New Issue

Ratings: Standard & Poor's: "AA" (underlying)
Standard & Poor's: "A" (School Bond Reserve Act)

OFFICIAL STATEMENT DATED DECEMBER 9, 2015

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the Board (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") interest on the Bonds (as defined herein) is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. It is also the opinion of Bond Counsel that interest on the Bonds held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. In addition, in the opinion of Bond Counsel, interest on and any gain from the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Board in its Tax Certificate (as defined herein), assuming continuing compliance by the Board with certain covenants set forth in its Tax Certificate and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

THE BOARD OF EDUCATION OF THE CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT IN THE COUNTY OF GLOUCESTER, NEW JERSEY $1,995,000 SCHOOL BONDS (Book-Entry-Only) (Bank-Qualified) (Non-Callable)

Dated: Date of Delivery

Due: February 1, as shown below

The $1,995,000 School Bonds (the "Bonds") of The Board of Education of the Clearview Regional High School District in the County of Gloucester, New Jersey (the "Board" when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued 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. *See* "Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing on August 1, 2016. Principal of and interest on the Bonds will be paid to DTC by the Board or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). The Bonds shall not be subject to redemption prior to their stated maturities. *See* "DESCRIPTION OF THE BONDS- Redemption" herein.

The Bonds are valid and legally binding obligations of the Board and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

Year	Principal Amount	Interest Rate	Yield	CUSIPS
2017	$150,000	2.000%	0.60%	185072FV2
2018	165,000	2.000	0.90	185072FW0
2019	175,000	2.000	1.10	185072FX8
2020	185,000	2.000	1.30	185072FY6
2021	200,000	2.000	1.50	185072FZ3
2022	200,000	2.000	1.70	185072GA7
2023	210,000	2.000	1.90	185072GB5
2024	220,000	2.000	2.05	185072GC3
2025	240,000	2.125	2.18	185072GD1
2026	250,000	2.250	2.33	185072GE9

The Bonds are offered when, as and if issued, and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York on or about January 6, 2016.

**THE BOARD OF EDUCATION OF
CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

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BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Board and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Board. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference 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 inspected at the offices of the Board of Education during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Board or the Underwriter.

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OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE
CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
IN THE COUNTY OF GLOUCESTER, NEW JERSEY

$1,995,000
SCHOOL BONDS
(BOOK-ENTRY-ONLY ISSUE)
(BANK-QUALIFIED) (NON-CALLABLE)

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by The Board of Education of Clearview Regional High School District in the County of Gloucester, New Jersey (the "Board" or “Board of Education” when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the sale and issuance of its $1,995,000 School Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

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 Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated the date of delivery and shall mature on February 1 in each of the years and in the amounts set forth on the front cover page hereof. The Bonds shall bear interest from the date of delivery, which interest shall be payable semi-annually on the first day of February and August, commencing on August 1, 2016 (each an "Interest Payment Date"), in each of the years and at the interest rates set forth on the front cover page hereof in each year until maturity, by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each January 15 and July 15 immediately preceding the respective Interest Payment Dates (the "Record Dates"). So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds. *See* "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds will be issued in fully registered book-entry-only form, without certificates. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of $1,000 integrals, with a minimum purchase of $5,000, through book entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. *See* "BOOK-ENTRY-ONLY SYSTEM" herein.

Redemption

The Bonds of this issue are not subject to optional redemption prior to their stated maturities.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable property within the School District without limitation as to rate or amount.

New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17 et seq.)

All school bonds are secured by the School Bond Reserve established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). Amendments to the Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to 1-1/2% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued prior to July 1, 2003 (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account equal to 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 (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall 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. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the Reserve at the required levels, the State agrees that the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the district, county or municipality to receive any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act. On September 11, 2014 Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, downgraded the School Bond Reserve rating from "A+" (stable) to "A" (stable). On June 10, 2015, Moody's Investors Service, Inc. downgraded the School Bond Reserve rating from "Aa3" (stable) to "A2" (negative).

AUTHORIZATION AND PURPOSE

The Bonds have been authorized and are being issued pursuant to Title 18A, Chapter 24 of the New Jersey Statutes (N.J.S.A. 18A:24-1 et seq.), a proposal adopted by the Board on August 27, 2015 and approved by a majority of the legal voters present and voting at the school district election held on November 3, 2015 and by a resolution duly adopted by the Board on November 19, 2015 (the "Resolution").

The purpose of the referendum is to provide funds (a) to undertake various improvements and/or renovations at the High School, Middle School and Administration Building; and (b) to acquire the necessary equipment as well as undertake any associated site work. The total cost of the project is $1,995,000. The Board will fund the project primarily with $1,995,000 funded through the issuance of the Bonds. The Board also expects to receive 44.53% debt service aid on the eligible costs of the project.

BOOK-ENTRY-ONLY SYSTEM[1]

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

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

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[1] Source: The Depository Trust Company

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 and 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 and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Board as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and 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 in 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 Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the 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 Participants and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board/paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Board/paying agent together with the duly executed assignment in form satisfactory to the Board/paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board/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 Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, whether or not a business day, next preceding an Interest Payment Date.

THE SCHOOL DISTRICT AND THE BOARD

The Board is a nine (9) member board with members elected in accordance with the provisions of statute governing Type II school districts. Three members are elected each year, for three years. Pursuant to State statute, the Board appoints a Superintendent and School Business Administrator/Board Secretary who are responsible for budgeting, planning, and other operational functions of the School District.

The School District is a Type II school district and provides a full range of educational services appropriate to grade seven (7) through grade twelve (12). The School District serves the Township of Mantua and the Township of Harrison, in the County of Gloucester (the "Constituent Municipalities"). The Board of Education provides education to its students through the Clearview Regional High School and the Clearview Regional Middle School.

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey Board of Education (the "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 have the effect of law and that are binding upon school districts.

The Commissioner of Education (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, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner and with the advice and consent of the State Senate. The County Superintendent reports to the Commissioner or a person designated by the Commissioner. The County Superintendent is responsible for the supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63, approved April 3, 2007 (A4), the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate school districts through the establishment or enlargement of Regional High School Districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally categorized in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate, which board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, approves all fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters, or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and vote upon all fiscal matters. Regional High School Districts may be "All Purpose Regional High School Districts" or "Limited Purpose Regional High School Districts";

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves all fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II 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 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. The School District is a Type II Regional High School District.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing bodies of the Constituent Municipalities must develop the school budget by May 19 of each year. Should the governing bodies be unable to do so, the Commissioner establishes the local school budget.

The New Budget Election Law (P.L. 2011, c. 202, effective January 17, 2012) establishes procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least 15% of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four years.

School districts that opt to move the annual school election to November would no longer be required to submit the budget to the voters for approval if the budget is at or below the two-percent property tax levy cap as provided for the New Cap Law. For school districts that opt to change the annual school election date to November, proposals to spend above the two-percent property tax levy cap would be presented to voters at the annual school election in November.

Spending Growth Limitation

CEIFA (as hereinafter defined) places limits on the amount school districts can increase their annual current expenses and capital outlay budgets, and such limits are known as a school district's spending growth limitation amount (the "Spending Growth Limitation"). See "SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT" herein.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

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

Budgets and Appropriations

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (amended and partially repealed) first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitation was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 ("QEA") (now repealed) also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by Chapter 62 of the Laws of New Jersey of 1991, and further amended by Chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 ("CEIFA") (as amended by P.L. 2004, c.73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district's net budget by a spending growth limitation. CEIFA limited the amount school districts could increase their annual current expenses and capital outlay budgets, defined as a school district's Spending Growth Limitation. Generally, budgets could increase by either a set percent or the consumer price index, whichever was greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded $40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of 60% at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by 4% over the prior budget year's tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expenses and capital outlay budgets, created by CEIFA (as amended by P.L. 2004, c.73, effective July 1, 2004). However, Chapter 62 was in effect only through fiscal year 2012. Without an extension of Chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the 4% cap on the tax levy increase imposed by Chapter 62.

The previous legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment. The new law limits the school district tax levy for the general fund budget to increases of 2% over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of 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 cap or Spending Growth Limitations has been eliminated under Chapter 44.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years; (ii) bonds shall be issued pursuant to an ordinance adopted by the governing body of the municipality comprised within the school district for a Type I school district; (iii) for Type II school districts (without boards of school estimate) bonds shall be issued by board of education resolution approving the bond proposal and by approval of the legally qualified voters of the school district; (iv) debt must be authorized by a resolution of a board (and approved by a board of school estimate in a Type I school district); and (v) there must be filed with the State by each municipality comprising a school district a supplemental debt statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. Beginning with the fiscal year ended June 30, 2010, a licensed public school accountant must complete the annual audit no later than five months (5) after the end of the fiscal year. P.L. 2010, c. 49 amended N.J.S.A. 18A:23-1 to provide an additional month for the completion of a school district's audit. Previously the audit was required to be completed within four months. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

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 (1) year periods, with the final maturity not exceeding five (5) 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 subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts may not capitalize interest on temporary notes, but must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized 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 seven (7) through grade twelve (12) school district, the board can borrow up to 3% of the average equalized valuation of taxable property in the School District. The Board has not exceeded its 3% debt limit. See "APPENDIX A – Debt Limit of the Board."

Exceptions to Debt Limitation

A Type II school district (other than a regional district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e., the excess of 3.5% of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase financings must mature within five years except for certain lease purchase financings of energy savings equipment and other energy conservation measures, which may mature within fifteen (15) years and in certain cases twenty (20) years from the date the project is placed in service, if paid from energy savings (see "Energy Savings Obligations" below). Facilities lease purchase agreements, which may only be financed for a term of five (5) years or less, must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72, effective July 18, 2000, as amended ("EFCFA") repealed the authorization to enter into facilities leases for a term in excess of five years. The payment of rent is treated as a current expense and within the school district's Spending Growth Limitation and tax levy cap, and the payment of rent on an ordinary equipment lease and on a five year and under facilities lease is subject to annual appropriation. Lease purchase payments on leases in excess of five years entered into under prior law (CEIFA) are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's Spending Growth Limitation and tax levy cap.

Energy Saving Obligations

Under N.J.S.A. 18A:18A-4.6 (P.L. 2009, c. 4, effective March 23, 2009, as amended by P.L. 2012, c. 55, effective September 19, 2013), the Energy Savings Improvement Program Law or the "ESIP Law," school districts may issue energy savings obligations as refunding bonds without voter approval or lease purchase agreements to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements, provided that the value of the savings will cover the cost of the measures. The lease purchase financings for such measures must mature within 15 years, or in certain instances 20 years, from the date the projects are placed in service. These energy savings refunding bonds or leases are payable from the general fund. Such payments are within the school district's Spending Growth Limitation and tax levy cap but are not necessarily subject to annual appropriation.

Promissory Notes for Cash Flow Purposes

N.J.S.A. 18A: 22-44.1 permits school districts to issue promissory notes in an amount not exceeding ½ the amount appropriated for current general fund expenses. These promissory notes are not considered debt and are used for cash flow purposes including funding in anticipation of the receipt of taxes, other revenues or grants.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") first ruled in Robinson v. Cahill that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the State Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq. (P.L. 1975, c. 212) (the "Public School Education Act") (since amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P. L. 1976, c. 47, since amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in Abbott v. Burke that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included the QEA (now repealed), CEIFA and EFCFA, which became law on July 18, 2000. For many years aid was simply determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The most current school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, approved January 1, 2008 (A500), removed the special status given to certain districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State's current plan for school aid is a "constitutionally adequate scheme".

Notwithstanding over 35 years of litigation, the State provides State aid to school districts of the State in amounts provided in the State Budget each year. These now include equalization aid, educational adequacy aid, special education categorical aid, transportation aid, preschool education aid, school choice aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the Education Facilities Construction and Financing Act of 2001. The amount of the aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State up front and debt service aid must be appropriated annually by the State.

The State reduced debt service aid by fifteen percent (15%) for the fiscal years 2011 through 2014 and has proposed the same reduction for 2015. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, 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 their fiscal year 2011, 2012, 2013 and 2014 budgets representing 15% of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

SUMMARY OF 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 Elementary and Secondary Education Act, as amended and restated by the No Child Left Behind Act of 2001, 20 U.S.C.A. § 6301 et seq., is a federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such federal aid is generally received in the form of block grants.

Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N. J. S. A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Constituent Municipalities are general full faith and credit obligations.

The authorized bonded indebtedness of the Constituent Municipalities for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its average equalized valuation basis. The Constituent Municipalities have not exceeded their statutory debt limit for the year ended December 31, 2014.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Constituent Municipalities may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Constituent Municipalities may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Constituent Municipalities or substantially reduce the ability of the Constituent Municipalities to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Constituent Municipalities to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Constituent Municipalities may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. A local unit’s bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year’s required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates.

Local Budget Law (N. J. S. A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. The Constituent Municipalities, which operate on a calendar year (January 1 to December 31), must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit’s expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year’s budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by the last day of that fiscal year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes, which may be amortized over five years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.*)* imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to

3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Legislation constituting P.L. 2010, c. 44, approved July 13, 2010 limits tax levy increases for local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits, including the provisions of the recent legislation, would limit the obligation of the Constituent Municipalities to levy *ad valorem* taxes upon all taxable real property within the Constituent Municipalities to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the Gloucester County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00. These interest penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of $10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Constituent Municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

FINANCIAL STATEMENTS

The financial statements of the Board for the fiscal year ended June 30, 2015 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Holman Frenia Allison P.C., Medford, New Jersey, an independent auditor, as stated in the reports appearing in Appendix B to this Official Statement. See "APPENDIX B – Clearview Regional High School District Financial Statements".

LITIGATION

To the knowledge of the Board Attorney, Frank P. Cavallo, Jr. of Parker McCay P.A., Mount Laurel, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a material adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter of the Bonds at the closing.

