

OFFICIAL STATEMENT DATED NOVEMBER 15, 2018

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Board (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest paid to certain corporate holders of the Bonds indirectly may be subject to alternative minimum tax under circumstances described under "TAX MATTERS" herein. Based upon existing law, 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. See "TAX MATTERS" herein.

**THE RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
IN THE COUNTY OF MONMOUTH, NEW JERSEY
\$12,596,000
SCHOOL BONDS
(Book-Entry-Only) (Callable)**

Dated: Date of Delivery

Due: February 1, as shown below

The \$12,596,000 School Bonds (the "Bonds") of the Rumson-Fair Haven Regional High School District in the County of Monmouth, 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 or more certificates 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 the first day of February and August in each year until maturity, or earlier redemption, commencing August 1, 2019. 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 are 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.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> ⁺	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> ⁺
2020	\$401,000	3.250%	2.00%	781496DF8	2030	\$635,000	3.250%	3.20%	781496DR2
2021	475,000	3.250	2.09	781496DG6	2031	660,000	3.375	3.30	781496DS0
2022	485,000	3.250	2.16	781496DH4	2032	685,000	3.375	3.40	781496DT8
2023	500,000	3.250	2.23	781496DJ0	2033	710,000	3.500	3.50	781496DU5
2024	520,000	3.250	2.30	781496DK7	2034	740,000	3.500	3.55	781496DV3
2025	535,000	3.250	2.40	781496DL5	2035	770,000	3.500	3.60	781496DW1
2026	550,000	3.250	2.60	781496DM3	2036	790,000	3.625	3.65	781496DX9
2027	570,000	3.250	2.80	781496DN1	2037	790,000	3.750	3.70	781496DY7
2028	590,000	3.250	3.00	781496DP6	2038	790,000	3.750	3.75	781496DZ4
2029	610,000	3.250	3.10	781496DQ4	2039	790,000	3.750	3.80	781496EA8

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. Delivery is anticipated to be via DTC in New York, New York on or about December 6, 2018.

⁺ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

**THE RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

MEMBERS OF THE BOARD

Lisa Waters – President
John Caruso – Vice President
Brian Leddin
Sarah Maris
Annie McGinty
Chuck Volker
Kaye F. Wise
Jane Pattwell
Anthony Leland

SUPERINTENDENT

Dr. Peter Righi

BUSINESS ADMINISTRATOR

Frank E. Gripp III

BOARD AUDITOR

Jump, Perry and Company, L.L.P.
Toms River, New Jersey

BOARD ATTORNEY

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
Westfield, New Jersey

FINANCIAL ADVISOR

Acacia Financial Group, Inc.
Mount Laurel, New Jersey

BOND COUNSEL

McManimon Scotland & Bauman, 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 pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information. The 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 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.

This Official Statement speaks only as to the date printed on the cover hereof the information contained herein or subject to change. This Official Statement will be made available through the Electronic Municipal Market Access System.

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**OFFICIAL STATEMENT
OF
THE RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

**\$12,596,000
SCHOOL BONDS
(Book-Entry-Only) (Callable)**

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by The Rumson-Fair Haven Regional High School District, County of Monmouth, 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 \$12,596,000 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, 2019 (each an “Interest Payment Date”) in each of the years and at the interest rates set forth on the front cover page hereof until maturity or earlier redemption 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 or more certificate(s) 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 maturing prior to February 1, 2029 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 1, 2029 are subject to redemption at the option of the Board prior to maturity, in whole or in part, on any date on or after February 1, 2028, upon notice as hereinafter set forth at the redemption price of par of the principal amount being redeemed, plus unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed bond registrar. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, such notice of redemption shall be sent directly to such depository and not to the beneficial owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

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 except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws on equitable principles effecting the enforcement of creditors’ rights generally.

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 the 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 making payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond 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 school 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 November 11, 2016 S&P Global Ratings, acting through Standard & Poor’s Financial Services LLC, downgraded the School Bond Reserve rating from “A (negative)” to “A- (negative).” Moody’s Investors Service, Inc. has downgraded the School Bond Reserve rating from “A2 (negative)” to “A3 (stable)” on April 4, 2017. The Bonds have not been assigned a separate rating based upon the School Bond Reserve Act.

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 July 10, 2018 and approved by a majority of the legal voters present and voting at the School District election held on October 2, 2018 and a resolution duly adopted by the Board on October 16, 2018 (the “Resolution”).

The purpose of the Bonds is (a) to undertake renovations, alterations and improvements, including Science, Technology, Engineering, Arts and Math (STEAM) and other educational improvements, to construct an addition, to undertake the construction and installation of a turf field and other related improvements at Rumson-Fair Haven Regional High School, and including related technology, fixtures, furnishings, equipment, site work and related work; (b) to appropriate \$12,596,948 for such purposes; and (c) to issue bonds of the School District in the principal amount of \$12,596,000. The Board also is entitled to receive 40% debt service aid on the eligible costs of the projects.

BOOK-ENTRY-ONLY SYSTEM¹

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 each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

¹ Source; The Depository Trust Company

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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct 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 procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District 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 School District believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders or Registered Owners of the Bonds (other than under the caption "Tax Matters") shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

THE BOARD AS PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions 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 fifteenth (15th) day, whether or not a business day, of the calendar month next preceding an Interest Payment Date.

THE SCHOOL DISTRICT AND THE BOARD

The Board is a nine (9) member board with members elected for staggered three (3) year terms. Pursuant to State statute, the Board appoints a Superintendent and Business Administrator/Board Secretary.

The School District is a Type II (grades 9 through 12) regional school district consisting of the boroughs of Rumson and Fair Haven (the "Constituent Municipalities"). The district operates 1 school building. The Rumson-Fair Haven Regional High School District is located in the County of Monmouth, New Jersey.

The Superintendent of Schools is the chief administrative officer of the School District. The School Business Administrator/Board Secretary oversees the business functions and reports through the Superintendent to the Board. *See* "APPENDIX A – Economic and Demographic Information Relating to the Regional High School District and the Boroughs of Rumson and Fair Haven."

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey (the "State") 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 with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily 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 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 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 may 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 may vote upon fiscal matters. Regional school districts may be “All Purpose Regional School Districts” or “Limited Purpose Regional 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 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 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 school district, or the board of education in a Type II school district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district.

Under the Uniform Services and Consolidation Act, the Executive County Superintendent is required to eliminate non-operating school districts and to recommend consolidation to eliminate school districts through the establishment or enlargement of regional school districts, subject to voter approval.

School Budgetary Process

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 unless the board has moved its annual election to November as discussed below. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing body of the Constituent Municipalities must develop the school budget by May 19 of each year. Should the governing body be unable to do so, the Commissioner establishes the local school budget.

The Budget Election Law (P.L. 2011, c.202, effective January 17, 2012) established 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 are no longer 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 2% Tax Levy 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.

The Board has chosen to move its election to November and has not exceeded its two-percent property tax levy cap.

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 been amended by P.L. 2010, c. 44, approved July 13, 2010 and became applicable to the next local budget year following enactment. This 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 “Tax Levy Cap Law.”) Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy CAP by a separate proposal to bank the unused tax levy for use in any of the next three succeeding budget years. A school district can request a use of “banked CAP” only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under Chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, approved, July 24, 2018, as part of its efforts to increase State school aid to underfunded districts and decrease state school aid to over funded districts, limited cap relief has been provided over the next six fiscal years for school districts that would lose State school aid to be able to offset that loss.

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 with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one year must be treated as operating expenses. Accordingly under the Department of Education's Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its 2% tax levy cap on spending.

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 and fourth 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.

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 nine (9) through grade twelve (12) regional school district, the Board can borrow up to 3% of the average equalized valuation of taxable property located in the School District. The Board has not exceeded its 3% debt limit. See "APPENDIX A – Economic and Demographic Information Relating to the Regional High School District and the Boroughs of Rumson and Fair Haven" and refer to the "Direct and Overlapping Bonded Debt" Section.

Exceptions to Debt Limitation

A Type II school district (other than a regional school 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). The School District has not utilized the municipality's borrowing margin. A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

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 (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 has simply been determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The 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 school 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 then current plan for school aid was a "constitutionally adequate scheme". However, the State continued to underfund certain school districts and to overfund other districts in its budgets based on the statutory scheme. In its budget process for FY 2019 and with the enactment of P.L. 2018, c.67, approved July 24, 2018, the State is moving the districts toward the intent of the statutory scheme by increasing funding for underfunded districts and decreasing funding for overfunded districts over the next six years and providing cap relief for overfunded districts to enable them to pick up more of the local share.

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 Educational 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 2018. 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 years 2011 through 2018 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 Every Student Succeeds Act of 2015, enacted December 10, 2015, 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, N.J.S.A. 40A:2-1 et seq. (the “Local Bond Law”), governs the issuance of bonds and notes to finance certain municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Constituent Municipalities are general full faith and credit obligations.

The authorized bonded indebtedness of a local unit is limited by statute, subject to certain exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis.

The average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the New Jersey Board of Taxation was \$3,455,365,966 for the Borough of Rumson and \$1,633,698,807 for the Borough of Fair Haven (as of December 31, 2017). The Borough of Rumson’s net debt as a percentage of average equalized valuation is 0.447%. The Borough of Fair Haven’s net debt as a percentage of average equalized valuation is 0.333%. Rumson Borough and Fair Haven Borough have not exceeded their 3.5% statutory debt limit.

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 their debt limit with the approval of the Local Finance Board 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 their obligations or to provide essential public improvements and services or make 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, 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 “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as may be amended and supplemented,

creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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 result 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 County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions 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 the State for various special services rendered to the properties located within the special districts.

Tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county of school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00. Pursuant to 1991 N.J. Laws c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These interest penalties are the highest permitted under State Statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State Statutes.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

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

This law regulates the nonbudgetary 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 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's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report.

FINANCIAL STATEMENTS

The financial statements of the Board for the year ended June 30, 2017 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Jump, Perry and Company, L.L.P., Toms River, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in Appendix "B" to this Official Statement. *See* "APPENDIX B - Financial Statements of the Rumson-Fair Haven Regional High School District, County of Monmouth, New Jersey."

LITIGATION

To the knowledge of the Board Attorney, Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC (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 purchaser of the Bonds at the closing.

TAX MATTERS

Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Board to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Board will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Board with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Board observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Board, is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by federal legislation, Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017,

effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Board as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

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Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount

allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences of Holding the Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

Changes in Federal Tax Law Regarding the Bonds

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, 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.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

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 completeness of such information.

The Auditor has neither participated in the preparation of this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

The Municipal Advisor (as herein defined) has participated in the preparation of this Official Statement on behalf of the Board, but has not independently verified the accuracy, completeness or fairness thereof and, accordingly, takes no responsibility and expresses no opinion with respect thereto.

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.

RATING

Moody's Investors Service (the "Rating Agency") has assigned its underlying rating of "Aa1" to the Bonds based upon the creditworthiness of the School District.

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. 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.

UNDERWRITING

The Bonds have been purchased from the Board at a public sale by UBS Financial Services (the "Underwriter") at a price of \$12,596,000.00.

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, 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, 2019, 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 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 and certain financial information and operating data consisting of (1) Board and overlapping indebtedness including a schedule of outstanding debt issued by the Board; (2) the Board’s most current adopted budget; (3) property valuation information; and (4) 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 events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of such 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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bond holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, 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 the Board 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 Board, 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 Board.

(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 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 School District has previously failed to timely file its June 30, 2013 Comprehensive Annual Financial Report (“CAFR”) and June 30, 2014 budget for fiscal year 2014. As of the date hereof, all missing information was filed on EMMA along with a notice citing failure to timely file this information. It should be noted that the additional operating data of the School District, excluding the current year’s budget, may be found in the School District’s CAFRs.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Frank Gripp, Business Administrator, at (732) 842-1597 ext. 650, C. Anthony Solimine, Esq., McManimon, Scotland & Baumann, LLC, Bond Counsel to the Board, at (973) 622-4893 or Jennifer Edwards, Managing Director, Acacia Financial Group, Inc., Financial Advisor to the Board, at (856) 234-2266.

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 she 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 her 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 between the Board and the purchasers or 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 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 RUMSON-FAIR HAVEN REGIONAL
HIGH SCHOOL DISTRICT, COUNTY OF
MONMOUTH, NEW JERSEY**

By: /s/ Frank E. Gripp III
Frank E. Gripp III
Business Administrator/Board Secretary

Dated: November 15, 2018

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APPENDIX A

**Economic and Demographic Information Relating to the
Regional High School District and
the Boroughs of Rumson and Fair Haven**

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GENERAL INFORMATION ABOUT THE BOROUGH OF RUMSON

The Borough is comprised of an area of approximately 5.2 square miles, located one-half mile west of the Atlantic Ocean between Red Bank and Sea Bright in Monmouth County, New Jersey. It is bounded on the north by the Navesink River and on the south by the Shrewsbury River. The Borough is 45 miles south, southwest of New York City, where many of its residents are employed.

Commuter transportation to and from Newark and New York is furnished by railroad and bus service from Red Bank. A Garden State Parkway entrance and exit are approximately 6 miles from the center of the Borough. Commuter boat service to New York City is available in nearby Highlands, Atlantic Highlands and Belford, New Jersey.

Approximately 95% of the Borough is residential, the balance consisting of three small business districts comprising small service facilities, shops, banks, restaurants and two marinas. The Borough has an historic private tennis club, and a country club with a golf course and yachting facilities. Residential properties vary from 50-foot lots to large estates.

POPULATION

The 2000 and 2010 official Censuses reported populations of 7,137 and 7,122, respectively.

EDUCATIONAL FACILITIES

Educational facilities include an elementary school (1,200 capacity) and a regional high school (1,200 capacity). There is also a parochial school and a private elementary school in the Borough. Area higher education is provided by Monmouth University, located in nearby West Long Branch, which provides regular college curriculum in both undergraduate and graduate studies, leading to a Masters degree. Brookdale Community College is also nearby in Lincroft and offers two-year courses in various fields.

HEALTHCARE FACILITIES

Hospital services are provided by Riverview Medical Center in Red Bank and Monmouth Medical Center in Long Branch. Both offer medical care in modern facilities and are approximately 4 miles and 8 miles respectively from the center of the Borough.

PUBLIC SERVICES

Utilities are provided by Verizon, New Jersey-American Water Company, Jersey Central Power & Light Co., and New Jersey Natural Gas Company, all privately-owned. The Two Rivers Water Reclamation Authority, located in Monmouth Beach, serves 12 municipalities including the Borough as a customer, rather than a member. The Borough is presently 100%-sewered.

