,148,159.00)	
Member Contributions	143,367.00	
Net Changes		(24,399,596.00)
Balance at June 30, 2019		$ 155,131,421.00

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 3.87%, 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	$ 183,396,919.00	$ 155,131,421.00	$ 132,663,269.00

Note 10: 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	$ 128,225,155.00	$ 155,131,421.00	$ 190,715,988.00

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 $7,635,923.00 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	$ 931,001.00	$ 92,701.00
Difference Between Expected and Actual Experience	-	15,058,969.00
Changes of Assumptions	-	34,773,501.00
	$ 931,001.00	$ 49,925,171.00

Note 10: 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:

Fiscal Year Ending June 30,	
2020	$ (6,043,506.00)
2021	(6,043,506.00)
2022	(6,043,506.00)
2023	(6,043,506.00)
2024	(6,043,506.00)
Thereafter	(18,776,640.00)
	$ (48,994,170.00)

TOWNSHIP OF MONROE SCHOOL DISTRICT - RETIREE WELFARE BENEFITS PLAN

General Information about the OPEB Plan

Plan Description and Benefits Provided - In addition to post-retirement medical benefits covered under the School Employees Health Benefits Program, the School District also provides post-retirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The plan was closed as of June 30, 2010 and is no longer available to employees who retire after June 30, 2010, except as noted in the following paragraphs. The plan requires that the coverage must never decrease from that which was available as of June 30, 2010. Because the level of benefits cannot decrease, it is estimated that the District may have to pay "Cadillac" excise taxes because the benefits are higher than the thresholds allowed in the Federal Affordable Care Act. While the coverage cannot decrease, the insurance carrier is allowed to change to the School District's current insurance carrier. This Plan was created by the Board of Education of the School District and is a single-employer defined benefit OPEB plan administered by the School District with premium payments being made directly to the insurance carriers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Administrators retiring after twenty-five (25) years of service with the School District will have health, prescription drug and dental benefits provided for both the retiree and spouse, where applicable, for life. If a spouse predeceases the retiree, the benefit will continue for the retiree only and cannot be expanded for any change in marital status. Effective July 1, 2010, any administrator who retires on or after July 1, 2010 will not be eligible to receive medical, prescription drug, and dental benefits from the School District except for three administrators who were grandfathered, and two administrators who will be eligible to receive dental benefits.

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

TOWNSHIP OF MONROE SCHOOL DISTRICT - RETIREE WELFARE BENEFITS PLAN (CONT'D)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)- Secretaries retiring after twenty-five (25) years of service with the School District will have health, prescription drug and dental benefits provided for both the retiree and spouse, where applicable. Upon the death of retiree, coverage does not continue for the surviving spouse. If a spouse predeceases the retiree, the benefit will continue for the retiree only and cannot be expanded for any change in marital status. Effective July 1, 2010, any secretary who retires on or after July 1, 2010 will not be eligible to receive medical, prescription drug, and dental benefits from the School District except for two secretaries who were grandfathered.

Teachers retiring after twenty-five (25) years of service with the School District will have prescription drug and dental benefits provided for both the retiree and spouse, where applicable, until the retiree attains age 65 upon which they enter the New Jersey School Employees Health Benefits Program. If a spouse predeceases the retiree, the benefit will continue for the retiree only and cannot be expanded for any change in marital status. Effective July 1, 2009, any teacher who retires on or after July 1, 2009 will not be eligible to receive prescription drug and dental benefits from the School District.

Full-time paraprofessionals are not eligible for post-retirement welfare benefits from the School District.

No benefits are payable upon pre-retirement death or disability if the employee has less than 25 years of service.

Employees Covered by Benefit Terms - At July 1, 2019, the most recent Actuarial Valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	47
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	2
	49

Total OPEB Liability

The School District's total OPEB liability of $14,493,171.00 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018. The total OPEB liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019.