TAX MATTERS

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code), provides that interest on the Bonds is not included in gross income for federal income tax purposes if various requirements set forth in the Code are met. The Board has covenanted in its Arbitrate and Tax Certificate (the "Tax Certificate"), delivered in connection with the issuance of the Bonds, to comply with these continuing requirements and has made certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Bonds to assure this exclusion. Pursuant to

Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

In the opinion of McManimon, Scotland & Baumann, LLC ("Bond Counsel"), pursuant to Section 103(a) of Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Bonds held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel's opinions described herein are given in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Board in its Tax Certificate, assume continuing compliance by the Board with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

Certain Federal Tax Consequences Relating to the Bonds

Although, pursuant to Section 103(a) of the Code, interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds.

Bank Qualification

The Bonds will be designated as qualified under Section 265 of the Code by the Board for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

New Jersey Gross Income Tax

In the opinion of Bond Counsel, the interest on the Bonds and any gain realized on the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities and court decisions, whether at the federal or State level, may adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions and even proposals for change could adversely affect the market price or marketability of the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN ADVISORS REGARDING ANY CHANGES IN THE STATUTES, PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR PROPOSALS FOR CHANGE ON THE TAX AND MARKET IMPLICATIONS OF OWNERSHIP OF THE BONDS.

MUNICIPAL BANKRUPTCY

The undertakings of the Board should be considered with reference to 11 U.S.C. 401 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court 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 this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Board expects to utilize the benefits of their provisions.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters will be passed on for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter by a certificate signed by the Board President and the Business Administrator/Board Secretary.

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

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATINGS

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P" or the "Rating Agency") has assigned its rating of "AA" to the Bonds based upon the creditworthiness of the School District. The Bonds are additionally secured by the New Jersey School Bond Reserve Act with an assigned rating of "A".

The ratings reflect only the view of the Rating Agency, and an explanation of the significance of such ratings may only be obtained from the Rating Agency at the following address: 55 Water Street, New York, New York 10041. The Board forwarded to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the ratings will be maintained for any given period of time or that the ratings 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 ratings may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITER

The Bonds have been purchased from the Board, pursuant to the terms of the Board's notice of sale, by Morgan Stanley & Company, LLC (the "Underwriter"), at a price of $1,995,976.42. The Underwriter is obligated to purchase all of the Bonds if any are purchased. Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

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

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor to the Board with respect to the issuance of the Bonds (the "Financial Advisor"). The Financial 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 Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Board shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to February 1 of each year, beginning February 1, 2016, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the SEC to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Board of Education consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Board of Education and certain financial information and operating data consisting of (1) Board of Education and overlapping indebtedness including a schedule of outstanding debt issued by the Board of Education; (2) property valuation information; and (3) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law;

(b) if any of the following material events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

(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 security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, 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.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(c) Notice of failure of the Board to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

(d) If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

(e) The Business Administrator/Board Secretary shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Board prior to their offering. Such officer is hereby authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

(f) In the event that the Board fails to comply with the Rule requirements or the written contracts or undertakings specified in the Resolution, the Board shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

The Board previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) annual adopted budget for fiscal years ended June 30, 2012, 2011 and 2010 and (ii) certain operating data and annual financial information for fiscal year ended June 30, 2010. Additionally, the Board acknowledges that it previously failed to file material event notices and late filing notices in connection with (i) its timely filings of annual financial information and (ii) certain rating changes. Such notices of material events and late filings have been filed with EMMA as of the date of this Official Statement. The Board has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Esther R. Pennell, CPA, Business Administrator/Board Secretary, at 420 Cedar Road, Mullica Hill, NJ 08062, (856) 478-0409, or to the Financial Advisor, Phoenix Advisors, LLC, at 4 West Park Street, Bordentown, New Jersey 08505, (609) 291-0130.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one of its authorized officials to the effect that he has examined this Official Statement (including the appendices) and the financial and other data concerning the School District contained herein and that, to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

THE BOARD OF EDUCATION OF THE CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT IN THE COUNTY OF GLOUCESTER, NEW JERSEY

By: */s/Esther R. Pennell*

Esther R. Pennell, CPA, Business Administrator/Board Secretary

Date: December 9, 2015

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CONTITUENT MUNICIPALITIES AND THE CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT

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INFORMATION REGARDING THE SCHOOL DISTRICT[1]

Type

The School District is a Type II school district that is coterminous with the borders of the Township of Harrison and Township of Mantua (the “Board”). The School District provides a full range of educational services appropriate to seven (7) through the twelfth (12) grades.

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District and the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The Board's fiscal year ends each June 30.

The Board appoints a Superintendent and Board Secretary/Business Administrator who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent.

Description of Facilities

The Board presently operates the following school facilities:

Facility	Construction Date	Addition/ Renovation	Grade Level	Student Enrollment (As of 6/30/15)
Middle School	1968	2003	7 - 8	864
High School	1960	1996-2003	9 -12	1,627

Source: Comprehensive Annual Financial Report of the School District

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[1] Source: The Board, unless otherwise indicated.

Staff

The Superintendent is the chief executive officer of the Board and is in charge of carrying out Board policies. The Board Secretary/Business Administrator is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education.

	2015	2014	2013	2012	2011
Teaching Professionals	197	187	188	189	192
Support Staff	137	143	141	137	155
Total Full & Part Time Employees	334	329	329	326	347

Source: Comprehensive Annual Financial Report of the School District

Pupil Enrollments

The following table presents the historical average daily pupil enrollments for the past five (5) school years.

Pupil Enrollments

School Year	Enrollment
2014-2015	2,491
2013-2014	2,516
2012-2013	2,489
2011-2012	2,498
2010-2011	2,501

Source: School District and Comprehensive Annual Financial Report of the School District

Pensions

Those employees of the School District who are eligible for pension coverage are enrolled in one of the two State-administered multi-employer pension systems (the "Pension System"). The Pension System was established by an act of the State Legislature. The Board of Trustees for the Pension System is responsible for the organization and administration of the Pension System. The two State-administered pension funds are: (1) the Teacher's Pension and Annuity Fund ("TPAF") and (2) the Public Employee's Retirement System ("PERS"). The Division of Pensions and Benefits, within the State of New Jersey Department of the Treasury (the "Division") charges the participating school districts annually for their respective contributions. The School District raises its contributions through taxation, and the State contributes the employer's share of the annual Social Security and Pension contribution for employees enrolled in the TPAF. The Pension System is a cost sharing multiple employer contributory defined benefit plan. The Pension System's designated purpose is to provide retirement and medical benefits for qualified retirees and other benefits to its members. Membership in the Pension System is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State administered retirement system or other state or local jurisdiction.

Fiscal 2015-16 Budget

Prior to the passage of P.L. 2011, c. 202 the Board was required to submit its budget for voter approval on an annual basis. Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) if the school has opted to move its annual election to November, it is no longer required to submit the budget to voters for approval if the budget is at or below the two-percent (2%) property tax levy cap as provided for under the New Cap Law (P.L. 2010, c. 44). If the Board proposes to spend above the two-percent (2%) property tax levy cap, it is then required to submit its budget to voters at the annual school election in November. The Board has chosen under the Election Law to move its annual school election to November.

The General Fund budget is the sum of all state aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board's General Fund Budget for the 2015-2016 fiscal year is $35,992,937. The major sources of revenue are $17,802,181 from the local tax levy and $15,147,270 from state aid.

Source: Annual User-Friendly Budget of the School District

Budget History

As noted, prior to the Board's budget for its 2012-2013 fiscal year, the Board was required to submit its budget for voter approval. The results of the last five budget elections of the Board are as follows:

Budget Year	Amount Raised in Taxes	Budget Amount	Election Result
2015-2016	$17,802,181	$35,992,937	N/A
2014-2015	17,261,493	34,532,297	N/A
2013-2014	16,577,579	33,358,226	N/A
2012-2013	15,750,227	33,381,325	N/A
2011-2012	15,441,399	30,806,617	Approved

Source: Annual User-Friendly Budget of the School District and NJ State DOE Website – School Election Results

Financial Operations

The following table summarizes information on the changes in general fund revenues and expenditures for the school years ending June 30, 2010 through June 30, 2014 for the general fund. Beginning with the 1993-94 fiscal year, school districts in the State of New Jersey have begun to prepare their financial statements in accordance with Generally Accepted Accounting Principles in the United States.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED JUNE 30:

	2015*	2014	2013	2012	2011
REVENUES					
Local Sources:					
Local Tax Levy	$17,261,493	$16,577,579	$15,750,227	$15,441,399	$15,289,560
Other Local Revenue	723,269	574,583	487,401	538,221	1,002,660
Total revenues-local sources	17,984,762	17,152,162	16,237,628	15,979,620	16,292,220
State Sources	18,142,213	17,727,741	17,823,385	16,427,813	15,636,308
Federal Sources	14,769	541	1,270	508,751	0
Total Revenues	$36,141,744	$34,880,444	$34,062,283	$32,916,184	$31,928,528
EXPENDITURES					
General Fund:					
Instruction	$14,024,280	$13,528,007	$13,410,805	$13,097,914	$12,843,764
Undistributed Expenditures	20,874,968	20,633,447	19,938,113	18,187,347	16,797,273
Capital Outlay	720,388	382,915	432,949	134,137	505,107
Total Expenditures	$35,619,636	$34,544,369	$33,781,867	$31,419,398	$30,146,144
Excess (Deficiency) of Revenues Over/(Under) Expenditures	522,108	336,075	280,416	1,496,786	1,782,384
Other Financing Sources (Uses):					
Transfers to Capital Proiects	0	0	0	0	(882,614)
Transfers to Food Service	0	0	0	0	(160)
Transfers to Unemployment Compensation	0	0	0	0	0
Transfers in	0	0	64,280	217,539	0
Transfers out	0	0	(1,025,000)	0	0
Total other financing sources (uses)	0	0	(960,720)	217,539	(882,774)
Net Change in Fund Balance	522,108	336,075	(680,304)	1,714,325	899,610
Fund Balance, July 1	4,336,295	4,000,220	4,680,524	2,966,199	2,066,589
Fund Balance, June 30	$4,858,403	$4,336,295	$4,000,220	$4,680,524	$2,966,199

*Unaudited
Source: Comprehensive Annual Financial Report of the School District. Statement of Revenues, Expenditures Governmental Funds and Changes In Fund Balances on a GAAP basis

Capital Leases

As of June 30, 2015, the Board has no capital leases outstanding.

Source: Comprehensive Annual Financial Report of the School District

Operating Leases

As of June 30, 2015, the Board has operating leases outstanding with payments due through year ending June 30, 2019, totaling $303,220.

Source: Comprehensive Annual Financial Report of the School District

Short Term Debt

As of June 30, 2015, the Board has no short term debt outstanding.

Source: Comprehensive Annual Financial Report of the School District

Long Term Debt

The following table outlines the outstanding long term debt of the Board as of June 30, 2015.

Fiscal Year Ending	Principal	Interest	Total
2016	1,940,000	711,459	2,651,459
2017	1,990,000	648,209	2,638,209
2018	2,030,000	574,496	2,604,496
2019	2,160,000	483,934	2,643,934
2020	2,265,000	387,734	2,652,734
2021	2,395,000	295,659	2,690,659
2022	2,510,000	189,621	2,699,621
2023	2,515,000	91,365	2,606,365
2024	100,000	8,628	108,628
2025	103,000	4,378	107,378
TOTALS	$18,008,000	$3,395,481	$21,403,481

Source: Comprehensive Annual Financial Report of the School District

Debt Limit of the Board

The debt limitation of the Board is established by statute (N.J.S.A. 18A:24-19). The Board is permitted to incur debt up to 3.5% of the average equalized valuation for the past three years. (See "SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT- Exceptions to Debt Limitation"). The following is a summation of the Board's debt limitations as of June 30, 2015:

Average Equalized Real Property Valuation (2012, 2013, and 2014)	$2,762,328,077
School District Debt Analysis	
Permitted Debt Limitation (3.5% of AEVP)	$96,681,483
Less: Bonds and Notes Authorized and Outstanding	18,008,000
Remaining Limitation of Indebtedness	$78,673,483
Percentage of Net School Debt to Average Equalized Valuation	0.65%

Source: Comprehensive Annual Financial Report of the School District

INFORMATION REGARDING THE TOWNSHIP OF HARRISON[2]

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

General Information

The Township was incorporated in 1844 as Spicer Township; however, the name was changed to Harrison Township in 1845. The Township is located in the southeastern corner of County, approximately 15 miles south of the City of Philadelphia. The Township is bordered by the municipalities of East Greenwich Township, Mantua Township, the Borough of Glassboro, Elk Township, South Harrison Township and Woolwich Township.

The Township is primarily a residential community, having experienced significant increased housing construction since the late 1980's.

Form of Government

The Township operates under a Township Committee form of government as defined under N.J.S.A. 40A:63-1. The voters elect five members who, at the reorganization meeting, appoint a member to serve as Mayor. The Mayor is the chief executive officer of the Township.

Responsibilities for various departments are divided among the members of the governing body. The governing body is responsible, among other things, for passing ordinances, adopting the budget and appointing officials. While the members adopt policy, the Township Administrator is charged with the responsibility of carrying-out the policies and for overseeing the day-to-day operations. The financial affairs of the Township are administered by the Chief Financial Officer, who reports to the Township Committee.

Retirement Systems

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the "Division") is the administrator of the funds with the benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS").

[2] Source: The Township, unless otherwise indicated.

Pension Information[3]

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs in 2014, which is based upon the annual billings received from the State, amounted to $167,194 for PERS and $316,405 for PFRS.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for Harrison, the County, and the State:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
Township				
2014	6,552	6,185	367	5.6%
2013	6,586	6,162	423	6.4%
2012	5,309	4,878	431	8.1%
2011	5,284	4,866	418	7.9%
2010	5,317	4,878	439	8.3%
County				
2014	148,835	138,254	10,581	7.1%
2013	155,615	142,350	13,265	8.5%
2012	157,425	142,106	15,319	9.7%
2011	157,199	141,868	15,331	9.8%
2010	158,617	142,524	16,093	10.1%
State				
2014	4,518,715	4,218,423	300,277	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

[3] Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Income (as of 2010)

	Harrison	County	State
Median Household Income	$116,349	$74,830	$71,180
Median Family Income	125,530	87,786	86,779
Per Capita Income	40,530	32,067	35,768

Source: US Bureau of the Census 2010

Population

The following tables summarize population increases and the decreases for Harrison, the County, and the State.