RECREATIONAL FACILITIES

Public recreational facilities are provided by 6 public parks, which include a bathing beach and a boat launching ramp, offering swimming, boating, fishing, crabbing and six tennis courts, two of which are lighted. Little League baseball, football and soccer facilities are also provided and supervised. In addition, the high school has 3 tennis courts that the public may use when they are not being used by the school.

CIVIC ACTIVITIES

Police protection is provided by a 17-man force with modern equipment. A municipal court and violations bureau also provided within the Borough.

Fire protection is provided by 2 volunteer fire companies with participation by the local residents. Fire-fighting equipment is owned by the Borough.

A volunteer first aid squad with modern equipment provides emergency treatment and transportation when required for accidents or illnesses.

Semi-weekly garbage and refuse collection is provided by the Borough.

The Borough office building, garages, and police station are in excellent condition. All municipal vehicles and equipment are well-maintained.

All 50 miles of Borough streets are paved and maintained.

There is a public library financed by public subscriptions and a private trust fund, with annual aid from the Borough.

There are 3 churches, and a synagogue in the Borough.

Full-service banking facilities are provided by a local branch of Bank of America, Wachovia Bank, National Association, with branches throughout New Jersey, and Rumson-Fair Haven Bank & Trust, whose main office is located in the Borough.

MUNICIPAL GOVERNMENT

The Borough is governed by a mayor and six council members who are elected at large. Elections are held annually with two council members elected each year for a term of three years. The mayor, who is elected for a four-year term, is the chief executive officer. The Council is the legislative body to formulate policy, appropriate funds and adopt ordinances and resolutions for the conduct of Borough business. These positions are unsalaried. The Borough has a full-time administrator who also serves as the Municipal Clerk, and a full-time Chief Financial Officer.

TAX COLLECTION PROCEDURE

The Borough is the political entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and school districts.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated, and are levied for the calendar year. The taxes for municipal, local and regional school districts and county purposes are combined into one levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for school purposes cover the current calendar year. Turnover of tax monies by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year. A municipality remits 100% of the county taxes, payable quarterly on the 15th day of February, May, August and November.

Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500 and, if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency, subject to any abatement or discount for the late payment of taxes as provided by law. Unpaid taxes or any municipal lien, on real property, are subject to a tax sale as of the eleventh day of the eleventh month in the fiscal year, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

GENERAL INFORMATION ABOUT THE BOROUGH OF FAIR HAVEN

The Borough is comprised of an area of approximately 1.67 square miles, located on a peninsula in northern Monmouth County minutes from the Atlantic Ocean. The community is bounded by the Navesink and Shrewsbury Rivers and has a rich heritage as a small community closely linked to the Navesink River. There have been three major building periods through the years. The original old village remains mostly unchanged and is now contained in an historic district. Fair Haven was a part of Shrewsbury Township until March 28, 1912 when it was incorporated as Borough by an act of the New Jersey State Legislature.

POPULATION

The 2000 and 2010 official Censuses reported populations of 5,937 and 6,121, respectively.

EDUCATIONAL FACILITIES

The educational facilities include one elementary school serving students in pre-K through third grade and one middle school serving students in fourth through eighth grade. High school students attend the Rumson-Fair Haven Regional High School. Area higher education is provided by Monmouth University, located in nearby West Long Branch, which provides regular college curriculum in both undergraduate and graduate studies, leading to a Masters degree. Brookdale Community College is also nearby in Lincroft and offers two-year courses in various fields.

HEALTHCARE FACILITIES

Hospital services are provided by Riverview Medical Center in Red Bank and Monmouth Medical Center in Long Branch. Both offer medical care in modern facilities and are approximately 4 miles and 8 miles respectively from the center of the Borough.

PUBLIC SERVICES

Utilities are provided by Verizon, New Jersey-American Water Company, Jersey Central Power & Light Co, and New Jersey Natural Gas Company, all privately-owned. The Two Rivers Water Reclamation Authority, located in Monmouth Beach, serves 12 municipalities including the Borough as a customer, rather than a member. The Borough is presently 100% sewered.

RECREATIONAL FACILITIES

Public recreational facilities are provided by 4 public parks, which include a public dock and a boat launching ramp, offering boating, fishing, crabbing and two tennis courts. Little League baseball, football and soccer facilities are also provided and supervised.

CIVIC ACTIVITIES

Police protection is provided by a 16-man force with modern equipment. A municipal court and violations bureau are also provided within the Borough.

Fire protection is provided by 1 volunteer fire company with participation by the local residents. Fire-fighting equipment is owned by the Borough. The department consists of 45 members and maintains its own equipment.

A volunteer first aid squad with modern equipment provides emergency treatment and transportation when required for accidents or illnesses.

Semi-weekly garbage and refuse collection is provided by the Borough.

The Borough office building, garages, and police station are in excellent condition. All municipal vehicles and equipment are well-maintained.

There is a public library financed by the Borough.

Churches in the Borough serve many denominations.

Full-service banking facilities are provided by a local branch of PNC Bank, Commerce Bank and Rumson-Fair Haven Bank and Trust.

MUNICIPAL GOVERNMENT

Fair Haven is governed by the Borough form of government, with a mayor and a six (6) member Borough Council. The mayor serves a four (4) year term. Borough Council members serve three (3) year terms on a staggered basis, with two (2) seats coming up for election each year. The Borough Council is the legislative body which formulates policy, appropriates funds and adopts ordinances and resolutions for the conduct of the Borough's business. All officials are elected on a partisan basis.

TAX COLLECTION PROCEDURE

The Borough is the political entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and school districts.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated, and are levied for the calendar year. The taxes for municipal, local and regional school districts and county purposes are combined into one levy that is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the school purposes cover the current calendar year. Turnover of tax monies by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year. A municipality remits 100% of the county taxes, payable quarterly on the 15th day of February, May, August and November.

In the year a municipality changes its fiscal year, a tax bill is to be delivered on or before June 14 for the August 1 and November 1 payments. Thereafter, a tax bill is to be delivered on or before October 1 for the installments due February 1 and May 1 and a second tax bill is delivered on or before June 1-4 for the installments due August 1 and November 1.

Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500 and, if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency, subject to any abatement or discount for the late payment of taxes as provided by law. Unpaid taxes or any municipal lien, on real property, are subject to a tax sale as of the eleventh day of the eleventh month in the fiscal year, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Employment and Unemployment Comparisons

For the years 2013 through 2017 the New Jersey Department of Labor reported the following annual average employment information for the Constituent Municipalities, the County of Monmouth and the State of New Jersey:

LABOR FORCE INFORMATION

The Borough of Fair Haven

	Total Force	Employed	Unemployed	Unemployment Rate
2017	2,894	2,811	83	2.9%
2016	2,891	2,802	89	3.1
2015	2,888	2,785	103	3.6
2014	2,869	2,755	114	4.0
2013	2,877	2,726	151	5.2

The Borough of Rumson

	Total Force	Employed	Unemployed	Unemployment Rate
2017	3,051	2,960	91	3.0%
2016	3,052	2,951	101	3.3
2015	3,073	2,951	122	4.0
2014	3,071	2,932	139	4.5
2013	3,071	2,897	174	5.7

The County

	Total Force	Employed	Unemployed	Unemployment Rate
2017	330,689	317,076	13,613	4.1%
2016	330,855	316,142	14,713	4.4
2015	329,935	312,901	17,034	5.2
2014	328,722	308,800	19,922	6.1
2013	328,741	304,012	24,729	7.5

The State

	Total Force	Employed	Unemployed	Unemployment Rate
2017	4,518,800	4,309,700	209,100	4.6%
2016	4,530,800	4,305,500	225,300	5.0
2015	4,537,200	4,274,700	262,500	5.8
2014	4,527,200	4,221,300	305,900	6.8
2013	4,548,600	4,173,800	374,700	8.2

Source: New Jersey Department of Labor and Workforce Development, Labor Market and Demographic Research, Bureau of Labor Statistics

PER CAPITA INCOME AND POPULATION

Year Ended December 31,	Total Per Capita Income⁽¹⁾	Population⁽²⁾
<u>Borough of Rumson</u>		
2017	Not available	6,824
2016	86,700	7,006
2015	80,654	7,104
2014	91,785	7,066
2013	76,743	7,044

Year Ended December 31,	Total Per Capita Income⁽¹⁾	Population⁽²⁾
<u>Borough of Fair Haven</u>		
2017	Not available	5,976
2016	63,854	6,081
2015	60,883	5,995
2014	65,104	6,081
2013	54,740	6,108

- (1) US Census Bureau; American Community Survey
- (2) NJ Department of Labor, US Bureau of Census

Source: 2017 School District Annual Audit – State Department of Education

LARGEST TAXPAYERS

The ten largest taxpayers in the Constituent Municipalities and their 2017 assessed valuation are listed below:

Rumson Borough Taxpayer	Assessed Valuation 2017	As a % of District's Net Assessed Valuation Taxable
<u>Borough of Rumson</u>		
Taxpayer #1	\$31,055,000	0.95%
Taxpayer #2	12,224,300	0.37
Taxpayer #3	9,625,100	0.29
Taxpayer #4	7,962,200	0.24
Taxpayer #5	7,760,000	0.24
Taxpayer #6	7,686,400	0.23
Taxpayer #7	7,245,400	0.22
Taxpayer #8	6,720,100	0.20
Taxpayer #9	6,554,100	0.20
Taxpayer #10	6,441,300	0.20

Source: Municipal Tax Assessor – Rumson School District Comprehensive Annual Financial Report

Fair Haven Borough Taxpayer	Assessed Valuation 2017	As a % of District's Net Assessed Valuation Taxable
<u>Borough of Fair Haven</u>		
Taxpayer #1	\$5,812,000	0.35%
Taxpayer #2	4,054,800	0.25
Taxpayer #3	3,981,700	0.24
Taxpayer #4	3,958,000	0.24
Taxpayer #5	3,928,800	0.24
Taxpayer #6	3,701,800	0.22
Taxpayer #7	3,678,800	0.22
Taxpayer #8	3,660,700	0.22
Taxpayer #9	3,642,300	0.22
Taxpayer #10	3,628,200	0.22

Source: Municipal Tax Assessor – Fair Haven School District Comprehensive Annual Financial Report

COMPARISON OF TAX LEVIES AND COLLECTIONS

Borough of Rumson

Year Ended December 31	Total Tax Levy	Current Tax Collections	Percentage Of Tax Levy Collected
2017	\$51,052,398.08	\$50,640,770.22	99.19%
2016	49,875,004.23	49,356,380.48	98.96
2015	49,410,732.43	48,959,713.21	99.08
2014	48,286,800.54	47,883,352.50	99.16
2013	47,461,054.97	46,822,089.35	98.65

Source: Municipal Tax Collector – Borough 2017 Audit

Borough of Fair Haven

Year Ended December 31	Total Tax Levy	Current Tax Collections	Percentage Of Tax Levy Collected
2017	\$31,947,119.79	\$31,580,817.57	98.85%
2016	30,939,721.47	30,556,219.87	98.87
2015	29,897,301.63	29,486,283.11	98.63
2014	28,807,196.00	28,423,808.00	98.67
2013	27,754,726.00	27,344,977.00	98.52

Source: Municipal Tax Collector – Borough 2017 Audit

**ASSESSED & EQUALIZED VALUATION OF REAL PROPERTY
LAST TEN YEARS**

Borough of Rumson

Year Ended December 31,	Assessed Valuation of Real Property	Equalized Valuation of Real Property	Ratio of Assessed Value to True Value
2017	3,445,573,900	3,602,272,765	95.7%
2016	3,453,598,600	3,427,549,226	100.8
2015	3,377,312,100	3,336,275,906	101.2
2014	3,284,290,800	3,338,372,433	98.4
2013	2,912,416,500	3,318,993,162	87.8

Abstract of Ratables and State of New Jersey – Table of Equalized Valuations – Borough Annual Debt Statements

Borough of Fair Haven

Year Ended December 31,	Assessed Valuation of Real Property	Equalized Valuation of Real Property	Ratio of Assessed Value to True Value
2017	1,641,063,400	1,677,464,377	97.8%
2016	1,576,422,900	1,623,838,999	97.1
2015	1,532,121,800	1,599,793,046	95.8
2014	1,456,398,200	1,515,976,059	96.1
2013	1,164,027,100	1,457,584,648	79.9

Abstract of Ratables and State of New Jersey – Table of Equalized Valuations – Borough Annual Debt Statements

**RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS**

Borough of Rumson

<u>Assessment Year</u>	<u>Regional School District</u>	<u>Local School District</u>	<u>Borough</u>	<u>County</u>	<u>Total</u>
2017	\$0.378	\$0.467	\$0.335	\$0.289	\$1.469
2016	0.368	0.448	0.327	0.290	1.433
2015	0.372	0.446	0.329	0.306	1.453
2014	0.374	0.446	0.322	0.315	1.457
2013	0.407	0.496	0.359	0.346	1.608

Source: Abstract of Ratables, County Board of Taxation – Borough 2017 Audit

Borough of Fair Haven

<u>Assessment Year</u>	<u>Regional School District</u>	<u>Local School District</u>	<u>Borough</u>	<u>County</u>	<u>Total</u>
2017	\$0.345	\$0.878	\$0.389	\$0.288	\$1.900
2016	0.340	0.909	0.405	0.301	1.955
2015	0.326	0.914	0.399	0.305	1.944
2014	0.320	0.932	0.404	0.312	1.968
2013	0.391	1.137	0.457	0.383	2.368

Source: Abstract of Ratables, County Board of Taxation – Borough 2017 Audit

**RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

Borough of Rumson

Fiscal Year Ended June 30	Assessed Valuation of Real Property	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2017	3,445,573,900	15,462,652	0.45%	2,266
2016	3,453,598,600	13,546,523	0.39	1,934
2015	3,377,312,100	15,477,565	0.46	2,179
2014	3,284,290,800	16,479,630	0.50	2,332
2013	2,912,416,500	17,707,676	0.61	2,514

Borough of Fair Haven

Fiscal Year Ended June 30	Assessed Valuation of Real Property	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2017	1,641,063,400	5,438,615	0.33%	910
2016	1,576,422,900	4,138,286	0.26	681
2015	1,532,121,800	4,242,816	0.28	708
2014	1,456,398,200	4,744,185	0.33	780
2013	1,164,027,100	5,569,022	0.48	912

Source:

