

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

Pennington, New Jersey
County of Mercer

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

PENNINGTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

Business Office – Robert Colavita, Business Administrator/Board Secretary

OUTLINE OF CAFR – GASB 34

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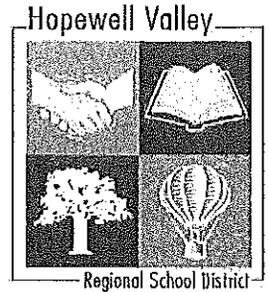
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INTRODUCTORY SECTION

Hopewell Valley Regional School District

Administrative Offices
425 South Main Street
Pennington, New Jersey 08534
www.hvrstd.k12.nj.us



September 23, 2011

Honorable President and Members
of the Board of Education
Hopewell Valley Regional School District
County of Mercer, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Hopewell Valley Regional School District (District) for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management. Data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management's discussion and analysis and should be read in conjunction with it), the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, the Auditor's Report, and Management's Discussion and Analysis thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control over financial reporting and compliance with applicable laws, regulations, contracts, and grants, and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The Hopewell Valley Regional School District is an independent reporting entity within the criteria established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Hopewell Valley Regional School District and all its schools constitute the District's reporting entity. The District has maintained a high quality of education as a K-12 district in Mercer County.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12, including services for special needs students. As of June 30, 2011 the District's average daily enrollment was 3,862 students, which is 93 students below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>June 30</u>	<u>Enrollment</u>	<u>Percent Change</u>
2011	3,862	-2.40%
2010	3,955	-1.02%
2009	3,996	-0.60%
2008	4,020	0.49%
2007	4,018	0.79%
2006	4,029	2.70%
2005	3,923	2.21%
2004	3,838	0.47%
2003	3,820	0.61%
2002	3,797	4.46%

2. ECONOMIC CONDITION AND OUTLOOK

The Hopewell Valley Regional School District serves three municipalities. Hopewell Borough and Pennington Borough are almost fully developed and stable. Hopewell Township continues to experience modest growth in ratables. The district continues to attract new families with limited new residential development. Hopewell Valley is projected to continue its economic growth; however, student enrollment is expected to decline.

3. MAJOR INITIATIVES

The Hopewell Valley Regional School District undertook several important activities during the 2010-2011 school year. These included the following:

- Utilized several purchasing cooperatives to achieve significant cost savings
- Enhanced district wide area network to achieve cost savings through consolidation
- Continued school gardens and compositing programs
- Purchased additional laptops to continue teacher laptop initiative
- Achieved high performing school district status through QSAC evaluation
- Enhanced security at high by adding interactive door locks and cameras
- Installed above ground water tanks for irrigation of athletic fields
- Implemented the Alert Now emergency communication system
- Conducted community-wide discussion of district strategic plan
- Increased on-line learning opportunities for Central High School students
- Expanded in-district programs and services for students with special needs
- Continued installation of interactive Whiteboards for enhanced classroom instruction
- Enhanced home-school connections
- Cultivated more school-community partnerships
- Implement Response to Intervention and Professional Learning Community

4. INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations related to major 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 the adequacy of the internal control, including that portion related to major federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws, regulations, contracts, and grants.

5. BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year - end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

6. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Basic Financial Statements.

The 2010-11 CAFR presents financial reports utilizing the overall format of GASB 34. A fixed asset inventory and appraisal was conducted by American Appraisal Associates and was utilized in the preparation of this CAFR.

7. DEBT ADMINISTRATION

At June 30, 2011, the District's outstanding debt issues include \$41,419,000 of general obligation bonds.

8. CASH MANAGEMENT

The investment policy of the District is guided in large part by the State statute as detailed in Notes to the Basic Financial Statements, Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT

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

10. INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C., Certified Public Accountants, has been selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, as amended, and the related OMB Circular A-133 and State Treasury Circular letter 04-04 OMB. The Auditor's Report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

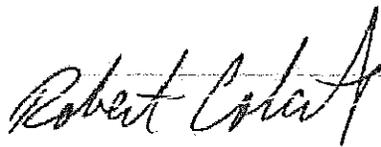
11. ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Hopewell Valley Regional School District 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,

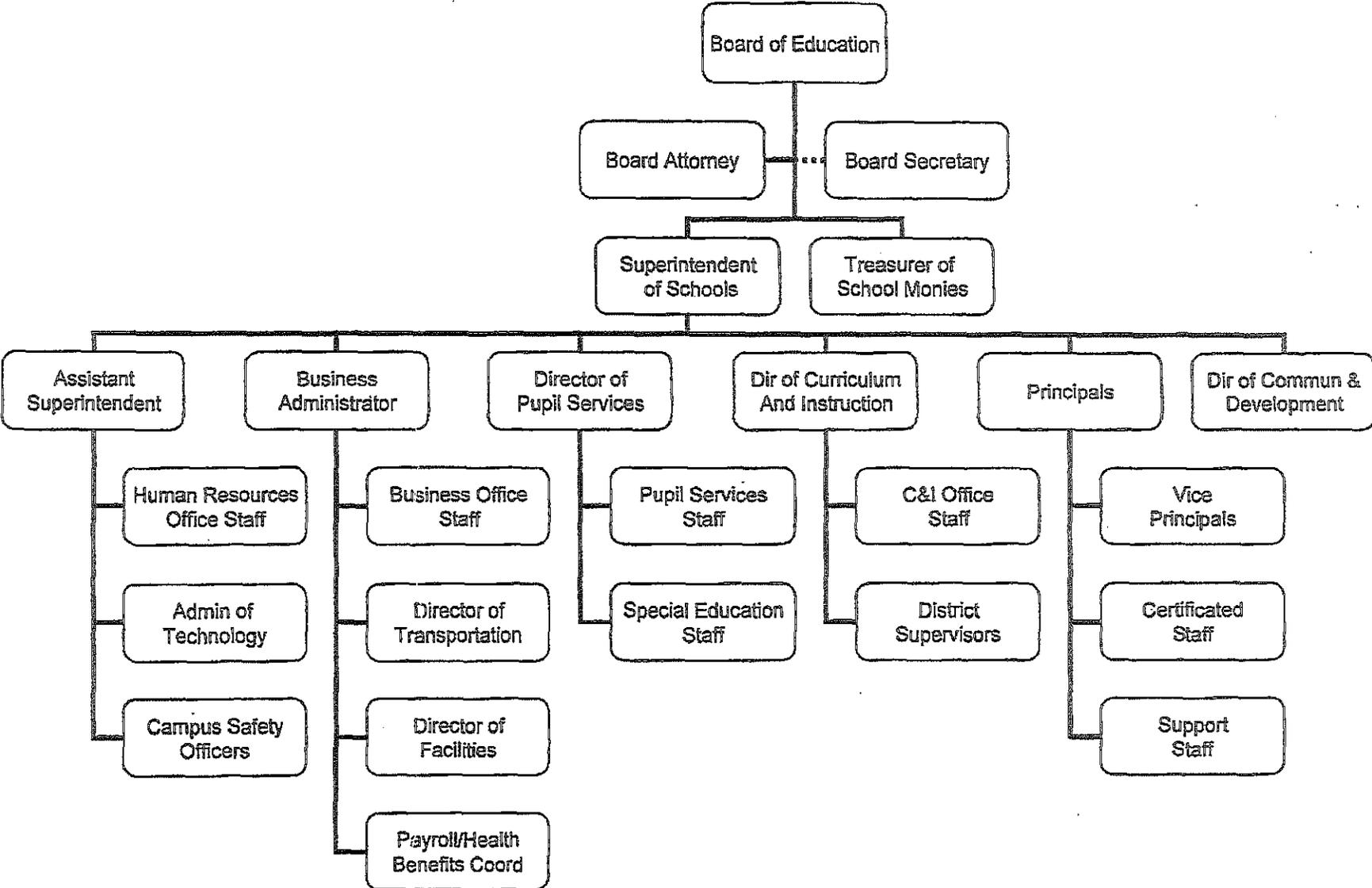


Dr. Thomas Smith
Superintendent



Robert Colavita
Business Administrator/Board Secretary

Hopewell Valley Regional School District Organizational Chart –



HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
425 South Main Street
Pennington, New Jersey 08534

ROSTER OF OFFICIALS
JUNE 30, 2011

MEMBERS OF THE BOARD OF EDUCATION **TERM EXPIRES**

Lisa Wolff, President	2012
Leigh Ann Peterson, Vice President	2012
Laura Desai	2014
Roy G. Dollard	2014
Stephen Keen	2013
Gordon Lewis	2013
Daniel J. O'Connor	2012
Adam J. Sawicki	2014
James J. Wulf	2013

OTHER OFFICIALS

Dr. Thomas A. Smith, Superintendent of Schools

Robert Colavita, School Business Administrator/Board Secretary

Mr. James Bartolomei, Treasurer

Mr. David W. Carroll, Esq., Solicitor

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
425 South Main Street
Pennington, New Jersey 08534

CONSULTANTS AND ADVISORS

AUDIT FIRM

Holman & Frenia, P. C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Parker McCay, P.A.
Three Greentree Centre
7001 Lincoln Drive West
Post Office Box 974
Marlton, New Jersey 08053-0974

ARCHITECT

Fraytak Veisz Hopkins Duthie
1515 Lower Ferry Road
Post Office Box 7371
Trenton, New Jersey 08628

FISCAL AGENTS

Depository Trust Company
Seven Hanover Street
New York, New York 10004

OFFICIAL DEPOSITORY

TD Bank
401 Route 70 East
Cherry Hill, New Jersey 08034

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hopewell Valley Regional
County of Mercer
Pennington, New Jersey 08534

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Hopewell Valley Regional School District, County of Mercer, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Hopewell Valley Regional School District, County of Mercer, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011, on our consideration of the Hopewell Valley Regional School District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 through 15 and 49 through 60 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

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hopewell Valley Regional School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal and state financial assistance and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of federal and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
September 23, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

Hopewell Valley Regional School District

Management's Discussion and Analysis Fiscal Year Ended June 30, 2011

This section of the Hopewell Valley Regional School District Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is now being required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2010-2011) and the prior fiscal year (2009-2010) is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because of focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, and debt service fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary funds

The District maintains four proprietary fund types, or enterprise funds. The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The performing arts center enterprise fund provides for the operation of activities in the performing arts center in Central High School. The driver education enterprise fund provides for the operation of the driver education program at Central High School. The kindergarten extension enterprise fund provides for the continuation of the school day for our half day kindergarten program. The proprietary funds have been included within business-type activities in the district-wide financial statements.

The enterprise funds detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for student activities and groups, for payroll transactions, and for the District's unemployment trust fund. The basic fiduciary fund

financial statements can be found as Exhibits B-7 and B-8 in this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other Information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 fiscal year are as follows:

- Total net assets are \$26,119,755. It is composed of both current and capital assets less current and outstanding long-term liabilities (Schedule A-1).
- General revenues accounted for \$73,712,532 of total revenue or 95.0 percent of all revenues. Program specific revenues in the form of charges for services, grants, aid, and contributions accounted for \$3,878,429 or 5.0 percent of total revenues of \$77,590,964 (Schedule A-2).
- The District had \$73,446,466 in governmental activities expenses. Of that amount, the General Fund expenditures totaled \$68,617,089 including \$4,433,417 in State TPAF pension and social security contributions. Grant-related expenditures totaled \$1,975,135. Business-type activities expenses were \$1,673,819.

District-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net assets:

**Hopewell Valley Regional School District
Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
	Current and other assets	\$8,378,645	\$7,608,990	\$730,260	\$593,860	\$9,108,905
Capital assets, net	61,283,148	62,654,759	297,117	340,418	61,580,265	62,995,177
Unamortized Loss on Early Retirement	1,305,299	1,496,117			1,305,299	1,496,117
Unamortized Bond Issue Costs	313,972	363,384			313,972	363,384
Total assets	\$71,281,064	\$73,123,250	\$1,027,377	\$934,278	\$72,308,441	\$73,057,528
Long-term liabilities outstanding	45,900,756	49,240,286	205,485	159,552	46,106,241	49,399,838
Other liabilities	82,445	8,612			82,445	8,612
Total liabilities	\$45,983,201	\$49,248,898	\$ 205,485	\$ 159,552	\$46,188,686	\$49,408,450
Net assets:						
Investments in capital assets, net of related debt	\$19,808,415	\$17,581,226			\$19,808,415	\$17,581,226
Restricted	4,940,503	1,054,122			4,940,503	1,054,122
Unrestricted	548,945	4,239,004	821,892	774,726	1,370,836	5,013,730
Total net assets	\$25,297,863	\$22,874,352	\$821,892	\$774,726	\$26,119,755	\$23,649,078

The unrestricted net assets may be used to meet the District's ongoing obligations to students, employees, and creditors.

Restricted assets represent resources that are subject to external restrictions on how they may be used. These funds are legally restricted to provide for the construction, renovations, maintenance, and services at the District's four elementary schools, one middle school, and one high school.

The District's investment in capital assets within the net assets above, less any related debt used to acquire those assets that is still outstanding, shows a balance of \$19,808,415.

The following table provides a summary of revenues and expenses for the District's governmental and business-type activities.

Hopewell Valley Regional School District

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Property taxes	\$62,360,557	\$61,332,166			\$62,360,557	\$61,332,166
Debt Service	4,266,500	3,940,662			4,266,500	3,940,662
Federal and state aid not restricted	6,174,012	8,322,621			6,174,012	8,513,962
Charges for Services	255,912	313,796	1,477,814	1,277,425	1,733,726	313,796
Contributions & Operating Grants	1,975,135	1,160,809	169,568	191,341	2,144,703	1,160,809
Miscellaneous(includes interest and tuition)	837,361	1,364,258	73,602	281,401	911,463	2,923,084
Transfers						
Gain on adjustment to Fixed Asset Value						
Total revenue	\$75,869,977	\$76,434,312	\$ 1,720,984	\$ 1,750,167	\$77,590,961	\$78,184,479
Expenses:						
Instructional services	\$31,497,849	\$31,188,705			\$31,497,849	\$31,188,705
Support services	37,824,398	38,176,406			37,824,398	38,176,406
Special Schools	204,354	223,387			204,354	223,387
Interest on Long Term Debt	1,612,892	2,023,644			1,612,892	2,023,644
Unallocated Expenses	2,306,973	5,223,312	\$ 1,673,819	\$ 1,545,845	3,980,792	3,865,516
Total expenses	\$73,446,466	\$76,835,454	\$ 1,673,819	\$ 1,545,845	\$78,381,299	\$75,477,658
Change in net assets	\$ 2,423,511	\$ 2,502,499	\$ 47,166	\$ 204,322	\$ 2,470,677	\$ 2,706,821
Net assets – beginning	22,874,352	20,371,858	774,726	570,404	23,649,078	20,942,257
Net assets – ending	\$25,297,863	\$ 22,874,352	\$ 821,892	\$ 774,726	\$ 26,119,755	\$ 23,649,078

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, capital projects fund and debt service fund revenues for the fiscal year ended June 30, 2011 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	Revenue	Percent Of Total	Increase (Decrease) From 2010	Percent of Increase (Decrease)
Local sources:				
District Taxes	\$ 66,627,057	87.83%	\$ 1,354,229	2.03%
Tuition	255,912	0.35%	-57,884	-22.62%
Miscellaneous	837,861	1.11%	-543,103	-64.81%
State sources	6,281,869	8.24%	-2,177,688	-34.66%
Federal sources	1,867,278	2.47%	843,405	45.17%
Total	\$ 75,869,977	100.0%	\$ -581,041	-74.89%

The increase in local revenue is attributed to an increase in the local tax levy of \$1,354,229. The decrease in tuition is due to tuition students leaving the district and aging out. The miscellaneous revenue decrease is due to additional funds recorded in 2010 from projects being completed. The decrease in State sources is attributable to the loss of state aid. The increase in Federal sources is due to additional funding from Title I and ARRA.

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2010 and the percentage of increases and (decreases) in relation to prior year amounts. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

	Amount	Percent Of Total	Increase (Decrease) From 2010	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$30,290,830	39.92%	\$(266,625)	-0.88%
Undistributed	37,598,871	49.47%	(430,255)	-1.30%
Capital outlay	1,024,244	1.44%	543,714	53.08%
Special School	204,354	0.26%	(19,033)	-9.31%
Special Revenue	1,975,135	2.60%	814,326	41.22%
Debt service				
Principal	3,170,000	4.18%	275,000	8.67%
Interest	1,614,285	2.13%	(458,984)	-28.43%
Total	\$75,877,719	100.0%	\$458,143	63.05%

Instructional costs decreased due to a spending freeze required to supplement the 2011-2012 budget. Undistributed expenditures decreased due to tuition payments being charged against Special Revenue from the IDEA ARRA grant. The increase in Capital Outlay is due to budgeted funds for Capital Projects. The increase to Special Revenue is due to expenditures associated with the IDEA ARRA grant. The decrease in debt service interest was due to refinancing eligible long-term debt.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$167,937. This difference is comprised of the June 30, 2010 encumbrances, which roll-over into the subsequent year's budget (2010-2011) and are added to the original budget appropriations.

Throughout the year budget transfers were effectuated between budget accounts to re-align the 2010-11 budget to meet district needs.

Based on the financial results of 2010-11, the fund balance of the general fund decreased by \$1,019,736 to \$5,335,043.

Capital Assets

At June 30, 2011 the District has capital assets of \$60.1 million, net of depreciation, which includes land, land improvements, buildings/construction, machinery and equipment and vehicles.

	Capital Assets (Net of Depreciation)	
	2011	2010
Land	\$ 2,546,691	\$ 2,546,691
Land Improvements	1,219,279	592,628
Buildings	75,413,877	76,040,526
Machinery and equipment	7,870,138	7,710,633
Construction in Progress	751,257	250,047
Subtotal	87,801,240	87,140,525
Accumulated Depreciation	(26,518,092)	(24,485,766)
Total	\$ 61,283,148	\$ 62,654,759

Debt Administration and Other Obligations

At June 30, 2011, the District's outstanding debt issues included \$41,419,000 of general obligation bonds, \$265,732 of capital leases and \$1,290,433 in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 6 to the basic financial statements.

Economic Factors and Next Year's Budget

- The District anticipates that the approved 2011-12 budget will be adequate to satisfy all 2011-12 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.