	Harrison		County		State	
Year	Population	% Change	Population	% Change	Population	% Change
2010	12,417	41.29%	288,288	13.20%	8,791,894	4.49%
2000	8,788	86.38	254,673	10.69	8,414,350	8.85
1990	4,715	31.52	230,082	15.09	7,730,188	4.96
1980	3,585	34.72	199,917	15.77	7,365,001	2.75
1970	2,661	10.41	172,681	28.06	7,168,164	18.15

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

Taxpayers	2015 Assessed Valuation	% of Total Assessed Valuation
AEW SCT Mullica Hill, LLC	$14,000,000	1.01%
Madison/Canuso c/o Lisa Tsui	8,170,000	0.59%
Mullica West LTD	6,224,000	0.45%
Mantec Associates	5,884,000	0.42%
Storage Quest, NJ LP	4,575,000	0.33%
Beazer Homes Corp	4,222,800	0.30%
Inspira Medical Centers	4,200,000	0.30%
Woodland Four, LLC	4,017,600	0.29%
Inspira Medical Center Woodbury, Inc.	3,969,600	0.29%
Mullica Hill Commons, LLC	3,200,000	0.23%
Total	$58,463,000	4.21%

Source: Comprehensive Annual Financial Report of the School District & Municipal Tax Assessor

Comparison of Tax Levies and Collections

Year	Tax Levy	Current Year Collection	Current Year % of Collection
2014U	$38,802,008	$38,206,004	98.46%
2013	37,345,536	36,805,143	98.55%
2012	35,614,967	35,014,258	98.31%
2011	34,611,903	33,963,459	98.13%
2010	34,618,805	34,060,644	98.39%

U=Unaudited
Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

Year	Amount of Tax Title Liens	Amount of Delinquent Tax	Total Delinquent	% of Tax Levy
2014U	$181,546	$508,068	$689,614	1.78%
2013	184,469	495,522	679,991	1.82%
2012	177,121	522,586	699,707	1.96%
2011	327,470	460,059	787,529	2.28%
2010	301,699	441,660	743,359	2.15%

U=Unaudited
Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

Year	Amount
2014U	$0
2013	0
2012	0
2011	0
2010	0
2009	0

U=Unaudited
Source: Annual Audit Reports of the Township

Tax Rates per $100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Township residents for the past five (5) years.

Year	Municipal	Municipal Open Space	Local School	Regional School	County	Fire District	Total Taxes
2015	$0.444	$0.060	$0.893	$0.696	$0.730	$0.082	$2.905
2014	0.411	0.06	0.878	0.679	0.676	0.083	2.787
2013	0.365	0.06	0.877	0.668	0.661	0.097	2.728
2012	0.347	0.06	0.859	0.644	0.627	0.097	2.634
2011	0.287	0.06	0.86	0.646	0.629	0.098	2.580

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

Year	Aggregate Assessed Valuation of Real Property	Aggregate True Value of Real Property	Ratio of Assessed to True Value	Assessed Value of Personal Property	Equalized Valuation
2015	$1,389,700,900	$1,459,923,206	95.19%	$2,969,606	$1,462,892,812
2014	1,366,979,400	1,417,734,287	96.42	2,975,643	1,420,709,930
2013	1,346,561,900	1,371,663,339	98.17	3,369,388	1,375,032,727
2012	1,336,285,500	1,362,722,313	98.06	3,724,475	1,366,446,788
2011	1,322,427,200	1,397,619,108	94.62	3,683,324	1,401,302,432

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartments	Total
2015	$24,430,700	$1,229,510,600	$32,415,100	$95,725,500	$321,700	$7,297,300	$1,389,700,900
2014	25,368,500	1,208,175,300	33,941,800	92,196,500	0	7,297,300	1,366,979,400
2013	25,357,800	1,187,245,000	33,986,200	92,675,600	0	7,297,300	1,346,561,900
2012	28,662,100	1,175,818,900	34,625,400	89,881,800	0	7,297,300	1,336,285,500
2011	32,150,900	1,162,559,600	35,600,000	84,819,400	0	7,297,300	1,322,427,200

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. This summary should be used in conjunction with the tables from which it is derived.

Summary of Current Fund Budget

Anticipated Revenues	**2011**	**2012**	**2013**	**2014**	**2015**
Fund Balance	$2,825,000	$3,060,511	$2,595,917	$530,000	$2,054,400
Miscellaneous Revenues	1,645,272	1,525,995	1,365,487	3,238,182	1,195,698
Receipts from Delinquent Taxes	435,000	475,500	400,000	400,000	450,000
Amount to be Raised by Taxes for Support of Municipal Budget	3,816,352	4,657,233	4,935,751	5,639,357	6,192,489
Total Revenue:	$8,721,624	$9,719,239	$9,297,155	$9,807,539	$9,892,587
Appropriations					
General Appropriations	$6,097,928	$5,781,890	$6,174,894	$6,279,537	$6,351,566
Operations	303,886	624,840	615,132	559,821	619,474
Deferred Charges and Statutory Expenditures	123,000	123,000	50,158	50,000	50,000
Judgments	0	0	0	0	0
Capital Improvement Fund	25,000	692,905	148,000	374,520	40,000
Municipal Debt Service	1,297,010	1,673,000	1,443,138	1,607,743	1,818,675
Reserve for Uncollected Taxes	874,800	823,605	865,832	935,918	1,012,872
Total Appropriations:	$8,721,624	$9,719,239	$9,297,155	$9,807,539	$9,892,587

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

Year	**Balance 12/31**	**Utilized in Budget of Succeeding Year**
2014U	$3,236,026	$2,054,400
2013	1,971,291	531,000
2012	3,019,155	2,595,917
2011	3,775,563	3,060,511
2010	3,406,934	2,825,000

U=Unaudited
Source: Annual Audit Reports of the Township

Sewer Utility Operating Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Sewer Utility Operating Fund

Year	Balance 12/31	Utilized in Budget of Succeeding Year
2014U	$1,528,001	N/A
2013	1,248,117	377,315
2012	847,610	321,154
2011	362,404	102,495
2010	473,048	141,500

U=Unadited
Source: Annual Audit Reports of the Township

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Township Indebtedness as of December 31, 2014

General Purpose Debt	
Serial Bonds	$25,596,000
Bond Anticipation Notes	5,086,643
Bonds and Notes Authorized but Not Issued	6,552,100
Other Bonds, Notes and Loans	0
Total:	$37,234,743
Local School District Debt	
Serial Bonds	$7,010,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	$7,010,000
Regional School District Debt	
Serial Bonds	$9,503,748
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	$9,503,748
Self-Liquidating Debt	
Serial Bonds	$5,839,000
Bond Anticipation Notes	3,810,532
Bonds and Notes Authorized but Not Issued	173,496
Other Bonds, Notes and Loans	3,238,269
Total:	$13,061,297
TOTAL GROSS DEBT	**$66,809,788**
Less: Statutory Deductions	
General Purpose Debt	$0
Local School District Debt	7,010,000
Regional School District Debt	9,503,748
Self-Liquidating Debt	13,061,297
Total:	$29,575,045
TOTAL NET DEBT	**$37,234,743**

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2014)[4]

Name of Related Entity	**Debt Outstanding**	**Percentage**	**Share**
Local School District	$7,010,000	100.00%	$7,010,000
Regional School District	18,968,000	50.00%	9,503,748
County	249,340,889	5.59%	13,926,327
Net Indirect Debt			$30,440,075
Net Direct Debt			37,234,743
Total Net Direct and Indirect Debt			**$67,674,818**

Debt Limit

Average Equalized Valuation Basis (2012, 2013, 2014)	$1,384,039,980
Permitted Debt Limitation (3 1/2%)	48,441,399
Less: Net Debt	37,234,743
Remaining Borrowing Power	$11,206,656
Percentage of Net Debt to Average Equalized Valuation	2.69%
Gross Debt Per Capita based on 2010 population of 12,417	$5,381
Net Debt Per Capita based on 2010 population of 12,417	$2,999

Source: Annual Debt Statement of the Township

[4] Township percentage of County debt is based on the Township's share of total equalized valuation in the County

INFORMATION REGARDING THE TOWNSHIP OF MANTUA[5]

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

General Information

The Township occupies 16.3 square miles in the central part of the County. The Township was a part of Greenwich Township until 1853. The Township is bounded by the Townships of East Greenwich and West Deptford to the north, the Townships of Deptford and Washington and the Borough of Wenonah to the east, the Borough of Pitman to the south, and Harrison Township to the west.

Form of Government

A five (5) member Township Committee is elected on a partisan basis for staggered three (3) year terms. A Mayor is elected each year by the Township Committee. The Township Committee appoints a Township Clerk for a term of three years.

Retirement Systems

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the "Division"), is the administrator of the funds with the benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS").

Pension Information[6]

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs in 2015, which is based upon the annual billings received from the State, amounted to $226,714 for PERS and $500,278 for PFRS.

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[5] Source: The Township, unless otherwise indicated.

[6] Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for Mantua, the County, and the State:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
Township				
2014				
2013	8,149	7,594	554	6.8%
2012	8,222	7,581	640	7.8%
2011	8,039	7,443	596	7.4%
2010	8,470	7,911	559	6.6%
County				
2014	148,835	138,254	10,581	7.1%
2013	155,615	142,350	13,265	8.5%
2012	157,425	142,106	15,319	9.7%
2011	157,199	141,868	15,331	9.8%
2010	158,617	142,524	16,093	10.1%
State				
2014	4,518,715	4,218,423	300,277	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2010)

	Mantua	County	State
Median Household Income	$74,665	$74,830	$71,180
Median Family Income	86,767	87,786	86,779
Per Capita Income	34,174	32,067	35,768

Source: US Bureau of the Census 2010

Population

The following tables summarize population increases and the decreases for Mantua, the County, and the State.

Year	Population	% Change	Population	% Change	Population	% Change
2010	15,217	7.03%	288,288	13.20%	8,791,894	4.49%
2000	14,217	41.13	254,673	10.69	8,414,350	8.85
1990	10,074	9.58	230,082	15.09	7,730,188	4.96
1980	9,193	-4.67	199,917	15.77	7,365,001	2.75
1970	9,643	20.67	172,681	28.06	7,168,164	18.15

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

Taxpayers	2015 Assessed Valuation	% of Total Assessed Valuation
Target Corporation	$14,676,900	1.10%
Lowes Home Center, Inc.	14,623,700	1.10%
Home Depot, U.S.A. Inc.	10,197,000	0.77%
Kohl's Department Store	9,200,000	0.69%
Route 553 Retail, LLC	6,713,900	0.50%
Wilkins Industrial Park	6,646,900	0.50%
Timberline Plaza	6,388,200	0.48%
Belina Dev & Brooklawn Out Lot LLC	6,260,300	0.47%
Spirit Master Funding	6,033,600	0.45%
Frezza LLC	4,922,500	0.37%
Total	$85,663,000	6.44%

Source: Comprehensive Annual Financial Report of the School District & Municipal Tax Assessor

Comparison of Tax Levies and Collections

Year	Tax Levy	Current Year Collection	Current Year % of Collection
2014	$41,658,109	$40,666,398	97.62%
2013	40,470,265	39,607,427	97.87%
2012	40,022,546	38,888,535	97.17%
2011	37,255,553	36,334,816	97.53%
2010	38,715,108	37,815,984	97.68%

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

Year	Amount of Tax Title Liens	Amount of Delinquent Tax	Total Delinquent	% of Tax Levy
2014	$228,054	$803,354	$1,031,408	2.48%
2013	326,171	806,262	1,132,433	2.80%
2012	186,993	1,084,058	1,271,051	3.18%
2011	152,678	885,478	1,038,156	2.79%
2010	128,466	881,487	1,009,953	2.61%

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

Year	Amount
2014	$2,107,400
2013	2,107,400
2012	2,107,400
2011	2,107,400
2010	2,107,400

Source: Annual Audit Reports of the Township

Tax Rates per $100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Township residents for the past five (5) years.

Year	Municipal	Municipal Open Space	Local School	Regional School	County	Total Taxes
2015	$0.660	$0.043	$0.992	$0.770	$0.681	$3.146
2014	0.616	0.020	0.973	0.753	0.681	3.043
2013	0.596	0.020	0.959	0.722	0.668	2.965
2012R	0.571	0.020	0.978	0.680	0.641	2.890
2011	0.920	0.020	1.471	1.160	1.146	4.717

R: Revaluation
Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

Year	Aggregate Assessed Valuation of Real Property	Aggregate True Value of Real Property	Ratio of Assessed to True Value	Assessed Value of Personal Property	Equalized Valuation
2015	$1,327,965,800	$1,353,134,094	98.14%	$2,514,259	$1,355,648,353
2014	1,332,218,200	1,375,832,077	96.83	2,453,312	1,378,285,389
2013	1,331,982,800	1,365,856,030	97.52	3,112,020	1,368,968,050
2012R	1,349,012,500	1,393,176,185	96.83	3,863,440	1,397,039,625
2011	769,772,400	1,452,400,755	53.00	2,126,051	1,454,526,806

R: Revaluation
Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartments	Total
2015	$22,212,800	$1,103,487,500	$23,932,600	$164,595,800	$10,801,900	$2,935,200	$1,327,965,800
2014	24,093,800	1,098,246,900	26,845,900	169,010,200	11,086,200	2,935,200	1,332,218,200
2013	22,472,300	1,094,921,600	28,885,100	171,412,300	11,356,300	2,935,200	1,331,982,800
2012R	20,729,200	1,097,392,800	28,406,000	185,562,100	13,942,400	2,980,000	1,349,012,500
2011	12,371,200	650,155,200	15,275,800	84,685,900	5,612,300	1,672,000	769,772,400

R: Revaluation
Source: Abstract of Ratables and State of New Jersey – Property Value Classification

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Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. This summary should be used in conjunction with the tables from which it is derived.