Census Data provided by US Bureau of the Census

Assessed valuation provided by the Abstract of Ratables, County Board of Taxation School District Comprehensive Annual Financial Report

Borough Annual Debt Statements

**SUMMARY OF STATUTORY DEBT CONDITIONS
FOR FISCAL YEAR ENDED DECEMBER 31, 2017**

Borough of Rumson

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$4,377,000	\$4,377,000	\$-
Regional School District Debt	1,042,232	1,042,232	-
General Debt	15,463,237	585	15,462,652
Total	\$20,882,469	\$5,419,817	\$15,462,652

Borough of Fair Haven

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$5,125,000	\$5,125,000	\$-
Regional School District Debt*	248,792	248,792	-
General Debt	5,493,152	54,537	5,438,615
Total	\$10,866,944	\$5,428,328	\$5,438,615

Source:

Borough Annual Debt Statements

*Revised to reflect correct allocation of Regional School District debt

**RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR FISCAL YEAR ENDED DECEMBER 31, 2017**

Direct Debt of School District as of December 31, 2017	\$1,535,000
Direct Debt as a Percentage of School District Average Equalized Valuation	0.03%
Net Overlapping Debt of School District:	<u>Share</u>
Rumson Borough Debt	15,462,652
Fair Haven Borough Debt	5,438,615
Monmouth County:	
Rumson Borough	13,509,651
Fair Haven Borough	6,375,822
Total Direct and Overlapping Bonded Debt as of December 31, 2017	\$42,321,740
Overlapping Debt as a Percentage of School District Average Equalized Valuation	0.83%

Source:
School District Comprehensive Annual Financial Report
Borough Annual Debt Statements

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APPENDIX B

**Financial Statements of
the Rumson-Fair Haven Regional High School District,
County of Monmouth, New Jersey**

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SCHOOL DISTRICT
OF
RUMSON-FAIR HAVEN REGIONAL
OF MONMOUTH COUNTY

Rumson-Fair Haven Regional High School District
Rumson, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

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COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Rumson-Fair Haven Regional High School District
of Monmouth County

Rumson, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Rumson-Fair Haven Regional Board of Education
Finance Department

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INTRODUCTORY SECTION

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RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL

74 RIDGE ROAD

RUMSON, NEW JERSEY 07760-1896

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November 14, 2017

Honorable President and
Members of the Board of Education
Rumson-Fair Haven Regional School District
Rumson, New Jersey

Dear Board Members/Citizens:

It is with pleasure we submit the Comprehensive Annual Financial Report (CAFR) of the Rumson-Fair Haven Regional High School for the fiscal year ended June 30, 2017. This CAFR includes the district's basic financial statements prepared in accordance with generally accepted accounting principles for local governments. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the district. To the best of our knowledge and belief, data presented in this report 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 district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities, including the Management's Discussion and Analysis, have been included.

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

- The Introductory Section contains a Letter of Transmittal, Roster of Officials, List of Consultants, Independent Auditors and Advisors, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the district's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the school district, generally presented on a multi-year basis;
- The Single Audit Section – The district is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)" and the New Jersey State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this Single Audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the Single Audit Section of this report.

SCHOOL DISTRICT ORGANIZATION

The Rumson-Fair Haven Regional High School is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14 as amended by GASB Statement No. 39. The Rumson-Fair Haven Regional Board of Education and its High School constitute the district's reporting entity.

The district continues to maintain a high quality of education and provides a full range of programs and services appropriate to grades 9 through 12. These include regular education, as well as those for students with disabilities both in and out of district.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the second and third Tuesday of each month for the regular monthly meeting. During its meetings the board determines district goals and priorities and conducts other business. Board meetings are open to the public and begin at 7:00 PM.

Various Booster groups are highly active in the district and provide community support for a variety of programs and activities for the children.

To maintain effective communications, the district uses several options to insure a consistent flow of information to our stakeholders. During the budget review process, information about the budget is posted on the district website. Additional communication tools utilized by the district include a district website that is updated regularly with important information for parents, such as school closures, delayed openings, medical/health alerts, new curriculum initiatives, new board projects, and more. The district also communicates with parents via Blackboard, a system that provides both phone and e-mail contact options. The ability to contact the entire parent population within 20 minutes about changes in the school day, i.e., early closure, or to be able to update them in an emergency situation, is a vital component in insuring that our communication efforts are timely, accurate, and effective.

MAINTAINING OUR SCHOOL SYSTEM

Our first priority is maintaining current educational programming and opportunities for students. We strongly believe that maintaining programs and opportunities translates into "staying ahead of the curve." In other words, "maintaining" translates to developing new, yet sensible (research-based) programs. This budget is built without adding new programs and keeping existing initiatives and programs.

RAISING STANDARDS AND EXPANDING OPPORTUNITIES

We will continue to work on key initiatives such as:

- 1) Writing across the curriculum
- 2) Building grit and perseverance skills in our students
- 3) Developing mindfulness skills in our students and staff

BUILDING PROFESSIONALISM

Our professional development initiatives are built into our budget. For next year, initiatives include: student and staff wellness writing across the curriculum and enhancing critical thinking. Our faculty helps plan programming.

PROTECTING OUR INVESTMENT - CAPITAL AND MAINTENANCE RESERVE

A great deal of time has been spent lately on planning for facilities new and old. A maintenance plan has been written for existing facilities and equipment. Facility upgrades are being considered and reserves are being looked at to fund.

PLANNING FOR THE FUTURE

Every summer the entire administrative team meets with the Board to plan for the future. Every initiative is discussed and goals are written in the ensuing months. Every topic; monetary, facilities, curricula, wellness, public relations, etc. is discussed and planned for.

MATH

We have recently held meetings with our two sending districts and are aligning the math curriculum accordingly. Algebra I is being tweaked, so all of the basic skills that are important to the districts and aligned with PARCC, have been addressed.

Board policy has been revised so that the district is not financially liable for math courses that go beyond our curriculum.

SCIENCE

All curricula is aligned to standards. Articulation is ongoing with the sending districts. Examining facilities and research related to science classrooms to see if facility planning is needed.

ENGLISH AND LANGUAGE ARTS

Recently, we discontinued an initiative with Syracuse University to teach college level class here for seniors and replaced it with a course from Rutgers. We have successfully implemented the course this year and will be evaluating its success over the summer. Continued review will be on-going next year. We also have implemented writing across the curriculum and English teachers have served as models and mentors.

SOCIAL STUDIES

Articulation meetings with sending districts are being held on an ongoing basis. The Social Studies department is helping the English department's efforts in promoting writing across the curriculum.

21st CENTURY LIFE AND CAREERS

We continue to examine the infusing of 21st century life and careers standards into existing curricula offerings. Every course we revise and work on in any way examines the linkage to 21st century and careers standards.

VISUAL AND PERFORMING ARTS

There exists an excellent linkage to the sending districts. This connection helped our program to grow slightly over the years. We engage in many joint ventures with the sending districts.

COMPREHENSIVE HEALTH AND PHYSICAL EDUCATION

We reviewed and revised the physical education curriculum to infuse writing and reflection in the curriculum. We are continuing work to develop curriculum that provides life skills and training to all students.

WORLD LANGUAGE

We continue our exchange programs (Spanish and Chinese) and are looking to expand the program to include French. We hosted 16 students and 2 adults from Avila, Spain and currently planning to go to Avila next year.

TECHNOLOGY

We recently audited all courses to ascertain technology skills that are taught. We are currently working on scope and sequence that would ensure all of our students are taught the essential technological skills prior to graduation.

INTERNAL CONTROLS

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

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

As part of the district's Single Audit, described earlier, tests are made to determine adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws, regulations, contracts and grants.

BUDGETARY CONTROLS

In addition to internal controls, the district maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section. P.L. 2011, c 202 allowed school districts to elect to eliminate the budget vote and adopt a budget approved by the Board of Education and the New Jersey Department of Education (NJDOE) providing that the tax levy increase does not exceed 2% plus any allowable waivers.

ACCOUNTING SYSTEM AND REPORTS

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is an encumbrance accounting system that 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 at fiscal year end. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. In addition to meeting the requirements set forth in State Statutes, the audit also was designed to meet requirements of Title 2 U.S. Code of Federal Requirements Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey OMB's Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditors' report on the basic financial statements, required

supplementary information, individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the Single Audit are included in the single audit section of this report.

Accounting principles generally accepted in the United States require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Rumson-Fair Haven Regional 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 business office staff.

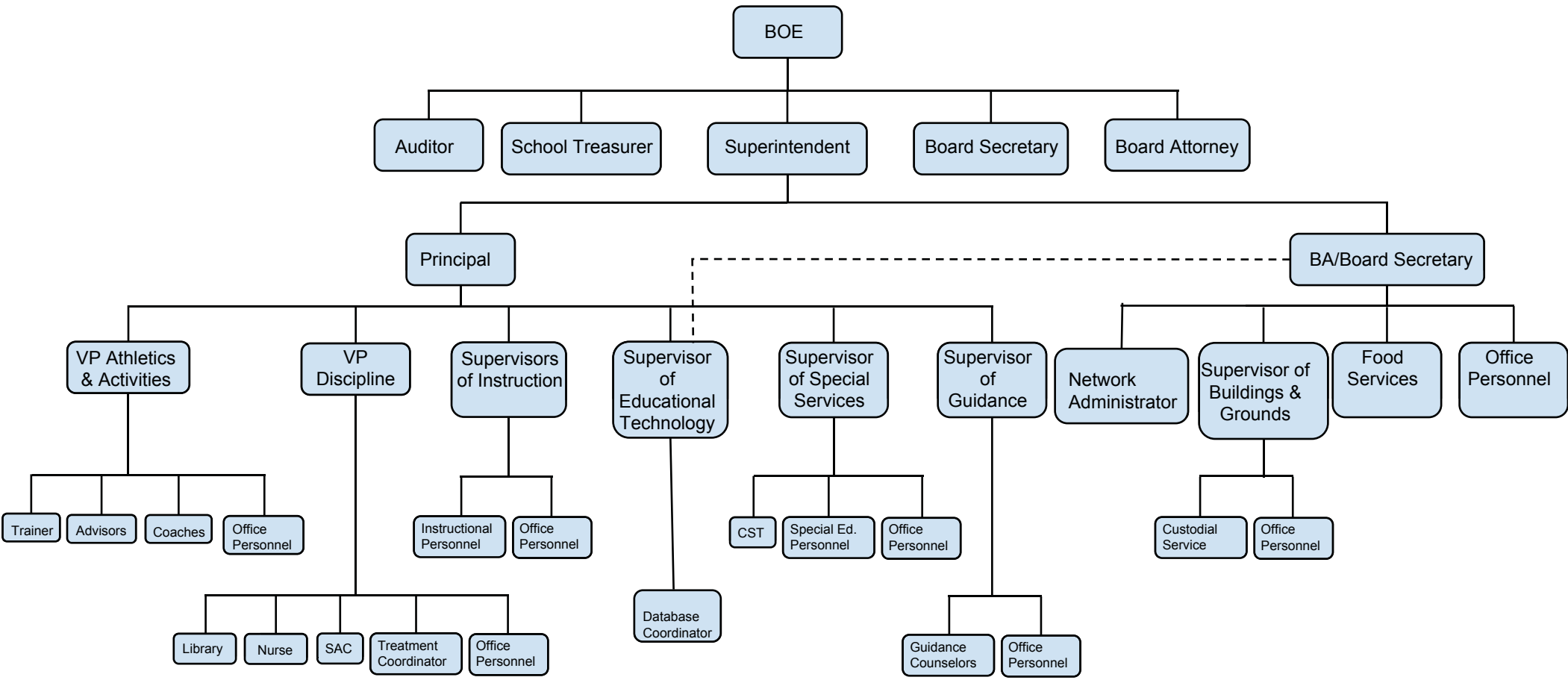
Respectfully submitted,



Dr. Peter Righi
Superintendent of Schools



Frank E. Gripp III
School Business Administrator/
Board Secretary



Rumson-Fair Haven Regional High School District
Rumson, New Jersey

Roster of Officials
June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Walters, President	2017
Lourdes Lucas, Vice President	2018
Jim Wassel	2019
Michael Goione	2019
John Caruso	2018
Sarah Maris	2018
Annie McGinty	2017
Kaye Wise	2019
Chuck Volker	2017

Other Officials

Dr. Peter Righi, Superintendent
Frank E. Gripp, III, School Business Administrator/Board Secretary
Anthony Sciarrillo, Esquire

Rumson-Fair Haven Regional High School District
Consultants and Advisors

Audit Firm

Kathryn Perry, CPA
Jump, Perry and Company, L.L.P.
12 Lexington Avenue
Toms River, New Jersey 08753

Attorney

Tony Sciarrillo, Esq.
Lindabury, McCormick & Estabrook
53 Cardinal Drive
P.O. Box 2369
Westfield, New Jersey 07091-2369

Official Depositories

Wells Fargo Bank
Rumson, New Jersey

PNC Bank
Fair Haven, New Jersey

Rumson-Fair Haven Bank and Trust
Fair Haven, New Jersey

State of NJ Cash Management Fund

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
Rumson-Fair Haven Regional High School District:
County of Monmouth
Rumson, New Jersey

Report of 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 Board of Education of Rumson-Fair Haven Regional High School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the 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 of 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rumson-Fair Haven Regional High School District in the County of Monmouth, State of New Jersey as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rumson-Fair Haven Regional High School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

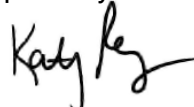
The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2017 on our consideration of the Board of Education of the Rumson-Fair Haven Regional High School District in the County of Monmouth, State of New Jersey 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 Rumson-Fair Haven Regional High School District in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,



Jump, Perry & Company L.L.P.
Toms River, New Jersey

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, New Jersey
November 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Rumson-Fair Haven Regional High School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

Unaudited

The discussion and analysis of Rumson-Fair Haven Regional High School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

Financial Highlights

Key financial highlights for June 30, 2017 are as follows:

In total, net position totaled \$4,929,336, which represents a 4.00 percent decrease from June 30, 2016.

General revenues accounted for \$19,390,671 in revenue or 89.94 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,168,345 or 10.06 percent of total revenues of \$21,559,016.

Total assets decreased by \$11,558 as current assets decreased by \$380,442 and capital assets decreased by \$392,000.

The School Board had \$20,967,217 in expenses; only \$2,168,345 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$19,390,671 were adequate to provide for these programs.