Requests for Information

This financial report is designed to provide a general overview of the Hopewell Valley Regional School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Hopewell Valley Regional Board of Education, 425 South Main Street, Pennington, NJ 08534.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$5,482,368	574,336	6,056,704	5,559,926
Receivables, Net	2,896,277	79,438	2,975,715	2,563,446
Inventory		76,486	76,486	79,478
Capital Assets, Net (Note 5)	61,283,148	297,117	61,580,265	62,995,177
Unamortized Loss on Early Retirement of Debt	1,305,299		1,305,299	1,496,117
Unamortized Bond Issue Costs	313,972		313,972	363,384
Total Assets	71,281,064	1,027,377	72,308,441	73,057,528
LIABILITIES				
Accounts Payable	774,738	175,725	950,463	577,257
Accrued Interest Payable	654,847		654,847	781,184
Other Liabilities	82,445		82,445	8,612
Deferred Revenue	124,069	29,760	153,829	71,346
Unamortized Bond Premium	1,371,937		1,371,937	1,590,610
Noncurrent Liabilities (Note 6):				
Due Within One Year	3,217,001		3,217,001	3,506,308
Due Beyond One Year	39,758,164		39,758,164	42,873,133
Total Liabilities	45,983,201	205,485	46,188,686	49,408,450
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	19,808,415		19,808,415	17,581,226
Restricted For:				
Debt Service	(454,449)		(454,449)	(777,630)
Capital Reserve	2,145,446		2,145,446	1,611,342
Maintenance Reserve	88,488		88,488	58,673
Other Purposes	3,161,018		3,161,018	161,737
Unrestricted	548,945	821,892	1,370,836	5,013,730
Total Net Assets	\$25,297,863	821,892	26,119,755	23,649,078

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

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY) JUNE 30, 2011 JUNE 30, 2010	
Governmental Activities:							
Instruction:							
Regular Instruction	\$25,229,782		1,719,628	(23,510,154)		(23,510,154)	(24,376,114)
Special Education Instruction	4,098,629	255,912		(3,842,717)		(3,842,717)	(3,623,934)
Other Special Instruction	1,176,851			(1,176,851)		(1,176,851)	(865,459)
Other Instruction	992,587			(992,587)		(992,587)	(1,015,542)
Support Services:							
Tuition	2,363,433			(2,363,433)		(2,363,433)	(3,051,668)
Attendance	7,807			(7,807)		(7,807)	(3,462)
Health Services	602,504			(602,504)		(602,504)	(591,399)
Student & Instruction Related Services	5,666,004			(5,666,004)		(5,666,004)	(5,926,485)
Educational Media Services/School Library	473,379			(473,379)		(473,379)	(529,966)
School Administrative Services	2,307,087		255,507	(2,051,580)		(2,051,580)	(2,109,690)
Central Services	1,142,947			(1,142,947)		(1,142,947)	(1,147,876)
Other Administrative Services	675,014			(675,014)		(675,014)	(681,437)
Plant Operations & Maintenance	5,625,781			(5,625,781)		(5,625,781)	(5,503,697)
Pupil Transportation	3,574,367			(3,574,367)		(3,574,367)	(3,621,103)
Unallocated Benefits	15,386,075			(15,386,075)		(15,386,075)	(14,842,674)
Special Schools	204,354			(204,354)		(204,354)	(223,387)
Interest on Long-Term Debt	1,612,892			(1,612,892)		(1,612,892)	(2,023,644)
Unallocated Amortization of Debt Costs	21,557			(21,557)		(21,557)	(74,282)
Unallocated Compensated Absences	(15,475)			15,475		15,475	(38,047)
Unallocated Loss on Revaluation of Fixed Assets	239,867			(239,867)		(239,867)	9,649
Unallocated Depreciation Expense	2,061,024			(2,061,024)		(2,061,024)	(2,216,991)
Total Governmental Activities	73,446,466	255,912	1,975,135	(71,215,419)		(71,215,419)	(72,457,208)

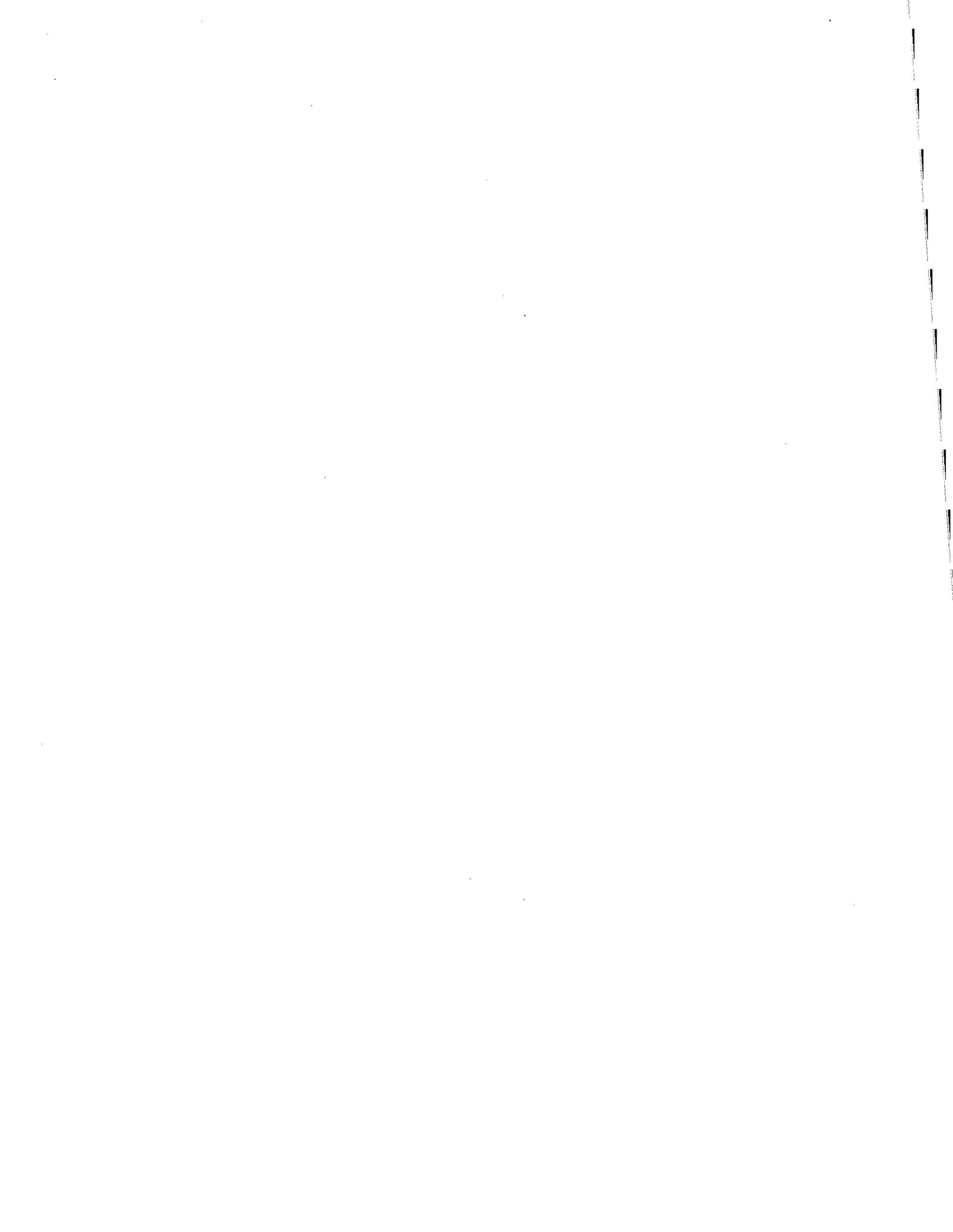
**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Business-Type Activities:							
Proprietary Funds	1,673,819	1,477,814	169,568		(26,437)	(26,437)	(77,079)
Total Business-Type Activities	1,673,819	1,477,814	169,568		(26,437)	(26,437)	(77,079)
Total Primary Government	\$75,120,285	1,733,726	2,144,703	(71,215,419)	(26,437)	(71,241,856)	(72,534,287)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				62,360,557		62,360,557	61,332,166
Taxes Levied for Debt Service				4,266,500		4,266,500	3,940,662
Federal & State Aid Not Restricted				6,174,012		6,174,012	8,322,621
Miscellaneous Income				837,861	73,602	911,463	1,645,659
Total General Revenues, Special Items, Extraordinary Items & Transfers				73,638,930	73,602	73,712,532	75,241,108
Change In Net Assets				2,423,511	47,166	2,470,677	2,706,821
Net Assets - Beginning				22,874,352	774,726	23,649,078	20,942,257
Net Assets - Ending				\$25,297,863	821,892	26,119,755	23,649,078

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

B. Fund Financial Statements

Governmental Funds



**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

(With Comparative Totals for June 30, 2010)

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$5,376,100		209,999	200,398	5,786,497	5,837,423
Accounts Receivable:						
State Aid	468,342		1,959,403		2,427,745	2,205,408
Federal Aid		368,219			368,219	290,911
Other	16,017	977			16,994	2,340
Interfunds			83,319		83,319	10,153
Total Assets	\$5,860,459	369,196	2,252,721	200,398	8,682,774	8,346,235
LIABILITIES & FUND BALANCES						
Liabilities:						
Cash Deficit		304,129			304,129	737,245
Accounts Payable	\$371,044	12,925	390,769		774,738	417,705
Interfund Payables	73,833	8,612			82,445	8,612
Deferred Revenue	80,539	43,530			124,069	71,346
Total Liabilities	525,416	369,196	390,769		1,285,381	1,234,908
Fund Balances:						
Restricted For:						
Capital Reserve	2,145,446				2,145,446	1,611,342
Maintenance Reserve	88,488				88,488	58,673
Capital Projects Fund			1,477,353		1,477,353	1,017,780
Debt Service Fund				200,398	200,398	756
Excess Surplus						686,706
Excess Surplus Designated for Subsequent Year's Expenditures	686,706				686,706	431,497
Committed to:						
Other Purposes			384,379		384,379	
Assigned to:						
Designated for Subsequent Year's Expenditures	183,703				183,703	2,023,701
Other Purposes	612,360		220		612,580	161,737
Unassigned:						
General Fund	1,618,340				1,618,340	1,119,135
Total Fund Balances	5,335,043		1,861,952	200,398	7,397,393	7,111,327
Total Liabilities & Fund Balances	\$5,860,459	369,196	2,252,721	200,398		

Amounts reported for *governmental activities* in the statement of Net Assets (A-2) 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 \$87,801,240 and the accumulated depreciation is \$26,518,092.	61,283,148	62,654,759
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(654,847)	(781,184)
Unexpended lease proceeds are recorded as deferred revenue on the fund statements are included as long-term liabilities on the Statement of Net Assets		
Net Unamortized Bond Costs, Premiums and Loss on Early Retirement of Debt Long-term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(42,727,831)	(46,110,550)

Net assets of Governmental Activities

\$25,297,863 22,874,352

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

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010
Revenues:						
Local Sources:						
Local Tax Levy	\$62,360,557			4,266,500	66,627,057	65,272,828
Tuition	255,912				255,912	313,796
Miscellaneous	784,611	38,621	395	14,234	837,861	1,380,964
Total Local Sources	63,401,080	38,621	395	4,280,734	67,720,830	66,967,588
State Sources	5,692,215	69,236	520,418		6,281,869	8,459,557
Federal Sources		1,867,278			1,867,278	1,023,873
Total Revenues	69,093,295	1,975,135	520,813	4,280,734	75,869,977	76,451,018
Expenditures:						
Current Expense:						
Regular Instruction	24,022,763	1,719,628			25,742,391	25,732,584
Special Education Instruction	4,098,629				4,098,629	3,937,730
Other Special Instruction	1,176,851				1,176,851	865,459
Other Instruction	992,587				992,587	1,015,542
Support Services:						
Tuition	2,363,433				2,363,433	3,051,668
Attendance	7,807				7,807	3,462
Health Services	602,504				602,504	591,399
Student & Instruction Related Services	5,666,004				5,666,004	5,926,485
Educational Media Services/School						
Library	473,379				473,379	529,966
School Administrative Services	2,081,560	225,527			2,307,087	2,276,639
Other Administrative Services	675,014				675,014	681,437
Central Services	1,142,947				1,142,947	1,147,876
Plant Operations & Maintenance	5,625,781				5,625,781	5,503,697
Pupil Transportation	3,574,367				3,574,367	3,621,103
Employee Benefits	15,386,075				15,386,075	14,842,674
Capital Outlay	523,034	29,980	501,210		1,054,224	500,199
Special Schools	204,354				204,354	223,387
Debt Service:						
Principal				3,170,000	3,170,000	2,895,000
Interest				1,614,285	1,614,285	2,073,269
Total Expenditures	68,617,089	1,975,135	501,210	4,784,285	75,877,719	75,419,576
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	476,206		19,603	(503,551)	(7,742)	1,031,442
Other Financing Sources/(Uses):						
Operating Transfers In	37,579		849,543	700,395	1,587,517	1,201,928
Operating Transfers Out	(1,549,543)		(37,974)		(1,587,517)	(1,201,928)
Capital Leases (Nonbudgeted)	293,808				293,808	
Total Other Financing Sources/(Uses)	(1,218,156)		811,569	700,395	293,808	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(741,950)		831,172	196,844	286,066	1,031,442
Fund Balances July 1	6,076,993		1,030,780	3,554	7,111,327	6,079,885
Fund Balances June 30	\$5,335,043	-	1,861,952	200,398	7,397,393	7,111,327

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$286,066
<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	(\$2,061,024)	
Revaluation and Disposal of Fixed Assets	(239,867)	
Capital Outlays	929,280	(1,371,611)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		3,170,000
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>		
Leases Issued	(293,808)	(293,808)
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		512,609
<p>Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>		
Prior Year	781,184	
Current Year	(654,847)	126,337
<p>Loss on the early extinguishments of debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:</p>		
Amortization of Loss on Refunding	(190,818)	
Amortization of Cost of Issuance	(49,412)	
Amortization of Original Issue Premiums	218,673	(21,557)
<p>Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Prior Year	1,305,908	
Current Year	(1,290,433)	15,475
Change in Net Assets of Governmental Activities		\$2,423,511

See accompanying notes to the financial statements.

Proprietary Funds



HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011
 (With Comparative Totals for June 30, 2010)

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
		JUNE 30, 2011	JUNE 30, 2010
Current Assets:			
Cash & Cash Equivalents	\$574,336	574,336	459,748
Accounts Receivable:			
State	936	936	1,027
Federal	7,636	7,636	8,441
Due from Students	7,966	7,966	5,638
Other	62,900	62,900	39,528
Inventories	76,486	76,486	79,478
Total Current Assets	730,260	730,260	593,860
Fixed Assets:			
Equipment	760,443	760,443	755,913
Less: Accumulated Depreciation	(463,326)	(463,326)	(415,495)
Total Fixed Assets	297,117	297,117	340,418
Total Assets	1,027,377	1,027,377	934,278
LIABILITIES			
Prepaid Lunch Sales	55,512	55,512	47,926
Accrued Salary & Wages	6,610	6,610	1,073
Accounts Payable	113,603	113,603	110,553
Deferred Revenue	29,760	29,760	
Total Liabilities	205,485	205,485	159,552
NET ASSETS			
Restricted Net Assets	6,000	6,000	6,000
Unreserved Net Assets	815,892	815,892	768,726
Total Net Assets	\$821,892	821,892	774,726

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

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY) JUNE 30, JUNE 30, 2011 2010	
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$681,750	681,750	664,161
Daily Sales Nonreimbursable Programs:			
Adult & A La Carte Meals	489,375	489,375	498,572
Special Functions	16,131	16,131	14,334
Miscellaneous	11,502	11,502	7,689
Rental Fees	16,638	16,638	69,651
Driver Education Lessons	35,910	35,910	30,707
Tuition	238,010	238,010	
Total Operating Revenue	1,489,316	1,489,316	1,285,114
Operating Expenses:			
Salaries	772,498	772,498	508,135
Employee Benefits	11,794	11,794	139,281
Cost of Sales	523,103	523,103	539,711
Management Fee	62,100	62,100	62,100
Administrative Fee	75,800	75,800	75,800
General Cleaning Supplies/Paper	154,012	154,012	134,806
Other Indirect Expenses	5,358	5,358	12,851
Depreciation	47,831	47,831	52,153
Liability Insurance	21,323	21,323	21,008
Total Operating Expenses	1,673,819	1,673,819	1,545,845
Operating Income/(Loss)	(184,503)	(184,503)	(260,731)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	11,721	11,721	11,591
Federal Sources:			
National School Lunch Program	106,085	106,085	95,894
Food Distribution Program	51,762	51,762	83,856
Total Nonoperating Revenues	169,568	169,568	191,341
Other Financing Sources:			
Contract Budget Guarantee	62,100	62,100	39,528
Revaluation of Fixed Assets			234,184
Total Other Financing Sources	62,100	62,100	273,712
Net Income/(Loss)	47,166	47,166	204,322
Net Assets - July 1	774,726	774,726	570,404
Net Assets - June 30	\$821,892	821,892	774,726

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY) JUNE 30, JUNE 30, 2011 2010	
Cash Flows From Operating Activities:			
Receipts from Customers	\$1,523,534	1,523,534	1,286,265
Payments to Employees	(778,755)	(778,755)	(646,343)
Payments to Suppliers	(835,654)	(835,654)	(829,458)
Net Cash Provided/(Used) by Operating Activities	(90,875)	(90,875)	(189,536)
Cash Flows From Noncapital Financing Activities:			
Cash Received From Budget Guarantee	39,528	39,528	93,586
Cash Received From State & Federal Reimbursements	170,464	170,464	209,962
Net Cash Provided by Noncapital Financing Activities	209,992	209,992	303,548
Cash Flows From Capital Activities:			
Purchase of Fixed Assets	(4,530)	(4,530)	
Net Cash Provided/(Used) by Capital Activities	(4,530)	(4,530)	
Net Increase/(Decrease) in Cash & Cash Equivalents	114,588	114,588	114,012
Balances - Beginning of Year	459,748	459,748	345,736
Balances - Ending of Year	\$574,336	574,336	459,748

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	(\$184,503)	(184,503)	(260,731)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	47,831	47,831	52,153
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	2,992	2,992	3,777
(Increase)/Decrease in Accounts Receivable	(3,128)	(3,128)	(2,950)
Increase/(Decrease) in Prepaid Accounts	7,586	7,586	4,101
Increase/(Decrease) in Accounts Payable	3,050	3,050	13,041
Increase/(Decrease) in Accrued Salaries	5,537	5,537	1,073
Increase/(Decrease) in Deferred Revenue	29,760	29,760	
Total Adjustments	93,628	93,628	71,195
Net Cash Provided/(Used) by Operating Activities	(\$90,875)	(90,875)	(189,536)

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

Fiduciary Fund

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

ASSETS	PRIVATE PURPOSE				TOTALS	
	SCHOLARSHIPS	UNEMPLOYMENT COMPENSATION INSURANCE FUND	STUDENT ACTIVITY	AGENCY PAYROLL	(MEMORANDUM ONLY) JUNE 30, 2011 JUNE 30, 2010	
Cash & Cash Equivalents	\$19,845	124,726	376,142	730,430	1,251,143	1,291,170
Total Assets	19,845	124,726	376,142	730,430	1,251,143	1,291,170
LIABILITIES						
Payroll Deductions & Withholdings				729,556	729,556	776,432
Due to General Fund				874	874	1,541
Due to Student Groups			376,142		376,142	367,009
Total Liabilities			376,142	730,430	1,106,572	1,144,982
NET ASSETS						
Reserved for Unemployment Claims		124,726			124,726	124,508
Reserved for Scholarships	19,845				19,845	21,680
Total Net Assets	\$19,845	124,726	-	-	144,571	146,188

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ADDITIONS	PRIVATE PURPOSE		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	(MEMORANDUM ONLY) JUNE 30, 2011	JUNE 30, 2010
Contributions:				
Scholarship Donations		7,740	7,740	10,502
Total Contributions		7,740	7,740	10,502
Investment Earnings:				
Interest	\$218		218	440
Net Investment Earnings	218		218	440
Total Additions	218	7,740	7,958	10,942
DEDUCTIONS				
Scholarships Awarded		9,575	9,575	10,710
Contributions to General Fund				43,000
Total Deductions		9,575	9,575	53,710
Change in Net Assets	218	(1,835)	(1,617)	(42,768)
Net Assets - Beginning of the Year	124,508	21,680	146,188	188,956
Net Assets - End of the Year	\$124,726	19,845	144,571	146,188

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Hopewell Valley Regional School District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District implemented these standards beginning with fiscal year-ending June 30, 2003. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*. Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*; and Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2011 and for the year then ended with comparative totals as of and for the year ended June 30, 2010 (Memorandum Only).

A. Reporting Entity:

The Hopewell Valley Regional School District is a Type II district located in the County of Mercer, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The Hopewell Valley Regional School District has an approximate enrollment at June 30, 2011 of 3,862 students.

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

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

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

- ◆ the District appoints a voting majority of the organization's board
- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. District-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting:

The accounts of the Hopewell Valley Regional School District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

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

As required by the New Jersey Department of Education, Hopewell Valley Regional School District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) 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.

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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.

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

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

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

Proprietary Fund

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund, Driver's Education Fund, Performing Arts Center Fund and the Kindergarten Extension Fund.

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line-method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	15 Years
Light Trucks & Vehicle	8 Years
Heavy Trucks & Vehicle	8 Years

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund and Scholarship Trust as private purpose trusts.