Summary of Current Fund Budget

Anticipated Revenues	2011	2012	2013	2014	2015
Fund Balance	$1,900,000	$1,100,000	$850,000	$775,000	$850,000
Miscellaneous Revenues	2,879,639	2,521,521	2,637,754	2,958,112	2,862,716
Receipts from Delinquent Taxes	920,000	826,000	964,000	800,000	830,000
Amount to be Raised by Taxes for Support of Municipal Budget	7,102,474	7,730,393	7,969,771	8,231,966	8,515,580
Total Revenue:	$12,802,113	$12,177,913	$12,421,525	$12,765,078	$13,058,295
Appropriations					
General Appropriations	$9,260,727	$9,350,357	$9,567,670	$9,882,140	$10,239,089
Operations	332,308	338,172	349,045	334,311	369,370
Deferred Charges and Statutory Expenditures	121,390	34,619	7,000	0	0
Judgments	0	0	0	0	0
Capital Improvement Fund	260,900	68,900	6,500	56,500	46,500
Municipal Debt Service	1,421,138	1,388,610	1,386,092	1,360,337	1,299,750
Reserve for Uncollected Taxes	1,405,650	997,256	1,105,218	1,131,790	1,103,587
Total Appropriations:	$12,802,113	$12,177,913	$12,421,525	$12,765,078	$13,058,295

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Current Fund

Year	Balance 12/31	Utilized in Budget of Succeeding Year
2014	$1,158,520	$850,000
2013	1,098,144	775,000
2012	938,237	850,000
2011	1,055,833	1,055,833
2010	1,969,580	1,900,000

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2014

General Purpose Debt	
Serial Bonds	$10,653,000
Bond Anticipation Notes	95,414
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	$10,748,414
Local School District Debt	
Serial Bonds	$5,520,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	$5,520,000
Regional School District Debt	
Serial Bonds	$9,464,252
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	$9,464,252
Self-Liquidating Debt	
Serial Bonds	$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	$0
TOTAL GROSS DEBT	**$25,732,666**
Less: Statutory Deductions	
General Purpose Debt	$181,481
Local School District Debt	5,520,000
Regional School District Debt	9,464,252
Self-Liquidating Debt	0
Total:	$15,165,733
TOTAL NET DEBT	**$10,566,933**

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2014)[7]

Name of Related Entity	Related Entity Debt Outstanding	Township Percentage	Township Share
Local School District	$5,520,000	100.00%	$5,520,000
Regional School	18,968,000	50.00%	9,464,252
Mantua Township MUA	4,829,825	100.00%	4,829,825
County	249,340,889	5.42%	13,510,466
Net Indirect Debt			$33,324,543
Net Direct Debt			10,566,933
Total Net Direct and Indirect Debt			**$43,891,476**

Debt Limit

Average Equalized Valuation Basis (2012, 2013, 2014)	$1,378,288,097
Permitted Debt Limitation (3 1/2%)	48,240,083
Less: Net Debt	10,566,933
Remaining Borrowing Power	$37,673,150
Percentage of Net Debt to Average Equalized Valuation	0.77%
Gross Debt Per Capita based on 2010 population of 15,217	$1,691
Net Debt Per Capita based on 2010 population of 15,217	$694

Source: Annual Debt Statement of the Township

[7] Township percentage of County debt is based on the Township's share of total equalized valuation in the County

APPENDIX B

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
FINANCIAL STATEMENTS

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CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT

Mullica Hill, New Jersey
County of Gloucester

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT

MULLICA HILL, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

Clearview Regional High School District
Finance Department

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OUTLINE OF CAFR - GASB #34

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INTRODUCTORY SECTION

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Clearview Regional High School District

ADMINISTRATION BUILDING
420 CEDAR ROAD • MULLICA HILL, NJ 08062
Fax (856) 478-0409

DIANE CUMMINS
ASSISTANT SUPERINTENDENT FOR CURRICULUM & INSTRUCTION
(856) 223-2766

JOHN HORCHAK III
SUPERINTENDENT
(856) 223-2765

ESTHER R. PENNELL, CPA
BUSINESS ADMINISTRATOR
(856) 223-2764

December 4, 2015

Honorable President and
Members of the Board of Education
Clearview Regional High School District
Mullica Hill, New Jersey 08062

Dear Board Members and Constituents:

The comprehensive annual financial report of the Clearview Regional High School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Report of Independent Auditors the Management's Discussion and Analysis, the basic financial statements including the district-wide statements fund statements, notes to the financial statements, required supplementary information other than MD&A including budgetary comparison schedules and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Clearview Regional High School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Single Audit Amendments of 1996, the U.S. Office of Management and Budget Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Clearview Regional High School District is an independent reporting entity within the criteria adopted by the G.A.S.B. as established by Statement No. 14. All funds and account groups of the

District are included in this report. The Clearview Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2014/15 fiscal year with an enrollment of 2,491 students. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2014-15	2,491	-0.01%
2013-14	2,516	1.1%
2012-13	2,489	- .3%
2011-12	2,498	- .2%
2010-11	2,501	2.5%
2009-10	2,441	-.5%
2008-09	2,454	2.3%
2007-08	2,399	2.9%
2006-07	2,392	4.4%
2005-06	2,291	3.3%

2. ECONOMIC CONDITION AND OUTLOOK:

The Clearview Regional High School District has experienced a period of several years of development and expansion which is expected to continue. The economy did slow the housing development beginning in the 2009/10 year which has caused a slight decrease in student enrollment over the last four years.

3. MAJOR INITIATIVES:

During the 2014/15 the State assessment became PARCC (Partnership for Assessment of Readiness for College and Careers) which was administered to all seventh through eleventh grade students. Detailed data is not available as of the closing/date of the fiscal audit.

Of those Seniors who graduated in June of 2015, 62% went to four year colleges in state, 29%- two year colleges, 2% - vocational or trade schools, 2% - employment, 2% - military and 3% -other.

4. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

6. <u>ACCOUNTING SYSTEM AND REPORTS</u>:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups.

7. <u>DEBT ADMINISTRATION:</u>

At June 30, 2015, the District's outstanding debt issues included $18,008,000 of general obligation bonds.

On December 1, 1997, the District issued general obligation bonds in the amount of $10,105,000 to advance refund $9,255,000 of the 1994 general obligation bonds which had call options. The 1997 refunding bonds were issued with a net bond premium of $153,805 that was used, in part, to pay issuance costs of $119,310. As a result of the advance refunding, the District reduced its total debt service requirements by $399,191, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $295,453.

Bonds were issued on February 15, 2003. The proceeds were placed in the District's capital projects fund to provide funds for capital improvements to the District's buildings and grounds. The improvements included the construction of additions and renovations to the Clearview Regional High School and the Clearview Regional Middle School, and to make the necessary onsite and offsite improvements and purchase of the necessary furniture and equipment associated with the construction and renovations in these facilities. The total amount of the bond is $23,867,000.

On December 10, 2009 the District issued bonds totaling $1,303,000 for installation of solar photovoltaic panels on the Middle School Roof. The State of New Jersey will fund 50.92% of the project costs as the bonds come due annually with debt service aid.

On November 10, 2010, the District issued general obligation bonds in the amount of $18,745,000 to advance refund $18,967,000 of the 2003 general obligation bonds which had call options. The 2010 refunding bonds were issued with a net bond premium of $1,584,606 that was used, in part, to pay issuance costs of $75,000. As a result of the advance refunding, the District reduced its total debt service requirements by $1,163,814, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $987,246.

In December 2015, the District issued $1,995,000 of School Bonds for various improvements and/or renovations at the High School, Middle School and Administration Building. Payments are due each February 1st and August 1st commencing August, 2016.

8. <u>CASH MANAGEMENT:</u>

The investment policy of the District is guided in large part by the state statute as detailed in "Notes to the Financial Statements", Note 2. The District has opted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("G.U.D.P.A."). G.U.D.P.A. was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit - State statues require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allsion, P.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, and the related OMB Circular No. A-133 and New Jersey State Treasury Circular Letter 04-04. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

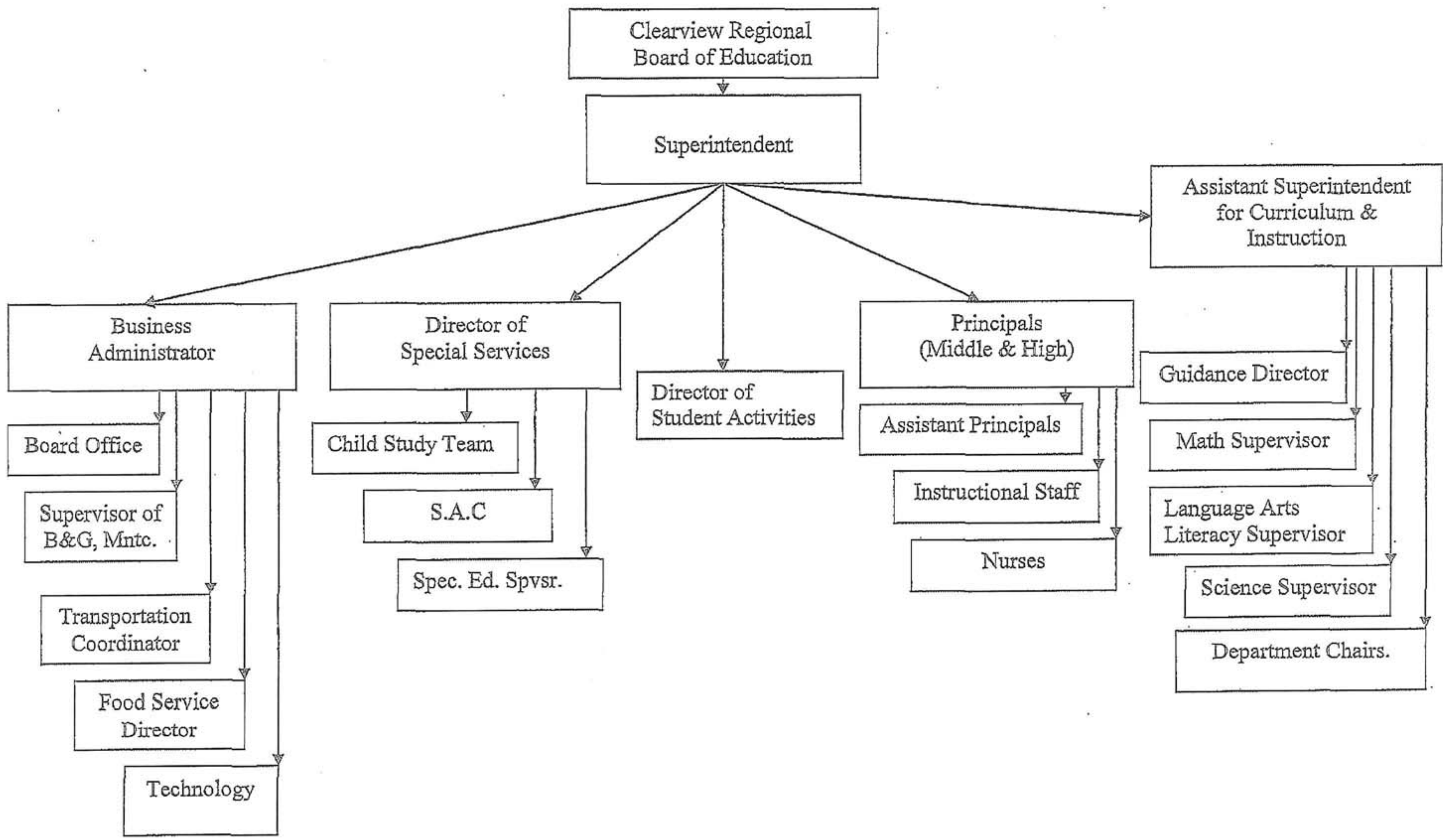
We would like to express our appreciation to the members of the Clearview Regional High School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully Submitted,

John Horchak III
Superintendent

Esther R. Pennell, CPA
Business Administrator

Organizational Chart



CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
420 Cedar Road
Mullica Hill, New Jersey 08062

ROSTER OF OFFICIALS

June 30, 2015

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Patrick Campbell, President	2016
Michele Giaquinto, Vice President	2017
David Burgin	2017
Debbie Lundberg	2016
Gregory Fuller	2017
Vincent Caltaldi, Jr.	2016
Karen Vick	2015
Ron Moore	2015
Paul Ware	2015

OTHER OFFICIALS

John Horchak, III, Superintendent

Esther R. Pennell, CPA, School Business Administrator

Frank P. Cavallo, Jr., Esquire, Solicitor

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
MULLICA HILL, NEW JERSEY

CONSULTANTS AND ADVISORS

AUDIT FIRM

Michael Holt, CPA, PSA
Holman Frenia Allison, P.C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Parker McCay
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, New Jersey 08054-1539

OFFICIAL DEPOSITORY

Century Savings Bank
100 N. Main Street
Mullica Hill, New Jersey 08062

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FINANCIAL SECTION

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

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912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Clearview Regional High School District
County of Gloucester
Mullica Hill, New Jersey 08062

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 Clearview Regional High School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clearview Regional High School District, County of Gloucester, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015 on our consideration of the Clearview Regional High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clearview Regional High School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant
No. 1148

Medford, New Jersey
December 4, 2015

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
Mullica Hill, New Jersey

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

UNAUDITED

The District's management discussion and analysis of financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in connection with this document in order to enhance and clarify their understanding of the finances of the District.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (G.A.S.B.) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be present in the MD&A.

As described in Note 1 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2015 in the amount of $10,771,945, as indicated in Note 19 to the financial statements. Prior year balances reflected in MD&A have not been updated to reflect this change.