Among major funds, the General Fund had \$19,659,422 in revenues and \$19,312,912 in expenditures and transfers. The General Fund's balance increased \$346,510 over June 30, 2016. The General Fund's balance is \$4,797,560.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the School Board, presenting both an aggregate view of the School Board's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government 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 Board's most significant funds with all other non-major funds presented in total in one column. In the case of Rumson-Fair Haven Regional High School District, the General Fund is by far the most significant.

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the School Board to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2017?" The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School Board's net position and changes in those assets. This change in net position is important because reports whether the School Board's financial position has improved or diminished.

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

Governmental Activities - All of the School Board'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 expense of the goods or services provided. The Food Service Funds are reported as a business activity.

Reporting the School Board's Most Significant Funds

Fund Financial Statement

The Analysis of the School Board's major funds begins on page 27. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School Board's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method 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 Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship 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 Fund uses the same basis of accounting as business-type activities.

The School Board as a Whole

The Statement of Net Position provides the financial perspective of the School Board as a whole.

Table 1 provides a summary comparison of the School Board's net position for June 30, 2017 and 2016.

Table 1

Net Position as of June 30, 2017 and June 30, 2016

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 4,930,597	\$ 155,463	\$ 5,086,060	\$ 4,588,866	\$ 116,752	\$ 4,705,618
Capital assets, net	15,493,628	63,585	15,557,213	15,879,617	69,596	15,949,213
Total assets	20,424,225	219,048	20,643,273	20,468,483	186,348	20,654,831
Deferred outflow of resources	1,908,271	-	1,908,271	552,482	-	552,482
Liabilities:						
Current liabilities	1,261	-	1,261	3,133	-	3,133
Net pension liability	-	-	-	-	-	-
Long-term liabilities outstanding	7,137,882	-	7,137,882	6,275,949	-	6,275,949
Total liabilities	7,139,143	-	7,139,143	6,279,082	-	6,279,082
Deferred inflow of resources	27,978	-	27,978	135,607	-	135,607
Net position:						
Net investment in capital assets	13,944,675	63,585	14,008,260	13,571,244	69,596	13,640,840
Restricted	4,471,177	-	4,471,177	4,218,768	-	4,218,768
Unrestricted	(3,250,477)	155,463	(3,095,014)	(3,183,736)	116,752	(3,066,984)
Total Net Position	\$ 15,165,375	\$ 219,048	\$ 15,384,423	\$ 14,606,276	\$ 186,348	\$ 14,792,624

The School Board's combined net position were \$15,384,423 on June 30, 2017. This is a change of 4.00% from the previous year.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2017 and 2016.

Table 2

Changes in Net Position

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ -	\$ 872,021	\$ 872,021	\$ -	\$ 783,547	\$ 783,547
Operating and capital grants and contributions	1,296,324	-	1,296,324	1,304,489	-	1,304,489
General revenues:						
Property taxes	18,231,103	-	18,231,103	17,626,580	-	17,626,580
Federal and state aid Not restricted to specific purposes	816,176	-	816,176	721,880	-	721,880
Investment earnings	-	-	-	-	-	-
Miscellaneous	343,392	-	343,392	192,571	-	192,571
Total revenues	20,686,995	872,021	21,559,016	19,845,520	783,547	20,629,067
Expenses						
Instructional services	8,780,303	-	8,780,303	8,551,029	-	8,551,029
Support services	11,326,613	839,321	12,165,934	10,923,740	744,076	11,667,816
Interest on long-term liabilities	20,980	-	20,980	59,700	-	59,700
Total expenses	20,127,896	839,321	20,967,217	19,534,469	744,076	20,278,545
Change in net position	559,099	32,700	591,799	311,051	39,471	350,522
Net position - beginning	<u>14,606,276</u>	<u>186,348</u>	<u>14,792,624</u>	<u>14,295,225</u>	<u>146,877</u>	<u>14,442,102</u>
Net position (deficit) - ending	<u>\$ 15,165,375</u>	<u>\$ 219,048</u>	<u>\$ 15,384,423</u>	<u>\$ 14,606,276</u>	<u>\$ 186,348</u>	<u>\$ 14,792,624</u>

The tax levy increase was due in general to cover increased costs in salaries and benefits, equipment, materials and the debt service. The Federal and State aid-restricted increased due to the increase in grants available.

Regular instructional costs increased due to contractual increases in salary and benefits as well as program maintenance and enhancements.

Other support services increased primarily due to the additional other purchased professional services from the Special Revenue Fund.

Expenses for Fiscal Year June 30, 2017

Business-Type Activities

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

Total Enterprise Fund revenues exceeded expenses by \$32,700.

Charges for services represent \$872,021 of revenue. This represents the amount paid by patrons for daily food service and catering.

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 costs of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3

Governmental Activities

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 8,780,303	\$ 8,780,303	\$ 8,551,029	\$ 8,551,029
Support Services:				
Pupils and Instructional Staff	8,898,807	7,602,483	8,520,133	7,215,644
General Administration, School Administration, Business Operation and Maintenance of Facilities	2,427,806	2,427,806	2,403,607	2,403,607
Pupil Transportation	-	-	-	-
Interest and Fiscal Charges	20,980	20,980	59,700	59,700
Total Expenses	\$ 20,127,896	\$ 18,831,572	\$ 19,534,469	\$ 18,229,980

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

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 95% of the student population participates in 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 activities 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, to school curricular and athletic activities and field trips as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The School Board's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Rumson, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2017, it reported a combined fund balance of \$4,929,336, which is a decrease of \$343,603. The Reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2017.

<u>Revenue</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 18,574,495	89.79 %	\$ 755,344	4.07 %
State Sources	1,882,435	9.10	77,428	4.11
Federal Sources	<u>230,065</u>	<u>1.11</u>	<u>8,703</u>	<u>3.78</u>
Total	<u>\$ 20,686,995</u>	<u>100.00 %</u>	<u>\$ 841,475</u>	<u>11.96 %</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017.

<u>Expenditures</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 7,903,171	38.85 %	\$ 233,305	2.95 %
Undistributed Expenditures	11,598,991	57.02	995,849	8.59
Capital Outlay	60,830	0.30	(407,328)	(669.62)
Debt Service:				
Principal	735,000	3.61	20,000	2.72
Interest	<u>45,400</u>	<u>0.22</u>	<u>(14,300)</u>	<u>(31.50)</u>
Total	<u>\$ 20,343,392</u>	<u>100.00 %</u>	<u>\$ 827,526</u>	<u>(686.86)%</u>

General Fund Budgeting Highlights

The School Board'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 School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in Section C of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year approximately \$1,287,721 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$320,281 more than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are Capital Reserve \$2,290,984, Maintenance Reserve \$1,089,660 and Emergency Reserve \$250,000. These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District

The expenditures were less due to cost containment by the Board even after the salary and benefit increases. General supplies were purchased at better prices than expected due to the school board joining other schools in cooperative bidding. Through efforts made in finding jointures with other local districts, and increase students on district owned vehicles the district transportation costs were lowered for special needs students.

The excesses will be carried forward into the beginning fund balance from the 2016-2017 fiscal year and will be used to reduce the local tax levy for the 2018-2019 fiscal year.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2017, the School Board had \$15,557,213 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2017 and June 30, 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ 7,500
Construction in Progress	-	-	-	-	-	-
Building and Improvements	14,482,318	15,421,238	-	-	14,482,318	15,421,238
Machinery and Equipment	1,003,810	450,879	63,585	69,596	1,067,395	520,475
Total	\$ 15,493,628	\$ 15,879,617	\$ 63,585	\$ 69,596	\$ 15,557,213	\$ 15,949,213

During the current fiscal year, \$610,415 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

Debt Administration. The District's long-term liabilities are as follows for the governmental activities at June 30, 2017 and June 30, 2016.

	June 30, 2017	June 30, 2016
Pension Liability-PERS	<u>5,348,272</u>	<u>3,809,153</u>
Total long-term liabilities	<u>\$ 5,348,272</u>	<u>\$ 3,809,153</u>

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

Economic Factors and Next Year's Budget

For the 2016-2017 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 10.21% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 89.79% of total revenue is from local tax levy.

The \$(3,250,477) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

The 2016-2017 budget was adopted in May 2016 based in part on the state education aid the School Board anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Borough of Rumson for increased aid.

The School Board anticipates a slight increase in enrollment for the 2017-2018 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the School School Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Rumson-Fair Haven Regional High School District, 74 Ridge Road, Rumson, NJ, 07760.

BASIC FINANCIAL STATEMENTS

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,211,821	\$ 154,277	\$ 3,366,098
Capital reserve cash	1,488,747	-	1,488,747
Receivables - other	11,970	-	11,970
Receivables - state	166,209	-	166,209
Receivables - federal	51,699	-	51,699
Inventory	-	1,186	1,186
Interfund receivable	151	-	151
Other asset	-	-	-
Capital assets, non depreciable	-	-	-
Capital assets, depreciable net:	15,493,628	63,585	15,557,213
Total assets	<u>20,424,225</u>	<u>219,048</u>	<u>20,643,273</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	1,894,246	-	1,894,246
Deferred charge on refunding	14,025	-	14,025
Total deferred outflows of resources	<u>1,908,271</u>	<u>-</u>	<u>1,908,271</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Other liabilities	20	-	20
Interfund payable	-	-	-
Payable to state government	-	-	-
Unearned revenue	1,241	-	1,241
Noncurrent liabilities:			
Due within one year	760,000	-	760,000
Due beyond one year	6,377,882	-	6,377,882
Total liabilities	<u>7,139,143</u>	<u>-</u>	<u>7,139,143</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	-	-	-
Deferred premium on refunding	27,978	-	27,978
Total deferred inflows of resources	<u>27,978</u>	<u>-</u>	<u>27,978</u>
NET POSITION			
Net investment in capital assets	13,944,675	63,585	14,008,260
Restricted for:			
Debt service	21,628	-	21,628
Capital projects	2,401,132	-	2,401,132
Other purposes	2,048,417	-	2,048,417
Unrestricted	(3,250,477)	155,463	(3,095,014)
Total net position	<u>\$ 15,165,375</u>	<u>\$ 219,048</u>	<u>\$ 15,384,423</u>

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 6,710,905	\$ -	\$ -	\$ -	\$ (6,710,905)	\$ -	\$ (6,710,905)
Special education instruction	969,025	-	-	-	(969,025)	-	(969,025)
Other special instruction	1,100,373	-	-	-	(1,100,373)	-	(1,100,373)
Support services and undistributed costs:							
Instruction	1,349,959	-	-	-	(1,349,959)	-	(1,349,959)
Attendance and social work	30,438	-	-	-	(30,438)	-	(30,438)
Health services	127,484	-	-	-	(127,484)	-	(127,484)
Other support services	1,249,978	-	-	-	(1,249,978)	-	(1,249,978)
Improvement of instruction	708,618	-	-	-	(708,618)	-	(708,618)
Educational media services	116,669	-	-	-	(116,669)	-	(116,669)
Instruction staff training	9,820	-	-	-	(9,820)	-	(9,820)
General administrative services	549,808	-	-	-	(549,808)	-	(549,808)
School administrative services	547,923	-	-	-	(547,923)	-	(547,923)
School central services	317,281	-	-	-	(317,281)	-	(317,281)
School admin info technology	19,776	-	-	-	(19,776)	-	(19,776)
Allowed maintenance for school facilities	814,499	-	-	-	(814,499)	-	(814,499)
Other operation & maintenance of plant	625,957	-	-	-	(625,957)	-	(625,957)
Care & upkeep of grounds	82,128	-	-	-	(82,128)	-	(82,128)
Security	5,539	-	-	-	(5,539)	-	(5,539)
Student transportation services	1,046,606	-	-	-	(1,046,606)	-	(1,046,606)
Unallocated employee benefits	2,427,806	-	-	-	(2,427,806)	-	(2,427,806)
Non-budgeted expenditures	1,296,324	-	1,296,324	-	-	-	-
Interest expense	20,980	-	-	-	(20,980)	-	(20,980)
Total governmental activities	20,127,896	-	1,296,324	-	(18,831,572)	-	(18,831,572)
Business-type activities:							
Food Service	811,128	842,574	-	-	-	31,446	31,446
Intramurals	28,193	29,447	-	-	-	1,254	1,254
Total business-type activities	839,321	872,021	-	-	-	32,700	32,700
Total primary government	\$ 20,967,217	\$ 872,021	\$ 1,296,324	\$ -	\$ (18,831,572)	\$ 32,700	\$ (18,798,872)
General revenues:							
Taxes:							
Property taxes levied for general purpose					17,450,703	-	17,450,703
Taxes levied for debt service					780,400	-	780,400
Federal and state aid					816,176	-	816,176
Miscellaneous income					343,392	-	343,392
Total general revenues					19,390,671	-	19,390,671
Change in net position					559,099	32,700	591,799
Net position—beginning					14,606,276	186,348	14,792,624
Net position—ending					\$ 15,165,375	219,048	\$ 15,384,423

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,327,676	\$ (50,458)	\$ (87,045)	\$ 21,648	\$ 3,211,821
Capital reserve account	1,488,747	-	-	-	1,488,747
Receivables, net	-	-	-	-	-
Receivables from other funds	151	-	197,193	-	197,344
Receivables from state	166,209	-	-	-	166,209
Receivables from federal	-	51,699	-	-	51,699
Receivables from other governments	11,970	-	-	-	11,970
Other receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 4,994,753</u>	<u>\$ 1,241</u>	<u>\$ 110,148</u>	<u>\$ 21,648</u>	<u>\$ 5,127,790</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Cash overdraft	-	-	-	-	-
Accrued salaries and benefits	-	-	-	-	-
Interfund payable	197,193	-	-	-	197,193
Other current liabilities	-	-	-	20	20
Payable to state government	-	-	-	-	-
Deferred revenue	-	1,241	-	-	1,241
Total liabilities	<u>197,193</u>	<u>1,241</u>	<u>-</u>	<u>20</u>	<u>198,454</u>
FUND BALANCES					
Restricted for:					
Unexpended additional spending proposal					
Capital reserve account	2,290,984	-	-	-	2,290,984
Maintenance reserve account	1,089,660	-	-	-	1,089,660
Emergency reserve account	250,000	-	-	-	250,000
Excess surplus - current year	6,265	-	-	-	6,265
Excess surplus -- designated for					
Subsequent year's expenditures	-	-	-	-	-
Debt service fund	-	-	-	21,628	21,628
Capital projects fund	-	-	38,481	-	38,481
Other purposes	-	-	-	-	-
Committed to:					
Other purposes	202,492	-	71,667	-	274,159
Assigned to:					
Debt service fund	-	-	-	-	-
Designated by the BOE for subsequent year's expenditures	500,000	-	-	-	500,000
Capital projects fund	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned to:					
General fund	458,159	-	-	-	458,159
Special revenue fund	-	-	-	-	-
Total fund balances	<u>4,797,560</u>	<u>-</u>	<u>110,148</u>	<u>21,628</u>	<u>4,929,336</u>
Total liabilities and fund balances	<u>\$ 4,994,753</u>	<u>\$ 1,241</u>	<u>\$ 110,148</u>	<u>\$ 21,648</u>	