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

TOWNSHIP OF MONROE SCHOOL DISTRICT - RETIREE WELFARE BENEFITS PLAN (CONT'D)

Total OPEB Liability

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% Annually
Salary Increases	3.00% Annually
Discount Rate	3.75%
Healthcare Cost Trend Rates:	
Medical	5.80% for 2017, Decreasing .10% per Year to an Ultimate Rate of 5.00% for 2025 and Later Years
Prescription Drug	10.00% for 2017, Decreasing .50% per Year from 2017 to 2021, then Decreasing 1.00% from 2021 to 2024, to an Ultimate Rate of 5.00% for 2025 and Later Years
Dental	Ultimate Rate of 4.00% for 2017 and Later Years
Retirees' Share of Benefit-Related Costs	None

The discount rate was based on the 20-Bond GO Index.

Mortality rates were based on the PUB-2010 mortality table using projection Scale MP-2019.

An experience study was not performed on the actuarial assumptions used in the July 1, 2018 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables either issued by the SOA or developed for the applicable State Pension system in which the District participates. The actuary has used their professional judgement in applying these assumptions to this plan.

Changes in the Total OPEB Liability

Balance at June 30, 2018		$ 15,728,728.00
Changes for the Year:		
Service Cost	$ 24,332.00	
Interest Cost	575,799.00	
Benefit Payments	(735,557.00)	
Actuarial Assumption Changes	1,046,071.00	
Actuarial Demographic Gains	(2,146,202.00)	
Net Changes		(1,235,557.00)
Balance at June 30, 2019		$ 14,493,171.00

Note 10: **<u>POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)</u>**

<u>TOWNSHIP OF MONROE SCHOOL DISTRICT - RETIREE WELFARE BENEFITS PLAN (CONT'D)</u>

<u>Changes in Total OPEB Liability (Cont'd)</u> - There were no changes in benefit terms.

Changes of assumptions and other inputs reflect the following changes:

- The discount rate changed from 3.75% as of June 30, 2018 to 3.50% as of June 30, 2019.
- The inflation rate changed from 3.00% as of June 30, 2018 to 2.50% as of June 30, 2019.
- The mortality table projection scale was updated from the RP-2014 mortality tables with future mortality improvements projected using Scale MP-2017 to the PUB-2010 mortality table using projection Scale MP-2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	1.00% Decrease (2.50%)	Current Discount Rate (3.50%)	1.00% Increase (4.50%)
Total OPEB Liability	$ 16,456,030.00	$ 14,493,171.00	$ 12,871,536.00

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	$ 12,946,111.00	$ 14,493,171.00	$ 16,317,503.00

<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

For the year ended June 30, 2019, the School District recognized OPEB revenue of $500,000.00. At June 30, 2019, there were no deferred outflow of resources or deferred inflows of resources related to the OPEB plan.

Note 11: **<u>ON-BEHALF PAYMENTS</u>**

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, post-retirement medical costs, and non-contributory insurance 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 $6,446,659.00, $134,945.00, $2,985,405.00, and $7,216.00, 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.

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

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

Fiscal Year Ending June 30	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2019	$ 74,759.47	$ 1,673.38	$ 85,497.22	$ 361,057.62
2018	74,694.88	1,579.74	29,703.95	370,121.99
2017	72,327.78	1,312.99	24,327.32	323,551.32

Joint Insurance Pool - The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
General Liability including Police Professional and Employee Benefit Liability
Automobile Liability
Blanket Crime including Public Employee Dishonesty
Property Including Boiler and Machinery
Public Officials and Employment Practices Liability
Volunteer Directors and Officers Liability
Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
Excess General Liability
Non-Owned Aircraft Liability
Excess Auto Liability
Fidelity and Performance (Blanket)
Excess Property including Boiler and Machinery
Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

Note 12: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd)

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

Gloucester, Cumberland, Salem County Municipal Joint Insurance Fund
P.O. Box 449
Marlton, New Jersey 08053

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of several 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 include as follows:

Washington
Prudential
Equitable
Travelers

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 three personal days which may be carried forward as sick days to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. 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. As of June 30, 2019, the estimated liability for compensated absences in the governmental activities was $3,734,902.51.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Fund	Interfunds Receivable	Interfunds Payable
General	$ 19,726.19	
Fiduciary		$ 19,726.19
	$ 19,726.19	$ 19,726.19

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.