Financial Areas of Interest for 2014/2015

- **Overview**

  During the budget preparation process, Clearview was notified that it would receive a $50,400 increase in general fund state aid (half for PARCC Readiness and half for Per Pupil Growth Aid) and a ($83,990) decrease in debt service state aid. The State only funded 85% of its promised Debt Service Aid, type 2. In addition, the State charged Clearview a $217,620 SDA Assessment Charge. This assessment represents 15% of the State's principle and interest cost coming due on facility grants that were awarded to Clearview in prior years. Once again the lack of sufficient State Aid and the inability to raise taxes above the 2% cap, caused significant shortages in various 2014/2015 budget appropriation line items. A large increase in the cost of special education tuition caused an increase in the District's general fund tax levy. The district was forced to use banked cap in the amount of $352,363. The general fund levy was increased by a total amount of $683,914 and caused a 1 cent per $100 of assessed value increase in taxes in the Harrison community and a 3 cent per $100 of assessed value increase in taxes in the Mantua community. In recent prior years, the lack of state aid created a financial crisis in many school districts across the State of New Jersey, including Clearview. This caused communities, especially growing ones like ours, to increase local property taxes to meet the needs of the District. The number of students attending Clearview Regional over the past seven years increased by approximately 92, which is a 4% increase in the student population.

School Year	Students
2007/2008	2399
2008/2009	2454
2009/2010	2441
2010/2011	2501
2011/2012	2498
2012/2013	2489
2013/2014	2516
2014/2015	2491

Delay in State Aid Payments

The Commissioner of Education again announced that the last two State aid payments for 2014/15 in the amount of $1,363,684 would be delayed until July 2015. This measure along with S1701 (reduction of surplus to 2%) has resulted in severe cash flow issues for all New Jersey School Districts.

Staffing

The need for additional staff continues to have a substantial impact on the District budget. The District is committed to meeting the staffing needs in order to accommodate the growing special education student population.

Special Education

The costs for the out-of-district placements continued to rise. The District incurred costs of $2,473,228 for tuition. This does not include the cost for the transportation related to these students. The District continues to closely monitor these costs as they represent a substantial portion of the budget.

Vocational School Tuition

The district incurred costs of $338,391 for tuition to the County Vocational School. Prior to the 2010/11 school year, the County Vocational School did not charge local districts tuition. This is a new expenditure over the past five years that is paid for with the local tax levy. These students are not reported on our rolls so we do not receive any State Aid for them.

Transportation

The District's growth in student population over the past ten years continues to impact the transportation department. Additional drivers, buses, activity routes, and outside contracted routes resulted in considerable expenditure increases. The increase in staff time required to perform the tasks of transporting approximately 2,491 students is significant and costly. The Transportation Department expenditures for operations and salaries were approximately $1,745,864 which is $63,461 more than 2013/14. The District continues to provide transportation services to the Mantua Township School District. This adds another 1,650 students to the daily responsibilities of the Transportation Department. We continue to realize cost efficiencies in this area by maximizing fleet utilization.

Facility Projects

High School LGI:
During the summer of 2014, the District awarded a contract to Allied Equipment Company, Inc. in the amount of $82,022 to install new seating and tables in the High School's Large Group Instruction classroom which comfortably seats 96 students. This room was utilized for PARCC testing during 2014/15.

Middle School Partial Roof Replacement and High School EPDM Warranty Extension:
In May 2015, the District awarded a contract to Roof Management, Inc. in the amount of $638,000 for roof renovations in both schools. The project was funded with funds which were available in the capital reserve for that purpose. This project was substantially completed in September 2015.

Middle School Secure Vestibule:
In 2014/15, the District awarded a contract to W.J. Gross, Inc. in the amount of $17,990 to install a secure vestibule in the lobby of the Middle School. The project was funded with capital reserve funds which were available for that purpose.

- **State Aid**

  While State Aid has been approximately level for seven fiscal years (2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08), due to the School Funding Reform Act of 2008, the district received an increase in State Aid for 2008-09 and 2009-10. For 2009/10 this 5% increase totaled $624,684. While the District was originally awarded a 5% increase in State Aid when developing its budget for 2009/10, we were notified on February 11, 2010 that $1,498,592 would be withheld from 2009/10 state aid payments in the amount of surplus and reserve account monies available to the District. The District opted to reduce 2009/10 appropriations by $961,819 to offset this reduction. The remaining $536,773 came from the reserves.

  The 2010/11 State Aid to the District was reduced by $1,839,530 causing the entire budget to be reduced by $2,000,939.

  For 2012/13 the District received a net increase in State Aid of $692,518.

  For 2013/14 the District received a net increase in State Aid of $103,549.

  For 2014/15 the District received a net increase in State Aid of $50,400.

- **Tax Rate and Base**

  The final budget resulted in a tax increase of 1.14 cents per hundred of assessed value for Harrison Township residents and increased 3.15 cents per hundred of assessed value for Mantua Township residents.

  Mantua Township's ratable base decreased by ($423,338) for 2014. The increase in the ratable base in Harrison Township was $20,023,755 (1.48% inc.). The municipal tax is shared between the towns with Mantua's absorbing 51.92% while Harrison's is 48.08% during the 2014-15 school year.

- **Surplus**

  The District was able to make substantial "deposits" into surplus in 2014-15. There was a total of $1,992,382 from unspent appropriations and excess of actual revenues to budget of $239,610 (these figures exclude non-budgeted TPAF pension and Social Security contributions). Of these amounts, $695,290 was deposited into the capital reserve and $100,000 was deposited into the maintenance reserve. The "deposit" into surplus was a result of savings in several areas including salaries, supplies, special education tuition, maintenance of school facilities, health benefits, and tuition revenue.

Using this Comprehensive Annual Financial Report (C.A.F.R.)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole, looks at all of the financial transactions and asks the question, "How did we do financially during 2014-2015?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses.

These bases of accounting take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District and whether it has improved or diminished. The causes of this change may be the result of many factors, some financial and some non-financial. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and School Store enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 61 – 91 of this Report.

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for FY 2015 compared to FY2014.

Table
1
Clearview Regional High School District's Net Position

	2015		2014			
	Governmental	Business-Type	Governmental	Business-Type	**Total 2015**	**Total 2014**
Assets						
Current and Other Assets	5,198,846	367,413	4,628,093	380,401	5,566,259	5,008,494
Capital Assets	43,831,501	9,866	45,137,587	4,467	43,841,367	45,142,054
Total Assets	**49,030,347**	**377,279**	**49,765,680**	**384,868**	**49,407,626**	**50,150,548**
Deferred Outflow of Resources						
Deferred Charges of Refunding Debt	685,496	-	823,027	-	685,496	823,027
Deferred Outflows Related to Pensions	811,048	-	-	-	811,048	-
Total Deferred Outflow of Resources	**1,496,544**		**823,027**		**1,496,544**	**823,027**
Total Deferred Outflow of Resources and Assets	**50,526,891**	**377,279**	**50,588,707**	**384,868**	**50,904,170**	**50,973,575**
Liabilities						
Current Liabilities	1,043,485	86,071	446,608	24,447	1,129,556	471,055
Noncurrent Liabilities	30,469,967	60,237	21,955,936	68,391	30,530,204	22,024,327
Total Liabilities	**31,513,452**	**146,308**	**22,402,544**	**92,838**	**31,659,760**	**22,495,382**
Deferred Inflow of Resources						
Deferred Inflows Related to Pensions	**670,224**	**-**	**-**	**-**	**670,224**	**-**
Total Deferred Inflow of Resources	**670,224**	**-**	**-**	**-**	**670,224**	**-**
Total Deferred Inflow of Resources and Liabilities	**32,183,676**	**146,308**	**22,402,544**	**92,838**	**32,329,984**	**22,495,382**
Net Position					-	-
Net Investment in Capital Assets	25,823,501	9,866	25,259,587	4,467	25,833,367	25,264,054
Restricted	5,270,085	-	4,829,648	-	5,270,085	4,829,648
Unrestricted	(12,750,371)	221,075	(1,903,072)	287,563	(12,529,296)	(1,615,509)
Total Net Position	**18,343,215**	**230,941**	**28,186,163**	**292,030**	**18,574,156**	**28,478,193**

Table 2 shows changes in net position for fiscal year 2015.

Table 2	Governmental Activities 2015	Business-type Activities 2015	Governmental Activities 2014	Business-type Activities 2014	Total 2015	Total 2014
Revenues						
Program Revenues:						
Charges for Services	1,092,305	668,429	1,182,320	773,209	1,760,734	1,955,529
Operating Grants & Contributions	7,264,298	157,846	1,327,801	169,415	7,422,144	1,497,216
General Revenues:						
Property Taxes	19,372,310		18,662,177		19,372,310	18,662,177
Grants and Entitlements	15,298,114		17,685,796		15,298,114	17,685,796
Other	733,574	202,588	617,069	3,213	936,162	620,282
Total Revenues	43,760,601	1,028,863	39,475,163	945,837	44,789,464	40,421,000
Program Expenses:						
Instruction	14,461,278		14,069,087		14,461,278	14,069,087
Support Services:						
Tuition	2,843,925		2,546,942		2,843,925	2,546,942
Student & instructional related	2,861,254		2,987,274		2,861,254	2,987,274
School administrative services	1,550,592		1,440,069		1,550,592	1,440,069
General administration	511,964		518,845		511,964	518,845
Central services	378,779		380,167		378,779	380,167
Administrative info technology	451,437		337,575		451,437	337,575
Plant operations & maintenance	2,701,354		2,839,811		2,701,354	2,839,811
Pupil transportation	2,720,369		2,695,591		2,720,369	2,695,591
Employee benefits	11,435,299		8,286,479		11,435,299	8,286,479
Special schools	60,908		72,318		60,908	72,318
Interest and Charges on Long- Term Debt	1,000,410		1,071,875		1,000,410	1,071,875
Unallocated depreciation	1,854,035		1,870,974		1,854,035	1,870,974
Food service		1,026,744		865,226	1,026,744	865,226
Other business-type activities		63,208		64,683	63,208	64,683
Total expenses	42,831,604	1,089,952	39,117,007	929,909	43,921,556	40,046,916
Increase (Decrease) in Net Position	928,997	(61,089)	358,156	15,928	867,908	374,084

Governmental Activities

Property taxes made up 44.27 percent of revenues for governmental activities for the fiscal year 2015. Property tax revenues, increased by, $710,133, which equates to a 3.81% increase over the prior year Governmental Fund tax revenues. The increase was needed to fund the additional expenditures associated with an increase in enrollment, higher operating costs, and maintenance projects. The District's total governmental revenues were $43,760,601 including the Capital Projects fund. The revenue breakout for all funds is as follows:

Revenues for Governmental Funds for Fiscal Year 2015

	Percentage
Federal and state aid unrestricted	34.96%
Property taxes	44.27%
Federal and state aid restricted	19.09%
Miscellaneous (Adult school, interest, other)	1.68%
	100.00%

Expenses for Governmental Funds for Fiscal Year 2015 compared to 2014

	2015 Percentage	2014 Percentage
Instruction	33.76%	35.97%
Student support services	13.32%	14.15%
School administration	3.62%	3.68%
General administration	1.20%	1.33%
Central administration	0.88%	0.97%
Administrative info. Technology	1.05%	0.86%
Operations & maintenance	6.31%	7.26%
Transportation	6.35%	6.87%
Employee benefits	26.70%	21.19%
Special schools	0.14%	0.18%
Interest on debt	2.34%	2.74%
Depreciation	4.33%	4.79%
	100.00%	100.00%

Business-Type Activities

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

> Food service, summer camp, the Little Pioneers Preschool Program and school store expenses exceeded revenues by $61,089. Charges for services represent $668,429 of revenue. This represents amounts paid by patrons for daily food service, summer camps, the Little Pioneers Preschool Program and school store sales. Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was $157,846.

Governmental Activities

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

Table 3

Table 3	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Governmental	2015	2015	2014	2014
Instruction	14,461,278	14,024,280	14,069,087	13,528,007
Support services:				
Student & instructional staff	5,705,179	5,450,526	5,534,216	5,247,612
School administrative services	1,550,592	1,550,592	1,440,069	1,440,069
General administration	511,964	511,964	518,845	518,845
Central services	378,779	378,779	380,167	380,167
Administrative info. Technology	451,437	451,437	337,575	337,575
Plant operations & maintenance	2,701,354	2,701,354	2,839,811	2,839,811
Pupil transportation	2,720,369	1,767,752	2,695,591	1,682,403
Employee benefits	11,435,299	5,198,910	8,286,479	8,117,347
Special schools	60,908	60,908	72,318	72,318
Interest and Charges on Long-Term Debt	1,000,410	524,464	1,071,875	571,758
Depreciation	1,854,035	1,854,035	1,870,974	1,870,974
Total governmental expenses	42,831,604	34,475,001	39,117,007	36,606,886
Business-type				
Food Service	1,026,744	255,298	865,226	(1,970)
Other business-type activities	63,208	8,379	64,683	14,685
Total business-type expenses	1,089,952	263,677	929,909	12,715
Total expenses	43,921,556	34,738,678	40,046,916	36,619,601

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

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

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

Interest and Charges on Long-Term Debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

"Other" includes special schools and unallocated depreciation and amortization.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $39,470,067 and expenditures were $39,027,961. The net change in fund balance for the year was most significant in the General Fund, with an increase of $522,108. The schedules (see Exhibit B-2) included in the financial section of this Report demonstrate that the District continues to meet its responsibility for sound financial management.

As demonstrated by the various statements and schedules included in the financial section of this Report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

Table 4

Revenue	Amount	Percent of Total	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Local sources	20,105,884	50.94%	826,638	4.99%
State sources	18,701,824	47.38%	392,203	2.58%
Federal sources	662,356	1.68%	(41,620)	-5.77%
	39,470,064	100.00%	1,177,221	3.62%

The increase in revenue was due to an increase of tax levy revenue of $710,133 and a federal aid decrease of $41,620 offset by an increase of state aid of $392,206.

The following schedules present a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Current expense:				
Instruction	14,461,278	37.05%	392,191	3.00%
Undistributed	21,068,713	53.98%	220,980	1.33%
Capital Outlay	770,297	1.97%	387,382	61.98%
Special Schools	60,908	0.16%	(11,410)	-12.42%
Debt Service:				
Principal	1,870,000	4.79%	85,000	5.70%
Interest	796,765	2.04%	(82,447)	-6.38%
	39,027,961	100.00%	991,696	3.28%

The largest portion of General Fund expenditures is for salaries and benefits. The District is a service entity and as such is labor intensive. This is typical for a service industry in both the public sector and private industry.