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

E. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

basis of accounting, revenues are recognized when they become both 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. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Hopewell Valley Regional School District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Hopewell Valley Regional School District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

F. 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 voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

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

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

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

F. Budgets/Budgetary Control (continued):

GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

The following presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

**Notes to Required Supplementary Information.
Budgetary Comparison Schedule**

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) "revenues" from the budgetary comparison schedules	\$68,815,509	\$1,977,097
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Prior Year		4,800
Current Year		(6,762)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	277,786	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	_____	_____
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$69,093,295</u>	<u>\$1,975,135</u>

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$68,617,089	\$1,977,097
Differences – budget to GAAP:		
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	_____	_____(1,962)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances -- governmental funds	<u>\$68,617,089</u>	<u>\$1,975,135</u>

G. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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 Hopewell Valley Regional School 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.

H. Cash, Cash Equivalents and Investments:

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

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

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

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

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

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

I. Tuition Receivable/Payable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally two years following the contract year. The cumulative adjustments through June 30, 2011, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2007-2008 and 2008-2009 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

J. Inventories & Prepaid Expenses

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

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

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Hopewell Valley Regional School District and that are due within one year.

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

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

L. Fixed Assets:

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is an accrual as of June 30, 2011 for such salaries. The balance at June 30, 2011 was \$679,433.

N. Compensated Absences

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

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

O. Deferred Revenue

Deferred revenue in the general and special revenue funds represents cash, which has been received but not yet earned.

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

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

P. Long-Term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

Q. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

R. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2011 through September 23, 2011, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents and Investments

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2011, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$7,307,847</u>
Total Deposits	<u>\$7,307,847</u>
Reconciliation to Statements of Net Assets:	
Governmental Funds	\$5,482,368
Business-Type Funds	574,336
Fiduciary Funds	<u>1,251,143</u>
Total Cash and Cash Equivalents	<u>\$7,307,847</u>

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 2. Cash and Cash Equivalents and Investments (continued):

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$8,474,823 at June 30, 2011. Of the bank balance \$515,887 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$7,958,936 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

Investment Interest Rate Risk – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at June 30, 2011, are provided in the above schedule.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2011 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 4. Capital Reserve Account

A capital reserve account was established by the Hopewell Regional School District Board of Education on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$1,611,342
Deposits:	
Interest Earned	2,343
Board Resolution approved January 18, 2011	31,919
Board Resolution approved February 28, 2011	5,660
Board Resolution approved June 20, 2011	2,043,725
Withdrawals:	
Transfer to Debt Service approved April 2010 election	(700,000)
Transfer to Capital Projects approved April 2010 election	(840,245)
Board Resolution approved September 20, 2010	<u>(9,298)</u>
Ending Balance, June 30, 2011	<u>\$2,145,446</u>

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 5. Fixed Assets

The following schedule is a summarization of the general fixed assets for the fiscal year ended June 30, 2011:

	June 30, 2010	Additions	Deletions	Adjustments	June 30, 2011
Land	\$ 2,546,691				\$ 2,546,691
Land Improvements	592,628			\$626,651	1,219,279
Buildings	76,040,526			(626,651)	75,413,875
Machinery & Equipment	7,710,633	\$ 190,820	\$31,315		7,870,138
Construction in Progress	250,047	501,210			751,257
Subtotal	87,140,525	692,030	31,315		87,801,240
Accumulated Depreciation	(24,485,766)	(2,061,024)	(28,698)		(26,518,092)
Total	<u>\$62,654,759</u>	<u>\$(1,368,994)</u>	<u>\$ 2,617</u>		<u>\$61,283,148</u>

The following schedule is a summary of the proprietary fund type fixed assets at June 30, 2011:

	June 30, 2010	Additions	Deletions	Adjustments	June 30, 2011
Machinery & Equipment	\$755,913	\$ 4,530	\$ -	\$ -	\$760,443
Accumulated Depreciation	(415,495)	(47,831)			(463,326)
Total	<u>\$340,418</u>	<u>\$(43,301)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$297,117</u>

Note 6. Long-Term Debt

During the fiscal year ended June 30, 2011 the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance 6/30/10	Issued	Retired	Balance 6/30/11	Due Within Year
Bonds Payable	\$44,589,000		\$3,170,000	\$41,419,000	\$3,160,000
Capital Leases Payable	484,533	\$293,808	512,609	265,732	57,001
Compensated Absences Payable	1,305,908		15,475	1,290,433	
Total	<u>\$46,379,441</u>	<u>\$ 293,808</u>	<u>\$3,698,084</u>	<u>\$42,975,165</u>	<u>\$3,217,001</u>

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 6. Long-Term Debt (continued):

A. Bonds Payable:

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

Bonds payable at June 30, 2011 consisted of 2001 General Obligation Bonds of \$150,000 due in annual installments through August 15, 2012 bearing an interest rate of 4.60%, 2004 General Obligation Bonds of \$6,750,000 due in annual installments through January 2020 bearing an interest rate of 3.50% to 4.00%, 2005 General Obligation bonds dated January 15, 2005 of \$1,424,000 due in annual installments through January 15, 2020, bearing an interest rate of 3.75% to 4.0%, 2005 General Obligation Bonds of \$19,980,000 due in annual installments through August 2021 bearing an interest rate of 3.00% to 5.00%, and 2010 Refunding Bonds of \$13,115,000 due in annual installments through August 2017 bearing an interest rate of 2.50% to 4.00%.

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

Year Ending June 30,	Principal	Interest	Total
2012	\$ 3,160,000	\$ 1,629,666	\$ 4,789,666
2013	3,290,000	1,503,348	4,793,348
2014	3,405,000	1,382,491	4,787,491
2015	3,530,000	1,268,404	4,798,404
2016	3,655,000	1,138,516	4,793,516
2017-2021	20,589,000	3,028,571	23,617,571
2022	<u>3,790,000</u>	<u>75,800</u>	<u>3,865,800</u>
Total	<u>\$41,419,000</u>	<u>\$10,026,796</u>	<u>\$51,445,796</u>

B. Capital Leases Payable:

The District is leasing computer equipment and transportation vehicles under capital leases. All capital leases are for terms of five years or less. The following is a schedule of the future minimum lease payments under these capital leases and the principal portion of lease payments due at June 30, 2011:

YEAR	AMOUNT
2012	\$ 57,001
2013	58,153
2014	59,329
2015	60,528
2016	<u>30,721</u>
Total Minimum Lease Payment	<u>\$265,732</u>

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 7. Pension Plans

Plan Descriptions - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund 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.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of *N.J.S.A.18A:66* to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 noncontributing 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 unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of *N.J.S.A.43:15A* to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System 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.

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:6C* 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 55 and are generally determined to be 1/55 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 of 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.

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 7. Pension Plans (continued):

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey’s portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee’s rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District’s normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Contribution Requirements – 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 5.5% 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 includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$838,798	100%	\$ -0-
6/30/10	688,093	100%	-0-
6/30/09	525,187	100%	-0-

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 7. Pension Plans (continued):

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$2,106,535	100%	\$ -0-
6/30/10	2,018,940	100%	-0-
6/30/09	1,877,757	100%	-0-

During the year ended June 30, 2011 the State of New Jersey contributed \$2,106,535 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A. 18A:66-66* the State of New Jersey reimbursed the District \$2,326,881 for the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 8. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. 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 prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

Note 9. Risk Management

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

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 9. Risk Management (continued):

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund their New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan the District has a quarterly contribution due based on the amount of wages paid for the quarter and remits these funds with the employee withholdings to the State.

Note 10. Contingent Liabilities

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

Note 11. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2011:

Fund	Interfund Receivable	Interfund Payable
General Fund		\$73,833
Special Revenue		8,612
Capital Projects	\$83,319	
Fiduciary Funds		874
Total	<u>\$83,319</u>	<u>\$83,319</u>

The purpose of these interfunds are short-term borrowings.

Note 12. GASB #54 – Fund Balance Disclosure

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

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 12. GASB #54 – Fund Balance Disclosure (continued):

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

General Fund – Of the \$5,335,043 General Fund fund balance at June 30, 2011, \$2,145,446 has been restricted for the Capital Reserve Account; \$88,488 has been reserved as maintenance reserve; \$686,706 is restricted to be designated for subsequent year's expenditures; \$183,703 has been assigned for subsequent year's expenditures, \$612,360 has been assigned for other purposes and \$1,618,340 is unassigned.

The Hopewell Valley Regional School District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the Hopewell Valley Regional School District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Debt Service Fund – of the \$200,398 Debt Service Fund fund balance at June 30, 2011, \$200,398 is restricted for debt service.

Note 13. Deferred Compensation

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

AXA/Equitable
AIG/Variable Annuity Life Insurance Company
Siracusa
Metropolitan Life

Primerica
T.P.A.F. Supplemental Annuity
P.E.R.S. Supplemental Annuity

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 14. Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2011 is \$1,290,433.

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, 2011 no liability existed for compensated absences in the proprietary fund types.

Note 15. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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, 2011 is \$-0-.

Note 16. Deferred Bond Issuance Costs

In governmental funds, bond issuance, loss on early retirement of debt and bond premium loss on the refinancing costs and premiums on the bonds costs are recognized in the current period. For district-wide financial statements, debt issuance and refinancing costs are amortized over the life of the original issue or refunding issue, whichever is longer.

The cost associated with the 2005 Refunding Issue was \$947,245 and premiums on the Bonds were \$726,991. Amortized costs for the 2010-2011 school year were \$10,338, \$55,720 and \$(42,764) respectively. The costs associated with the 2010 Refunding Issue were \$141,647 and the loss on the refunding was \$331,446 and premiums on the Bonds were \$848,093. Amortized costs for the 2010-2011 school year were \$39,074, \$135,098 and (\$175,909) respectively.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:											
Local Sources:											
Local Tax Levy	10-1210	\$62,360,557		62,360,557			61,332,166		61,332,166	61,332,166	
Tuition	10-1300	261,816		261,816	255,912	(5,904)	230,996		230,996	313,796	82,800
Transportation Fees from Individuals	10-1410	70,000		70,000	80,373	10,373	75,302		75,302	84,360	9,058
Interest on Investments	10-1XXX				20,930	20,930	220,000		220,000	28,894	(191,106)
Interest Earned on Capital Reserve Funds	10-1XXX				2,343	2,343				2,751	2,751
Interest Earned on Maintenance Reserve	10-1XXX				104	104				100	100
Student Activity Fees	10-1XXX				162,025	162,025	110,000		110,000	113,720	3,720
Facility Rentals	10-1XXX				152,142	152,142	60,000		60,000	152,241	92,241
Health Benefits Reimbursements	10-1XXX				94,812	94,812	80,000		80,000	93,225	13,225
COBRA LOA	10-1XXX				26,744	26,744				21,117	21,117
COBRA ARRA	10-1XXX									24,712	24,712
Unrestricted Miscellaneous Revenues	10-1XXX	550,000		550,000	245,138	(304,862)	50,000		50,000	785,191	735,191
Total Local Sources		63,242,373		63,242,373	63,401,080	158,707	62,158,464		62,158,464	62,952,273	793,809
State Sources:											
Extraordinary Aid	10-3XXX				319,316	319,316	423,005		423,005	495,794	72,789
Nonpublic Transportation Aid	10-3XXX				35,705	35,705				26,497	26,497
Categorical Special Education	10-3132	625,858		625,858	625,858		2,093,000		2,093,000	2,093,000	
Categorical Security Aid	10-3177						284,886		284,886	232,759	(52,127)
Categorical Transportation Aid	10-3121						1,675,602		1,675,602	1,089,141	(586,461)
TPAF Wage Freeze Grant	10-3XXX				134	134					
Nonbudgeted:											
On-Behalf TPAF Pension Contribution					2,106,535	2,106,535				2,018,940	2,018,940
Reimbursed TPAF Social Security Contribution					2,326,881	2,326,881				2,327,463	2,327,463
Total State Sources		625,858		625,858	5,414,429	4,788,571	4,476,493		4,476,493	8,283,594	3,807,101
Total Revenues		63,868,231		63,868,231	68,815,509	4,947,278	66,634,957		66,634,957	71,235,867	4,600,910
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool/Kindergarten	11-110-100-101	577,021	12,554	589,575	569,815	19,760	642,468	(64,220)	578,248	578,045	203
Grades 1 - 5	11-120-100-101	8,005,967	(60,169)	7,945,798	7,888,573	57,225	7,935,821	209,915	8,145,736	8,145,735	1
Grades 6 - 8	11-130-100-101	5,456,097	20,364	5,476,461	5,474,524	1,937	5,303,717	182,576	5,486,293	5,486,293	
Grades 9 - 12	11-140-100-101	5,995,424	21,495	6,016,919	5,940,595	76,324	6,210,499	(131,857)	6,078,642	6,078,343	299
Home Instruction - Regular Programs:											
Salaries of Teachers	11-150-100-101	81,120	17,776	98,896	89,636	9,260	78,000	(33,494)	44,506	44,506	

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Expenditures (continued):											
Regular Programs - Undistributed Instruction:											
Other Salaries for Instruction	11-190-100-106	2,028,808	21,676	2,050,484	2,044,953	5,531	2,289,857	52,707	2,342,564	2,342,442	122
Purchased Professional - Educational Services	11-190-100-320	148,512	(5,777)	142,735	128,378	14,357	123,647	(5,221)	118,426	85,099	33,327
Purchased Technical Services	11-190-100-340	29,500	(8,000)	21,500	10,736	10,764	29,500	3,485	32,985	7,905	25,080
Other Purchased Services	11-190-100-500	838,895	16,147	855,042	782,926	72,116	916,051	(21,524)	894,527	723,117	171,410
General Supplies	11-190-100-610	1,146,028	46,140	1,192,168	1,013,234	178,934	1,401,254	129,801	1,531,055	1,087,477	443,578
Textbooks	11-190-100-640	30,852	32,413	63,265	60,769	2,496	186,106	(36,820)	149,286	133,522	15,764
Other Objects	11-190-100-890	29,600	(5,137)	24,463	18,624	5,839	34,450	1,029	35,479	26,240	9,239
Total Regular Programs		24,367,824	109,482	24,477,306	24,022,763	454,543	25,151,370	286,377	25,437,747	24,738,724	699,023
Special Education:											
Learning/Language Disabilities											
Salaries of Teachers	11-204-100-101	77,784	(59,894)	17,890	17,890		73,336		73,336	73,336	
General Supplies	11-204-100-610	6,300		6,300	3,242	3,058	5,980	(2,000)	3,980	1,423	2,557
Textbooks	11-204-100-640	197		197		197	700		700	60	640
Total Learning/Language Disabilities		84,281	(59,894)	24,387	21,132	3,255	80,016	(2,000)	78,016	74,819	3,197
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	314,570	(23,788)	290,782	290,782		361,932	(64,200)	297,732	297,701	31
General Supplies	11-212-100-610	9,550		9,550	5,211	4,339	9,050	(4,315)	4,735	3,499	1,236
Textbooks	11-212-100-640	422		422		422	750		750	525	225
Total Multiple Disabilities		324,542	(23,788)	300,754	295,993	4,761	371,732	(68,515)	303,217	301,725	1,492

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**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Resource Room/Resource Center:											
Salaries of Teachers	11-213-100-101	3,478,512	36,264	3,514,776	3,514,051	725	3,250,902	107,477	3,358,379	3,357,238	1,141
Other Salaries for Instruction	11-213-100-106	109,192	(16,864)	92,328	89,498	2,830	124,162	(31,600)	92,562	92,540	22
General Supplies	11-213-100-610	32,357	(1,511)	30,846	26,342	4,504	28,356	(2,947)	25,409	17,583	7,826
Textbooks	11-213-100-640	4,435	(1,018)	3,417	3,201	216	10,089		10,089	8,509	1,580
Total Resource Room/Resource Center		3,624,496	16,871	3,641,367	3,633,092	8,275	3,413,509	72,930	3,486,439	3,475,870	10,569
Autism:											
Salaries of Teachers	11-214-100-101	140,038	7,894	147,932	147,925	7	135,760	(50,931)	84,829	84,629	200
General Supplies	11-214-100-610	1,120	(389)	731	487	244	1,120		1,120	687	433
Total Autism		141,158	7,505	148,663	148,412	251	136,880	(50,931)	85,949	85,316	633
Total Special Education		4,174,477	(59,306)	4,115,171	4,098,629	16,542	4,002,137	(48,516)	3,953,621	3,937,730	15,891
Basic Skills/Remedial - Instruction:											
Salaries of Teachers	11-230-100-101	882,771	234,124	1,116,895	1,115,851	1,044	804,478	25,164	829,642	828,038	1,604
General Supplies	11-230-100-610	9,860	(106)	9,754	7,389	2,365	9,535		9,535	4,505	5,030
Textbooks	11-230-100-640	500	(342)	158	158		300		300		300
Total Basic Skills/Remedial Instruction		893,131	233,676	1,126,807	1,123,398	3,409	814,313	25,164	839,477	832,543	6,934
Bilingual Education - Instruction:											
Salaries of Teachers	11-240-100-101	32,952	19,901	52,853	52,853		31,096	2,000	33,096	32,490	606
General Supplies	11-240-100-610	890		890	600	290	890		890	426	464
Total Bilingual Education - Instruction		33,842	19,901	53,743	53,453	290	31,986	2,000	33,986	32,916	1,070

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**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
School Sponsored Cocurricular Activities:											
Salaries	11-401-100-100	105,996	35,447	141,443	138,142	3,301	154,337	16,894	171,231	169,145	2,086
Purchased Services	11-401-100-500	12,650	(2,800)	9,850	5,024	4,826	10,000	(1,000)	9,000	1,556	7,444
Supplies and Materials	11-401-100-600	52,760	(23,254)	29,506	25,708	3,798	57,860	(19,294)	38,566	24,586	13,980
Other Objects	11-401-100-800	5,462	(2,243)	3,219	1,630	1,589	20,667		20,667	2,504	18,163
Total School Sponsored Cocurricular Activities		176,868	7,150	184,018	170,504	13,514	242,864	(3,400)	239,464	197,791	41,673
School Sponsored Athletics - Instruction:											
Salaries	11-402-100-100	532,058	43,124	575,182	575,182		553,323	8,536	561,859	561,859	
Purchased Services	11-402-100-500	164,867	7,796	172,663	155,537	17,126	188,867	541	189,408	162,846	26,562
Supplies and Materials	11-402-100-600	79,600	1,871	81,471	76,780	4,691	79,600	(600)	79,000	74,420	4,580
Other Objects	11-402-100-800	17,765		17,765	14,584	3,181	17,765	875	18,640	18,626	14
Total School Sponsored Athletics - Instruction		794,290	52,791	847,081	822,083	24,998	839,555	9,352	848,907	817,751	31,156
Total Other Instruction		1,898,131	313,518	2,211,649	2,169,438	42,211	1,928,718	33,116	1,961,834	1,881,001	80,833
Total - Instruction		30,440,432	363,694	30,804,126	30,290,830	513,296	31,082,225	270,977	31,353,202	30,557,455	795,747
Undistributed Expenditures:											
Instruction:											
Tuition to Other LEAs Within State											
Special	11-000-100-562	73,932	(59,811)	14,121	8,058	6,063	59,159	8,052	67,211	67,211	
Tuition to Other LEAs Outside State											
Special	11-000-100-564	18,547		18,547	18,547		55,686	(55,686)			
Tuition to CSSD & Regional Day School	11-000-100-565	1,117,792	(20,300)	1,097,492	861,206	236,286	828,342	186,533	1,014,875	1,005,658	9,217
Tuition to Private Schools for Disabled											
Within the State	11-000-100-566	655,889	491,748	1,147,637	1,109,261	38,376	994,523	321,652	1,316,175	1,278,544	37,631
Tuition to Private Schools for Disabled & Other LEAs - Special Outside State	11-000-100-567	397,980	(300,000)	97,980	92,333	5,647	880,934	(612,962)	267,972	261,871	6,101
Tuition - State Facilities	11-000-100-568	413,190	(136,356)	276,834	274,028	2,806	386,090	129,376	515,466	438,384	77,082
Total Instruction		2,677,330	(24,719)	2,652,611	2,363,433	289,178	3,204,734	(23,035)	3,181,699	3,051,668	130,031