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 \$30,129,759 and the accumulated depreciation is \$14,636,131. 15,493,628

Deferred outflows related to the PERS pension plan 1,894,246

Deferred inflows related to the PERS pension plan -

Bond issuance costs are being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$73,632. 14,025

Bond premium is being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$146,890. (27,978)

Long-term liabilities, including bonds payable but not including current portion of compensated absences of \$0 are not due and payable in the current period and therefore are not reported as liabilities in the funds. (7,137,882)

Net position of governmental activities \$ 15,165,375

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 17,450,703	\$ -	\$ -	\$ 780,400	\$ 18,231,103
Tuition charges	241,657	-	-	-	241,657
Interest on investments	6,286	-	-	-	6,286
Interest earned on capital reserve funds	6,842	-	-	-	6,842
Miscellaneous	71,499	17,108	-	-	88,607
Total - Local sources	17,776,987	17,108	-	780,400	18,574,495
State sources	1,882,435	-	-	-	1,882,435
Federal sources	-	230,065	-	-	230,065
Total revenues	19,659,422	247,173	-	780,400	20,686,995
EXPENDITURES					
Current:					
Regular instruction	\$ 5,653,225	\$ 215,237	\$ -	\$ -	\$ 5,868,462
Special education instruction	939,292	-	-	-	939,292
Other special instruction	1,095,417	-	-	-	1,095,417
Undistributed - current:					
Instruction	1,265,715	-	-	-	1,265,715
Attendance and social work	30,438	-	-	-	30,438
Health services	115,719	11,765	-	-	127,484
Other support services	1,233,647	16,331	-	-	1,249,978
Improvement of instruction	704,778	3,840	-	-	708,618
Educational media services	116,669	-	-	-	116,669
Instruction staff training	9,820	-	-	-	9,820
General administrative services	549,808	-	-	-	549,808
School administrative services	460,376	-	-	-	460,376
School central services	317,281	-	-	-	317,281
School admin info technology	19,776	-	-	-	19,776
Required maintenance for school facilities	814,499	-	-	-	814,499
Other operation & maintenance of plant	1,170,247	-	-	-	1,170,247
Care & upkeep of grounds	82,128	-	-	-	82,128
Security	5,539	-	-	-	5,539
Student transportation services	1,046,606	-	-	-	1,046,606
Unallocated employee benefits	2,327,685	-	-	-	2,327,685
Non-budgeted expenditures	1,296,324	-	-	-	1,296,324
Debt service:					
Principal	-	-	-	735,000	735,000
Interest and other charges	-	-	-	45,400	45,400
Capital outlay	57,923	-	2,907	-	60,830
Total expenditures	19,312,912	247,173	2,907	780,400	20,343,392
Excess (Deficiency) of revenues over expenditures	346,510	-	(2,907)	-	343,603
OTHER FINANCING SOURCES (USES)					
Transfer to Capital Reserve	-	-	-	-	-
Transfer from Capital Projects	-	-	-	-	-
Costs for bond issuance	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	346,510	-	(2,907)	-	343,603
Fund balance—July 1	4,451,050	-	113,055	21,628	4,585,733
Fund balance—June 30	\$ 4,797,560	\$ -	\$ 110,148	\$ 21,628	\$ 4,929,336

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2)	\$	343,603
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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.</p>		
	Depreciation expense \$	(991,109)
	Capital outlays	605,120
		(385,989)
In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey		(100,121)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		735,000
In the Statement of Activities, the amortization of bond premium is recorded as a reduction to interest expense. In the governmental funds, the amortization is not recorded.		48,964
In the Statement of Activities, the amortization of bond cost is recorded as a reduction to interest expense. In the governmental funds, the amortization is not recorded.		(24,544)
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid.		(57,814)
		(57,814)
Change in net positions of governmental activities	\$	559,099

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Enterprise Funds		
	Food Service	Intramural	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 103,298	\$ 50,979	\$ 154,277
Other receivables	-	-	-
Inventories	1,186	-	1,186
Total current assets	104,484	50,979	155,463
Noncurrent assets:			
Furniture, machinery & equipment	174,742	-	174,742
Less accumulated depreciation	(111,157)	-	(111,157)
Total noncurrent assets	63,585	-	63,585
Total assets	\$ 168,069	\$ 50,979	\$ 219,048
LIABILITIES			
Current liabilities:			
Accounts payable	-	-	-
Interfund payable	-	-	-
Accrued salaries and benefits	-	-	-
Total current liabilities	-	-	-
Noncurrent Liabilities:			
Compensated absences	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	-	-	-
NET POSITION			
Invested in capital assets net of related debt	63,585	-	63,585
Restricted for:			
Other	-	-	-
Unrestricted	104,484	50,979	155,463
Total net position	168,069	50,979	219,048
Total liabilities and net position	\$ 168,069	\$ 50,979	\$ 219,048

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund		
	Food Service	Intramural	Total Enterprise
Operating revenues:			
Local sources:			
Daily sales reimbursable programs			
School breakfast	\$ -	\$ -	\$ -
School lunch	-	-	-
Total daily sales reimbursable programs	-	-	-
Daily sales non-reimbursable programs	825,085	-	825,085
Special functions	17,489	-	17,489
Miscellaneous	-	29,447	29,447
Total operating revenues	<u>842,574</u>	<u>29,447</u>	<u>872,021</u>
Operating expenses:			
Salaries	297,481	24,750	322,231
Employee benefits	57,862	2,193	60,055
Purchased property	6,370	-	6,370
Other purchased services	66,035	-	66,035
Supplies and materials	11,122	1,250	12,372
Depreciation	11,306	-	11,306
Cost of sales - reimbursable programs	-	-	-
Cost of sales - non-reimbursable programs	360,952	-	360,952
Total operating expenses	<u>811,128</u>	<u>28,193</u>	<u>839,321</u>
Operating income	<u>31,446</u>	<u>1,254</u>	<u>32,700</u>
Nonoperating revenues (expenses):			
Interest income	-	-	-
State sources:			
Vending machine grant	-	-	-
State school lunch program	-	-	-
State school breakfast program	-	-	-
Federal sources:			
School breakfast program	-	-	-
National school lunch program	-	-	-
Food distribution program	-	-	-
After school snack program	-	-	-
Total nonoperating revenues (expenses)	-	-	-
Income before contributions & transfers	<u>31,446</u>	<u>1,254</u>	<u>32,700</u>
Transfers in (out)	-	-	-
Change in net position	<u>31,446</u>	<u>1,254</u>	<u>32,700</u>
Total net position—beginning	136,623	49,725	186,348
Total net position—ending	<u>\$ 168,069</u>	<u>\$ 50,979</u>	<u>\$ 219,048</u>

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2017

	Business-type Activities - Enterprise Funds		
	Food Service	Intramural	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 842,574	\$ 29,447	\$ 872,021
Payments to employees & benefits	(355,343)	(26,943)	(382,286)
Payments to suppliers	(444,421)	(1,250)	(445,671)
Net cash provided by (used in) operating activities	<u>42,810</u>	<u>1,254</u>	<u>44,064</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	-	-	-
Federal sources	-	-	-
Board interfund loans	-	-	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Change in capital contributions	-	-	-
Purchases of capital assets	(5,295)	-	(5,295)
Gain/Loss on sale of fixed assets (proceeds)	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(5,295)</u>	<u>-</u>	<u>(5,295)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	-	-	-
Proceeds from sale/maturities of investments	-	-	-
Net increase (decrease) in cash and cash equivalents	<u>37,515</u>	<u>1,254</u>	<u>38,769</u>
Balances—beginning of year	65,783	49,725	115,508
Balances—end of year	<u>\$ 103,298</u>	<u>\$ 50,979</u>	<u>\$ 154,277</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:			
Operating loss	\$ 31,446	\$ 1,254	\$ 32,700
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:			
Depreciation and net amortization	11,306	-	11,306
(Increase) decrease in inventories	58	-	58
Total adjustments	<u>11,364</u>	<u>-</u>	<u>11,364</u>
Net cash provided by (used in) operating activities	<u>\$ 42,810</u>	<u>\$ 1,254</u>	<u>\$ 44,064</u>

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 229,582	\$ 512,665	\$ 273,340
Total assets	<u>229,582</u>	<u>512,665</u>	<u>273,340</u>
LIABILITIES			
Payroll deductions and withholdings	-	-	8,007
Payable to student groups	-	-	265,182
Interfund payable	-	-	151
Total liabilities	<u>-</u>	<u>-</u>	<u>273,340</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	229,582	-	-
Reserved for scholarships	-	512,665	-
Total net position	<u>229,582</u>	<u>512,665</u>	<u>-</u>
Total liabilities and net position	<u>\$ 229,582</u>	<u>\$ 512,665</u>	<u>\$ 273,340</u>

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Scholarship Funds	Unemployment Compensation Fund	Total
ADDITIONS			
Contributions:			
Board	\$ -	\$ 14,270	\$ 14,270
Other	369,349	-	369,349
Total Contributions	<u>369,349</u>	<u>14,270</u>	<u>383,619</u>
Investment earnings:			
Net increase (decrease) in fair value of investments	-	-	-
Interest	-	-	-
Dividends	-	-	-
Less investment expense	-	-	-
Net investment earnings	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>369,349</u>	<u>14,270</u>	<u>383,619</u>
DEDUCTIONS			
Unemployment claims	-	6,093	6,093
Scholarships awarded	386,200	-	386,200
Total deductions	<u>386,200</u>	<u>6,093</u>	<u>392,293</u>
Change in net position	(16,851)	8,177	(8,674)
Net position—beginning of the year	<u>529,516</u>	<u>221,405</u>	<u>750,921</u>
Net position—end of the year	<u>\$ 512,665</u>	<u>\$ 229,582</u>	<u>\$ 742,247</u>

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies

The Financial statements of the Board of Education ("Board") of the Rumson-Fair Haven Regional High School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Rumson-Fair Haven Regional High School District is a Type II district located in the county of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year staggered terms. The purpose of the District is to educate students in grades 9-12. The Rumson-Fair Haven Regional High School District had an approximate enrollment of 998 students at June 30, 2017.

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The district-wide financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include elementary school, junior high schools and a senior high school located in Rumson and Fair Haven. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information. The Statement of Net Position includes the reporting of assets, deferred outflows, liabilities and deferred inflows. Items not meeting that definition of assets and liabilities have been classified as deferred outflows or deferred inflows. The deferred outflows are reported under assets and deferred inflows are reported under liabilities on the Statement of Net Position.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation

The School District has Bond Costs which have been classified as a Deferred Outflow and the Bond Premium has been classified as a Deferred Inflow. The School District has employees that are enrolled in a defined benefit plan operated by the State of New Jersey which creates deferred outflows and inflows as described in Note 13.

In June, 2015, GASB issued Statement No. 74, Financial Reporting for Postemployment Benefits Other Than Pension Plans (Replaces GASB No. 43 and No. 57) and Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Replaces GASB No. 45 and No. 57). The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for postemployment benefits. It also improves information provided by state and local governmental employers about financial support for postemployment benefits that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of these Statements will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net postemployment benefit liability and a more comprehensive measure of pension expense. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2016 (GASB No. 74) and June 15, 2017 (GASB No. 75). The effect of these new standards on the School District has not been measured.

District-Wide Statements: The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These Statements include the financial activities of the overall District, except for fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities, generally financed in whole or in part with fees charged to external customers.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Fund Financial Statements provide information about the District's funds, including its fiduciary funds. Separate statements for each Fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each governmental fund as a major fund. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following 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 subfund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated Fund Balance. Expenditures are those that result in the acquisition of or additions to Fixed 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.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

Special Revenue Fund - The Special Revenue Fund is used to account for all 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.

The District reports the following proprietary funds:

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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e., expenses including depreciation and indirect costs) of providing primarily through user charges.

The District reports the following fund types:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expandable Trust Fund - An Expandable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expandable Trust Funds account for assets where both the principal and interest may be spent. The Expandable Trust Fund includes the Unemployment Compensation Insurance Fund and the Scholarship Account.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting

Basis of Accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds, Proceeds, if general long-term debt and acquisitions under capital releases, are reported as other financing sources.

All governmental and business-type activities and Enterprise Funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Property Taxes: Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable".

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

C. 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 and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting, except for Special Revenue 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 6:20-2A.2(m)1. All budget amendments/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year.

Appropriations, except remaining project appropriations, encumbrances, and unexpected grant appropriation, lapse at the end of each fiscal year. The Capital Project Fund presents the remaining project appropriations compared to current-year expenditures.

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.

1. **Summary of Significant Accounting Policies (Cont'd)**

D. Encumbrance Accounting:

Under Encumbrance Accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve and portion of the applicable appropriation. Open encumbrances in governmental funds other than the Special Revenue Fund are reported as reservations of 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 deferred revenues at fiscal year-end.

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

E. Assets, Liabilities, and Equity:

Interfund Transactions:

Transfers between Governmental and Business-Type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the first year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

Deferred Outflows/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*, represent 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 future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies (Cont'd)

E. Assets, Liabilities, and Equity (Cont'd):

Capital Assets:

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

Compensated Absences:

The Districts accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Board. 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 the employee is accrued as the employees earn the rights to the benefits.

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

In the District-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund-types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the Food Service Fund.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

E. Assets, Liabilities, and Equity (Cont'd):

Unearned/Deferred Revenue:

Unearned/Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

Accrued Liabilities and Long-Term Obligations:

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental fund payables are 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, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position:

Net Position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Position are 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. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

Fund Balance Reserves:

The District reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent year's expenditures.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

E. Assets, Liabilities, and Equity (Cont'd):

Revenues - Exchange and Nonexchange Transactions:

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District available means within sixty days of the fiscal year-end.