Expenditures are up $991,696 over the prior year mostly due to increase in Capital Outlay and Tuition expenditures.

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. The major areas are addressed below.

- **Cost Savings Initiated**

  The Clearview Regional Board of Education continued to implement cost savings initiatives throughout 2014-15, including but not limited to:

  Special Education Alternative Program

  The aforementioned self-contained educationally handicapped component was continued at the alternative high school program. This program reduced the number of students in need of out of District placement by providing the environment and special services needed on campus.

  Health Benefits

  The "Opt-out" program allowed the District to realize additional savings in this area. The "Opt-out" program enables employees to receive cash in-lieu-of benefits under the Section 125 Plan.

  On July 1, 2015, the Board of Education approved to move out of the Southern NJ Regional Employee Benefits Fund for provision of health benefits and to utilize Horizon. This resulted in savings in the 2014/15 district budget.

Split School Staffing

Teachers were assigned to deliver instructional services at both schools, thereby negating the need for some additional staff.

Tiered Bus Schedules

There are two bus runs which enabled to utilize the buses twice for pickup and twice for dropoff. Clearview also transports all Mantua Elementary children.

Solar System

In March 2010, the district completed the installation of a new solar photovoltaic system on the Middle School roof. Savings on the Middle School electricity is realized annually. In 2014/15 the District sold Solar Renewable Energy Credits (SREC) and brought additional revenues in the amount of $50,343 into the District budget.

- **Interest Income**

  The District realized $9,790 in interest income during the 2014-2015 school year. This was an increase of $1,220 over the prior year.

- **Grants**

  The District continues to pursue competitive grants. In 2014-2015, the District took advantage of the Perkins Technology grant in the amount of $46,793. The Federal award for Perkins Funds decreased by ($4,322) in 2014/15.

- **Financial Concerns**

  The budget will continue to be impacted by the increasing costs in the following areas: special education, workers compensation insurance, property/casualty insurance, medical costs and salaries.

  The areas of transportation, maintenance, substitute teachers, home-instruction, athletic and energy all continue to increase as the size of the District increases. These areas are often overlooked when reviewing the true impact of a growing District. The Business Office continues to monitor every line item in an effort to contain costs in every area.

- **Prior Recommendations**

  None

Statewide Performance Goals

Because the State has transitioned to a new assessment, the previous attainment goals are no longer valid. 2014-15 assessment results established a new baseline of performance data; however, the district can report its performance in comparison with New Jersey's passing averages on all applicable assessments. In ELA, Grade 11, Clearview's passing percentage was 40%, compared to 41% for the State; in Grade 10, Clearview's passing percentage was 39%, compared to 36% for the State; in Grade 9, Clearview's passing percentage was 48%, compared to 39% for the State; in Grade 8, Clearview's passing percentage was 44%, compared to 51% for the State; and in Grade 7, Clearview's passing percentage was 53%, compared to 52% for the State. In Mathematics, in Algebra II, Clearview's passing percentage was 33% compared to 24% for the State; in Geometry, Clearview's passing percentage was 27% compared to 23% for the State; and in Algebra I, Clearview's passing percentage was 44% compared to 36% for the State.

High School Report

The 2014-2015 school year was most successful. Our students continued to excel in many areas including the classroom, athletic fields, concert halls, artist studios, and other co-curricular activities. Developing and supporting the "whole student" with 21^{st} Century Skills continues to be our objective.

In the area of academics, there was a great deal of accomplishment. Many of our students excelled in their courses, and the colleges and universities that our seniors were admitted to provided testimony to the quality of our academic programs, our staff, and our student body. As a district we offered 16 Advanced Placement courses and the results of the district's SAT scores continue to be among the best in our county and all of Southern New Jersey.

In the area of athletics and extra-curricular activities, the 2014-15 school year was also very successful. Overall, our athletic teams were very competitive, with several teams qualifying for tournaments and/or winning their division during each season.

Athletics & Student Activities

The Department of Athletics and Student Activities had another successful year in its athletic programs for the 2014-2015 school year. We've continued our ongoing success in the competitive Tri-County/Olympic Conferences. The focus on athletics continues to be augmented by a district-wide approach of incorporating a sportsmanship philosophy in addition to being competitive. We've been recognized in several venues for our ongoing efforts to infuse the sportsmanship mindset in each athletic program and at every level of competition.

The clubs and activities continue to offer award winning programs and experiences for our student body. The Department continues to oversee 52 high school clubs/activities, 14 middle school clubs/activities both with 98 advisors, 26 varsity sports, and 41 sub-varsity sports (inclusive of JV, F, and MS programs) with a total of 82 coaches.

Administration

At June 30, 2015, the School District had $30,530,204 of outstanding debt. Of this amount, $1,096,810 is for compensated absences, $924,354 is for unamortized bond premiums associated with bond refunding costs, $10,501,040 is for the Net Pension Liability and $18,008,000 of serial bonds for school construction.

Table 6

Outstanding Debt at June 30

	2015
1997 General obligation bonds	880,000
2010 General obligation bonds	923,000
2010 School Refunding Bonds	16,205,000
Total	18,008,000

For the Future

The Clearview Regional High School District is currently in sound financial condition. The District appreciates the support of our communities and understands the financial pressure placed on the taxpayers as taxes continue to rise. We will strive to become more effective and efficient as we continue to balance the needs of the students with the resources of the community. We remain committed to being a community center and will offer facilities and services that will be a source of pride for our communities. We are being proactive with facilities, financial resources and personnel in an effort to maintain services without financially burdening our communities.

- **Capital Projects**

  The District is committed to appropriating funds in order to keep our facilities up to date and safe for our students and staff. Preventive maintenance will continue to be our insurance policy that will ensure that we continue to have quality facilities to offer our public.

  In July 2014, the District awarded a contract to Allied Equipment Company, Inc. in the amount of $82,022 for the renovation of the High School LGI. Brand new furniture along with 96 laptops have been installed. This will provide an area for PARCC testing. The project is funded with funds which are available in the reserves for that purpose. This project is almost complete.

- **NCLB Implications**

  The District is currently monitoring the No Child Left Behind, Federal legislation to ensure compliance with all of these new regulations.

Contacting the School District's Financial Management

This financial report is designed to provide the taxpayers, bondholders, creditors and other interested parties with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional information, please contact Mr. John Horchak III, Superintendent or Esther R. Pennell, Business Administrator at the address below or visit our web site at www.clearviewregional.edu.

Clearview Regional Board of Education
Administration Building
420 Cedar Road
Mullica Hill, NJ 08062
856-223-2764

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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EXHIBIT A-1

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS JUNE 30, 2015
Cash & Cash Equivalents	$ 1,525,347	$ 335,975	$ 1,861,322
Receivables, Net	968,635	8,009	976,644
Internal Balances	66,177	-	66,177
Inventory	-	23,399	23,399
Restricted Cash & Cash Equivalents	2,638,687	-	2,638,687
Capital Assets, Non-Depreciable (Note 5)	1,626,240	-	1,626,240
Capital Assets, Depreciable, Net (Note 5)	42,205,261	9,866	42,215,127
Total Assets	49,030,347	377,249	49,407,596
DEFERED OUTFLOW OF RESOURCES			
Deferred Charges of Refunding of Debt	685,496	-	685,496
Deferred Outflows Related to Pensions	811,048	-	811,048
Total Deferred Outflow of Resources	1,496,544	-	1,496,544
Total Assets and Deferred Outflow of Resources	50,526,891	377,249	50,904,140
LIABILITIES			
Accounts Payable	250,114	1,181	251,295
Accrued Interest Payable	280,624	-	280,624
Internal Balances	-	65,227	65,227
Payable to State Government	26,834	-	26,834
Unearned Revenue	5,074	19,663	24,737
PERS Pension Payable	480,839	-	480,839
Noncurrent Liabilities (Note 6):			
Due Within One Year	2,072,051	-	2,072,051
Due Beyond One Year	28,397,916	60,237	28,458,153
Total Liabilities	31,513,452	146,308	31,659,760
DEFERED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	670,224	-	670,224
Total Deferred Inflow of Resources	670,224	-	670,224
Total Assets and Deferred Inflow of Resources	32,183,676	146,308	32,329,984
NET POSITION			
Net Investment in Capital Assets	25,823,501	9,866	25,833,367
Restricted For:			
Capital Projects	58,421	-	58,421
Other Purposes	5,211,664	-	5,211,664
Unrestricted	(12,750,371)	221,075	(12,529,296)
Total Net Position	$ 18,343,215	$ 230,941	$ 18,574,156

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

EXHIBIT A-2
(Page 1 of 2)

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS & CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS: JUNE 30, 2015
Governmental Activities:						
Instruction:						
Regular	$ 10,545,751	$ -	$ -	$ (10,545,751)	$ -	$ (10,545,751)
Special Education	2,857,568	-	436,998	(2,420,570)	-	(2,420,570)
Other Instruction	1,057,959	-	-	(1,057,959)	-	(1,057,959)
Support Services:						
Tuition	2,843,925	-	-	(2,843,925)	-	(2,843,925)
Student & Instruction Related Services	2,342,772	-	254,653	(2,088,119)	-	(2,088,119)
Health Services	260,174	-	-	(260,174)	-	(260,174)
Educational Media Services/School Library	258,308	-	-	(258,308)	-	(258,308)
School Administrative Services	1,550,592	-	-	(1,550,592)	-	(1,550,592)
General Administration	511,964	-	-	(511,964)	-	(511,964)
Central Services	378,779	-	-	(378,779)	-	(378,779)
Administrative Information Technology	451,437	-	-	(451,437)	-	(451,437)
Plant Operations & Maintenance	2,701,354	-	-	(2,701,354)	-	(2,701,354)
Pupil Transportation	2,720,369	952,617	-	(1,767,752)	-	(1,767,752)
Unallocated Benefits	11,240,782	139,688	6,096,701	(5,004,393)	-	(5,004,393)
Special Schools	60,908	-	-	(60,908)	-	(60,908)
Interest and Charges on Long-Term Debt	1,000,410	-	475,946	(524,464)	-	(524,464)
Unallocated Depreciation	1,854,035	-	-	(1,854,035)	-	(1,854,035)
Total Governmental Activities	42,637,087	1,092,305	7,264,298	(34,280,484)	-	(34,280,484)

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2015

		PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2015
Business-Type Activities:						
Food Service	1,026,744	613,600	157,846	-	(255,298)	(255,298)
Other Activities	63,208	54,829	-	-	(8,379)	(8,379)
Total Business-Type Activities	1,089,952	668,429	157,846	-	(263,677)	(263,677)
Total Primary Government	$ 43,727,039	$ 1,760,734	$ 7,422,144	(34,280,484)	(263,677)	(34,544,161)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				17,261,493	-	17,261,493
Taxes Levied for Debt Service				2,110,817	-	2,110,817
Federal & State Aid Not Restricted				15,298,114	-	15,298,114
Tuition Charges				493,235	-	493,235
Investment Earnings				13,216	525	13,741
Miscellaneous Income				227,123	-	227,123
Transfers				(194,517)	194,517	-
Capital Asset Adjustment				-	7,546	7,546
Total General Revenues, Special Items, Extraordinary Items & Transfers				35,209,481	202,588	35,412,069
Change In Net Position				928,997	(61,089)	867,908
Net Position - Beginning				17,414,218	292,030	17,706,248
Net Position - Ending				$ 18,343,215	$ 230,941	$ 18,574,156

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

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B. Fund Financial Statements

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Governmental Funds

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EXHIBIT B-1

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS JUNE 30, 2015
Cash & Cash Equivalents	$ 1,899,867	$ -	$ 58,421	$ -	$ 1,958,288
Receivables from Other Governments	458,104	197,921	-	-	656,025
Other Accounts Receivable	14,459	-	-	-	14,459
Interfund Accounts Receivable	66,177	-		-	66,177
Restricted Cash & Cash Equivalents	2,638,687	-	-	-	2,638,687
Total Assets	$ 5,077,294	$ 197,921	$ 58,421	$ -	$ 5,333,636
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Overdraft	$ -	$ 161,311	$ -	$ -	$ 161,311
Accounts Payable	215,220	8,373		-	223,593
Intergovernmental Payable:					
State	-	26,834	-	-	26,834
Unearned Revenue	3,671	1,403	-		5,074
Total Liabilities	218,891	197,921	-	-	416,812
Fund Balances:					
Restricted for:					
Maintenance Reserve	261,277	-	-	-	261,277
Capital Reserve Account	2,377,410	-	-	-	2,377,410
Other Restricted Revenues	244	-	-	-	244
Excess Surplus - Designated for Subsequent Year's Expenditures	1,281,957	-	-	-	1,281,957
Excess Surplus	1,290,776	-	-	-	1,290,776
Capital Projects Fund	-	-	58,421	-	58,421
Unassigned:					
General Fund	(353,261)	-	-	-	(353,261)
Total Fund Balances	4,858,403	-	58,421	-	4,916,824
Total Liabilities & Fund Balances	$ 5,077,294	$ 197,921	$ 58,421	$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $73,850,066 and the accumulated depreciation is $30,018,565.	$ 43,831,501
Accrued interest payable and PERS pension payable are not recorded in the fund Financial Statements due to the fact that the payables are not due in the period.	(761,463)
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	826,320
Internal service funds are used by management to charge the costs of certain activities, such as transportation and food service to other governments. Assets and liabilities of the internal service funds of $29,410 are included in governmental activities in the Statement of Net Position.	-
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(30,469,967)
Net position of Governmental Activities	$ 18,343,215