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Attendance/Social Work:											
Salaries	11-000-211-100	1,042	6,532	7,574	7,574		1,040	2,422	3,462	3,462	
Other Purchased Services	11-000-211-500	255		255	233	22	255		255		255
Total Attendance/Social Work		1,297	6,532	7,829	7,807	22	1,295	2,422	3,717	3,462	255
Health Services:											
Salaries	11-000-213-100	621,236	(23,815)	597,421	593,795	3,626	588,486	(3,067)	585,419	584,728	691
Supplies and Materials	11-000-213-600	7,742		7,742	7,709	33	6,526	139	6,665	6,613	52
Other Objects	11-000-213-800	1,300	(267)	1,033	1,000	33	1,105	(721)	384	58	326
Total Health Services		630,278	(24,082)	606,196	602,504	3,692	596,117	(3,649)	592,468	591,399	1,069
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	877,411	(43,356)	834,055	832,072	1,983	835,866	6,000	841,866	841,865	1
Purchased Professional - Educational Services	11-000-216-320		17,885	17,885	17,885			10,300	10,300	10,300	
Supplies and Materials	11-000-216-600	3,310	(1,100)	2,210	1,577	633	3,510		3,510	2,063	1,447
Total Other Support Services - Students - Related - Service		880,721	(26,571)	854,150	851,534	2,616	839,376	16,300	855,676	854,228	1,448
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104	1,152,292	5,492	1,157,784	1,132,755	25,029	1,220,787	(3,225)	1,217,562	1,214,505	3,057
Salaries of Secretarial & Clerical Assistants	11-000-218-105	116,576		116,576	113,491	3,085	112,092	2,600	114,692	114,624	68
Other Purchased Services	11-000-218-500	1,475		1,475	235	1,240	871		871	269	602
Supplies and Materials	11-000-218-600	6,320	(1,590)	4,730	2,438	2,292	6,620	90	6,710	3,067	3,643
Total Other Support Services - Students - Regular		1,276,663	3,902	1,280,565	1,248,919	31,646	1,340,370	(535)	1,339,835	1,332,465	7,370

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	1,407,138	14,491	1,421,629	1,419,610	2,019	1,532,164	(136,412)	1,395,752	1,386,451	9,301
Salaries of Secretarial & Clerical Assistants	11-000-219-105	184,248	(350)	183,898	183,435	463	184,216		184,216	183,435	781
Other Purchased Professional Services	11-000-219-390	494,441	42,930	537,371	495,657	41,714	419,165	179,602	598,767	563,576	35,191
Residential Costs	11-000-219-591	1,207	(1,200)	7		7					
Miscellaneous Purchased Services (Other Than Residential Costs)	11-000-219-592	16,713	3,586	20,299	19,299	1,000	35,010	(11,490)	23,520	19,795	3,725
Supplies and Materials	11-000-219-600	34,930	(500)	34,430	33,658	772	35,269	596	35,865	35,204	661
Other Objects	11-000-219-800	1,873		1,873	1,870	3	1,873	(318)	1,555	1,554	1
Total Other Support Services - Students - Special Services		2,140,550	58,957	2,199,507	2,153,529	45,978	2,207,697	31,978	2,239,675	2,190,015	49,660
Improvement of Instruction Services:											
Salaries of Supervisors of Instruction	11-000-221-102	1,202,938	(40,575)	1,162,363	1,161,162	1,201	1,260,509	(3,498)	1,257,011	1,250,214	6,797
Salaries of Other Professional Staff	11-000-221-104	137,344	(1,493)	135,851	133,972	1,879	131,297	1,788	133,085	132,000	1,085
Salaries of Secretarial & Clerical Assistants	11-000-221-105	85,754	9,751	95,505	95,499	6	133,483		133,483	132,860	623
Other Purchased Services	11-000-221-500	17,550	2,591	20,141	9,547	10,594	15,485	3,000	18,485	7,874	10,611
Supplies and Materials	11-000-221-600	11,665		11,665	5,916	5,749	12,040		12,040	7,606	4,434
Other Objects	11-000-221-800	10,649		10,649	5,926	4,723	7,107	18,500	25,607	19,223	6,384
Total Improvement of Instruction Services		1,465,900	(29,726)	1,436,174	1,412,022	24,152	1,559,921	19,790	1,579,711	1,549,777	29,934
Educational Media Services/School Library:											
Salaries	11-000-222-100	429,282	(30,348)	398,934	380,024	18,910	442,525	1,710	444,235	444,235	
Purchased Professional & Technical Services	11-000-222-300	32,980	(742)	32,238	31,177	1,061	27,189	1,390	28,579	27,579	1,000
Other Purchased Services	11-000-222-500						250	250	500	459	41
Supplies and Materials	11-000-222-600	77,061	(4,842)	72,219	62,061	10,158	74,642	(156)	74,486	57,135	17,351
Other Objects	11-000-222-800	1,680	(456)	1,224	117	1,107	1,680	(300)	1,380	558	822

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Educational Media Services/School Library	541,003	(36,388)	504,615	473,379	31,236	546,286	2,894	549,180	529,966	19,214	
Instructional Staff Training Services:											
Salaries of Other Professional Staff	11-000-223-104	9,900		9,900	9,900	9,900	(9,900)				
Total Instructional Staff Training Services		9,900		9,900	9,900	9,900	(9,900)				
Support Services General Administration:											
Salaries	11-000-230-100	238,934		238,934	231,598	7,336	235,821		235,821	231,131	4,690
Legal Services	11-000-230-331	190,000		190,000	108,602	81,398	230,000	(4,238)	225,762	74,724	151,038
Audit Fees	11-000-230-332	28,500		28,500	26,750	1,750	28,500		28,500	22,650	5,850
Architectural/Engineering Services	11-000-230-334	80,000		80,000	50,778	29,222	80,000		80,000	48,784	31,216
Other Purchased Professional Services	11-000-230-339	20,000		20,000	17,590	2,410	20,000	10,340	30,340	25,957	4,383
Communications/Telephone	11-000-230-530	150,668		150,668	116,247	34,421	173,300		173,300	149,125	24,175
Other Purchased Services	11-000-230-590	105,176	739	105,915	87,463	18,452	106,130	1,517	107,647	88,597	19,050
General Supplies	11-000-230-610	3,000		3,000	1,556	1,444	2,550		2,550	1,942	608
Miscellaneous	11-000-230-890	48,145		48,145	34,430	13,715	48,145	(989)	47,156	38,527	8,629
Total Support Services General Administration		864,423	739	865,162	675,014	190,148	924,446	6,630	931,076	681,437	249,639
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	1,320,176		1,320,176	1,295,985	24,191	1,279,654	4,897	1,284,551	1,281,792	2,759
Salaries of Secretarial & Clerical Assistants	11-000-240-105	751,690	5,000	756,690	731,857	24,833	784,044	(4,897)	779,147	765,478	13,669
Other Purchased Services	11-000-240-500	10,585	(1,270)	9,315	8,933	382	49,050	(325)	48,725	25,178	23,547
Supplies and Materials	11-000-240-600	40,637	(16,096)	24,541	17,813	6,728	47,487	(417)	47,070	31,909	15,161
Other Objects	11-000-240-800	25,160	3,837	28,997	26,972	2,025	26,510	754	27,264	25,002	2,262
Total Support Services School Administration		2,148,248	(8,529)	2,139,719	2,081,560	58,159	2,186,745	12	2,186,757	2,129,359	57,398

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**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Central Services:											
Salaries	11-000-251-100	782,091	(5,000)	777,091	757,608	19,483	776,720		776,720	756,377	20,343
Purchased Professional Services	11-000-251-330	100,000	16,275	116,275	78,990	37,285	100,000	69,178	169,178	107,268	61,910
Purchased Technical Services	11-000-251-340	51,990	573	52,563	33,263	19,300	51,000	206	51,206	11,747	39,459
Miscellaneous Purchased Services	11-000-251-592	98,822	2,368	101,190	62,331	38,859	95,208	3,714	98,922	54,479	44,443
Supplies and Materials	11-000-251-600	26,520		26,520	13,179	13,341	26,520	254	26,774	21,841	4,933
Miscellaneous	11-000-251-890	11,600	1,321	12,921	7,920	5,001	11,600	1,608	13,208	7,313	5,895
Total Central Services		1,071,023	15,537	1,086,560	953,291	133,269	1,061,048	74,960	1,136,008	959,025	176,983
Administrative Information Technology:											
Salaries	11-000-252-100	175,036		175,036	170,957	4,079	169,111		169,111	168,851	260
Other Purchased Services	11-000-252-500	22,108		22,108	18,699	3,409	22,035		22,035	20,000	2,035
Total Administrative Information Technology		197,144		197,144	189,656	7,488	191,146		191,146	188,851	2,295
Required Maintenance for School Facilities:											
Salaries	11-000-261-100	595,829	14,475	610,304	598,392	11,912	581,324	12,541	593,865	593,703	162
Cleaning, Repair, & Maintenance Service	11-000-261-420	575,490	195,970	771,460	586,092	185,368	552,500	97,581	650,081	518,074	132,007
General Supplies	11-000-261-610	180,500	83,852	264,352	222,941	41,411	185,500	(10,707)	174,793	153,234	21,559
Total Required Maintenance for School Facilities		1,351,819	294,297	1,646,116	1,407,425	238,691	1,319,324	99,415	1,418,739	1,265,011	153,728
Other Operation & Maintenance of Plant:											
Salaries	11-000-262-100	1,721,235		1,721,235	1,711,771	9,464	1,744,246	2,519	1,746,765	1,727,763	19,002
Cleaning, Repair & Maintenance Services	11-000-262-420	224,750	(10,525)	214,225	173,681	40,544	200,687	10,474	211,161	182,995	28,166
Other Purchased Property Services	11-000-262-490	217,356		217,356	126,281	91,075	155,932	4,742	160,674	137,581	23,093
Insurance	11-000-262-520	194,500	(539)	193,961	172,373	21,588	165,000		165,000	161,577	3,423
Miscellaneous Purchased Services	11-000-262-590	12,750		12,750	2,718	10,032	10,837	664	11,501	3,381	8,120
General Supplies	11-000-262-610	141,500	47,000	188,500	149,857	38,643	104,300	5,780	110,080	105,386	4,694
Energy (Natural Gas)	11-000-262-621	778,882	(228,757)	550,125	371,523	178,602	618,007	607	618,614	408,740	209,874
Energy (Electricity)	11-000-262-622	1,337,168		1,337,168	1,126,336	210,832	1,250,198		1,250,198	1,043,302	206,896
Other Objects	11-000-262-800	11,299		11,299	6,320	4,979	6,375	325	6,700	6,546	154

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Total Other Operation & Maintenance of Plant	4,639,440	(192,821)	4,446,619	3,840,860	605,759	4,255,582	25,111	4,280,693	3,777,271	503,422	
Care and Upkeep of Grounds:											
Salaries	11-000-263-100	195,549	(14,475)	181,074	155,471	25,603	187,456	600	188,056	188,028	28
Cleaning, Repair, & Maintenance Service	11-000-263-420	14,000		14,000	4,493	9,507	15,000	(3,000)	12,000	10,770	1,230
General Supplies	11-000-263-610	122,000	(7,000)	115,000	81,212	33,788	132,000	(50,000)	82,000	72,280	9,720
Total Care and Upkeep of Grounds		331,549	(21,475)	310,074	241,176	68,898	334,456	(52,400)	282,056	271,078	10,978
Security:											
Salaries	11-000-266-100	140,106		140,106	136,320	3,786	189,020	2,443	191,463	190,337	1,126
Total Care and Upkeep of Grounds		140,106		140,106	136,320	3,786	189,020	2,443	191,463	190,337	1,126
Student Transportation Services:											
Salaries for Non-Instructional Aids	11-000-270-107	209,554		209,554	199,912	9,642	213,282	(6,727)	206,555	194,985	11,570
Salaries for Pupil Transportation - (Between Home & School - Regular)	11-000-270-160	429,110	(23,979)	405,131	366,043	39,088	384,528		384,528	358,979	25,549
Salaries for Pupil Transportation - (Between Home & School - Special Education)	11-000-270-161	647,804	23,979	671,783	662,766	9,017	687,875	(1,813)	686,062	662,715	23,347
Salaries for Pupil Transportation - (Other Than Between Home & School) - Management Fee - ESC & CTSA	11-000-270-162	25,678		25,678	21,949	3,729	17,100	1,813	18,913	17,763	1,150
Transportation Program	11-000-270-350	3,500		3,500	372	3,128	8,000	2,000	10,000	2,733	7,267
Other Purchased Professional & Technical Services	11-000-270-390	10,100		10,100	9,447	653	13,060		13,060	8,815	4,245
Cleaning, Repair & Maintenance Services	11-000-270-420	35,970	47,012	82,982	75,650	7,332	32,200	7,149	39,349	36,374	2,975
Rental Payments - School Buses	11-000-270-442	5,000	(2,210)	2,790	1,980	810	9,000		9,000	850	8,150
Lease Purchase Payment - School Buses	11-000-270-443	92,850	(20,000)	72,850	67,306	5,544	105,212		105,212	75,121	30,091
Contracted Services (Between Home & School) - Vendors	11-000-270-511	1,609,938	(49,003)	1,560,935	1,549,832	11,103	1,364,978	252,278	1,617,256	1,609,376	7,880
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	270,908	(31,566)	239,342	205,924	33,418	315,785	600	316,385	267,586	48,799
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-513	2,500		2,500		2,500	2,500		2,500		2,500
Contracted Services (Special Education Students - Vendors	11-000-270-514	56,552		56,552	38,933	17,619	199,486	(192,934)	6,552	6,248	304
Contracted Services (Special Education Students - Joint Agreements	11-000-270-515	10,000		10,000		10,000	10,000		10,000		10,000
Contracted Services (Special Education Students) - ESC & CTSA	11-000-270-518	4,037		4,037	239	3,798	50,686	(29,577)	21,109	3,515	17,594

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Student Transportation Services (continued):											
Contracted Services - Aid in Lieu of Payments	11-000-270-503	154,014	(37,179)	116,835	106,487	10,348	245,874	(30,367)	215,507	140,347	75,160
Travel	11-000-270-580		2,000	2,000		2,000		3,500	3,500	604	2,896
Miscellaneous Purchased Services - Transportation	11-000-270-593	23,075	(2,000)	21,075	19,452	1,623	22,050	(3,500)	18,550	17,320	1,230
Supplies and Materials	11-000-270-600						233,067	10,055	243,122	216,626	26,496
Transportation Supplies	11-000-270-615	239,061	63,000	302,061	247,055						
Other Objects	11-000-270-800	1,600		1,600	1,020	580	1,800		1,800	1,146	654
Total Student Transportation Services		3,831,251	(29,946)	3,801,305	3,574,367	162,290	3,916,483	12,477	3,928,960	3,621,103	296,287
50 Unallocated Benefits - Employee Benefits:											
Social Security	11-000-291-220	1,000,020	(205,952)	794,068	775,818	18,250	968,017	(148,953)	819,064	800,783	18,281
Other Retirement Contributions	11-000-291-240	854,024	(8,885)	845,139	841,034	4,105	610,220	77,873	688,093	688,093	
Unemployment Compensation	11-000-291-250	100,000	46,750	146,750	146,750		75,000	5,000	80,000	79,358	642
Workmen's Compensation	11-000-291-260	237,000	(4,265)	232,735	232,264	471	222,000		222,000	222,000	
Health Benefits	11-000-291-270	9,130,614	(177,278)	8,953,336	8,948,726	4,610	8,544,349	11,000	8,555,349	8,538,540	16,809
Tuition Reimbursements	11-000-291-280		8,512	8,512	8,067	445	165,000	2,766	167,766	167,497	269
Total Unallocated Benefits		11,321,658	(341,118)	10,980,540	10,952,659	27,881	10,584,586	(52,314)	10,532,272	10,496,271	36,001
Nonbudgeted:											
On-Behalf TPAF Pension Contribution					2,106,535	(2,106,535)				2,018,940	(2,018,940)
Reimbursed TPAF Social Security Contribution					2,326,881	(2,326,881)				2,327,463	(2,327,463)
Total Undistributed Expenditures		35,520,303	(355,411)	35,164,892	37,598,871	(2,493,806)	35,268,532	152,599	35,421,131	38,029,126	(2,613,780)
Total Expenditures - Current Expense		65,960,735	8,283	65,969,018	67,889,701	(1,920,683)	66,350,757	423,576	66,774,333	68,586,581	(1,812,248)
Capital Outlay:											
Equipment:											
Undistributed Expenditures:											
Instructional Equipment	12-000-100-730	45,657		45,657	45,531	126	38,127	8,335	46,462	37,421	9,041
Support Services - Students Special	12-000-219-730	15,580		15,580	6,697	8,883	15,580	2,392	17,972	10,429	7,543
Required Maintenance for School Facilities	12-000-261-730		73,181	73,181		73,181	15,000		15,000		15,000
Total Equipment		61,237	73,181	134,418	52,228	82,190	68,707	10,727	79,434	47,850	31,584
Facilities Acquisition & Construction Services:											
Construction Services	12-000-400-450		54,202	54,202	52,054	2,148		204,664	204,664	169,162	35,502
Other Objects	12-000-400-800	124,944		124,944	124,944						
Total Facilities Acquisition & Construction Services		124,944	54,202	179,146	176,998	2,148	204,664	204,664	169,162	35,502	

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Assets Acquired Under Capital Leases (Nonbudgeted)				293,808	(293,808)					
Total Capital Outlay	186,181	127,383	313,564	523,034	(209,470)	68,707	215,391	284,098	217,012	67,086
Special Schools:										
Summer School - Instruction:										
Salaries	13-422-100-101	119,485	54,935	174,420	172,808	1,612	158,163	18,148	176,311	176,311
Purchased Professional & Technical Services	13-422-100-300	54,230	(24,480)	29,750	29,750		54,230	(9,130)	45,100	45,100
General Supplies	13-422-100-610		1,816	1,816	1,796	20	3,100	(377)	2,723	1,976
Total Summer School - Instruction		173,715	32,271	205,986	204,354	1,632	215,493	8,641	224,134	223,387
Total Special Schools		173,715	32,271	205,986	204,354	1,632	215,493	8,641	224,134	223,387
Total Expenditures		66,320,631	167,937	66,488,568	68,617,089	(2,128,521)	66,634,957	647,608	67,282,565	69,026,980
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(2,452,400)	(167,937)	(2,620,337)	198,420	2,818,623		(647,608)	(647,608)	2,208,887
Other Financing Sources/(Uses):										
General Fund:										
Increase in Capital Reserve	10-604						(1,000,000)		(1,000,000)	1,000,000
Transfer from Capital Projects			37,579	37,579	37,579					
Transfer to Capital Projects	12-000-400-931	(840,245)	(18,379)	(858,624)	(849,543)	9,081		(201,172)	(201,172)	(201,172)
Transfer to Repayment of Debt	12-000-400-933	(700,000)		(700,000)	(700,000)		(1,000,000)		(1,000,000)	(1,000,000)
Operating Transfers In:										
Capital Lease Proceeds (Nonbudgeted)				293,808	293,808					
Excess/(Deficiency) of Revenues & Other Financing Sources/(Uses) Over/(Under) Expenditures & Other Financing Uses		(3,992,645)	(148,737)	(4,141,382)	(1,019,736)	3,121,646	(2,000,000)	(848,780)	(2,848,780)	1,007,715
Fund Balances, July 1		6,354,779		6,354,779	6,354,779		5,347,064		5,347,064	5,347,064
Fund Balances, June 30		\$2,362,134	(148,737)	2,213,397	5,335,043	3,121,646	3,347,064	(848,780)	2,498,284	6,354,779

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$2,145,446
Maintenance Reserve	88,488
Excess Surplus	
Excess Surplus Designated for Subsequent Year's Expenditures	686,706
Assigned Fund Balance:	
Year-end Encumbrances	612,360
Designated for Subsequent Year's Expenditures	183,703
Unassigned Fund Balance	1,618,340
Subtotal	5,335,043
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	-
Fund Balance per Governmental Funds (GAAP)	\$5,335,043