Nonexchange Transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Nonexchange Transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service and intramural. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies (Cont'd)**

E. Assets, Liabilities, and Equity (Cont'd):

Allocation of Indirect Expenses:

The District reports all Direct Expenses by function in the Statement of Activities. Direct Expenses are those that are clearly identifiable with a function. Indirect Expenses are allocated to functions but are reported separately in the Statement of Activities. Employee Benefits, including the employer's share of Social Security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the Indirect Expense column of the Statement of Activities. Depreciation expense that could not be attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary Items are transactions or events that are unusual in nature and infrequent in occurrence. Special Items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

2. Capital Reserve Account

A Capital Reserve Account was established by the Rumson-Fair Haven Regional High School District by inclusion of \$165,641 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 excess 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-5.1(d)7, 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 June 30, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance June 30, 2016	\$ 1,484,142
Add:	
Increase per Resolution	800,000
Transfer from Capital Projects	-
Interest Earnings	6,842
Less:	
Withdrawals	<u>-</u>
Ending Balance, June 30, 2017	<u>\$ 2,290,984</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted Capital Projects is \$18,901,469.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

3. Maintenance Reserve Account

A maintenance Reserve Account was established by the Rumson-Fair Haven Regional High School District by inclusion of \$ 200,000 for the accumulation of funds for use as maintenance of Capital Projects 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 Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The 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. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2017.

The activity of the Maintenance Reserve for the June 30, 2016 to June 30, 2017 fiscal year is as follows:

Balance, June 30, 2016	\$ 1,089,660
Add:	
Increase per Resolution	-
Less:	
Withdrawals	<u>-</u>
Balance, June 30, 2017	<u>\$ 1,089,660</u>

4. Emergency Reserve Account

An Emergency Reserve Account was established by the Rumson-Fair Haven Regional High School District by inclusion of \$ 200,000 for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated general fund expenditures required for a thorough and efficient education.

The activity of the Emergency Reserve for the June 30, 2016 to June 30, 2017 fiscal year is as follows:

Balance, June 30, 2016	\$ <u>250,000</u>
Balance, June 30, 2017	\$ <u>250,000</u>

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

5. Transfers to Capital Outlay

During the year ending June 30, 2017, the District transferred \$- to the Capital Outlay Account.

6. Deposits and Investments

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Board's deposits are insured through the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances at June 30, 2017 are insured up to \$ 250,000 in aggregate by the FDIC for each bank. At June 30, 2017, the book value of the Board's deposits were \$5,870,432.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the Risk that, in the event of a bank failure, the Board's deposit might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that 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 funds 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, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2017, the Board's bank balances of \$6,225,051 were exposed to Custodial Credit Risk as follows:

	<u>2016</u>
Insured	\$ 3,162,049
Uninsured and Uncollateralized	<u>3,063,002</u>
	<u>\$ 6,225,051</u>

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

6. Deposits and Investments (Cont'd)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2017, the Board had no investments.

Interest Rate Risk

On January 25, 2007, the Board adopted 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

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District has an investment policy that further limits its investment choices.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

New Jersey Asset and Rebate Management Program

The Program has been established as a joint investment trust, (the "Trust"), by local governmental units in the State of New Jersey, (the "State"), consistent with the Interlocal Services Act, constituting Chapter 208 of the Pamphlet Laws of 1973 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:8A-1 et seq.), (the "Interlocal Services Act"), to make available to counties, municipalities, school districts, authorities, or other political subdivisions of the State, and where applicable, any bond trustee acting on behalf of such local government, a convenient method for investing and accounting for surplus cash and tax exempt debt proceeds. The Program seeks to invest tax-exempt bond and note proceeds in compliance with arbitrage management and rebate requirements of the Internal Revenue Code of 1986, as amended. The Program also provides for record keeping, depository and arbitrage rebate calculation.

As of June 30, 2017, the District had \$2,832,573 on deposit with the New Jersey Asset and Rebate Management Program.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

7. Receivables

Receivables at June 30, 2017, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial <u>Statements</u>	District-Wide Financial <u>Statements</u>
State Aid	\$ 166,209	\$ 166,209
Federal Aid	51,699	51,699
Other	11,970	11,970
Interfunds	<u>151</u>	<u>151</u>
	230,029	230,029
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 230,029</u>	<u>\$ 230,029</u>

8. Interfund Balances and Transfers

Balances due to/from other funds at June 30, 2017 consist of the following:

\$ 151	Due to General Fund from Trust & Agency Fund representing cash advance.
<u>197,193</u>	Due to Capital Projects Fund from General Fund representing cash advance.
<u>\$ 197,344</u>	

9. Inventory

As of June 30, 2017, the District had the following inventory:

Food	\$ 536
Supplies	<u>650</u>
	<u>\$ 1,186</u>

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

10. Capital Assets

The District did not have its Fixed Assets appraised by an independent appraiser as of June 30, 2017. The valuation was no properly updated and did not include all the District's Capital Assets. As such, materially accurate asset valuation totals, accumulated depreciation expense and depreciation expense amounts were not ascertainable.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
Capital Assets Being Depreciated				
Site Improvements	905,353	-	-	905,353
Building and Building Improvements	27,027,397	-	-	27,027,397
Machinery and Equipment	<u>1,584,389</u>	<u>605,120</u>	<u>-</u>	<u>2,189,509</u>
Totals at Historical Cost	<u>29,517,139</u>	<u>605,120</u>	<u>-</u>	<u>30,122,259</u>
Less Accumulated Depreciation for:				
Site Improvements	(831,462)	(31,853)	-	(863,315)
Building and Building Improvements	(11,680,050)	(907,067)	-	(12,587,117)
Machinery and Equipment	<u>(1,133,510)</u>	<u>(52,189)</u>	<u>-</u>	<u>(1,185,699)</u>
Total Accumulated Depreciation	<u>(13,645,022)</u>	<u>(991,109)</u>	<u>-</u>	<u>(14,636,131)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>15,872,117</u>	<u>(385,989)</u>	<u>-</u>	<u>15,486,128</u>
Government Activity Capital Assets, Net	<u>\$ 15,879,617</u>	<u>(385,989)</u>	<u>-</u>	<u>\$ 15,493,628</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Building Improvements	\$ 12,875	-	-	\$ 12,875
Equipment	156,572	5,295	-	161,867
Less Accumulated Depreciation	<u>(99,851)</u>	<u>(11,306)</u>	<u>-</u>	<u>(111,157)</u>
Enterprise Fund Capital Assets, Net	<u>\$ 69,596</u>	<u>(6,011)</u>	<u>\$ -</u>	<u>\$ 63,585</u>

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

10. Capital Assets (Cont'd)

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at \$2,000.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 842,443
Student and Instruction Related Services	84,244
School Administration Services	29,733
Other Special Instruction	4,956
Special Education Instruction	<u>29,733</u>
Total	<u>\$ 991,109</u>

11. Long-Term Obligations

A. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2017, are as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Increases/</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>				
Compensated Absences Payable	\$ 196,796	\$ 57,814	\$ 254,610	\$ -
PERS Pension Liability	3,809,153	1,539,119	5,348,272	-
Bonds Payable	<u>2,270,000</u>	<u>(735,000)</u>	<u>1,535,000</u>	<u>760,000</u>
	<u>\$ 6,275,949</u>	<u>\$ 861,933</u>	<u>\$ 7,137,882</u>	<u>\$ 760,000</u>

Compensated absences and capital leases, if applicable, have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bondholders are willing to accept a lower interest rate than they would taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The Federal Tax Code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally-allowable returns.

Rebatable arbitrage liabilities related to the District debt are not recorded in governmental funds. There is no recognition in the Balance Sheet or Income Statement until rebatable amounts are due and payable to the Federal Government. There are no rebatable amounts at June 30, 2017.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Long-Term Obligations (Cont'd)

B. Debt Service Requirements:

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

2004 School Bonds

On December 9, 2003, the voters approved a referendum authorizing the issuance of \$8,798,000 in bonds for the purpose of constructing and renovating the HVAC system and other equipment, furnishings and site work. On February 25, 2004, \$8,798,000 of School Bonds were issued. The bonds have been refunded. The new bonds approved resulted in an issuance of \$3,730,000. The remaining outstanding Bonds mature annually on February 1 of each year from February 2012 and ending 2019. Interest is payable semi-annually at 2.0%.

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories.

Redemption

The Bonds maturing prior to February 1, 2015 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 1, 2015 are redeemable in whole or in part after February 1, 2014.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Long-Term Obligations (Cont'd)

B. Debt Service Requirements (Cont'd):

Debt Service Requirements on serial bonds payable at June 30, 2017 are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 760,000	\$ 30,700	\$ 790,700
2019	<u>775,000</u>	<u>15,500</u>	<u>790,500</u>
	<u>\$ 1,535,000</u>	<u>\$ 46,200</u>	<u>\$ 1,581,200</u>

C. Bonds Authorized But Not Issued

As of June 30, 2017, the District had no authorized but not issued bonds.

D. Capital Leases

As of June 30, 2017, the District had no capital leases.

12. Operating Leases

As of June 30, 2017, the District had no operating leases.

13. Pension Plans

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS") or the Teachers' Pension and Annuity Fund ("TPAF") which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly-available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

13. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund ("TPAF")

The Teachers' Pension and Annuity Fund was established as of January 1, 1955 under the provision of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation as, under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the System's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are classified, professional, and certified.

For the year ended June 30, 2017, the District recognized pension expense of \$856,045 and revenue of \$856,045 for support provided by the State on the fund financials.

At June 30, 2017, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.0767383243% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the TPAF fund and has been adjusted to the District's proportionate share:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 211,759	\$ 102,764
Changes of assumptions	11,994,749	-
Net difference between projected and actual earnings on pension plan investments	1,095,936	-
Changes in proportion and differences between District contributions and proportionate share of contributions	80,722	46,897
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 13,383,166</u>	<u>\$ 149,661</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$60,367,252.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

13. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund ("TPAF")(Cont'd)

The District's proportionate share of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the State of New Jersey as follows:

Year ended June 30:	
2017	\$ 1,948,030
2018	1,948,030
2019	2,282,079
2020	2,134,248
2021	1,802,850
Thereafter	<u>3,145,275</u>
Total	<u>\$ 13,260,512</u>

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, 2016 are summarized in the following table:

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

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

13. Pension Plans (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2016 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.22 %)	Current Discount Rate (3.22 %)	1% Increase (4.22 %)
District's proportionate share of the net pension liability	72,424,231	60,645,459	51,026,572

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

Public Employees' Retirement System ("PERS")

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey 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.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

13. Pension Plans (Cont'd)

Public Employees' Retirement System ("PERS") (Cont'd)

For the year ended June 30, 2017, the District recognized pension expense of \$100,121. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.0180580346% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2017, 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
Differences between expected and actual experience	\$ 99,462	\$ -
Changes of assumptions	1,107,876	-
Net difference between projected and actual earnings on pension plan investments	203,934	-
Changes in proportion and differences between District contributions and proportionate share of contributions	321,345	-
District contributions subsequent to the measurement date	<u>161,629</u>	<u>-</u>
Total	<u>\$ 1,894,246</u>	<u>\$ -</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$5,348,272 and has been recorded on the district-wide financials.

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:	
2017	\$ 317,735
2018	317,735
2019	368,107
2020	309,264
2021	98,432
Thereafter	-
Total	<u>\$ 1,411,273</u>

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

13. Pension Plans (Cont'd)

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, 2016 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

13. Pension Plans (Cont'd)

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, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.98 %)	Current Discount Rate (3.98 %)	1% Increase (4.98 %)
District's proportionate share of the net pension liability	6,553,683	5,348,272	4,353,101

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

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by the N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years or service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

13. Pension Plans (Cont'd)

Contribution Requirements

Year Funding June 30,	<u>Three-Year Trend Information for PERS</u>		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2017	\$ 160,999	100 %	\$ -
2016	139,742	100 %	-
2015	133,081	100 %	-

Year Funding June 30,	<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2017	\$ 1,571,653	100 %	\$ -
2016	1,345,974	100 %	-
2015	1,038,975	100 %	-

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution included funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

There was a current year contribution to the TPAF post-retirement medical benefits made by the state of New Jersey on behalf of the Board in the amount of \$1,571,653. The State did not make any normal contributions on behalf of the Board. Also, in accordance with N.J.S.A 18A: 66-66, the State of New Jersey reimbursed the District \$580,716 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

These amounts have been included in the general purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with Governmental Accounting Standards.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

14. Post-Retirement Benefits

Legislation enacted during 1991 provides early retirement incentives for certain member of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their district.

P.L. 1987, c 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums 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 of 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 of county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

15. Deferred Compensation

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

AXA Equitable

Valic

16. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omission; 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.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

16. Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its 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 table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and the previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016 / 2017	\$ 14,270	\$ -	\$ (6,093)	\$ 229,582
2015 / 2016	13,902	-	(6,398)	221,405
2014 / 2015	13,697	-	(9,841)	213,901

17. Contingent Liabilities

Grant Programs

The District participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

18. Fund Balance Appropriated

Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable Fund Balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

18. Fund Balance Appropriated (Cont'd)

- Assigned Fund Balance - amounts a District intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned Fund Balance - amounts that are available for any purpose; these amounts are reported only in the General Fund.

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

Classification Totals

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Fund Balances:					
Restricted	3,636,909	-	21,628	38,481	3,697,018
Committed	202,492	-	-	71,667	274,159
Assigned	500,000	-	-	-	500,000
Unassigned	<u>458,159</u>	-	-	-	<u>458,159</u>
	<u>4,797,560</u>	<u>-</u>	<u>21,628</u>	<u>110,148</u>	<u>4,929,336</u>

19. Calculation of Excess Surplus

The Designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$6,265.

Rumson-Fair Haven Regional High School District

Notes to Financial Statements

For the Year Ended June 30, 2017

20. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2017. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open year prior to June 30, 2014.

21. Subsequent Events

Management has evaluated subsequent events through November 1, 2017, the date the financial statements were available to be issued.