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

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2015

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS JUNE 30, 2015
Revenues:					
Local Sources:					
Local Tax Levy	$ 17,261,493	$ -	$ -	$ 2,110,817	$ 19,372,310
Tuition	493,235	-	-	-	493,235
Transportation	4,942	-	-	-	4,942
Interest Earned on Investments	9,790	-	-	-	9,790
Interest Earned on Capital Reserve Funds	3,426	-	-	-	3,426
Miscellaneous	211,876	10,305	-	-	222,181
Total Local Sources	17,984,762	10,305	-	2,110,817	20,105,884
State Sources	18,142,213	83,668	-	475,946	18,701,827
Federal Sources	14,769	647,587	-	-	662,356
Total Revenues	36,141,744	741,560	-	2,586,763	39,470,067
Expenditures:					
Current Expense:					
Regular Instruction	10,545,751	-	-	-	10,545,751
Special Education Instruction	2,420,570	436,998	-	-	2,857,568
Other Instruction	1,057,959	-	-	-	1,057,959
Support Services:					
Tuition	2,843,925	-	-	-	2,843,925
Student & Instruction Related Services	2,088,119	254,653	-	-	2,342,772
Health Services	260,174	-	-	-	260,174
Educational Media Services/ School Library	258,308	-	-	-	258,308
Instructional Staff Training	66,626	-	-	-	66,626
General Administrative	445,338	-	-	-	445,338
School Administrative Services	1,550,592	-	-	-	1,550,592
Central Services	378,779	-	-	-	378,779
Administrative Information Technology	451,437	-	-	-	451,437
Plant Operations & Maintenance	2,696,626	-	-	-	2,696,626
Pupil Transportation	1,745,864	-	-	-	1,745,864
Employee Benefits	7,833,755	-	-	-	7,833,755
Special Schools	60,908	-	-	-	60,908
Debt Service:					
Principal	-	-	-	1,870,000	1,870,000
Interest & Other Charges	-	-	-	796,765	796,765
Capital Outlay	720,388	49,909	-	-	770,297
Total Expenditures	35,425,119	741,560	-	2,666,765	38,833,444
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	716,625	-	-	(80,002)	636,623
Other Financing Sources/(Uses):					
Transfers In	-	-	-	80,000	80,000
Transfers Out	(194,517)	-	-	-	(194,517)
Transfers to Debt Service	-	-	(80,000)	-	(80,000)
Total Other Financing Sources & Uses	(194,517)	-	(80,000)	80,000	(194,517)
Net Change in Fund Balances	522,108	-	(80,000)	(2)	442,106
Fund Balances July 1, 2014	4,336,295	-	138,421	2	4,474,718
Fund Balances June 30, 2015	$ 4,858,403	$ -	$ 58,421	$ -	$ 4,916,824

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

EXHIBIT B-3

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

Total Net Change in Fund Balances - Governmental Funds (From B-2		$ 442,106
Amounts reported for governmental activities in the statement o activities (A-2) are different because		
Capital outlays are reported in governmental funds as expenditures However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense This is the amount by which capital outlays exceeded depreciation in the period:		
Depreciation Expense	$ (1,854,035)	
Capital Outlays Adjustments	(4,728)	
Capital Outlays	552,677	(1,306,086)
Repayment of debt principal is an expenditure in the governmenta funds, but the repayment reduces long-term liabilities in the statemen of net position and is not reported in the statement of activities		
Bond Principal Payments		1,870,000
Interest on long-term debt in the statement of activities is accrued, regardless of whe due. In the governmental funds, interest is reported when due		
Prior year	315,121	
Current Year	(280,624)	34,497
Amortization of losses on early extinguishments of debt and premiums from refunded deb issuances are recorded when incurred in the governmental funds but are accrued an expensed over time in the statement of activities		3,064
District pension contributions are reported as expenditures in the governmenta funds when made. However, they are reported as deferred outflows of resource in the Statement of Net Position because the reported net pension liability is measure a year before the District's report date. Pension expense, which is the change in the ne pension liability adjusted for changes in deferred outflows and inflows of resources relate to pensions, is reported in the Statement of Activities		
Pension Expense - PERS Contribution - 2015	462,374	
Unfunded TPAF Pension Expense	(3,198,229)	
State Share of Unfunded TPAF Pension Expense	3,198,229	
Pension Expense	(531,484)	(69,110)
Internal service funds are used by management to charge the cost of certain activities, such as shared business services. The operating gain of $7,522, are included in the governmental activities and Statemen of Net Position (see Exhibit G-5).		(21,888)
In the statement of activities, certain operating expenses, e.g., compensated absence and special termination benefits are measured by the amounts earned during the year In governmental funds, however, expenditures for these items are reported in th amount of financial resources used/(paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amoun exceeds the earned amount the difference is an addition to the reconciliation		(23,586)
Change in Net Position of Governmental Activitie		$ 928,997

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

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Proprietary Funds

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EXHIBIT B-4

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		GOVERNMENTAL	TOTALS
ASSETS	FOOD SERVICE FUND	OTHER FUNDS	ACTIVITIES- INTERNAL SERVICE FUND	JUNE 30, 2015
Current Assets:				
Cash & Cash Equivalents	$ 245,830	$ 90,145	$ -	$ 335,975
Receivables from Other Governments	6,229	-	298,151	304,380
Other Receivable	1,780	-	-	1,780
Interfund Receivable	-	83	-	83
Inventories	3,484	19,915	-	23,399
Total Current Assets	257,323	110,143	298,151	665,617
Fixed Assets:				
Equipment	305,844	-	-	305,844
Accumulated Depreciation	(295,978)	-	-	(295,978)
Total Fixed Assets	9,866	-	-	9,866
Total Assets	267,189	110,143	298,151	675,483
LIABILITIES				
Current Liabilities:				
Cash Overdraft	-	-	271,630	271,630
Accounts Payable	104	1,077	26,521	27,702
Unearned Revenue	14,338	5,325	-	19,663
Interfund Payable	65,310	-	-	65,310
Total Current Liabilities	79,752	6,402	298,151	384,305
Noncurrent Liabilities:				
Compensated Absences	60,237	-	-	60,237
Total Noncurrent Liabilities	60,237	-	-	60,237
Total Liabilities	139,989	6,402	298,151	444,542
NET POSITION				
Net Investments in, Capital Assets	9,866	-	-	9,866
Unrestricted	117,334	103,741	-	221,075
Total Net Position	$ 127,200	$ 103,741	$ -	$ 230,941

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

EXHIBIT B-5

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND		GOVERNMENTAL ACTIVITIES-	TOTALS
	SERVICE FUND	OTHER FUNDS	INTERNAL SERVICE FUND	JUNE 30, 2015
Operating Revenue:				
Daily Sales - Reimbursable Programs	$ 238,264	$ -	$ -	$ 238,264
Daily Sales - Nonreimbursable Programs	362,080	-	-	362,080
Transportation Fees	-	-	952,617	952,617
Special Functions	12,456	-	-	12,456
Miscellaneous Income	800	54,829	-	55,629
Total - Daily Sales - Reimbursable Programs	613,600	54,829	952,617	1,621,046
Operating Expenses:				
Salaries	456,755	42,705	464,595	964,055
Employee Benefits	230,097	3,302	139,688	373,087
Supplies and Materials	39,523	4,823	119,400	163,746
Other Purchased Services	10,511		22,118	32,629
Cleaning, Repair & Maintenance Services	-	-	84,017	84,017
Depreciation	2,147	-	-	2,147
Miscellaneous Other Expenses	-	-	521	521
Cost of Sales	287,711	12,378	-	300,089
Contracted Services (Between Home & School Vendors	-	-	64,323	64,323
Contracted Services (Special Education (Students) - Joint Agreements	-	-	18,461	18,461
Aid in Lieu	-	-	61,382	61,382
Total Operating Expenses	1,026,744	63,208	974,505	2,064,457
Operating (Loss)/Gain	(413,144)	(8,379)	(21,888)	(443,411)
Nonoperating Revenues/(Expenses):				
State Sources:				
State School Lunch Program	4,865	-	-	4,865
Federal Sources:				
National School Lunch Program	119,442	-	-	119,442
Food Distribution Program	33,539	-	-	33,539
Interest Revenue	525	-	-	525
Board Contribution	194,517	-	-	194,517
Capital Asset Adjustment	7,546	-	-	7,546
Total Nonoperating Revenues	360,434	-	-	360,434
Change in Net Position	(52,710)	(8,379)	(21,888)	(82,977)
Net Position - Beginning of Year	179,910	112,120	21,888	313,918
Total Net Position - End of Year	$ 127,200	$ 103,741	$ -	$ 230,941

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

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND		GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND	TOTALS
	FOOD SERVICE FUND	OTHER FUNDS		JUNE 30, 2015
Cash Flows From Operating Activities:				
Receipts from Customers	$ 627,518	$ 53,870	$ 863,928	$ 1,545,316
Payments to Employees	(464,909)	(42,705)	(455,377)	(962,991)
Payments for Employee Benefits	(230,097)	(3,302)	(139,688)	(373,087)
Payments to Suppliers	(289,871)	(18,017)	(370,222)	(678,110)
Net Cash Provided/(Used) by Operating Activities	(357,359)	(10,154)	(101,359)	(468,872)
Cash Flows From Noncapital Financing Activities:				
Cash Received From Board Contribution	194,517	-	-	194,517
Cash Received From State & Federal Reimbursements	160,030	-	-	160,030
Net Cash Provided by Noncapital Financing Activities	354,547	-	-	354,547
Cash Flows From Investing Activities:				
Interest & Dividends	525	-	-	525
Net Cash Provided by Investing Activities	525	-	-	525
Net Increase/(Decrease) in Cash & Cash Equivalents	(2,287)	(10,154)	(101,359)	(113,800)
Cash & Cash Equivalents, July 1	248,117	100,299	(170,271)	178,145
Cash & Cash Equivalents, June 30	$ 245,830	$ 90,145	$ (271,630)	$ 64,345

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

	FOOD SERVICE FUND	OTHER FUNDS	INTERNAL SERVICE FUND	TOTALS
Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	$ (413,144)	$ (8,379)	$ (21,888)	$ (443,411)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	2,147	-	-	2,147
Change in Assets & Liabilities:				
(Increase)/Decrease in Accounts Receivable	(420)	484	(88,689)	(88,625)
(Increase)/Decrease in Inventory	(1,093)	(94)	-	(1,187)
Increase/(Decrease) in Unearned Revenue	14,338	(1,243)	-	13,095
Increase/(Decrease) in Accounts Payable	48,967	(922)	9,218	57,263
Increase/(Decrease) in Compensated Absences	(8,154)	-	-	(8,154)
Total Adjustments	55,785	(1,775)	(79,471)	(25,461)
Net Cash Provided/(Used) by Operating Activities	$ (357,359)	$ (10,154)	$ (101,359)	$ (468,872)

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

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Fiduciary Fund

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EXHIBIT B-7

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	PRIVATE PURPOSE			AGENCY		TOTALS
ASSETS	HALL OF HONOR	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION TRUST	PAYROLL FUND	STUDENT ACTIVITIES	JUNE 30, 2015
Cash & Cash Equivalents	$ 1,064	$ 5,307	$ 226,919	$ 188,990	$ 421,003	$ 843,283
Total Assets	1,064	5,307	226,919	188,990	421,003	843,283
LIABILITIES						
Payroll Deductions & Withholdings	-	-	-	188,743	-	188,743
Accounts Payable	-	-	-	-	858	858
Due to Student Groups	-	-	-	-	419,442	419,442
Interfund Accounts Payable	-	-	-	247	703	950
Total Liabilities	-	-	-	188,990	421,003	609,993
NET POSITION						
Reserved:						
Unemployment Claims	-	-	226,919	-	-	226,919
Reserved for Scholarships	1,064	5,307	-	-	-	6,371
Total Net Position	$ 1,064	$ 5,307	$ 226,919	$ -	$ -	$ 233,290

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

EXHIBIT B-8

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2015

	PRIVATE PURPOSE			TOTALS
	HALL OF HONOR	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION TRUST	JUNE 30, 2015
ADDITIONS:				
Contributions:				
Plan Member	$ -	$ -	$ 33,428	$ 33,428
Other	-	1,410	-	1,410
Total Contributions	-	1,410	33,428	34,838
Investment Earnings:				
Interest on Investments	-	25	449	474
Total Investment Earnings	-	25	449	474
Total Additions	-	1,435	33,877	35,312
DEDUCTIONS:				
Unemployment Claims	-	-	25,838	25,838
Scholarship Payments	-	4,380	-	4,380
Total Deductions	-	4,380	25,838	30,218
Change in Net Position	-	(2,945)	8,039	5,094
Net Position - Beginning of Year	1,064	8,252	218,880	228,196
Net Position - End of Year	$ 1,064	$ 5,307	$ 226,919	$ 233,290

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

CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Clearview Regional High School District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounts policies.

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

Reporting Entity

The Clearview Regional High 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 is comprised of nine members elected to three-year terms. These terms are staggered so that three member’s terms expire each year. The purpose of the School District is to educate students in grades 7-12 received from the Townships of Harrison and Mantua. The Clearview Regional High School District has an approximate enrollment at June 30, 2015 of 2,491 students.

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

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

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

Component Units

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

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

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

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

Proprietary Fund Financial Statements

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

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

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

Fiduciary Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

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

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District maintains a Transportation Consortium in the Internal Service Funds.

The District reports the following major governmental funds:

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

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

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

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

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

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

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

The District reports the following major proprietary funds:

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

Summer Camps Program – This fund accounts for the revenues and expenses pertaining to the District's summer camp program.

School Store – This fund accounts for the revenues and expenses pertaining to the school store that operates in the high school.

Little Pioneers Program – This fund accounts for the revenues and expenses pertaining to the District's child day care program.

Additionally, the District reports the following major fiduciary funds:

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

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

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

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

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

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made

in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

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

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

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

Encumbrances

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

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

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

Cash and Cash Equivalents

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

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

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

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five

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

percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

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

Short-Term Interfund Receivables/Payables

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

Capital Assets

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

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

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

Site Improvements	20 Years
Building & Improvements	20-50 Years
Machinery and Equipment	5–20 Years

Compensated Absences

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

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

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Use of Estimates

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

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts

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

cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.

- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

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

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

Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27* effective for fiscal years beginning after June 15, 2014. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves

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

information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Bond Premiums, Discounts and Issuance Costs

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

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

Deferred Loss on Refunding Debt

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 4, 2015, which is the date the financial statements were available to be issued.

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

Pensions Section

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

Note 2. Cash

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District's bank balance of $6,078,866 was exposed to custodial credit risk as follows:

Insured Under FDIC	$ 250,000
Collateralized by securities held by Pledging financial institution	4,906,577
Uninsured & Uncollateralized	922,289
Total	$ 6,078,866

Investments

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

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

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

Note 2. Cash Deposits and Investments (continued):

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

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

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

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

Note 3. Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the Board of Education by inclusion of $5,000 on September 28, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g),* the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2014	$	1,826,318
Withdrawals	$	(147,624)
Transfer per June Resolution		695,290
Interest Earnings		3,426
Ending Balance, June 30, 2015	$	2,377,410

Note 3. Reserve Accounts (continued):

B. Maintenance Reserve Account

The District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

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

Beginning Balance, July 1, 2014	$ 277,880
Withdrawals	(116,603)
Transfer per June Resolution	100,000
Ending Balance, June 30, 2015	$ 261,277

Note 4. Accounts Receivable

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

	General Fund	Special Revenue Fund	Proprietary Funds	Total
Intergovernmental	$ 458,104	$ 197,921	$ 304,380	$ 960,405
Other	14,459	-	1,780	16,239
Total	$ 472,563	$ 197,921	$ 306,160	$ 976,644

Note 5. Capital Assets

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

	June 30, 2014	Additions	Deletions	Transfers/ Adjustments	June 30, 2015
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 1,556,708	$ -	$ -	$ -	$ 1,556,708
Construction in Progress	-	69,532	-	-	69,532
Total assets not being depreciated	1,556,708	69,532	-	-	1,626,240
Capital Assets being depreciated:					
Buildings & Improvements	61,739,455	127,155	(57,106)	-	61,809,504
Land Improvements	3,760,959	-	-	-	3,760,959
Machinery & Equipment	6,404,354	355,990	(110,880)	3,899	6,653,363
Total Historical Cost	71,904,768	483,145	(167,986)	3,899	72,223,826
Less: accumulated depreciation					
Buildings & Improvements	(20,825,216)	(1,478,595)	-	-	(22,303,811)
Land Improvements	(2,180,270)	(136,926)	-	-	(2,317,196)
Machinery & Equipment	(5,318,403)	(238,514)	167,986	(8,627)	(5,397,558)
Total accumulated depreciation	(28,323,889)	(1,854,035)	167,986	(8,627)	(30,018,565)
Capital assets being depreciated, net	43,580,879	(1,370,890)	-	(4,728)	42,205,261
Total Governmental Activities, net	$ 45,137,587	$ (1,301,358)	$ -	$ (4,728)	$ 43,831,501

The following is a summary of proprietary fund type fixed assets at June 30, 2015:

	June 30, 2014	Additions	Transfers/ Adjustments	June 30, 2015
Business-Type Activities:				
Capital assets being depreciated:				
Machinery & Equipment	$ 301,442	$ 4,402	$ -	$ 305,844
Less: accumulated depreciation:				
Equipment	(296,975)	(2,147)	3,144	(295,978)
Business-type activities capital assets, net	$ 4,467	$ 2,255	$ 3,144	$ 9,866

Note 6. Long-Term Obligations

Bonds are authorized in accordance with State law by the voters of the Municipality through referendums. All Bonds are retired in serial installments within the statutory period of usefulness. Bonds Issued by the Board are General Obligation Bonds.

A. Defeased Debt:

On December 1, 1997, the District issued General Obligation Bonds of $10,105,000 (par value) with interest rates ranging from 3.70% to 5.375% to advance refund 1994 General Obligation Bonds with an interest rate of 6.10% and a par value of $9,255,000. Maturities of the 1994 Bonds range from 2005 to 2015 and they are callable, at par, on or after August 1, 2005. The 1997 General Obligation Bonds were issued with a net bond premium of $153,806 that was used, in part, to pay issuance costs of $137,147. The net proceeds from the issuance of the General Obligation Bonds were used to purchase U.S. Government securities and those securities were placed on deposit in an irrevocable trust with an escrow agent to provide debt service payments on the 1994 Bonds. The advance refunding met the requirements of an in-substance defeasance and the 1994 Bonds were removed from the District's debt. As a result of the advance refunding, the District reduced its total debt service requirements by $399,191, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $295,453. Also as a result of the refunding the district incurred an accounting loss of $712,853 which is being amortized over the remaining life of the defeased bond issue.

On December 23, 2009, the District issued Bonds of $1,303,000 (par value) with interest rates ranging from 2% to 3.5%. Maturities of the 2009 Bonds range from 2011 to 2025 and they are callable, at par, on or after January 15, 2025. The proceeds from the sale of the Bond will be used to finance the installation of solar panels at the Middle School.

On October 13, 2010 the School District received approval from the Local Finance Board to finally adopt a refunding bond ordinance to effectuate the issuance of not-to-exceed $20,500,000 School Refunding Bonds for the purpose of refunding the 2003 Bonds. The Refunding Bonds were priced on the morning of Wednesday, October 27, 2010 by Roosevelt & Cross Incorporated, acting as Sole Manager for the Refunding Bonds. The Refunding Bonds were received well by the market and effectively priced by the underwriter, resulting in most of the maturities fully sold. The remaining unsold balances were underwritten by Roosevelt & Cross. The rates achieved on the Refunding Bonds produced present value savings of 5.205% for the School District, greatly exceeding the target of 3.00%. The Refunding Bonds were issued over the same term as the 2003 Bonds, with maturities of February 15, 2011 through February 12, 2023 with coupons of 2.00% to 5.00% and interest rates ranging from 0.75% to 3.35%. The structure of the Refunding Bonds consisted of all serial bonds. The Refunding Bonds are subject to optional redemption prior to maturity. The Board will realize a total of $1,163,814 in debt service savings through 2023 as a result of this refunding. On a present value basis, the savings equate to $987,246 (net of all costs of issuing the bonds), or 5.205% of the bonds refunded.

B. Long-Term Obligation Activity:

During the fiscal year ended June 30, 2015 the following changes occurred in liabilities reported in the general long-term debt account group:

Note 6. Long-Term Obligations (continued):

	June 30, 2014	Additions	Retired	June 30, 2015	Due Within One Year
Bonds Payable	$ 19,878,000	$ -	$ 1,870,000	$ 18,008,000	$ 1,940,000
Unamortized Bond Premium	1,064,949	-	140,595	924,354	132,051
Net Pension Liability	10,771,945	-	270,905	10,501,040	-
Compensated Absences Payable:					
Governmental	1,012,987	23,586	-	1,036,573	-
Business-Type	68,391	-	8,154	60,237	-
Total	$ 32,796,272	$ 23,586	$ 2,289,654	$ 30,530,204	$ 2,072,051

C. Bonds Payable:

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

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

Year-ending June 30,	Principal	Interest	Total
2016	$ 1,940,000	$ 711,459	$ 2,651,459
2017	1,990,000	648,209	2,638,209
2018	2,030,000	574,496	2,604,496
2019	2,160,000	483,934	2,643,934
2020	2,265,000	387,734	2,652,734
2021-2025	7,623,000	589,650	8,212,650
Total	$ 18,008,000	$ 3,395,482	$ 21,403,482

Note 7. Operating Leases

The District has commitments to lease copiers under non-cancellable operating leases for five years. Total lease payments made during the year ended June 30, 2015 amounted to $73,213. Future minimum lease payments are as follows:

Year-ending June 30,	
2016	$ 99,840
2017	97,775
2018	84,213
2019	21,392
Total Minimum Lease Payments	$303,220

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating

employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

Note 8: Pension Obligations (continued)

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

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

Three-Year Trend Information for PERS

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2015	$ 484,322	100%	$ 10,501,040
6/30/2014	444,423	100%	10,771,945
6/30/2013	442,314	100%	-

Components of Net Pension Liability - At June 30, 2015, the District reported a liability of $10,501,040 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .05609%, which was an decrease of .00027**%** from its proportion measured as of June 30, 2013.

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

	6/30/2015	6/30/2014
Actuarial valuation date	July 1, 2014	July 1, 2013
Deferred Outflows of Resources	$ 811,048	$ 462,374
Deferred Inflows of Resources	$ 670,224	$ -
Net Pension Liability	$ 10,501,040	$ 10,771,945
District's portion of the Plan's total net pension Liability	0.05609%	0.05636%

Note 8: Pension Obligations (continued)

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

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the District recognized pension expense of $670,224. At June 30, 2015, the 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
Changes of assumptions	$ 330,209	$ -
Net difference between projected and actual earnings on pension plan investments	-	670,224
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	480,839	-
Total	$ 811,048	$ 670,224

The $480,839 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	PERS
2016	$ (82,770)
2017	(82,770)
2018	(82,770)
2019	(82,770)
2020	(82,770)
Thereafter	73,836

Actuarial Assumptions - The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Note 8: Pension Obligations (continued)

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	100%	

Note 8: Pension Obligations (continued)

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

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2014, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the net pension liability	13,210,666	10,501,040	8,225,644

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

Note 8: Pension Obligations (continued)

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

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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

Note 8: Pension Obligations (continued)

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

Three-Year Trend Information for TPAF Pension & Post Retirement Medical Contributions (Paid on behalf of the District)

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2015	$ 1,872,127	100%	-
6/30/2014	1,522,739	100%	-
6/30/2013	1,868,031	100%	-

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

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

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

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

Note 8: Pension Obligations (continued)

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

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

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

Discount rate - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the State will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8: Pension Obligations (continued)

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

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

C. Defined Contribution Retirement Program (DCRP)

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

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2015, employee contributions totaled $23,409, and the District recognized pension expense of $17,412, which included $3,272 towards life insurance.

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

Note 9. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 103.432 retirees receiving post-retirement medical benefits, and the state contributed $1.04 billion on their behalf.. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

Note 10. Risk Management

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2014-2015	$ -	$ 33,877	$ 25,838	$ 226,919
2013-2014	-	42,103	6,106	218,880
2012-2013	-	33,650	40,860	182,883

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

Note 11. Contingent Liabilities

In the opinion of the Administration and Legal Counsels, there are no material litigation or contingent liabilities that are pending against the Clearview Regional High School District.

Note 12. Economic Dependency

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

Note 13. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 66,177	$ -
Enterprise Funds	83	65,310
Fiduciary Funds	-	950
	$ 66,260	$ 66,260

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

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	$ 60,468	$ -
Food Service Fund	-	60,468
Capital Projects Fund	-	80,000
Debt Service Fund	80,000	-
	$ 140,468	$ 140,468

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

Note 14. Fund Balance Disclosures

General Fund (Exhibit B-1) – Of the $4,858,403 General Fund fund balance at June 30, 2015, $1,281,957 is restricted for excess surplus – designated for subsequent years expenditures; $261,277 is restricted to establish the Maintenance Reserve Account; $2,377,410 is restricted to establish the Capital Reserve Account; $244 is restricted for other purposes; $1,290,776 is restricted for excess surplus in accordance with *N.J.S.A.18A:7F-7*; and $(353,261) is unassigned.

Capital Projects Fund (Exhibit B-1) – The fund balance of $58,421 has been restricted for the Capital Projects Fund.

Note 15. Deferred Compensation

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

Lincoln Investment Planning, Inc.	AXA Equitable
Met Life	Aspire

Note 16. Compensated Absences

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

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. Employees who are employed for twelve months are entitled to twelve paid sick days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. However, an employee must have 25 years of service or their contract must specifically allow the payment of unused sick leave. District employees are entitled to three personal days, which may be carried forward 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 District's agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2014 is $1,036,573 for governmental activities and $60,237 for business-type activities.

Note 17. Calculation of Excess Surplus

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is $1,290,776.

Note 18. Transfers to Capital Outlay

During the year ending June 30, 2015, the District transferred $196,498 to the capital outlay accounts.

Note 19. Deficit Fund Balance

The District has a deficit fund balance of $(353,261) in the General Fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, 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. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Note 20. Deficit Unrestricted Net Position

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of $(12,750,371) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events that place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

Note 21. Prior Period Adjustment/Restatement of Net Position

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

	Governmental Activities
Net Position as previously reported at June 30, 2014	$28,186,163
Prior period adjustment -	
Implementation of GASB 68:	
Net Pension Liability (measurement date as of June 30, 2013)	(10,771,945)
Deferred Outflows – district contributions made during fiscal year 2014	462,374
PERS Pension Payable (2015 district PERS Pension Contribution)	(462,374)
Total prior period adjustment	(10,771,945)
Net Position as restated, July 1, 2014.	$ 17,414,218

Note 22. Subsequent Events – Bond Issue

In December 2015, the Clearview Regional High School District issued $1,995,000 of School Bonds for various improvements and/or renovations at the High School, Middle School and Administration Building. Payments are due each February 1st and August 1st commencing August, 2016.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION

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MS&B McMANIMON • SCOTLAND • BAUMANN

75 Livingston Avenue, Roseland, NJ 07068 (973) 622-1800

_________, 2015

The Board of Education of the
Clearview Regional High School
District in the County of Gloucester, New Jersey

Dear Board Members:

We have acted as bond counsel to The Board of Education of the Clearview Regional High School District in the County of Gloucester, New Jersey (the “Board of Education”) in connection with the issuance by the Board of Education of $1,995,000 School Bonds dated the date hereof (the “Bonds”). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to (i) Title 18A, Education, Chapter 24 of the New Jersey Statutes, (ii) a proposal adopted by the Board of Education on August 27, 2015 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on November 3, 2015 and (iii) a resolution duly adopted by the Board of Education on November 19, 2015. The Bonds are secured under the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c.72 , approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003).

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Board of Education, and the Board of Education has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the school district for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Board of Education has covenanted in its Arbitrage and Tax Certificate (the “Certificate”) to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Board of Education continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Board of Education in the Certificate, it is our opinion that, pursuant to Section 103(a) of the Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Bonds held by a corporate taxpayer is included in “adjusted current earnings” in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,