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES										
Local Sources		80,733	80,733	38,621	(42,112)		127,012	127,012	53,677	(73,335)
State Sources	\$26,890	45,718	72,608	69,236	(3,372)	82,107	1,152	83,259	83,259	
Federal Sources	755,904	1,124,840	1,880,744	1,869,240	(11,504)	877,635	1,023,421	1,901,056	1,020,568	(880,488)
Total Revenues	782,794	1,251,291	2,034,085	1,977,097	(56,988)	959,742	1,151,585	2,111,327	1,157,504	(953,823)
EXPENDITURES:										
Instruction:										
Salaries of Teachers	48,019	18,903	66,922	57,472	9,450		131,734	131,734	72,512	59,222
Professional Service		2,097	2,097	9,372	(7,275)		27,571	27,571	25,474	2,097
Tuition	707,885	860,530	1,568,415	1,568,415		829,291	723,582	1,552,873	824,648	728,225
General Supplies		64,956	64,956	61,061	3,895	27,457	19,358	46,815	41,360	5,455
Textbooks	5,866	18,746	24,612	25,270	(658)	22,313	4,248	26,561	26,561	
Total Instruction	761,770	965,232	1,727,002	1,721,590	5,412	879,061	906,493	1,785,554	990,555	794,999
Support Services:										
Salaries		87,314	87,314	87,314		4,493	69,392	73,885	40,232	33,653
Benefits		39,288	39,288	39,288			66,784	66,784	32,673	34,111
Purchased Professional - Educational Services		51,337	51,337	51,260	77	32,000	1,084	33,084	11,409	21,675
Other Purchased Professional Services	21,024	38,846	59,870	47,524	12,346	44,188	14,222	58,410	58,410	
Supplies & Materials		1,424	1,424	141	1,283		6,091	6,091	4,556	1,535
Total Support Services	21,024	218,209	239,233	225,527	13,706	80,681	157,573	238,254	147,280	90,974
Facilities Acquisition & Construction Services:										
Construction Services		67,850	67,850	29,980	37,870		87,519	87,519	19,669	67,850
Total Facilities Acquisition & Construction Services		67,850	67,850	29,980	37,870		87,519	87,519	19,669	67,850
Total Expenditures	782,794	1,251,291	2,034,085	1,977,097	56,988	959,742	1,151,585	2,111,327	1,157,504	953,823
Total Outflows	782,794	1,251,291	2,034,085	1,977,097	56,988	959,742	1,151,585	2,111,327	1,157,504	953,823
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ -	-	-	-	-	-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$68,815,509	1,977,097
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		4,800
Current Year		(6,762)
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 277,786	
 Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	 \$69,093,295	 1,975,135
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$68,617,089	1,977,097
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		(1,962)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	 \$68,617,089	 1,975,135

OTHER SUPPLEMENTARY INFORMATION



D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	NONPUBLIC AID					HANDICAPPED SERVICES INITIAL EXAMINATION
	NURSING	TEXTBOOKS	SUPPLE- MENTAL	SPEECH	TRANS- PORTATION	
Revenues:						
State Sources	\$28,489	24,612	695	2,660	976	11,804
Federal Source						
Local Sources						
Total Revenues	\$28,489	24,612	695	2,660	976	11,804
Expenditures:						
Instruction:						
Salaries of Teachers						
Purchased Professional Educational Services		24,612				
Tuition						
General Supplies						
Textbooks						
Total Instruction		24,612				
Support Services:						
Salaries						
Benefits						
Purchased Professional Educational Services						
Other Purchased Professional Services	\$28,489		695	2,660	976	11,804
Supplies & Materials						
Total Support Services	28,489		695	2,660	976	11,804
Facilities Acquisition & Construction Services:						
Construction Services						
Total Facilities Acquisition & Construction Services						
Total Expenditures	\$28,489	24,612	695	2,660	976	11,804

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	I.D.E.A.				
	BASIC	BASIC PRESCHOOL	BASIC ARRA	BASIC PRESCHOOL ARRA	SAFE ROUTES TO SCHOOL
Revenues:					
State Sources					
Federal Source	\$819,910	25,411	787,001	31,784	300
Local Sources					
Total Revenues	\$819,910	25,411	787,001	31,784	300
Expenditures:					
Instruction:					
Salaries of Teachers			56,449		
Purchased Professional Educational Services					
Tuition	\$814,779	25,411	696,441	31,784	
General Supplies	5,131				
Textbooks					
Total Instruction	819,910	25,411	752,890	31,784	
Support Services:					
Salaries					
Benefits			34,111		
Purchased Professional Educational Services					
Other Purchased Professional Services					300
Supplies & Materials					
Total Support Services			34,111		300
Facilities Acquisition & Construction Services:					
Construction Services					
Total Facilities Acquisition & Construction Services					
Total Expenditures	\$819,910	25,411	787,001	31,784	300

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	TITLE I CURRENT	TITLE I CARRYOVER	TITLE II A CURRENT	TITLE II A CARRYOVER	TITLE II D CURRENT	TITLE II D CARRYOVER	TITLE IV CARRYOVER
Revenues:							
State Sources							
Federal Source	\$77,202	27,349	51,017	30,502	144	312	3,541
Local Sources							
Total Revenues	\$77,202	27,349	51,017	30,502	144	312	3,541
Expenditures:							
Instruction:							
Salaries of Teachers							1,023
Purchased Professional Educational Services							2,055
Tuition							
General Supplies	\$21,825		17,432	4,334			463
Textbooks							
Total Instruction	21,825		17,432	4,334			3,541
Support Services:							
Salaries	48,405	27,349	3,925	4,493	144	312	
Benefits	4,972						
Purchased Professional Educational Services			29,585	21,675			
Other Purchased Professional Services	2,000						
Supplies & Materials			75				
Total Support Services	55,377	27,349	33,585	26,168	144	312	
Facilities Acquisition & Construction Services:							
Construction Services							
Total Facilities Acquisition & Construction Services							
Total Expenditures	\$77,202	27,349	51,017	30,502	144	312	3,541

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	PERKINS	J&J GRANT	CONNECT-ED	COMCAST GRANT	HVRF PHASE I&II	TAPESTRY GRANT	HOPEWELL VALLEY BASKETBALL	2011	2010
Revenues:									
State Sources								69,236	83,259
Federal Source	\$14,767							1,869,240	1,020,568
Local Sources		10	7,941	658	29,280	32	700	38,621	53,677
Total Revenues	\$14,767	10	7,941	658	29,280	32	700	1,977,097	1,157,504
Expenditures:									
Instruction:									
Salaries of Teachers								57,472	72,512
Purchased Professional Educational Services		10	7,275			32		9,372	25,474
Tuition								1,568,415	824,648
General Supplies	\$11,876							61,061	41,360
Textbooks				658				25,270	26,561
Total Instruction	11,876	10	7,275	658		32		1,721,590	990,555
Support Services:									
Salaries	2,686							87,314	40,232
Benefits	205							39,288	32,673
Purchased Professional Educational Services								51,260	11,409
Other Purchased Professional Services				600				47,524	58,410
Supplies & Materials				66				141	4,556
Total Support Services	2,891		666					225,527	147,280
Facilities Acquisition & Construction Services:									
Construction Services					29,280		700	29,980	19,669
Total Facilities Acquisition & Construction Services					29,280		700	29,980	19,669
Total Expenditures	\$14,767	10	7,941	658	29,280	32	700	1,977,097	1,157,504

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F. Capital Projects Fund



**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30,2011**

PROJECT	DATE	APPROPRIATION	EXPENDITURES TO DATE		APPROPRIATION CANCELLED	UNEXPENDED BALANCE
			PRIOR YEAR	CURRENT YEAR		
Construct a New School: Construct Additions & Renovations to the Bear Tavern School & the Hopewell Valley Central High School & Acquire Necessary Furnishings & Equipment.	9/17/00	\$29,734,000	\$29,206,734			527,266
Additions & Renovations to the Bear Tavern School, the Hopewell Elementary, the Central High School, the Toll Gate Grammar, & the Timberline Elementary School, Acquire Necessary Furnishings & Equipment.	9/28/04	15,495,731	15,097,702	8,500		389,529
Renovations to the Bear Tavern School, the Hopewell Elementary, the Central High School, the Toll Gate Grammar, & the Timberline Elementary School, Acquire Necessary Furnishings & Equipment.	8/25/09	355,532	250,047	35,479	(25,078)	44,928
Renovations to the Bear Tavern School, the Hopewell Elementary, the Central High School, & the Toll Gate Grammar, Acquire Necessary Equipment.	8/26/10	1,395,039		494,810		900,229
		Total	\$44,554,483	538,789	(25,078)	1,861,952

**HOPEWELL VALLEY REGIONAL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues & Other Financing Sources:	
State Sources - ROD Grants	\$520,418
Transfer from Capital Reserve	849,543
	<hr/>
Total Revenues & Other Financing Sources	1,369,961
	<hr/>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	
Construction Services	501,210
Transfer to Capital Reserve	37,579
	<hr/>
Total Expenditures	538,789
	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	831,172
	<hr/>
Fund Balance - Beginning	1,030,780
	<hr/>
Fund Balance - Ending	\$1,861,952
	<hr/> <hr/>

**HOPEWELL VALLEY REGIONAL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
NEW ELEMENTARY SCHOOL &
ALTERATION & ADDITIONS - CENTRAL HIGH SCHOOL & BEAR TAVERN
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$8,924,311		8,924,311	8,924,311
Bond Proceeds	20,809,000		20,809,000	20,809,000
Other Local Sources	689		689	689
Total Revenues & Other Financing Sources	29,734,000		29,734,000	29,734,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	2,380,515		2,380,515	2,398,643
Construction Services	25,356,155		25,356,155	25,865,293
Equipment Purchases	1,279,488		1,279,488	1,279,488
Miscellaneous	190,576		190,576	190,576
Transfer to Capital Reserve				
Total Expenditures & Other Financing Uses	29,206,734		29,206,734	29,734,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$527,266	-	527,266	-

ADDITIONAL PROJECT INFORMATION

Project Number	SP201193
Project Number	SP201194
Project Number	SP201195
Grant Date	9/7/2000
Bond Authorization Date	9/28/2004
Bonds Authorized	\$20,809,000
Bonds Issued	\$20,809,000
Original Authorized Cost	\$29,734,000
Additional Authorized Cost	
Revised Authorized Cost	\$29,734,000
Percentage Increase Over Original Authorized Cost	
Percentage Completion	98%
Original Target Completion Date	06/30/04
Revised Target Completion Date	06/30/11

**HOPEWELL VALLEY REGIONAL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
2004 ADDITIONS AND RENOVATIONS -BEAR TAVERN, HOPEWELL ELEMENTARY
CENTRAL HIGH SCHOOL, TOLL GATE GRAMMAR & TIMBERLINE ELEMENTARY
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$4,060,996		4,060,996	4,060,996
Bond Proceeds	11,434,000		11,434,000	11,434,000
Other Local Sources	735		735	735
Total Revenues & Other Financing Sources	15,495,731		15,495,731	15,495,731
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	1,505,024		1,505,024	1,636,603
Construction Services	12,251,974	8,500	12,260,474	12,514,757
Equipment Purchases	1,340,134		1,340,134	1,343,801
Miscellaneous	570		570	570
Transfer to Capital Reserve				
Total Expenditures & Other Financing Uses	15,097,702	8,500	15,106,202	15,495,731
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$398,029	(8,500)	389,529	-

ADDITIONAL PROJECT INFORMATION

Project Number	2280-035-04-1000
Project Number	2280-055-04-1000
Project Number	2280-030-04-1000
Project Number	2280-040-04-1000
Project Number	2280-075-04-1000
Grant Date	9/28/2004
Bond Authorization Date	9/28/2004
Bonds Authorized	\$11,434,000
Bonds Issued	\$11,434,000
Original Authorized Cost	\$15,495,731
Additional Authorized Cost	
Revised Authorized Cost	\$15,495,731
Percentage Increase Over Original Authorized Cost	
Percentage Completion	97%
Original Target Completion Date	11/01/08
Revised Target Completion Date	11/01/11

**HOPEWELL VALLEY REGIONAL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
2009/2010 ROD GRANTS - BEAR TAVERN, CENTRAL HIGH SCHOOL, TOLL GATE GRAMMAR
HOPEWELL ELEMENTARY, AND TIMBERLANE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grants	\$134,140	(25,078)	109,062	109,062
Transfer from Capital Reserve	201,172		201,172	201,172
Other Local Sources	20,220		20,220	20,220
Total Revenues & Other Financing Sources	355,532	(25,078)	330,454	330,454
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services				
Construction Services	250,047	(2,100)	247,947	330,454
Equipment Purchases				
Miscellaneous				
Transfer to Capital Reserve		37,579	37,579	
Total Expenditures & Other Financing Uses	250,047	35,479	285,526	330,454
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$105,485	(60,557)	44,928	-

ADDITIONAL PROJECT INFORMATION

Project Number	G5-3626	2280-035-09-0ZFL-00
Project Number	G5-3628	2280-040-09-0ZFN-00
Project Number	G5-3632	2280-030-09-0ZOS-00
Project Number	G5-3631	2280-055-09-0ZNF-00
Project Number	G5-3636	2280-075-09-0ZOW-00
Project Number	G5-3634	2280-035-09-0ZOU-00
Project Number	G5-3635	2280-055-09-0ZOV-00
Grant Date		Various
Bond Authorization Date		N/A
Bonds Authorized		N/A
Bonds Issued		N/A
Original Authorized Cost		\$376,440
Additional Authorized Cost		(\$45,986)
Revised Authorized Cost		\$330,454
Percentage Increase Over Original Authorized Cost		
Percentage Completion		86%
Original Target Completion Date		06/30/11
Revised Target Completion Date		06/30/11

**HOPEWELL VALLEY REGIONAL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
2010/2011 ROD GRANTS - BEAR TAVERN, CENTRAL HIGH SCHOOL, TOLL GATE GRAMMAR
HOPEWELL ELEMENTARY, AND TIMBERLANE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grants	\$ -	545,496	545,496	545,496
Transfer from Capital Reserve		849,543	849,543	849,543
Other Local Sources				
Total Revenues & Other Financing Sources		1,395,039	1,395,039	1,395,039
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services				
Construction Services		494,810	494,810	1,395,039
Equipment Purchases				
Miscellaneous				
Total Expenditures & Other Financing Uses		494,810	494,810	1,395,039
Other Financing Uses				
Transfer to Debt Service Fund				
Excess/(Deficiency) of Revenues Over/ (Under)				
Expenditures	\$ -	900,229	900,229	-

ADDITIONAL PROJECT INFORMATION

Project Number	G5-3624	2280-030-09-0ZFJ-00
Project Number	G5-3625	2280-030-09-0ZFK-00
Project Number	G5-3627	2280-040-09-0ZFM-00
Project Number	G5-3629	2280-040-09-0ZFO-00
Project Number	G5-4279	2280-035-10-1001
Project Number	G5-4281	2280-040-10-1002
Project Number	G5-4282	2280-040-10-1003
Project Number	G5-4286	2280-055-10-1007
Grant Date		Various
Bond Authorization Date		N/A
Bonds Authorized		N/A
Bonds Issued		N/A
Original Authorized Cost		\$1,365,088
Additional Authorized Cost		\$29,951
Revised Authorized Cost		\$1,395,039
Percentage Increase Over Original Authorized Cost		
Percentage Completion		35%
Original Target Completion Date		06/30/12
Revised Target Completion Date		06/30/12

G. Proprietary Funds



Enterprise Funds

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				2011	2010
	FOOD SERVICE	PERFORMING ARTS CENTER	DRIVER EDUCATION	KINDERGARTEN EXTENSION		
Current Assets:						
Cash & Cash Equivalents	\$374,596	18,062	47,682	133,996	574,336	459,748
Accounts Receivable:						
State	936				936	1,027
Federal	7,636				7,636	8,441
Due from Students	7,966				7,966	5,638
Performance Guarantee	62,100				62,100	39,528
Due from Others				800	800	
Inventories	76,486				76,486	79,478
Total Current Assets	529,720	18,062	47,682	134,796	730,260	593,860
Fixed Assets:						
Equipment	760,443				760,443	755,913
Less: Accumulated Depreciation	(463,326)				(463,326)	(415,495)
Total Fixed Assets	297,117				297,117	340,418
Total Assets	826,837	18,062	47,682	134,796	1,027,377	934,278
LIABILITIES						
Prepaid Lunch Sales	55,512				55,512	47,926
Accrued Salary & Wages		5,323	1,287		6,610	1,073
Accounts Payable	113,603				113,603	110,553
Deferred Revenue				29,760	29,760	
Total Liabilities	169,115	5,323	1,287	29,760	205,485	159,552
NET ASSETS						
Temporarily Restricted Net Assets		6,000			6,000	6,000
Unreserved Net Assets	657,722	6,739	46,395	105,036	815,892	768,726
Total Net Assets	\$657,722	12,739	46,395	105,036	821,892	774,726

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				2011	2010
	FOOD SERVICE	PERFORMING ARTS CENTER	DRIVER EDUCATION	KINDERGARTEN EXTENSION		
Operating Revenues:						
Local Sources:						
Daily Sales - Reimbursable Programs:						
School Lunch Program	\$681,750				681,750	664,161
Daily Sales Nonreimbursable Programs:						
Adult & A La Carte Meals	489,375				489,375	498,572
Special Functions	16,131				16,131	14,334
Miscellaneous	11,502				11,502	7,689
Rental Fees		16,638			16,638	69,651
Driver Education Lessons			35,910		35,910	30,707
Tuition				238,010	238,010	
Total Operating Revenue	1,198,758	16,638	35,910	238,010	1,489,316	1,285,114
Operating Expenses:						
Salaries	598,698	29,974	19,668	124,158	772,498	508,135
Employee Benefits		2,849	1,532	7,413	11,794	139,281
Cost of Sales	523,103				523,103	539,711
Management Fee	62,100				62,100	62,100
Administrative Fee	75,800				75,800	75,800
General Cleaning Supplies/Paper	145,149	2,665	4,794	1,404	154,012	134,806
Other Indirect Expenses	5,358				5,358	12,851
Depreciation	47,831				47,831	52,153
Liability Insurance	21,323				21,323	21,008
Total Operating Expenses	1,479,362	35,488	25,994	132,975	1,673,819	1,545,845
Operating Income/(Loss)	(280,604)	(18,850)	9,916	105,036	(184,503)	(260,731)
Nonoperating Revenues:						
State Sources:						
State School Lunch Program	11,721				11,721	11,591
Federal Sources:						
National School Lunch Program	106,085				106,085	95,894
Food Distribution Program	51,762				51,762	83,856
Total Nonoperating Revenues	169,568				169,568	191,341
Other Financing Sources:						
Contract Budget Guarantee	62,100				62,100	39,528
Revaluation of Fixed Assets						234,184
Total Other Financing Sources	62,100				62,100	273,712
Net Income/(Loss)	(48,936)	(18,850)	9,916	105,036	47,166	204,322
Net Assets - July 1	706,658	31,589	36,479		774,726	570,404
Net Assets - June 30	\$657,722	12,739	46,395	105,036	821,892	774,726