22. Tax Abatement

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 17,450,703	\$ -	\$ 17,450,703	\$ 17,450,703	\$ -
Interest earned on maintenance reserve	-	-	-	6,286	6,286
Interest earned on capital reserve funds	-	-	-	6,842	6,842
Tuition - from individuals	133,360	-	133,360	241,657	108,297
Miscellaneous	10,000	-	10,000	71,499	61,499
Total - local sources	17,594,063	-	17,594,063	17,776,987	182,924
State sources:					
Categorical Special Education Aid	366,737	-	366,737	366,737	-
Categorical Transportation Aid	40,363	-	40,363	40,363	-
Security aid	15,063	-	15,063	15,063	-
PARCC Readiness Aid	8,920	-	8,920	8,920	-
Per Pupil Growth Aid	8,920	-	8,920	8,920	-
Professional learning community aid	9,960	-	9,960	9,960	-
Equalization aid	-	-	-	-	-
Academic achievement	-	-	-	-	-
Reward program	-	-	-	-	-
Foundation aide	-	-	-	-	-
Extraordinary aid	-	-	-	121,204	121,204
Consolidated aid	-	-	-	-	-
Non-public transportation	-	-	-	16,153	16,153
TPAF -LTDI (on-behalf - Non-budgeted)	-	-	-	2,328	2,328
TPAF - post retirement medical (on-behalf-Non-budgeted)	-	-	-	713,280	713,280
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	856,045	856,045
TPAF social security (reimbursed - Non-budgeted)	-	-	-	580,716	580,716
Total state sources	449,963	-	449,963	2,739,689	2,289,726
Total revenues	18,044,026	-	18,044,026	20,516,676	2,472,650
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of teachers	\$ 5,103,033	\$ 49,691	\$ 5,152,724	\$ 5,152,210	\$ 514
Regular Programs - Home Instruction:					
Salaries of teachers	23,500	-	23,500	18,577	4,923
Purchased professional-educational services	15,000	-	15,000	3,593	11,407
Regular Programs - Undistributed Instruction					
Purchased professional-educational services	900	1,000	1,900	1,000	900
Purchased technical services	11,650	-	11,650	3,690	7,960
Other purchased services (400-500 series)	100,285	22,500	122,785	104,252	18,533
Software Instruction	-	-	1,425	-	1,425
General supplies	337,244	(4,775)	332,469	295,475	36,994
Textbooks	125,577	(24,300)	101,277	73,244	28,033
Other objects	900	550	1,450	1,184	266
TOTAL REGULAR PROGRAMS - INSTRUCTION	5,718,089	44,666	5,764,180	5,653,225	110,955
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities:					
Salaries of Teachers	80,296	(11,700)	68,596	68,575	21
Other salaries for instruction	61,500	(22,288)	39,212	37,937	1,275
General supplies	2,500	1,090	3,590	3,008	582
Textbooks	1,400	(590)	810	567	243
Total Multiple Disabilities	145,696	(33,488)	112,208	110,087	2,121
Resource Room/Resource Center:					
Salaries of Teachers	790,407	(9,794)	780,613	780,537	76
Other Salaries for Instruction	24,750	21,255	46,005	46,003	2
General supplies	6,000	(4,184)	1,816	1,758	58
Textbooks	1,700	(500)	1,200	907	293
Total Resource Room/Resource Center	822,857	6,777	829,634	829,205	429
TOTAL SPECIAL EDUCATION- INSTRUCTION	968,553	(26,711)	941,842	939,292	2,550
Basic Skills/Remedial - Instruction					
Salaries of Teachers	17,137	19,520	36,657	34,944	1,713
Total Basic Skills/Remedial - Instruction	17,137	19,520	36,657	34,944	1,713
Bilingual Education - Instruction					
Salaries of Teachers	-	2,880	2,880	2,880	-
Other Purchased Services (400-500 series)	-	-	-	-	-
General Supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Other objects	-	-	-	-	-
Total Bilingual Education - Instruction	-	2,880	2,880	2,880	-
School-Spon. Curricular Actvts. - Instruction					
Salaries	\$ 135,000	\$ -	\$ 135,000	\$ 134,989	\$ 11
Purchased Services (300-500 series)	28,750	-	28,750	16,911	11,839
Supplies and Materials	39,983	(1,200)	38,783	27,269	11,514

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Objects	7,085	-	7,085	3,171	3,914
Total School-Spon. Cocurricular Actvts. - Instruction	210,818	(1,200)	209,618	182,340	27,278
School-Spon. Athletics - Instruction					
Salaries	587,304	55,500	642,804	642,719	85
Purchased Services (300-500 series)	102,700	(500)	102,200	97,633	4,567
Supplies and Materials	99,197	76,075	175,272	126,608	48,664
Other Objects	11,000	-	11,000	8,293	2,707
Total School-Spon. Cocurricular Actvts. - Instruction	800,201	131,075	931,276	875,253	56,023
Total Instruction	7,714,798	170,230	7,886,453	7,687,934	198,519
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - Regular	5,700	(5,201)	499	499	-
Tuition to Co. Voc. School Dist. - reg.	253,076	64,000	317,076	316,200	876
Tuition to Co. Voc. School Dist. - special	33,000	(33,000)	-	-	-
Tuition to Private Sch for Disbl w/ State	1,083,730	(123,179)	960,551	949,016	11,535
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction:	1,375,506	(97,380)	1,278,126	1,265,715	12,411
Undistributed Expend. - Attend. & Social Work					
Salaries	45,605	-	45,605	29,380	16,225
Other Purchased Services (400-500 series)	1,000	-	1,000	-	1,000
Supplies and Materials	1,500	(200)	1,300	1,058	242
Total Undistributed Expend. - Attend. & Social Work	48,105	(200)	47,905	30,438	17,467
Undist. Expend. - Health Services					
Salaries	102,653	-	102,653	102,020	633
Purchased professional and technical services	10,750	-	10,750	10,375	375
Other purchased services (400-500 series)	765	-	765	380	385
Supplies and materials	6,441	-	6,441	2,944	3,497
Total Undistributed Expenditures - Health Services	120,609	-	120,609	115,719	4,890
Undist. Expend. - Speech, OT, PT and Related Services					
Salaries	-	-	-	-	-
Purchased Prof. Ed. Services	193,030	-	193,030	79,410	113,620
Total Undist. Expend. - Speech, OT, PT and Related Services	193,030	-	193,030	79,410	113,620
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	573,882	3,750	577,632	575,240	2,392
Salaries of Secretarial and Clerical Assistants	94,265	29,875	124,140	102,554	21,586
Other Salaries	69,467	125	69,592	69,569	23
Purchased Professional - Educational Services	13,000	(3,750)	9,250	5,356	3,894
Other Purch. Prof. & Tech. Svc.	8,037	-	8,037	7,115	922
Other Purchased Services (400-500 series)	29,950	-	29,950	27,559	2,391
Supplies and Materials	11,995	-	11,995	4,472	7,523
Other Objects	815	-	815	804	11
Total Undistributed Expenditures - Guidance	801,411	30,000	831,411	792,669	38,742
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	294,453	(11,500)	282,953	282,390	563
Salaries of Secretarial and Clerical assistants	64,496	11,500	75,996	59,436	16,560
Purchased Professional - Educational Services	15,750	(100)	15,650	4,775	10,875
Other Purchased Prof. & Tech. Services	10,810	100	10,910	10,880	30
Residential costs	6,200	(6,200)	-	-	-
Misc. Purch Serv	-	5,200	5,200	452	4,748
Supplies and Materials	2,926	1,000	3,926	3,635	291
Total Undistributed Expenditures - Child Study Teams	394,635	-	394,635	361,568	33,067
Undist. Expend.-Imprvmt of Instr. Svcs-Other Support Services-Instr.					
Salaries Superv. Of Instr.	670,892	(30,000)	640,892	622,678	18,214
Salaries Other Prof. Staff	15,000	-	15,000	13,298	1,702
Salaries Secr. & Clerical Asst.	48,832	4,000	52,832	49,891	2,941
Purchased Professional - Educational Services	2,000	-	2,000	1,940	60
Other Purchased Services (400-500 series)	18,000	(3,600)	14,400	11,452	2,948
Supplies and Materials	-	-	-	-	-
Other objects	6,100	(400)	5,700	5,519	181
Total Undist. Expend.-Imprvmt of Instr. Svcs-Other Support Services-Instr.	760,824	(30,000)	730,824	704,778	26,046
Undist. Expend. - Educational Media Services/School Library					
Salaries	87,926	-	87,926	86,430	1,496
Other Purchased Services (400-500)	24,042	1,200	25,242	24,985	257
Supplies and Materials	7,230	(1,000)	6,230	5,254	976
Total Undist. Expend. - Educational Media Services/School Library	119,198	200	119,398	116,669	2,729
Undist. Expend. - Instruction Staff Training Services					
Other Purchased Prof. and Tech. Services	31,900	-	31,900	4,675	27,225
Other Purchased Services (400-500 series)	16,000	-	16,000	5,145	10,855
Supplies and Materials	1,000	-	1,000	-	1,000
Total Undist. Expend. - Instruction Staff Training Services	48,900	-	48,900	9,820	39,080
Undist. Expend. - Support Service - General Administration					
Salaries	\$ 257,268	\$ (6,000)	\$ 251,268	\$ 240,388	\$ 10,880
Legal Services	100,000	(12,674)	87,326	52,957	34,369
Audit Fees	20,000	-	20,000	19,730	270
Expenditure & Internal Control Audit Fees	-	6,000	6,000	3,720	2,280
Other Purchased Professional Services	3,500	-	3,500	3,422	78

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Purchased technical services	-	8,200	8,200	3,927	
Communications/Telephone	35,500	(15,000)	20,500	12,215	8,285
BOE Other Purchased Services	-	900	900	739	161
Misc. Purch. Serv.(400-500)	165,000	26,324	191,324	181,166	10,158
General Supplies	8,500	(3,735)	4,765	4,695	70
BOE In-house Training/Meeting Supplies	1,000	-	1,000	338	662
Judgments Against the School District	100,000	(8,200)	91,800	10,000	81,800
Miscellaneous Expenditures	4,000	4,285	8,285	8,262	23
BOE Membership Dues and Fees	12,500	(100)	12,400	8,249	4,151
Total Undist. Expend. - Support Service - General Administration	707,268	-	707,268	549,808	157,460
Undist. Expend. - Support Service - School Administration					
Salaries of Principals/Assistant principals	288,270	425	288,695	288,692	3
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	116,295	8,075	124,370	120,864	3,506
Purchased Professional and Technical Services	3,875	(3,800)	75	-	75
Other Purchased Services (400-500 series)	36,960	(5,690)	31,270	27,995	3,275
Supplies and Materials	9,765	(2,000)	7,765	5,528	2,237
Other Objects	17,400	1,600	19,000	17,297	1,703
Total Undist. Expend. - Support Service - School Administration	472,565	(1,390)	471,175	460,376	10,799
Undistributed Expenditures- Central Services					
Salaries	304,983	-	304,983	304,275	708
Purchased Technical Services	13,500	-	13,500	1,706	11,794
Misc. Purchased Services	9,250	-	9,250	7,555	1,695
Supplies and Materials	3,500	-	3,500	2,250	1,250
Miscellaneous Expenditures	2,250	-	2,250	1,495	755
Total Central Services	333,483	-	333,483	317,281	16,202
Administration Information Technology					
Salaries	-	3,200	3,200	1,250	1,950
Purchased technical services	22,000	(3,200)	18,800	18,526	274
Total Admin info tech	22,000	-	22,000	19,776	2,224
Required Maint for School Facilities					
Cleaning, Repair and Maintenance Services	178,900	665,488	844,388	770,129	74,259
General Supplies	82,500	3,668	86,168	44,370	41,798
Total Required Maintenance for School Facilities	261,400	669,156	930,556	814,499	116,057
Custodial Services					
Salaries	341,743	-	341,743	339,190	2,553
Purchased Professional and Technical Services	24,000	43,020	67,020	43,291	23,729
Cleaning, Repair and Maintenance Services	264,315	17,300	281,615	262,235	19,380
Other Purchased Property Services	63,500	2,500	66,000	58,802	7,198
Insurance	118,500	1,925	120,425	120,401	24
Miscellaneous Purchased Services	4,000	-	4,000	1,903	2,097
General Supplies	66,000	600	66,600	53,367	13,233
Energy (Natural Gas)	20,250	(8,500)	11,750	4,080	7,670
Energy (Electricity)	322,000	(34,925)	287,075	286,878	197
Other objects	1,500	-	1,500	100	1,400
Total Custodial services	1,225,808	21,920	1,247,728	1,170,247	77,481
Care and Upkeep of Grounds					
Salaries	2,000	-	2,000	-	2,000
Purchased Professional and Technical Services	-	-	-	-	-
Cleaning, Repair and Maintenance Services	67,000	(23,000)	44,000	39,630	4,370
Grounds EQP Lease	-	30,000	30,000	30,000	-
General Supplies	19,500	-	19,500	12,498	7,002
Total Care and Upkeep of Grounds	88,500	7,000	95,500	82,128	13,372
Security					
Purchased Professional and Technical Services	10,000	-	10,000	5,000	5,000
General Supplies	5,000	-	5,000	539	4,461
Total Security	15,000	-	15,000	5,539	9,461
Total Oper. And Maintenance of Plant Services	1,590,708	698,076	2,288,784	2,072,413	216,371
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	8,896	15	8,911	8,909	2
Contract Svc (btw Home & Sch.)-vendors	175,438	(2,460)	172,978	172,978	-
Contr Serv (Oth.than Bet Home & Sch) - Vend	220,460	29,870	250,330	225,815	24,515
Contract Serv. (Reg Students) - ESCs & CSTAs	274,678	24,355	299,033	274,819	24,214
Contract Serv.(Spl. Ed. Students) - ESCs & CTASAs	314,865	70,210	385,075	362,759	22,316
Contr Serv. - Aid in Lieu Pymts-NonPub Sch	27,500	(20,000)	7,500	1,326	6,174
Total Student Transportation Services	1,021,837	101,990	1,123,827	1,046,606	77,221