Transfers –

	Transfer In:					
Transfer Out:	**General Fund**	**Capital Projects Fund**	**Special Revenue Fund**	**Debt Service Fund**	**Food Service Fund**	**Fiduciary Fund**
General	$ 1,029,239.67	$ 2,027,048.00	$ -	$ -	$ -	$ -
	$ 1,029,239.67	$ 2,027,048.00	$ -	$ -	$ -	$ -

Note 16: 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 17: 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 18: COMMITMENTS

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2019 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital outlay, a sub-fund of general fund, are as follows:

Contract	Commitment Date	Amount Outstanding
Dandrea Construction	2/14/2019	$ 293,102.84

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, 2019 is $7,380,287.38. Of this, $4,934,262.03 of excess fund balance, which was 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 $955,590.99. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Capital Projects Fund –

For Capital Projects - As of June 30, 2019, the restricted fund balance in the capital projects fund was $2,198,054.77. This balance is a result of a transfer from capital reserve fund balance for the purchase of a new administration building and a window and door project.

Special Revenue Fund –

For Special Revenue – of June 30, 2019, $316,857.85 of special revenue fund balance was restricted.

Note 19: FUND BALANCES (CONT'D)

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 –

Other Purposes – As of June 30, 2019, the School District had $179,765.54 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, $1,878,610.43 of general fund balance was unassigned.

Note 20: TAX ABATEMENTS

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 Township of Monroe has entered into various property tax abatement agreements with properties having aggregate assessed valuations of $9,626,300.00. Based on the School District's 2018 certified tax rate of $2.026, abated taxes totaled $195,028.84.

APPENDIX C

Form of Bond Counsel Opinion

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9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, New Jersey 08054-5054

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PARKER McCAY

September __, 2021

The Board of Education of Township of Monroe,
in the County of Gloucester, New Jersey
75 East Academy Street
Monroe Township, New Jersey

RE: $___________ THE BOARD OF EDUCATION OF THE TOWNSHIP OF MONROE, IN THE COUNTY OF GLOUCESTER, NEW JERSEY, TAXABLE SCHOOL REFUNDING BONDS, SERIES 2021

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Refunding Bonds") by The Board of Education of the Township of Monroe, in the County of Gloucester, New Jersey ("Board" when referring to the governing body and "School District" when referring to the legal entity governed by the Board).

The Refunding Bonds are authorized to be issued pursuant to: (i) Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented ("School Bond Law"); (ii) a refunding bond ordinance duly and finally adopted by the Board on April 15, 2021 ("Refunding Bond Ordinance"); and (iii) a resolution duly adopted by the Board on July 15, 2021 ("Resolution").

The Refunding Bonds are being issued to provide funds which will be used to: (i) advance refund and redeem all of the School District's outstanding callable School Refunding Bonds, Series 2014, maturing on March 1 in the years 2025 through 2032, both dates inclusive; and (ii) pay the costs and expenses related to the issuance, sale and delivery of the Refunding Bonds.

The Refunding Bonds are dated their date of issuance, mature on March 1 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 1 and September 1, commencing March 1, 2022, in each year until maturity or earlier redemption.

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2022	$	%	2028	$	%
2023			2029		
2024			2030		
2025			2031		
2026			2032		
2027					

The Refunding Bonds are issued in fully registered form without coupons, and are subject to redemption prior to their stated maturity dates on the terms and conditions set forth therein.

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 of New Jersey, 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 Refunding Bond Ordinance, the Resolution, and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Refunding Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Refunding 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 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 Refunding 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 Refunding Bonds is included in the gross income of the owners thereof for federal tax purposes.