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				2011	2010
	FOOD SERVICE	PERFORMING ARTS CENTER	DRIVER EDUCATION	KINDERGARTEN EXTENSION		
Cash Flows From Operating Activities:						
Receipts from Customers	\$1,204,016	16,638	35,910	266,970	1,523,534	1,286,265
Payments for Salaries & Benefits	(598,698)	(27,500)	(20,986)	(131,571)	(778,755)	(646,343)
Payments for Supplies & Indirect Expenses	(826,791)	(2,665)	(4,794)	(1,404)	(835,654)	(829,458)
Net Cash Provided/(Used) by Operating Activities	(221,473)	(13,527)	10,130	133,996	(90,875)	(189,536)
Cash Flows From Noncapital Financing Activities:						
Cash Received From Budget Guarantee	39,528				39,528	93,586
Cash Received From State & Federal Reimbursements	170,464				170,464	209,962
Net Cash Provided by Noncapital Financing Activities	209,992				209,992	303,548
Cash Flows From Capital Activities:						
Purchase of Fixed Assets	(4,530)				(4,530)	
Net Cash Provided/(Used) by Capital Activities	(4,530)				(4,530)	
Net Increase/(Decrease) in Cash & Cash Equivalents	(16,011)	(13,527)	10,130	133,996	114,588	114,012
Balances - Beginning of Year	390,607	31,589	37,552	133,996	459,748	345,736
Balances - Ending of Year	\$374,596	18,062	47,682	133,996	574,336	459,748
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:						
Operating Income/(Loss)	(\$280,604)	(18,850)	9,916	105,036	(184,503)	(260,731)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:						
Depreciation Expense	47,831				47,831	52,153
Change in Assets & Liabilities:						
(Increase)/Decrease in Inventory	2,992				2,992	3,777
(Increase)/Decrease in Accounts Receivable	(2,328)			(800)	(3,128)	(2,950)
Increase/(Decrease) in Prepaid Accounts	7,586				7,586	4,101
Increase/(Decrease) in Accounts Payable	3,050				3,050	13,041
Increase/(Decrease) in Accrued Expenses		5,323	214		5,537	1,073
Increase/(Decrease) in Deferred Revenue				29,760	29,760	
Total Adjustments	59,131	5,323	214	28,960	93,628	71,195
Net Cash Provided/(Used) by Operating Activities	(\$221,473)	(13,527)	10,130	133,996	(90,875)	(189,536)

Internal Service Fund

Not Applicable

H. Fiduciary Fund

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
TRUST AND AGENCY FUND
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS	PRIVATE PURPOSE				2011	2010
	SCHOLARSHIPS	UNEMPLOYMENT COMPENSATION INSURANCE FUND	STUDENT ACTIVITY	AGENCY PAYROLL		
Assets:						
Cash & Cash Equivalents	\$19,845	124,726	376,142	730,430	1,251,143	1,291,170
Total Assets	19,845	124,726	376,142	730,430	1,251,143	1,291,170
LIABILITIES						
Liabilities:						
Payroll Deductions & Withholdings				729,556	729,556	776,432
Due to General Fund				874	874	1,541
Due to Student Groups			376,142		376,142	367,009
Total Liabilities			376,142	730,430	1,106,572	1,144,982
NET ASSETS						
Reserved for Unemployment Claims		124,726			124,726	124,508
Reserved for Scholarships	19,845				19,845	21,680
Total Net Assets	\$19,845	124,726	-	-	144,571	146,188

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

	<u>PRIVATE PURPOSE</u>		2011	2010
	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP		
Operating Revenues:				
Local Sources:				
Scholarship Donations		7,740	7,740	10,502
Interest on Investments	\$218		218	440
Total Operating Revenues	218	7,740	7,958	10,942
Operating Expenditures:				
Scholarship Payments		9,575	9,575	10,710
Contributions to General Fund				43,000
Total Operating Expenses		9,575	9,575	53,710
Excess/(Deficit) of Revenues Over/ (Under) Expenditures	218	(1,835)	(1,617)	(42,768)
Net Assets, July 1	124,508	21,680	146,188	188,956
Net Assets, June 30	\$124,726	19,845	144,571	146,188

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF CHANGES OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	BALANCE JULY 1, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2011
Elementary Schools:				
Bear Tavern	\$3,026	19,153	19,864	2,315
Hopewell	12,556	32,652	29,791	15,417
Stoney Brook	3,763	1,289	4,795	257
Toll Gate	10,735	10,550	10,560	10,725
Subtotal	30,080	63,644	65,010	28,714
Junior High School:				
Timberlane	6,369	157,301	158,550	5,120
Central High School:				
Athletics Fund	10,452	16,685	27,136	1
Student Fund	320,108	453,184	430,985	342,307
Total All Schools	\$367,009	690,814	681,681	376,142

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

ASSETS	BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
Cash & Cash Equivalents	\$777,973	74,651,866	74,699,409	730,430
	\$777,973	74,651,866	74,699,409	730,430
LIABILITIES				
Payroll Deductions & Withholdings	\$776,432	46,048,918	46,095,794	729,556
Net Payroll		28,602,928	28,602,928	
Due to General	1,541	20	687	874
Total Liabilities	\$777,973	74,651,866	74,699,409	730,430

I. Long-Term Debt

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2011**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2010	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2011
			DATE	AMOUNT						
Refunding Bonds 2001 Issue	3/15/2001	\$27,795,000				\$2,150,000			2,150,000	
Construction of New School & Additions & Renovations to the Bear Tavern & the Hopewell Valley Central High Schools	10/15/2001	20,890,000	8-15-11	\$150,000	4.60%	255,000			105,000	150,000
Additions & Renovations to the Bear Tavern, Toll Gate, Stony Brook, Timberlane, Hopewell Valley & Central High Schools	12/01/2004	9,400,000	1-15-12	640,000	3.50%	7,365,000			615,000	6,750,000
			1-15-13	665,000	3.625%					
			1-15-14	690,000	3.75%					
			1-15-15	720,000	3.75%					
			1-15-16	745,000	3.75%					
			1-15-17	780,000	3.75%					
			1-15-18	805,000	3.75%					
			1-15-19	835,000	3.875%					
1-15-20	870,000	4.00%								
Additions & Renovations to the Bear Tavern, Toll Gate, Stony Brook, Timberlane, Hopewell Valley & Central High Schools	1/15/2005	2,034,000	1-15-12	135,000	3.75%	1,554,000			130,000	1,424,000
			1-15-13	140,000	3.75%					
			1-15-14	145,000	3.75%					
			1-15-15	155,000	3.75%					
			1-15-16	160,000	3.75%					
			1-15-17	165,000	3.75%					
			1-15-18	170,000	3.88%					
			1-15-19	180,000	4.00%					
1-15-20	174,000	4.00%								

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2011

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ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE JULY 1, 2010	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2011
2005 Refunding of October 2001 Bonds for the Construction of New School and Additions & Renovations to Bear Tavern & the Hopewell Valley Central High Schools	9/15/2005	20,080,000	8-15-11	25,000	3.25%	20,000,000			20,000	19,980,000
			8-15-12	220,000	5.00%					
			8-15-13	215,000	5.00%					
			8-15-14	225,000	5.00%					
			8-15-15	330,000	4.00%					
			8-15-16	1,430,000	5.00%					
			8-15-17	3,205,000	5.00%					
			8-15-18	3,370,000	5.00%					
			8-15-19	3,520,000	4.00%					
			8-15-20	3,650,000	4.00%					
8-15-21	3,790,000	4.00%								
2010 Refunding of March 2001 Refunding Bonds	5/4/2010	13,265,000	8-15-11	2,210,000	4.00%	13,265,000			150,000	13,115,000
			8-15-12	2,265,000	4.00%					
			8-15-13	2,355,000	3.00%					
			8-15-14	2,430,000	3.00%					
			8-15-15	2,420,000	4.00%					
			8-15-16	1,435,000	4.00%					
Total						\$44,589,000	-	-	3,170,000	41,419,000

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2011**

SERIES	RATE OF INTEREST	AMOUNT OUTSTANDING JUNE 30, 2010	ISSUED CURRENT YEAR	AMOUNT RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2011
Buses, Truck	5.94%	\$47,335		47,335	
Technology Equipment	3.44%	437,198		437,198	
Transportation & Maintenance Equipment	2.01%		293,808	28,076	265,732
Total		\$484,533	293,808	512,609	265,732

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	\$4,266,500		4,266,500	4,266,500		3,940,662		3,940,662	3,940,662	
Miscellaneous Revenue				14,234	(14,234)					
Total Revenues	4,266,500		4,266,500	4,280,734	(14,234)	3,940,662		3,940,662	3,940,662	
Expenditures										
Regular Debt Service:										
Interest	1,949,298	(150,000)	1,799,298	1,614,285	185,013	2,073,269		2,073,269	2,073,269	
Redemption of Principal	3,020,000	150,000	3,170,000	3,170,000		2,895,000		2,895,000	2,895,000	
Total Expenditures	4,969,298		4,969,298	4,784,285	185,013	4,968,269		4,968,269	4,968,269	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources	(702,798)		(702,798)	(503,551)	199,247	(1,027,607)		(1,027,607)	(1,027,607)	
Other Financing Sources:										
Operating Transfers In:										
Capital Reserve	700,000		700,000	700,000		1,000,000		1,000,000	1,000,000	
Capital Projects Fund				395	395				756	756
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources	(2,798)		(2,798)	196,844	199,642	(27,607)		(27,607)	(26,851)	756
Fund Balance, July 1	3,554		3,554	3,554		30,405		30,405	30,405	
Fund Balance, June 30	\$756	-	756	200,398	199,642	2,798	-	2,798	3,554	756

STATISTICAL SECTION (Unaudited)

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$19,808,415	17,581,226	15,655,759	11,454,652	10,620,407	7,513,840	4,719,747	2,519,120	1,250,151
Restricted	4,940,503	1,054,122	1,728,390	2,592,635	3,876,011	9,912,723	1,985,359	536,062	1,238,441
Unrestricted	548,945	4,239,004	2,987,704	4,917,580	4,441,737	(774,047)	6,038,746	3,583,203	1,523,744
Total Governmental Activities Net Assets	\$25,297,863	22,874,352	20,371,853	18,964,867	18,938,155	16,652,516	12,743,852	6,638,385	4,012,336
Business-Type Activities:									
Unrestricted	\$821,892	774,726	570,404	451,060	437,884	415,015	305,922	155,110	137,493
Total Business-Type Activities Net Assets	\$821,892	774,726	570,404	451,060	437,884	415,015	305,922	155,110	137,493
District-Wide:									
Invested in Capital Assets, Net of Related Debt	\$19,808,415	17,581,226	15,655,759	11,454,652	10,620,407	7,513,840	4,719,747	2,519,120	1,250,151
Restricted	4,940,503	1,054,122	1,728,390	2,592,635	3,876,011	9,912,723	1,985,359	536,062	1,238,441
Unrestricted	1,370,836	5,013,730	3,558,108	5,368,640	4,879,621	(359,032)	6,344,668	3,738,313	1,661,237
Total District Net Assets	\$26,119,755	23,649,078	20,942,257	19,415,927	19,376,039	17,067,531	13,049,774	6,793,495	4,149,829

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental Activities									
Instruction:									
Regular	\$25,229,782	25,369,974	25,649,031	25,056,229	23,169,833	22,311,118	21,150,229	20,374,122	19,186,511
Special Education	4,098,629	3,937,730	3,849,353	3,511,503	270,270	2,884,208	2,700,066	2,672,675	2,212,756
Other Special Education	1,176,851	865,459	642,476	577,360	615,585	596,872	573,312	604,485	600,837
Other Instruction	992,587	1,015,542	1,088,269	992,828	966,133	881,658	962,719	843,905	784,049
Support Services:									
Tuition	2,363,433	3,051,668	3,315,547	2,948,865	3,273,947	3,479,423	2,893,504	2,388,698	1,598,796
Student & Instruction Related									
Services	6,749,694	7,051,312	6,674,157	6,397,211	6,112,212	5,722,289	5,214,237	5,075,172	4,880,011
School Administrative Services	2,307,087	2,276,639	2,154,697	2,176,308	2,102,846	2,119,679	2,081,710	1,674,984	1,781,840
General & Business Administrative									
Services	1,817,961	1,829,313	2,269,402	2,389,404	2,187,344	1,804,667	1,798,563	1,660,978	1,452,668
Plant Operations & Maintenance	5,625,781	5,503,697	5,804,510	5,760,698	5,270,821	4,486,855	3,975,300	4,031,324	3,536,944
Pupil Transportation	3,574,367	3,621,103	3,857,662	3,723,208	3,803,673	3,751,984	3,642,648	3,219,591	3,072,904
Unallocated Benefits	15,370,600	14,880,721	13,668,256	14,473,823	13,224,354	11,370,924	10,003,250	8,720,970	8,018,346
Special Schools	204,354	223,387	225,068	94,793	150,163	122,823	139,961	114,828	113,323
Transfer to Charter Schools			22,967	94,101					
Interest on Long-Term Debt	1,612,892	2,023,644	2,152,114	2,255,606	2,462,986	2,496,604	2,429,042	2,529,013	2,383,833
Amortization of Debt Issuance									
Costs	21,557	74,282	84,828	84,827					
Unallocated Loss on Revaluation									
of Fixed Assets	239,867	(9,649)							
Unallocated Depreciation	2,061,024	2,216,991	2,125,291	2,128,671	2,398,465	1,791,066	1,727,857	1,761,022	1,672,280
Total Governmental Activities									
Expenses	<u>73,446,466</u>	<u>73,931,813</u>	<u>73,583,628</u>	<u>72,665,435</u>	<u>66,008,632</u>	<u>63,820,170</u>	<u>59,292,398</u>	<u>55,671,767</u>	<u>51,295,098</u>
Business-Type Activities:									
Proprietary Funds	<u>1,673,819</u>	<u>1,545,845</u>	<u>1,438,982</u>	<u>1,432,034</u>	<u>1,305,424</u>	<u>1,267,501</u>	<u>1,156,303</u>	<u>1,077,337</u>	<u>951,000</u>
Total Business-Type Activities									
Expense	<u>1,673,819</u>	<u>1,545,845</u>	<u>1,438,982</u>	<u>1,432,034</u>	<u>1,305,424</u>	<u>1,267,501</u>	<u>1,156,303</u>	<u>1,077,337</u>	<u>951,000</u>
Total District Expenses	<u>\$75,120,285</u>	<u>75,477,658</u>	<u>75,022,610</u>	<u>74,097,469</u>	<u>67,314,056</u>	<u>65,087,671</u>	<u>60,448,701</u>	<u>56,749,104</u>	<u>52,246,098</u>

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues:									
Governmental Activities:									
Charges for Services:									
Instruction (Tuition)	\$255,912	313,796	290,043	270,270	254,427	254,594	197,127	79,732	153,866
Operating Grants & Contributions	1,975,135	1,160,809	1,083,915	1,088,881	1,740,316	909,607	959,993	1,269,171	859,906
Total Governmental Activities Program Revenues	2,231,047	1,474,605	1,373,958	1,359,151	1,994,743	1,164,201	1,157,120	1,348,903	1,013,772
Business-Type Activities:									
Charges for Services:									
Proprietary Funds	1,477,814	1,277,425	1,217,014	1,258,312	1,161,241	1,206,474	1,086,694	954,211	814,910
Operating Grants & Contributions	169,568	191,341	146,790	149,058	143,321	150,548	132,111	131,055	109,676
Total Business Type Activities Program Revenues	1,647,382	1,468,766	1,363,804	1,407,370	1,304,562	1,357,022	1,218,805	1,085,266	924,586
Total District Program Revenues	\$3,878,429	2,943,371	2,737,762	2,766,521	3,299,305	2,521,223	2,375,925	2,434,169	1,938,358
Net/(Expense)/Revenue:									
Governmental Activities	(\$71,215,419)	(72,457,208)	(72,209,670)	(71,306,284)	(64,013,889)	(62,655,969)	(58,135,278)	(54,322,864)	(50,281,326)
Business-Type Activities	(26,437)	(77,079)	(75,178)	(24,664)	(862)	89,521	62,502	7,929	(26,414)
Total District-Wide Net Expense	(\$71,241,856)	(72,534,287)	(72,284,848)	(71,330,948)	(64,014,751)	(62,566,448)	(58,072,776)	(54,314,935)	(50,307,740)

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST NINE FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues & Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$62,360,557	61,332,166	59,554,967	57,921,491	55,061,914	53,071,724	49,013,930	45,818,068	41,567,831
Taxes Levied for Debt Service	4,266,500	3,940,662	4,814,862	4,289,009	4,766,504	4,390,108	3,825,965	3,940,038	4,121,442
Unrestricted Grants & Contributions	6,174,012	8,322,621	8,412,237	9,758,592	8,903,831	7,725,133	11,274,230	6,812,858	5,954,650
Miscellaneous Income	837,861	1,364,258	834,590	1,017,033	1,716,729	1,057,482	704,781	951,168	530,308
Transfers					(15,000)	(18,507)	(79,535)	(8,866)	(11,369)
Gain/(Loss) on Revalue of Fixed Assets				(1,653,129)	(1,252,025)		658,494		
Total Governmental Activities	73,638,930	74,959,707	73,616,656	71,332,996	69,181,953	66,225,940	65,397,865	57,513,266	52,162,862
Business-Type Activities:									
Investment Earnings	73,602	281,401	103,803	37,840	8,731	1,065	8,775	822	21,155
Transfers					15,000	18,507	79,535	8,866	11,369
Total Business-Type Activities	73,602	281,401	103,803	37,840	23,731	19,572	88,310	9,688	32,524
Total District-Wide	\$73,712,532	75,241,108	73,720,459	71,370,836	69,205,684	66,245,512	65,486,175	57,522,954	52,195,386
Change in Net Assets:									
Governmental Activities	\$2,423,511	2,502,499	1,406,986	26,712	5,168,064	3,569,971	7,262,587	3,190,402	1,881,536
Business-Type Activities	47,166	204,322	28,625	13,176	22,869	109,093	150,812	17,617	6,110
Total District	\$2,470,677	2,706,821	1,435,611	39,888	5,190,933	3,679,064	7,413,399	3,208,019	1,887,646

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:									
Reserved	\$3,716,703	4,957,858	3,950,291	5,128,631	5,615,018	3,999,694	2,813,307	1,256,352	1,129,008
Unreserved	1,618,340	1,119,135	1,160,423	1,670,516	1,496,910	1,800,772	1,127,608	1,796,622	1,337,046
Total General Fund	<u>\$5,335,043</u>	<u>6,076,993</u>	<u>5,110,714</u>	<u>6,799,147</u>	<u>7,111,928</u>	<u>5,800,466</u>	<u>3,940,915</u>	<u>3,052,974</u>	<u>2,466,054</u>
All Other Governmental Funds:									
Reserved		13,000	10,000		1,042,700	8,089,570	859,080		
Reserved, Reported in:									
Special Revenue Fund									(8,331)
Capital Projects Fund	1,861,952	1,017,780	928,766	1,172,237	458,313	1,142,694	14,847,244	1,871,517	1,926,520
Debt Service Fund	200,398	3,554	30,405	183,360	835,675	875,964	209,964	123,355	109,433
Total All Other Governmental Funds	<u>\$2,062,350</u>	<u>1,034,334</u>	<u>969,171</u>	<u>1,355,597</u>	<u>2,336,688</u>	<u>10,108,228</u>	<u>15,916,288</u>	<u>1,994,872</u>	<u>2,027,622</u>