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Instruction					
Tuition Reimbursement	35,000	(35,000)	-	-	-
Total Regular Programs - Instruction	35,000	(35,000)	-	-	-
Improvement of Instruction Services					
Tuition Reimbursement	6,000	(6,000)	-	-	-
Total Improvement of Instruction Services	6,000	(6,000)	-	-	-
Operation and Maintenance of Plant Service					
Other Employee Benefits	2,000	(2,000)	-	-	-
Total Operation and Maintenance of Plant Service	2,000	(2,000)	-	-	-
Total Allocated Benefits	43,000	(43,000)	-	-	-
Personal Services- Employee Benefits					
Social Security Contributions	175,000	-	175,000	169,039	5,961
Other Retirement Contributions - PERS	150,000	10,999	160,999	160,999	-
Unemployment Compensation	-	-	-	-	-
Workmen's Compensation	88,500	-	88,500	88,381	119
Health Benefits	2,352,058	(170,999)	2,181,059	1,871,627	309,432
Tuition Reimbursement	-	41,000	41,000	36,440	4,560
Other Employee Benefits	-	2,000	2,000	1,199	801
Total Personal Services-Employee Benefits	2,765,558	(117,000)	2,648,558	2,327,685	320,873
On-behalf TPAF LTDI (non-budgeted)	-	-	-	2,328	(2,328)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	713,280	(713,280)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	856,045	(856,045)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	580,716	(580,716)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	2,152,369	(2,152,369)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,808,558	(160,000)	2,648,558	4,480,054	(1,831,496)
TOTAL UNDISTRIBUTED EXPENDITURES	10,818,637	541,296	11,359,933	12,423,100	(1,063,167)
TOTAL GENERAL CURRENT EXPENSE	18,533,435	711,526	19,246,386	20,111,034	(864,648)
Equipment					
Regular Programs - Instruction:					
Grades 9-12	\$ 6,000	\$ (2,668)	\$ 3,332	\$ 3,332	\$ -
Special Education- Instruction:					
School - Sponsored and Other Instructional Program	-	-	-	-	-
General Administration					
Undist. Expend.-Support Serv.- Related & Extra	-	-	-	-	-
Undistributed exp.-Non-instructional services					
Non-instructional Equip.	-	-	-	-	-
Total Equipment	6,000	(2,668)	3,332	3,332	-
Facilities Acquisition and Construction Services					
Construction Services	-	-	-	-	-
Supplies & Materials	-	-	-	-	-
Assessment for Debt Service on SDA Funding	54,591	-	54,591	54,591	-
Total Facilities Acquisition and Construction Services	54,591	-	54,591	54,591	-
TOTAL CAPITAL OUTLAY	60,591	(2,668)	57,923	57,923	-
TOTAL EXPENDITURES	18,594,026	708,858	19,304,309	20,168,957	(864,648)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(550,000)	(708,858)	(1,260,283)	347,719	1,608,002
Other Financing Sources / Uses:					
Transfer from Capital Projects	-	-	-	-	-
Cancellation of State Receivable	-	-	-	-	-
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	(550,000)	(710,283)	(1,260,283)	347,719	1,608,002
Fund Balance, July 1	4,489,371	-	4,489,371	4,489,371	-
Fund Balance, June 30	\$ 3,939,371	\$ (710,283)	\$ 3,229,088	\$ 4,837,090	\$ 1,608,002

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance:					
Maintenance reserve				\$ 1,089,660	
Emergency Reserve				250,000	
Excess surplus - current year				6,265	
Excess surplus-designated for subsequent year's expenditures				-	
Capital reserve				2,290,984	
Committed Fund Balance:					
Other purposes				-	
Year-end encumbrances				202,492	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				500,000	
Unrestricted/undesignated				497,689	
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				(39,530)	
Fund balance per governmental funds (GAAP)				\$ 458,159	

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ 18,347	\$ 18,347	\$ 17,108	\$ (1,239)
State sources	-	-	-	-	-
Federal sources	135,000	(91,634)	43,366	230,065	186,699
Total Revenues	<u>135,000</u>	<u>(73,287)</u>	<u>61,713</u>	<u>247,173</u>	<u>185,460</u>
EXPENDITURES					
Instruction:					
Personal services-salaries	135,000	68,639	203,639	203,639	-
Purchased professional and technical services	-	1,100	1,100	1,100	-
General supplies	-	10,902	10,902	9,418	1,484
Tuition	-	-	-	-	-
Other objects	-	1,080	1,080	1,080	-
Total instruction	<u>135,000</u>	<u>81,721</u>	<u>216,721</u>	<u>215,237</u>	<u>1,484</u>
Support services:					
Personal services - salaries	-	-	-	-	-
Purchased professional and technical services	-	10,095	10,095	10,095	-
Other purchased services	-	1,670	1,670	1,670	-
Employee benefits	-	16,331	16,331	16,331	-
Travel	-	-	-	-	-
Supplies- materials	-	3,840	3,840	3,840	-
Other objects	-	-	-	-	-
Total support services	<u>-</u>	<u>31,936</u>	<u>31,936</u>	<u>31,936</u>	<u>-</u>
EXPENDITURES:					
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>135,000</u>	<u>113,657</u>	<u>248,657</u>	<u>247,173</u>	<u>1,484</u>
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	<u>135,000</u>	<u>113,657</u>	<u>248,657</u>	<u>247,173</u>	<u>1,484</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>\$ -</u>	<u>\$ (186,944)</u>	<u>\$ (186,944)</u>	<u>\$ -</u>	<u>\$ 186,944</u>
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				\$ -	
Fund balance per governmental funds (GAAP)				<u>\$ -</u>	

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2017

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 20,516,676	[C-2]	\$ 247,173
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(856,045)		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(39,530)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		38,321		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 19,659,422	[B-2]	\$ 247,173
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 20,168,957	[C-2]	\$ 247,173
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(856,045)		-
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 19,312,912	[B-2]	\$ 247,173

REQUIRED SUPPLEMENTARY INFORMATION - PART III

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0161430529%	0.0162541387%	0.0180580346%
District's proportionate share of the net pension liability	\$ 3,162,163	\$ 3,809,153	\$ 5,348,272
District's covered-employee payroll	1,141,200	1,138,190	1,184,539
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	277.09%	334.67%	451.51%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%	45.35%

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

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

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 133,081	\$ 139,742	\$ 160,999
Contributions in relation to the contractually required contribution	<u>133,081</u>	<u>139,742</u>	<u>160,999</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,141,200	\$ 1,138,190	\$ 1,184,539
Contributions as a percentage of covered-employee payroll	11.66%	12.28%	13.59%

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

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0745429505%	0.0742711461%	0.0767383243%
District's proportionate share of the net pension liability	\$ 39,840,781	\$ 46,942,536	\$ 60,367,252
District's covered-employee payroll	7,807,842	7,945,192	8,159,094
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	510.27%	590.83%	739.88%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

The District has a special funding situation and is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

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

Rumson-Fair Haven Regional High School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2017

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

Inflation Rate	3.08 %
Salary increases: 2012-2021	1.65 - 4.15 % based on age
Thereafter	2.65 - 5.15 % based on age
Investment rate of return	7.65 %

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

SINGLE AUDIT SECTION

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

Honorable President and
Members of the Board of Education
Rumson-Fair Haven Regional High School District
County of Monmouth
Rumson, New Jersey 07760

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Board of Education of the Rumson-Fair Haven Regional High School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Board of Education of the Rumson-Fair Haven Regional High School District basic financial statements, and have issued our report thereon dated November 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Board of Education of the Rumson-Fair Haven Regional High School District in the County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Board of Education of the Rumson-Fair Haven Regional High School District in the County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of Board of Education of the Rumson-Fair Haven Regional High School District internal control.

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

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

Compliance and Other Matters

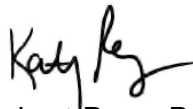
As part of obtaining reasonable assurance about whether the Board of Education of Rumson-Fair Haven Regional High School District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements,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

Purpose of this Report

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

Respectfully Submitted,

Jump, Perry and Company, LLP
Toms River, NJ



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, NJ
November 1, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and
Members of the Board of Education
Rumson-Fair Haven Regional High School District
County of Monmouth
Rumson, New Jersey 07760

Report on Compliance for Each Major Federal and State Program

We have audited Rumson-Fair Haven Regional High School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Rumson-Fair Haven Regional High School District's major federal programs for the year ended June 30, 2017. Rumson-Fair Haven Regional High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rumson-Fair Haven Regional High School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and the New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Rumson-Fair Haven Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Rumson-Fair Haven Regional High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Rumson-Fair Haven Regional High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rumson-Fair Haven Regional High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rumson-Fair Haven Regional High School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey State OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Jump, Perry and Company, L.L.P.
Toms River, New Jersey

A handwritten signature in black ink, appearing to read "Kathy Perry", with a stylized flourish at the end.

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 1, 2017

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 for the Fiscal Year ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2016</u>	<u>Adjustments</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior years' Balances</u>	<u>Deferred Revenue at June 30, 2017</u>	<u>Accounts Receivable at June 30, 2017</u>	<u>Due to Grantor at June 30, 2017</u>
U.S. Department of Education											
Passed-through State Department of Education:											
Title I, Basic Allocation	84.010	7/1/16-6/30/17	51,899	-	-	5,663	(57,362)	-	-	(51,699)	-
Title I, Basic Allocation - Carryover	84.010	7/1/15-6/30/16	53,426	59	(59)	-	-	-	-	-	-
Title II - Part A	84.340	7/1/16-6/30/17	10,095	-	-	10,095	(10,095)	-	-	-	-
I.D.E.A. Part B Basic	84.027	7/1/16-6/30/17	162,608	-	-	162,608	(162,608)	-	-	-	-
Total Special Revenue Fund				<u>59</u>	<u>(59)</u>	<u>178,366</u>	<u>(230,065)</u>	<u>-</u>	<u>-</u>	<u>(51,699)</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>59</u>	<u>(59)</u>	<u>178,366</u>	<u>(230,065)</u>	<u>-</u>	<u>-</u>	<u>(51,699)</u>	<u>-</u>

See accompanying notes to schedules of expenditures.

RUMSON-FAIR HAVEN REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 for the Fiscal Year ended June 30, 2017

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2017	(Accounts Receivable) at June 30, 2017	Due to Grantor at June 30, 2017	MEMO		
												Budgetary Receivable	Cumulative Total Expenditures	
New Jersey Department of Education														
General Fund:														
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	49,305	(49,305)	-	-	-	-	-	-	-	-	-	-
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	121,204	-	-	-	(121,204)	-	-	(121,204)	-	-	-	(121,204)
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	372,879	(38,321)	-	38,321	-	-	-	-	-	-	-	-
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	366,737	-	-	327,207	(366,737)	-	-	-	-	(39,530)	-	(366,737)
Categorical Transportation Aid	17-495-034-5120-084	7/1/16-6/30/17	40,363	-	-	40,363	(40,363)	-	-	-	-	-	-	(40,363)
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	16,153	-	-	-	(16,153)	-	-	(16,153)	-	-	-	(16,153)
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	13,367	(13,367)	-	13,367	-	-	-	-	-	-	-	-
Parcc Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,920	-	-	8,920	(8,920)	-	-	-	-	-	-	(8,920)
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,920	-	-	8,920	(8,920)	-	-	-	-	-	-	(8,920)
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	15,063	-	-	15,063	(15,063)	-	-	-	-	-	-	(15,063)
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	9,960	-	-	9,960	(9,960)	-	-	-	-	-	-	(9,960)
On-Behalf TPAF Pension Contribution	17-100-034-5095-002	7/1/16-6/30/17	856,045	-	-	856,045	(856,045)	-	-	-	-	-	-	(856,045)
On-Behalf TPAF Post-Retirement Medical	17-100-034-5095-001	7/1/16-6/30/17	713,280	-	-	713,280	(713,280)	-	-	-	-	-	-	(713,280)
On-Behalf TPAF Long-Term Disability Insurance	17-100-034-5095-004	7/1/16-6/30/17	2,328	-	-	2,328	(2,328)	-	-	-	-	-	-	(2,328)
Reimbursed TPAF Social Security Tax Contribution	16-495-034-5094-003	7/1/15-6/30/16	572,912	(28,089)	-	28,089	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	17-495-034-5094-003	7/1/16-6/30/17	580,716	-	-	551,864	(580,716)	-	-	(28,852)	-	-	-	(580,716)
Total General Fund				<u>(129,082)</u>	<u>-</u>	<u>2,613,727</u>	<u>(2,739,689)</u>	<u>-</u>	<u>-</u>	<u>(166,209)</u>	<u>-</u>	<u>(39,530)</u>	<u>-</u>	<u>(2,739,689)</u>
Total Expenditures of State Awards				<u>(129,082)</u>	<u>-</u>	<u>2,613,727</u>	<u>(2,739,689)</u>	<u>-</u>	<u>-</u>	<u>(166,209)</u>	<u>-</u>	<u>(39,530)</u>	<u>-</u>	<u>(2,739,689)</u>
Less: On-Behalf TPAF Pension System Contributions							<u>1,571,653</u>							
Total for State Financial Assistance - Major Program Determination							<u>(1,168,036)</u>							

See accompanying notes to schedules of expenditures.

Rumson-Fair Haven Regional High School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2017

1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Board of Education, Rumson-Fair Haven Regional High School District. The Board of Education is defined in Note 1(A) to the Board's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Rumson-Fair Haven Regional High School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2017

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$857,254) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,882,435	\$ 1,882,435
Special Revenue Fund	230,065	-	230,065
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Food Service Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total awards and financial assistance	<u>\$ 230,065</u>	<u>\$ 1,882,435</u>	<u>\$ 2,112,500</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2017.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

Rumson-Fair Haven Regional High School District

Schedule of Findings and Questioned Costs

June 30, 2017

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? yes none reported

Noncompliance material to general-purpose
financial statements noted? yes no

Federal Awards Section - N/A

Internal Control over major programs: N/A

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR section .516(a) of the Uniform Guidance? yes no

Identification of major programs:

CFDA Number(s)
N/AName of Federal Program or Cluster

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? yes no

Rumson-Fair Haven Regional High School District
 Schedule of Findings and Questioned Costs (continued)

June 30, 2017

Section I - Summary of Auditor's Results (continued)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes ___ none reported

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Internal Control over major programs:

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

2) Significant deficiencies identified that
 are not considered to be material
 weaknesses? ___ yes X none reported

Any audit findings disclosed that are required
 to be reported in accordance with NJOMB
 Circular Letter 15-08? ___ yes X no

Identification of major programs:

GMIS Number(s)	Name of State Program
495-034-5094-003	Reimbursed TPAF Social Security Contributions

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2017.

Section III - State Award Findings and Questioned Costs

No matters were reported for the period ended June 30, 2017.

Rumson-Fair Haven Regional High School District

Summary Schedule of Prior Audit Findings

June 30, 2017

There were no prior year findings for the period ended June 30, 2016.

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APPENDIX C

Form of Approving Legal Opinion

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_____, 2018

The Board of Education of the
Rumson-Fair Haven Regional High School District
in the County of Monmouth, New Jersey

Dear Board Members:

We have acted as bond counsel to The Board of Education of the Rumson-Fair Haven Regional High School District in the County of Monmouth, New Jersey (the “Board of Education”) in connection with the issuance by the Board of Education of \$12,596,000 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 July 10, 2018 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on October 2, 2018 and (iii) a resolution duly adopted by the Board of Education on October 16, 2018. 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 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 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, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, 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,