4. Interest on the Refunding 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 Refunding Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, 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 ___th day of September, 2021 between The Board of Education of the Township of Monroe, in the County of Gloucester, New Jersey ("Board" when referring to the governing body and "School District" when referring to the legal entity governed by the Board) and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the School District of its Taxable School Refunding Bonds, Series 2021 ("Refunding Bonds"), in the aggregate principal amount of $_________.

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 Refunding Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Refunding 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.

"Commission" shall have the meaning set forth in Section 1 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.

"Dissemination Agent" shall mean Phoenix Advisors, LLC, Bordentown, New Jersey, or any successor Dissemination Agent designated in writing by the School District and which has filed with the School District a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of bonds, including the Refunding 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.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"**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 Commission as a repository for purposes of the Rule.

"**Official Statement**" shall mean the Official Statement of the School District dated September __, 2021 relating to the Refunding Bonds.

"**Opinion of Counsel**" shall mean a written opinion of counsel expert in federal securities law acceptable to the School District.

"**Rule**" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

SECTION 3. Provision of Annual Report.

(a) The School District shall not later than two hundred seventy (270) days after the end of its fiscal year (currently June 30) for each fiscal year until termination of the School District's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the School District (commencing for the fiscal year ending June 30, 2021). 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 Commission.

(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 Disclosure Agreement to the National Repository and 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 date 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 (with a copy of said notice to the School District) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) certain financial information and operating data of the School District, consisting of: (a) School District indebtedness; (b) the School District's current enrollment; (c) property valuation information; and (d) tax rate, levy and collection data; and (ii) the School District's annual financial statements, 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, in which case the unaudited financial statements of the School District will be included in the Annual Report. 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 Refunding Bonds, or other material events affecting the tax status of the Refunding Bonds;
(7) modifications to the rights of Refunding Bondholders, if material;
(8) Refunding 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 Refunding 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;
(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

[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.

(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 seven (7) 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 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 three (3) 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. Termination of Reporting Obligations. The reporting obligations of the School District under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Refunding Bonds or when the School District is no longer an Obligated Person (as defined in the Rule) with respect to the Refunding Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the School District may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. 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. Additional Information. 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. Default and Remedies. In the event of a failure of the School District to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Refunding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Refunding Bonds may, 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. 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 Refunding Bonds. 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.

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:

If to the School District:

The Board of Education of the Township of Monroe,
County of Gloucester, New Jersey
75 E. Academy Street
Williamstown, New Jersey 08831
Attention: Lisa Schulz,
Business Administrator/Board Secretary

If to the Dissemination Agent:

Phoenix Advisors LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505
Attention: Sherry L. Tracey, Senior 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 11 for the giving of notice.

SECTION 11. <u>Beneficiaries</u>. This Disclosure Agreement shall inure solely to the benefit of the School Board, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 12. <u>Submission of Information to MSRB</u>. 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. <u>Compensation</u>. The School Board 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. <u>Successors and Assigns</u>. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the School District or 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto executed this Disclosure Agreement as of the date first above written.

THE BOARD OF EDUCATION OF THE TOWNSHIP OF MONROE, COUNTY OF GLOUCESTER, NEW JERSEY

By:______________________________________
LISA SCHULZ,
Business Administrator/Board Secretary

PHOENIX ADVISORS, LLC,
as Dissemination Agent

By:______________________________________
SHERRY L. TRACEY,
Senior Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Board of Education of the Township of Monroe, County of Gloucester, New Jersey

Name of Bond Issues Affected: $______ Taxable School Refunding Bonds, Series 2021

Date of Issuance of the Affected Bond Issue: ______, 2021

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Refunding Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated ________, 2021, 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:

PHOENIX ADVISORS, LLC,
as Dissemination Agent

cc: Board of Education of the Township of Monroe, County of Gloucester, New Jersey