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Tax Levy	\$66,627,057	65,272,828	64,369,829	62,210,500	59,828,418	57,461,832	52,839,895	49,758,106	45,689,273	40,084,343
Tuition Charges	255,912	313,796	290,043	270,270	254,427	254,594	197,127	79,732	153,866	162,560
Miscellaneous	837,861	1,380,964	1,064,590	1,017,033	1,716,729	1,057,481	704,781	951,168	530,308	581,197
State Sources	6,281,869	8,459,557	8,547,670	9,971,035	9,786,366	7,861,146	11,453,672	7,358,778	6,257,934	14,421,533
Federal Sources	1,867,278	1,023,873	948,482	876,438	857,781	773,594	780,551	723,251	556,622	558,495
Total Revenue	75,869,977	76,451,018	75,220,614	74,345,276	72,443,721	67,408,647	65,976,026	58,871,035	53,188,003	55,808,128
Expenditures:										
Instruction:										
Regular Instruction	25,742,391	25,732,584	26,098,757	25,615,848	23,792,960	22,976,296	22,386,473	21,486,274	19,729,871	
Instruction-Pre GASB 34										21,490,214
Special Education Instruction	4,098,629	3,937,730	3,849,353	3,511,503	3,152,694	2,884,208	2,897,193	2,752,407	2,366,622	
Other Special Instruction	1,176,851	865,459	642,476	577,360	615,585	596,872	573,312	604,485	600,837	
Other Instruction	992,587	1,015,542	1,088,269	992,828	966,133	881,658	962,719	843,905	784,049	
Support Services:										
Tuition	2,363,433	3,051,668	3,315,547	2,948,865	3,273,947	3,479,423	2,893,504	2,388,698	1,598,796	
Student & Instruction Related Services	6,749,694	7,051,312	6,674,157	6,397,211	6,112,212	5,722,289	5,214,237	5,085,524	4,880,011	
School Administrative Services	2,307,087	2,276,639	2,154,697	2,176,308	2,102,846	2,119,679	2,287,311	2,243,688	2,098,386	
General & Business Administration Services	1,817,961	1,829,313	2,269,402	2,389,404	2,187,344	1,804,667	1,798,563	1,682,413	1,452,668	
Plant Operations & Maintenance	5,625,781	5,503,697	5,804,510	5,760,698	5,270,821	4,486,855	3,975,300	4,031,324	3,536,944	
Pupil Transportation	3,574,367	3,621,103	3,857,662	3,723,208	3,803,673	3,751,984	3,642,648	3,362,111	3,072,904	
Other Support Services	15,386,075	14,842,674	13,501,639	14,369,436	13,152,151	11,294,113	9,901,826	8,963,305	7,449,998	
Special Schools	204,354	223,387	225,068	94,793	150,163	122,823	139,961	114,828	113,323	67,531
Undistributed Expenditures (Pre GASB 34)										20,896,226
Capital Outlay	1,054,224	500,199	3,808,648	2,018,657	9,632,972	7,040,961	2,641,331	962,295	3,857,420	13,053,519
Debt service:										
Principal	3,170,000	2,895,000	2,780,000	2,665,000	2,546,000	1,795,000	1,710,000	1,635,000	2,124,795	1,630,000
Interest & Other Charges	1,614,285	2,073,269	2,190,615	2,303,929	2,416,546	2,503,045	2,225,398	2,305,038	2,411,462	2,062,871
Total Expenditures	75,877,719	75,419,576	78,260,800	75,545,048	79,176,047	71,459,873	63,249,776	58,461,295	56,078,086	59,200,361

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(7,742)	1,031,442	(3,040,186)	(1,199,772)	(6,732,326)	(4,051,226)	2,726,250	409,740	(2,890,083)	(3,392,233)
Other Financing Sources/(Uses):										
Transfers to Cover Deficits:										
Food Services					(15,000)	(24,535)	(8,866)	(11,369)	(3,200)	(4,028)
Driver's Education						(5,000)				
Performing Arts Center						(50,000)				
Transfer to Charter School			(22,967)	(94,101)						
Proceeds from Borrowing						11,434,000			20,809,000	
Capital Leases (Nonbudgeted)	293,808		988,294		287,250	728,642	153,296	1,081,168	425,223	1,381,424
Transfers In	1,587,517	1,201,928	2,798	27,605	146,382	196,042	13,922	52,306	290,478	296,594
Transfers Out	(1,587,517)	(1,201,928)	(2,798)	(27,605)	(146,382)	(196,042)	(13,922)	(52,306)	(290,478)	(300,622)
Total Other Financing Sources/(Uses)	293,808		965,327	(94,101)	272,250	12,083,107	144,430	1,069,799	21,231,023	1,373,368
Net Change in Fund Balances	\$286,066	1,031,442	(2,074,859)	(1,293,873)	(6,460,076)	8,031,881	2,870,680	1,479,539	18,340,940	(2,018,865)
Debt Service as a Percentage of Noncapital Expenditures	6.8%	7.1%	6.7%	6.8%	7.1%	6.7%	6.5%	6.9%	8.7%	8.0%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30,	SUMMER SCHOOL PROGRAM		TRANSPORT	INTEREST EARNED ON INVESTMENTS	OTHER REFUNDS	REFUND PRIOR YEAR EXPENDITURES	RENTAL OF FACILITIES	HEALTH INSURANCE COBRA	INTRAMURAL/ INTER-SCHOLASTIC FEES & PARKING	MISCELLANEOUS	TOTAL
	TUITION	FEES	FEES								
2011	\$255,912		80,373	23,377			152,142	121,556	162,025	245,138	1,040,523
2010	304,761	9,035	84,360	31,545			152,241	93,225	113,720	831,120	1,620,007
2009	270,693	19,350	61,571	98,147	55,429	284,873	106,332	93,726	115,000	216,695	1,321,816
2008	263,705	6,565	63,892	410,417		32,749	62,427	105,723	112,950	57,270	1,115,698
2007	254,427	19,433		503,547		64,061	28,446	93,302		24,310	987,526
2006	223,911	16,003		272,079		36,497	77,914	97,170		84,483	808,056
2005	197,127	16,425		94,790		85,810	62,294	88,693		32,479	577,618
2004	79,732	31,785					77,698	90,348		233,093	512,656
2003	153,866	43,210		29,627	3,560	62,026	35,487	86,744		117,586	532,106
2002	160,010	20,178		80,599		7,095	79,723	82,108	3,080	253	433,046
Total	\$2,164,144	181,984	290,196	1,544,128	58,989	573,111	834,704	952,595	506,775	1,842,427	8,949,052

Source: District records

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
Borough of Hopewell													
2011	5,344,500	288,293,900	1,890,200	28,900	50,221,900	857,700	1,697,900	350,232,655	24,499,300	1,897,655	350,232,655	1.18	314,751,062
2010	5,531,800	294,090,700	2,032,500	28,800	53,135,255	857,700	1,697,900	357,374,655	24,992,100	1,897,655	359,272,310	1.18	320,364,996
2009	4,512,700	296,872,200	2,032,500	28,700	51,614,400	857,700	2,322,900	358,241,100	25,390,700	1,897,655	360,138,755	1.18	334,375,220
2008	4,177,000	300,098,300	2,079,800	28,000	53,868,400	857,700	2,322,900	363,432,100	25,390,760	1,897,655	365,329,755	1.06	362,149,155
2007	4,323,900	301,240,200	2,032,500	28,000	50,635,300	857,700	2,322,900	361,440,500	24,446,900	1,746,450	363,186,950	1.06	342,696,137
2006	4,355,200	301,622,700	2,032,500	28,000	51,593,400	857,700	2,322,900	362,812,400	24,446,900	1,643,545	364,455,945	1.06	308,920,341
2005	1,562,100	129,566,200	907,800	20,400	19,776,800	1,654,700	1,478,600	154,966,600	10,148,900	1,002,962	155,969,562	2.27	264,303,624
2004	1,953,400	128,673,600	900,700	22,400	19,416,400	1,654,700	1,478,600	154,099,800	10,148,900	1,040,692	155,140,492	2.07	243,495,558
2003	1,757,900	128,564,100	831,700	26,000	19,462,800	1,654,700	1,478,600	153,775,800	10,148,900	1,202,197	154,977,997	2.04	155,140,492
2002	1,795,000	127,653,600	832,000	28,400	19,462,800	1,654,700	1,478,600	152,905,100	10,148,600	1,296,903	154,202,003	2.01	210,111,697
Borough of Pennington													
2011	1,782,600	436,168,000	-	-	50,486,900	6,633,300	818,400	495,889,200	72,753,900	2,246,505	498,135,705	1.37	502,330,276
2010	2,294,000	436,728,800	-	-	50,844,600	6,633,300	1,729,100	498,229,800	N/A	2,523,765	500,753,565	1.33	494,093,543
2009	2,568,100	456,274,500	-	-	53,672,000	7,594,900	1,729,100	521,838,600	N/A	2,510,108	524,348,708	1.20	518,981,236
2008	2,416,800	455,363,500	-	-	54,101,600	7,594,900	1,630,800	521,107,600	72,833,500	2,354,625	523,462,225	1.15	506,721,797
2007	3,324,400	452,711,100	-	-	51,354,100	7,417,400	1,728,800	516,535,800	73,333,000	1,712,252	518,248,052	1.10	481,492,643
2006	3,133,000	454,413,200	-	-	49,395,000	7,417,400	1,728,800	516,087,400	73,200,000	2,090,316	518,177,716	1.08	439,725,005
2005	1,145,300	197,211,900	-	-	25,470,500	2,086,200	928,900	226,842,800	37,755,270	1,198,275	228,041,075	2.33	397,080,721
2004	1,110,100	195,994,600	-	-	24,116,400	2,067,200	928,900	224,217,200	37,431,870	1,319,164	225,536,364	2.23	366,795,076
2003	1,146,100	194,798,100	-	-	23,993,000	2,015,000	928,900	222,881,100	36,062,970	1,576,522	224,457,622	2.27	330,253,339
2002	1,372,200	190,975,300	-	-	32,953,700	2,015,000	928,900	228,245,100	26,843,670	1,621,715	229,866,815	2.12	307,599,564
Township of Hopewell													
2011	54,450,500	2,903,055,600	268,462,800	5,620,600	533,613,400	406,027,400	5,033,800	4,176,452,489	351,462,600	7,188,189	4,183,452,489	1.35	4,073,248,162
2010	57,451,500	3,021,846,700	275,012,100	5,693,500	559,276,600	407,811,400	5,065,000	4,332,156,800	355,210,100	9,703,188	4,341,859,988	1.27	4,159,076,020
2009	73,046,500	3,133,774,300	277,719,300	5,840,500	585,026,000	401,139,500	5,231,600	4,481,777,700	N/A	7,222,300	4,489,000,000	1.21	4,322,023,148
2008	74,087,600	3,212,378,300	274,180,900	5,685,000	581,069,700	391,819,200	5,231,600	4,544,452,300	333,056,600	6,124,267	4,550,576,567	1.16	4,379,444,863
2007	75,740,200	3,237,955,500	266,468,900	5,714,700	582,520,300	378,220,600	5,831,600	4,552,451,800	328,295,000	5,711,534	4,558,163,334	1.12	4,200,442,082
2006	91,364,800	3,225,312,900	274,465,300	5,719,300	579,207,500	404,540,400	8,325,900	4,588,936,100	306,526,700	4,667,934	4,593,604,034	1.10	4,089,970,287
2005	59,764,100	1,548,527,400	128,654,100	6,031,300	382,824,000	235,967,600	4,063,500	2,365,832,000	160,399,500	3,367,280	2,369,199,280	1.95	3,523,360,891
2004	60,505,800	1,489,080,500	122,800,500	6,213,400	379,781,300	249,231,300	3,955,100	2,311,567,900	154,560,900	3,651,083	2,315,218,983	1.86	3,261,974,202
2003	61,622,500	1,448,570,200	119,965,600	6,391,300	379,178,500	227,605,200	3,962,700	2,247,296,000	140,043,500	3,918,397	2,251,214,397	1.76	3,045,648,942
2002	51,522,400	1,419,223,200	114,146,500	6,710,400	325,057,200	201,550,500	3,962,700	2,122,172,900	134,814,000	4,441,662	2,126,614,562	1.63	2,415,021,616

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**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	REGIONAL SCHOOL	TOTAL DIRECT	OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE	
			BOROUGH OR TOWNSHIP	MERCER COUNTY	LIBRARY	FIRE DISTRICT	COUNTY OPEN SPACE		MUNICIPAL OPEN SPACE
Borough of Hopewell									
2011	1.22	1.22	0.41	0.44	.031		0.02	0.01	2.10
2010	1.18	1.18	0.41	0.42	-		0.03		2.04
2009	1.18	1.18	0.40	0.42	-	0.04	0.03	0.01	2.08
2008	1.06	1.06	0.27	0.44	-	0.04		0.01	1.82
2007	1.06	1.06	0.27	0.44	-	0.04		0.01	1.82
2006	1.06	1.06	0.27	0.41	-	0.09	0.03	0.01	1.87
2005	2.27	2.27	0.55	0.91	-	0.09	0.05	0.01	3.88
2004	2.07	2.07	0.49	0.86	-	0.08	0.03	0.01	3.54
2003	2.04	2.04	0.48	0.77	-	0.07	0.03	0.01	3.40
2002	2.01	2.01	0.48	0.73	-	0.07	0.03	0.01	3.33
Borough of Pennington									
2011	1.37	1.37	0.42	0.49	-	0.03	0.02	0.01	2.34
2010	1.33	1.33	0.43	0.51	-	0.03	0.03		2.33
2009	1.20	1.20	0.42	0.45	-	0.03	0.03	0.01	2.14
2008	1.15	1.15	0.42	0.42	-	0.03	0.03		2.05
2007	1.10	1.10	0.41	0.41	-	0.03	0.03		1.98
2006	1.08	1.08	0.35	0.41	-	0.03	0.03	0.01	1.91
2005	2.33	2.33	0.72	0.93	-	0.06	0.05	0.01	4.10
2004	2.23	2.23	0.63	0.92	-	0.07	0.04	0.01	3.90
2003	2.27	2.27	0.57	0.84	-	0.06	0.03	0.01	3.78
2002	2.12	2.12	0.57	0.78	-	0.06	0.03	0.01	3.57
Township of Hopewell									
2011	1.35	1.35	0.29	0.47	0.05	0.06	0.02	0.03	2.27
2010	1.27	1.27	0.30	0.51		0.06	0.02	0.02	2.18
2009	1.21	1.21	0.27	0.43	0.04	0.05	0.03	0.03	2.06
2008	1.16	1.16	0.29	0.46		0.05	0.03		1.99
2007	1.12	1.12	0.27	0.44		0.05	0.03		1.91
2006	1.10	1.10	0.24	0.43	0.04	0.08	0.02	0.04	1.95
2005	1.95	1.95	0.41	0.80	0.07	0.08	0.05	0.04	3.40
2004	1.86	1.86	0.36	0.77	0.08	0.08	0.03	0.03	3.21
2003	1.76	1.76	0.30	0.77	0.07	0.08	0.03	0.03	3.04
2002	1.63	1.63	0.25	0.67	0.07	0.08	0.02	0.02	2.74

Source: Municipal Tax Collector

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2011		2002	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Borough of Hopewell				
Freedman, Gerald	\$3,692,500	1.05%	1,225,000	0.81%
Hopewell Village Square	2,431,800	0.69%	1,100,900	0.73%
Bell Atlantic	1,897,655	0.54%	-	-
PNC Bank	1,748,400	0.50%	650,000	0.43%
Klesney, Frank Jr.	1,377,100	0.39%	-	-
Jeffers James	1,234,100	0.35%	-	-
Prewitt Incorporated	1,208,700	0.35%	449,300	0.30%
Lance Roberts, LLC	1,155,200	0.33%	-	-
MLN LLC	1,131,700	0.32%	-	-
The Gowerling Group, LLC	1,120,000	0.32%	-	-
Total	\$16,997,155	4.85%	3,425,200	2.27%
Borough of Pennington				
Mercer Mutual	5,319,500	1.06%	2,116,600	0.98%
Pennington Inv. Lic/C/O Lorenzetti	4,698,900	0.94%	-	-
James McNulty	4,538,000	0.91%	1,956,300	0.91%
Straube Center	3,649,500	0.73%	-	-
ECS Holding LLC	3,000,000	0.60%	1,800,000	0.83%
Straube Regional Center	2,983,800	0.60%	-	-
Pennington Court	2,876,500	0.57%	-	-
NJ Bell	2,271,818	0.45%	2,314,979	1.07%
Helene Fuld Medical Center	2,231,800	0.45%	-	-
Chill Properties LLC	2,000,000	0.40%	-	-
Total	\$33,569,818	6.70%	8,187,879	3.79%
Township of Hopewell				
Merrill Lynch	\$347,300,600	8.30%	38,735,800	2.47%
Bristol Myers Squibb	233,798,100	5.59%	102,232,300	6.53%
Janssen Pharmaceutical	91,230,200	2.18%	34,849,000	2.23%
Hopewell TC Associates & Investment	27,646,100	0.66%	-	-
Trap Rock Industries	22,092,800	0.53%	8,538,600	0.54%
350 Carter Rd LLC C/O D&T K Farey	18,294,900	0.44%	-	-
Transco Gas Pipeline/AD Valorem Tax	13,862,100	0.33%	-	-
Montpen SC LLC	13,036,500	0.31%	-	-
Pennwell Holding LLC C/O B Freedman	10,123,400	0.24%	-	-
Johnson Betty Wold	9,495,500	0.23%	-	-
Total	\$786,880,200	18.81%	184,355,700	11.77%

Source: Municipal Tax Assessor

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2011	\$66,627,057	66,627,057	100.00%	-
2010	65,272,828	65,272,828	100.00%	-
2009	64,369,829	64,369,829	100.00%	-
2008	62,210,500	62,210,500	100.00%	-
2007	59,828,418	59,828,418	100.00%	-
2006	57,461,832	57,461,832	100.00%	-
2005	52,839,895	52,839,895	100.00%	-
2004	49,758,106	49,758,106	100.00%	-
2003	45,689,273	45,689,273	100.00%	-
2002	40,084,344	40,084,344	100.00%	-

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	<u>GOVERNMENTAL ACTIVITIES</u>		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2011	41,419,000	265,732	41,684,732	4.03%	1,892
2010	44,589,000	484,533	45,633,153	4.71%	2,198
2009	47,859,000	847,143	49,265,763	4.98%	2,175
2008	50,639,000	291,869	51,490,489	5.35%	2,310
2007	53,304,000	851,489	54,155,489	5.79%	2,599
2006	55,850,000	1,474,615	57,324,615	6.16%	2,751
2005	57,249,000	1,840,013	59,089,013	5.89%	2,629
2004	47,525,000	1,340,138	48,865,138	4.91%	2,192
2003	49,160,000	1,772,833	50,932,833	5.55%	2,342
2002	50,715,000	1,300,628	52,015,628	5.89%	2,448

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2011	\$41,419,000	-	41,419,000	0.761%	1,880
2010	44,589,000	-	44,589,000	0.820%	2,148
2009	47,859,000	-	47,859,000	0.880%	2,113
2008	50,639,000	-	50,639,000	0.931%	2,272
2007	53,304,000	-	53,304,000	0.980%	2,558
2006	55,850,000	-	55,850,000	1.020%	2,680
2005	57,249,000	-	57,249,000	2.079%	2,547
2004	47,525,000	-	47,525,000	1.859%	2,132
2003	49,160,000	-	49,160,000	1.869%	2,260
2002	50,715,000	-	50,715,000	2.020%	2,387

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Hopewell	\$5,200,000	100.000%	\$5,200,000
Borough of Pennington	3,346,461	100.000%	3,346,461
Township of Hopewell	<u>56,322,928</u>	100.000%	<u>56,322,928</u>
Total	<u>\$64,869,389</u>		
County of Mercer - Regional Share (Total Debt \$317,659,066)			
Borough of Hopewell		0.980%	3,113,058
Borough of Pennington		1.143%	3,630,843
Township of Hopewell		10.141%	<u>32,213,805</u>
Subtotal, Overlapping Debt			103,827,095
Hopewell Valley Regional School District Direct Debt			<u>41,419,000</u>
Total Direct & Overlapping Debt			<u>\$145,246,095</u>

Sources: Assessed value data used to estimate applicable percentages provided by Hopewell Borough,
Debt outstanding data provided by each governmental unit.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in tThousands)**

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$203,641,887	206,646,828	206,079,201	200,014,638	184,487,661	167,429,562	150,129,608	130,892,789	110,929,144	92,628,846
Total Net Debt Applicable to Limit	41,419,000	44,589,000	47,859,000	50,639,000	53,304,000	55,850,000	57,249,000	47,525,000	49,160,000	50,714,998
Legal Debt Margin	<u>\$162,222,887</u>	<u>162,057,828</u>	<u>158,220,201</u>	<u>149,375,638</u>	<u>131,183,661</u>	<u>111,579,562</u>	<u>92,880,608</u>	<u>83,367,789</u>	<u>61,769,144</u>	<u>41,913,848</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.34%	21.58%	23.22%	25.32%	28.89%	33.36%	38.13%	36.31%	44.32%	54.75%

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Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis
	2011 \$ 4,937,749,582
	2010 4,973,534,559
	2009 <u>5,361,857,400</u>
	<u>\$15,273,141,541</u>
Average Equalized Valuation of Taxable Property	<u>\$5,091,047,180</u>
Debt Limit (4 % of Average Equalization Value)	\$203,641,887
Net Bonded School Debt	<u>41,419,000</u>
Legal Debt Margin	<u>\$162,222,887</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
Borough of Hopewell			
2011	2,035	49,986	1.0%
2010	1,992	50,590	1.0%
2009	2,022	38,413	1.3%
2008	2,544	38,413	1.1%
2007	2,035	38,413	1.1%
2006	2,035	44,661	1.1%
2005	2,036	44,661	0.8%
2004	2,046	44,661	1.5%
2003	2,309	42,165	1.7%
2002	2,038	41,552	1.8%
Borough of Pennington			
2011	2,696	63,990	2.6%
2010	2,661	60,376	2.6%
2009	2,656	45,843	4.6%
2008	2,696	43,120	1.1%
2007	2,696	43,947	1.1%
2006	2,696	44,661	1.1%
2005	2,696	44,661	2.8%
2004	2,706	44,661	1.6%
2003	2,702	42,165	1.8%
2002	2,702	41,552	1.9%
Township of Hopewell			
2011	17,304	43,947	8.3%
2010	16,105	43,947	7.7%
2009	17,968	43,947	3.4%
2008	17,051	43,947	1.2%
2007	16,105	45,843	1.2%
2006	16,105	44,661	1.2%
2005	17,742	44,661	2.0%
2004	17,539	44,661	1.7%
2003	16,737	42,165	2.0%
2002	16,507	41,552	2.1%

Source:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development
(b) Per Capita information provided by the US Dept of Commerce, Bureau of Economic Analysis
(c) Unemployment data provided by the NJ Dept of Labor and Workforce Development

EXHIBIT 15 IS NOT AVAILABLE

EXHIBIT J-16

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction:										
Regular	346.40	331.06	342.97	373.61	299.60	371.74	394.54	403.74	388.67	386.69
Special Education	50.20	55.04	55.04	54.27	66.25	59.56	62.66	64.06	58.56	52.86
Other Instruction			0.40	0.40	0.40	0.40	0.40	0.40	0.40	1.40
Support Services:										
Student & Instruction Related Services	94.90	102.08	116.95	92.99	146.24	74.80	69.40	67.50	68.50	59.05
School Administrative Services	24.20	25.20	25.80	25.60	25.40	28.50	30.00	30.00	28.00	28.00
General & Business Administrative Services	12.00	13.78	16.03	17.23	14.43	14.00	14.00	14.00	14.00	14.00
Plant Operations & Maintenance	52.00	52.45	54.45	55.75	55.75	45.25	45.25	45.55	45.90	42.90
Pupil Transportation	52.00	52.36	53.00	50.50	45.32	32.76	34.76	32.46	26.10	19.10
Total	631.70	631.97	664.64	670.35	653.39	627.01	651.01	657.71	630.13	604.00

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL	SENIOR HIGH SCHOOL				
2011	3,862	\$70,039,210	18,135	2.54%	387	10.1:1	10.1:1	11.1:1	3,841	3,700	-2.41%	96.00%
2010	3,955	69,951,108	17,687	1.76%	411	10.1:1	10.1:1	11.1:1	3,936	3,779	-0.81%	96.00%
2009	3,996	69,452,509	17,381	1.91%	398	9.1:1	10.1:1	11.1:1	3,968	3,822	-1.29%	96.30%
2008	4,020	68,557,462	17,054	-0.05%	427	10.1:1	10.1:1	11.1:1	4,020	3,864	-0.94%	96.12%
2007	4,018	68,557,462	17,063	14.34%	392	10.1:1	10.1:1	9.1:1	4,058	3,907	0.84%	96.28%
2006	4,029	60,120,867	14,922	1.51%	384	11.4:1	10.6:1	12.1:1	4,024	3,869	2.57%	96.15%
2005	3,922	57,653,454	14,700	3.58%	411	10.4:1	10.0:1	10.7:1	3,923	3,631	2.21%	92.56%
2004	3,838	54,466,254	14,191	8.56%	369	10.9:1	10.2:1	10.4:1	3,838	3,596	0.47%	93.69%
2003	3,820	49,937,403	13,073	14.00%	398	13.1:1	11.8:1	11.2:1	3,820	3,659	0.61%	95.79%
2002	3,796	43,530,521	11,467	0.13%	378	13.1:1	11.6:1	11.3:1	3,797	3,537	4.46%	93.15%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS**

DISTRICT BUILDINGS	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elementary Schools:									
Bear Tavern Elementary (1961):									
Square Feet	69,940	69,940	69,940	69,940	69,940	69,940	69,940	69,940	69,940
Capacity (Students)	550	550	550	550	550	550	550	550	550
Enrollment	475	541	576	529	529	519	498	496	726
Toll Gate Grammar (1928):									
Square Feet	61,736	61,736	61,736	61,736	61,736	61,736	61,736	61,736	61,736
Capacity (Students)	354	354	354	354	354	354	354	354	354
Enrollment (a)	305	306	324	312	312	319	312	297	411
Hopewell Elementary (1926):									
Square Feet	97,048	97,048	97,048	97,048	97,048	97,048	97,048	97,048	95,368
Capacity (Students)	546	546	546	546	546	546	546	546	661
Enrollment	475	452	470	520	520	509	520	552	719
Stony Brook Elementary (2002):									
Square Feet	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	N/A
Capacity (Students)	550	550	550	550	550	550	550	550	N/A
Enrollment	452	460	488	522	522	499	461	472	N/A
Middle School:									
Timberlane Middle School (1961):									
Square Feet	169,066	169,066	169,066	169,066	144,101	144,101	144,101	144,101	144,101
Capacity (Students)	997	997	997	997	997	997	997	997	997
Enrollment	961	964	960	951	951	960	945	922	893
High School:									
Central High School (1958):									
Square Feet	215,507	215,507	215,507	215,507	215,507	215,507	215,507	215,507	167,207
Capacity (Students)	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,157
Enrollment	1,194	1,226	1,200	1,167	1,167	1,110	1,074	1,065	1,031
Other Buildings:									
After School Program Building (1946):									
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Central Administration (1926):									
Square Feet	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Facilities Building (1946) (b):									
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Number of Schools at June 30, 2011:									
Elementary =	4								
Middle School =	1								
Senior High School =	1								
Other =	3								

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx**

School Facilities	PROJECT NUMBERS	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Bear Tavern	N/A	\$300,476	73,630	161,763	236,854	85,706	91,638	85,852	79,864	40,222	46,811
Toll Gate	N/A	117,584	379,750	184,323	122,724	64,984	69,510	56,187	75,939	43,715	34,592
Central High School	N/A	309,514	248,792	339,625	326,692	113,006	120,818	118,976	104,119	85,035	114,020
Stony Brook	N/A	137,528	73,424	150,694	136,201	57,885	61,912	51,125	33,855	34,471	
Hopewell	N/A	150,490	206,951	203,496	133,085	95,258	101,885	68,175	58,179	55,892	73,520
Timberlane	N/A	391,833	282,464	285,890	353,404	105,123	112,251	95,443	79,383	91,636	66,822
Total School Facilities		\$1,407,425	1,265,011	1,325,791	1,308,960	521,962	558,014	475,758	431,339	350,971	335,765

Source: District records

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011**

	COVERAGE	DEDUCTIBLE
Property- School Alliance Insurance:		
Blanket Building & Contents	(a) \$159,980,875	1,000
Extra Expenses	1,000,000	
Liability-School Alliance		
Bodily Injury & Property Damage		
Each Occurrence	5,000,000	
Aggregate	5,000,000	
Fire Damage	5,000,000	
Employee Benefit Programs		
Each Occurrence	1,000,000	
Crime-School Alliance		
Employee Dishonesty	500,000	
Musical Instruments	134,066	
Athletic Equipment	192,311	
Mobile Equipment	9,000	
Automobile-School Alliance		
Bodily Injury & Property	5,000,000	
Personal Injury Protection	Statutory	
Medical Payments	10,000	
Uninsured/Underinsured	1,000,000	
Workers Compensation-School Alliance		
Section "A"	Statutory	
Section "B"	-	
Each Accident	5,000,000	
Each Employee	5,000,000	
Aggregate	5,000,000	
Excess-School Alliance		
Limit of Liability	15,000,000	
Bonds-Selective		
Board Secretary/Business Administrator	120,000	
Treasurer of School Monies	400,000	
Student Accident-Bollinger		
Maximum Limit	5,000,000	
Environmental Policy-School Alliance		
Limit of Liability	1,000,000	10,000
Aggregate	25,000,000	
School Leaders		
Limit of Liability	50,000,000	
Retention	25,000	

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

**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
Hopewell Valley Regional School District
County of Mercer
Pennington, New Jersey 08534

We have audited the financial statements of the Board of Education of the Hopewell Valley Regional School District, County of Mercer, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 23, 2011. 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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hopewell Valley Regional School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hopewell Valley Regional School District's financial statements are free of 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

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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.

We noted certain matters that we reported to management in a separate *Independent Auditor's Management Report on Administrative Findings – Financial Compliance and Performance* dated September 23, 2011.

This report is intended solely for the information of the audit committee, management, the Hopewell Valley Regional School District, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a long horizontal flourish extending to the right.

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

Medford, New Jersey
September 23, 2011



Certified Public Accountants & Consultants

EXHIBIT K-2

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members
of the Board of Education
Hopewell Valley Regional School District
County of Mercer
Pennington, New Jersey 08534

Compliance

We have audited the compliance of Board of Education of the Hopewell Valley Regional School District, in the County of Mercer, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of Hopewell Valley Regional School District's major federal and state programs for the fiscal year ended June 30, 2011. The Hopewell Valley Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Hopewell Valley Regional School District's management. Our responsibility is to express an opinion on the Hopewell Valley Regional School District's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 Hopewell Valley Regional 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. Our audit does not provide a legal determination on the Hopewell Valley Regional School District's compliance with those requirements.

In our opinion, the Hopewell Valley Regional School District, County of Mercer, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

Internal Control Over Compliance

The management of the Hopewell Valley Regional School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Hopewell Valley Regional School District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Hopewell Valley Regional School District's internal control over compliance.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Hopewell Valley Regional School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Hopewell Valley Regional School District's response and, accordingly, we express no opinion on it.

This report is intended for the information of the management of the Board of Education of the Hopewell Valley Regional School District, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey
September 23, 2011

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2010	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2011	DUE TO GRANTOR AT JUNE 30, 2011
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
Food Distribution Program	10.550		\$51,762	7/1/10-6/30/11		51,762	(51,762)		
National School Lunch Program	10.555		106,085	7/1/10-6/30/11		98,449	(106,085)	(7,636)	
National School Lunch Program	10.555		95,894	7/1/09-6/30/10	(\$8,441)	8,441			
Total U.S. Department of Agriculture					(8,441)	158,652	(157,847)	(7,636)	
THROUGH STATE DEPARTMENT OF EDUCATION:									
Title I	84.010	NCLB288011	79,160	9/1/10-8/31/11		50,902	(77,202)	(26,300)	
Title I	84.010	NCLB288010	62,293	9/1/09-8/31/10	(14,833)	42,182	(27,349)		
Title IIA	84.367	NCLB288011	56,907	9/1/10-8/31/11		43,401	(51,017)	(7,616)	
Title IIA	84.367	NCLB288010	56,493	9/1/09-8/31/10	(29,580)	49,046	(26,913)	(7,447)	
Title IIA	84.367	NCLB288009	53,956	9/1/08-8/31/09	(11,229)	7,030	(3,589)	(7,788)	
Title IID	84.318	NCLB288011	156	9/1/10-8/31/11			(144)	(144)	
Title IID	84.318	NCLB288010	599	9/1/09-8/31/10	(288)	288	(311)	(311)	
Title IV	84.186A	NCLB288009	5,936	9/1/08-8/31/09	(2,681)	5,199	(3,541)	(1,023)	
Title IV	84.186A	NCLB288010	6,323	9/1/09-8/31/10	(4,537)	4,537			
Perkins Grant -Secondary	84.048A	N/A	14,767	9/1/10-8/31/11			(14,767)	(14,767)	
I.D.E.A. Part B, Basic Regular	84.027	FT285011	822,859	9/1/10-8/31/11		565,269	(819,910)	(254,641)	
I.D.E.A. Part B, Basic Regular	84.027	FT285010	800,743	9/1/09-8/31/10	(199,760)	198,353		(1,407)	
I.D.E.A. Part B, Preschool	84.173	PS285011	25,411	9/1/10-8/31/11		25,411	(25,411)		
I.D.E.A. Part B, Preschool	84.173	PS285010	23,905	9/1/09-8/31/10	(23,905)	23,905			
I.D.E.A. Part B, Basic - Recovery Act	84.391	N/A	878,194	9/1/10-8/31/11	(2,179)	759,893	(787,001)	(29,287)	
I.D.E.A. Part B, Preschool - Recovery Act	84.392	N/A	31,784	9/1/10-8/31/11		11,083	(31,784)	(20,701)	
Total U.S. Department of Education					(288,992)	1,786,499	(1,868,939)	(371,432)	
THROUGH STATE DEPARTMENT OF TRANSPORTATION:									
Safe Routes to School	20.205	STP-BOOS(563)	14,000	12/7/07-12/7/09	(6,719)	4,875	(300)	(2,144)	
Total U.S. Department of Transportation					(6,719)	4,875	(300)	(2,144)	
Total Federal Financial Assistance					(\$304,152)	1,950,026	(2,027,086)	(381,212)	-

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT			ADJUSTMENTS	(ACCOUNTS RECEIVABLE) 2011	DUE TO GRANTOR 2011	MEMO	
				JUNE 30, 2010	CASH RECEIVED	BUDGETARY EXPENDITURES				BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:											
General Fund:											
Special Education Categorical Aid	11-495-034-5120-089	625,858	7/1/10-6/30/11		625,858	(625,858)					625,858
Extraordinary Aid	10-495-034-5120-473	495,794	7/1/09-6/30/10	(\$495,794)	495,794						
Extraordinary Aid	11-495-034-5120-473	319,316	7/1/10-6/30/11			(319,316)		(319,316)			319,316
Non-Public Transportation Aid	10-495-034-5120-014	26,497	7/1/09-6/30/10	(26,497)	26,497						
Non-Public Transportation Aid	11-495-034-5120-014	35,705	7/1/10-6/30/11			(35,705)		(35,705)			35,705
TPAF Wage Freeze Grant	11-495-034-5095-002	134	7/1/10-6/30/11		67	(134)		(67)			134
On-Behalf TPAF Pension Contribution	11-495-034-5095-001	2,106,535	7/1/10-6/30/11		2,106,535	(2,106,535)					2,106,535
On-Behalf TPAF Social Security Reimbursement	11-495-034-5095-002	2,326,881	7/1/10-6/30/11		2,213,627	(2,326,881)		(113,254)			2,326,881
On-Behalf TPAF Social Security Reimbursement	10-495-034-5095-002	2,327,463	7/1/09-6/30/10	(112,576)	112,576						
Total General Fund				(634,867)	5,580,954	(5,414,429)		(468,342)			5,414,429
Special Revenue Fund:											
Nonpublic Textbook	11-100-034-5120-064	24,612	7/1/10-6/30/11		24,612	(24,612)					
Nonpublic Transportation	11-100-034-5120-067	976	7/1/10-6/30/11		976	(976)					
Nonpublic Examination & Classification	11-100-034-5120-066	14,502	7/1/10-6/30/11		14,502	(11,804)			2,698		
Nonpublic Speech	11-100-034-5120-066	2,660	7/1/10-6/30/11		2,660	(2,660)					
Nonpublic Supplemental	11-100-034-5120-066	695	7/1/10-6/30/11		695	(695)					
Nonpublic Nursing Services	11-100-034-5120-070	29,163	7/1/10-6/30/11		29,163	(28,489)				674	
Total Special Revenue Fund					72,608	(69,236)			3,372		
Capital Projects Fund:											
Hopewell ES	2280-055-04-00XO-00	106,225	7/1/04-6/30/05	(95,071)				(95,071)			
Central HS	2280-030-04-00XN-00	259,154	7/1/04-6/30/05	(231,943)				(231,943)			
Toll Gate/Grammar ES	2280-040-04-00XP-00	302,331	7/1/04-6/30/05	(270,587)				(270,587)			
Bear Tavern ES	2280-035-04-00XO-00	405,320	7/1/04-6/30/05	(79,037)				(79,037)			
Timberlane MS	2280-075-04-00XR-00	2,987,966	7/1/04-6/30/05	(582,653)				(582,653)			
Bear Tavern ES	2280-035-01-0194-00	539,346	7/1/01-6/30/02	(51)				(51)			
Central HS	2280-030-01-0193-00	3,934,631	7/1/01-6/30/02	(177,058)				(177,058)			
Timberlane MS	2280-035-09-0ZFL-00	45,056	Indefinite		34,768						
Toll Gate/Grammar ES	2280-040-09-0ZFN-00	25,600	Indefinite	(23,980)	22,340		1,640				
Central HS	2280-030-09-0ZOS-00	23,040	Indefinite	(23,040)	12,620		10,420				
Hopewell ES	2280-055-09-0ZNF-00	20,480	Indefinite	(20,480)	20,480						
Timberlane MS	2280-075-09-0ZOW-00	16,128	Indefinite	(16,128)	9,563		6,565				
Bear Tavern ES	2280-035-09-0ZOU-00	11,136	Indefinite	(11,136)	5,658		5,478				
Hopewell ES	2280-055-09-0ZOV-00	4,608	Indefinite	(4,608)	3,632		976				
Central HS	2280-030-09-0ZFI-00	15,360	Indefinite		15,334	(15,342)		(8)			15,342
Central HS	2280-030-09-0ZFK-00	84,403	Indefinite			(84,403)		(84,403)			84,403
Toll Gate/Grammar ES	2280-040-09-0ZFM-00	7,680	Indefinite		7,158	(7,158)					7,158
Toll Gate/Grammar ES	2280-040-09-0ZFO-00	30,720	Indefinite			(30,720)		(30,720)			30,720
Bear Tavern ES	2280-035-10-1001	256,400	Indefinite			(256,400)		(256,400)			256,400
Toll Gate/Grammar ES	2280-040-10-1002	39,600	Indefinite			(39,600)		(39,600)			39,600
Toll Gate/Grammar ES	2280-040-10-1003	82,672	Indefinite			(82,672)		(82,672)			82,672
Hopewell ES	2280-055-10-1007	29,200	Indefinite			(29,200)		(29,200)			29,200
Total Capital Projects Fund				(1,570,540)	131,553	(545,495)	25,079	(1,959,403)			545,495
State Department of Agriculture:											
National School Lunch Program (State Share)	11-100-034-5120-122	11,721	7/1/10-6/30/11		10,785	(11,721)		(936)		936	11,721
National School Lunch Program (State Share)	10-100-034-5120-122	11,591	7/1/09-6/30/10	(1,027)	1,027						
Total Enterprise Fund				(1,027)	11,812	(11,721)		(936)			11,721
Total State Financial Assistance				(\$2,206,434)	5,796,927	(6,040,881)	25,079	(2,428,681)	3,372		5,971,645

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2011**

Note 1. General

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

Note 2. Basis of Accounting

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

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$277,786 for the general fund and \$1,962 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2011**

Note 3. Relationship to Basic Financial Statements (continued):

	Federal	State	Total
General Fund		\$5,692,215	\$5,692,215
Special Revenue Fund	\$1,867,278	69,236	1,936,514
Capital Projects Fund		520,418	520,418
Food Service Fund	<u>157,847</u>	<u>11,721</u>	<u>169,568</u>
Total Financial Assistance	<u>\$2,025,125</u>	<u>\$6,293,590</u>	<u>\$8,318,715</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Other

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

Note 6. Federal and State Loans Outstanding

The Hopewell Valley Regional Board of Education had no loan balances outstanding at June 30, 2011.

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	No

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Circular A-133	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555	National School Lunch Program
84.391	I.D.E.A., Part B - Recovery Act
84.392	I.D.E.A., Preschool - Recovery Act

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With New Jersey OMB Circular 04-04	No

Identification of major programs:

GMIS Number(s)	Name of State Program
11-495-034-5120-089	Categorical Special Education Aid
11-495-034-5120-473	Extraordinary Aid

Section II – Financial Statement Findings

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

No Current Year Findings

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

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

No Current Year Findings

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2011**

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

No Prior Year Findings

