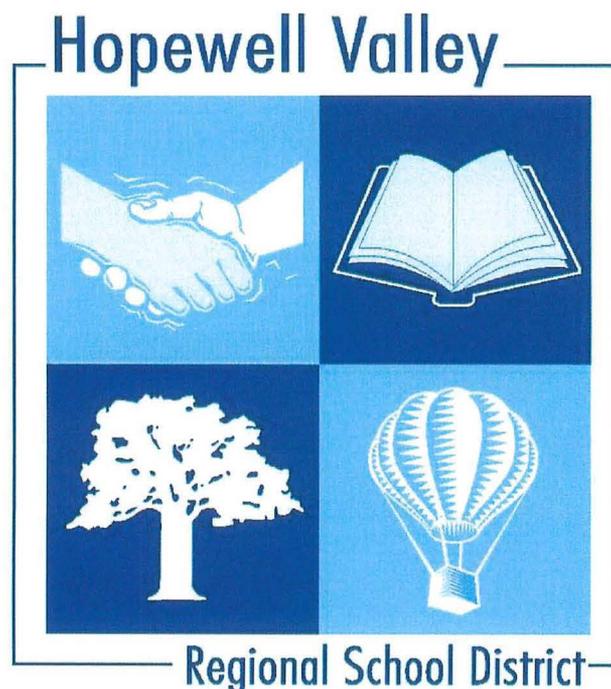


Hopewell Valley

Regional School District

Hopewell Valley Regional Board of Education
Pennington, New Jersey 08534

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012



Hopewell Valley Regional School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Hopewell Valley Regional School District
Pennington, New Jersey

Prepared by Hopewell Valley Regional School District
Business Office
Robert Colavita
Business Administrator, Board Secretary

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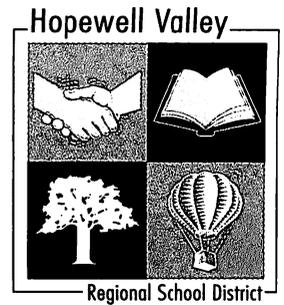
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Introductory Section

Hopewell Valley Regional School District

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



November 11, 2012

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report (CAFR) of the Hopewell Valley Regional School District (hereinafter, the District) as of and for the year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended. 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, a roster of officials, and independent auditors and advisors. The financial section includes Management's Discussion and Analysis, basic financial statements, required supplementary information and other supplementary information, as well as the auditors' report therein. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and the New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the independent auditors' reports on internal control and compliance with applicable laws and regulations and findings and questioned costs, is 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 adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The Hopewell Valley Regional School District Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular education as well as special education for handicapped students. The District sends its vocational students to county vocational schools, which are more suited to provide that type of educational program. The District completed the 2011-12 fiscal year with an average daily enrollment of 3,794 students, which is 68 students less than the previous year's average daily enrollment. The following chart details the changes in the average daily student enrollment of the District over the last five years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2011-12	3,794	(1.76)%
2010-11	3,862	(2.40)
2009-10	3,955	(1.02)
2008-09	3,996	(0.60)
2007-08	4,020	0.49

2. Economic Condition and Outlook

Hopewell Valley serves the two boroughs of Pennington and Hopewell and the much larger Hopewell Township, a sending area of nearly 60 square miles with a population exceeding 20,000. Six schools comprise the district -- four elementary schools, a middle school and a high school. Enrollment for the 2011-2012 year was 3,794, a slight decline from 2010-2011. The economy in the Hopewell Valley communities is reflective of the national economy and remains sluggish with slight decline in ratables. Most of the undeveloped land in the Valley is in Hopewell Township. There is an understanding that there is little room for additional development in either commercial or residential projects within the Boroughs. It is believed that there may be some commercial and residential growth potential in Hopewell Township. Capital Health Medical Center Hospital, a large employer, relocated into the community in 2012. As we understand it, new housing subdivisions are being considered in Hopewell Township that will likely bring additional students into the district's schools, but not in the upcoming school year.

3. Major Initiatives

Facilities Improvement Plan

In 2011-12, the Board approved a bond refunding of \$5,665,000 which will allow the District to reduce long-term debt payments by \$33,000 annually for the next eight years. The Board budgets funds for minor maintenance work throughout the District in each budget year. The District's

annual budget cannot afford the expense of any large maintenance projects without negatively impacting the educational programs. Through aggressive planning, the Board has been able to build its capital reserve fund balance over the past several years. As a result, the Board was able to address many needed capital maintenance projects in 2011-12. A few such projects are roof replacements, HVAC and lighting upgrades, security enhancements, and ADA accessibility. Additional projects are planned for 2012-13 and beyond. The majority of the projects were completed with 40% of the funding provided by State ROD grants, which helped offset District costs. The list of projects completed were approved by the Department of Education as well as included in the District's Long Range Facility Plan. The Stony Brook Elementary School received the Energy Star award for its commitment to sustainable energy.

Personnel Management

The Human Resources Department continued to use an established protocol to ensure that all candidates were properly credentialed and certified. To find the best possible candidates, District staff attended job fairs across the mid-Atlantic region. Additionally, a software program, *AppliTrack*, was used successfully, again this past year, to manage job applications. Human Resources handbooks are used by administrators to provide better oversight of the supervision/evaluation process; by new hires to aid in their orientation to District policies, procedures, and expectations; and by mentors to improve upon the State's process for initiating new hires to the teaching profession. In collaboration with the Curriculum and Instruction Office, Human Resources provided professional development activities so that teachers and support staff could meet District and State requirements (100 hours and Professional Improvement Plans). Personnel policies and specified job descriptions were reviewed and revised as necessary. The Danielson Model of supervision and evaluation of faculty is being considered as the evaluation tool to be used in the district. The new evaluation model may be used in 2012-2013, with full implementation in September 2013. The need to approve a new evaluation model was initiated in the recent law related to this topic.

Educational Program

The mission of the Hopewell Valley Regional School District is to provide a comprehensive, caring educational experience which nurtures the unique talents of each individual; creates fulfilled, socially responsible, life-long learners; develops confidence and capabilities to face the challenges of a rapidly changing world; and promotes a culture of respect that values diversity. We pursue this mission through a strong and varied curriculum, superb teaching staff and an array of extracurricular opportunities designed to enrich the learning experience of all students. In preparing our students for success, we offer a diverse and innovative curriculum guided by the New Jersey Core Curriculum Content Standards and supplemented with a wide variety of courses designed to prepare our youth to compete successfully in their post-graduate years. Eligible students who exhaust the extensive course offerings at Central High School (CHS) take classes at nearby universities including Princeton and Rider, and for those interested in niche subjects, such as meteorology or Mandarin Chinese, online learning through Virtual High School and other web providers are available. A video projection system, linking all classrooms at Central High School and Timberlane Middle School, provides teachers with fresh opportunities to strengthen instruction with web- and cable-based resources and gives students new capabilities to create multimedia presentations. The system, allowing studio productions to be broadcast live into classrooms, offers students a digital-age production experience.

A longstanding and important element of our curriculum is our visual and performing arts program. Hopewell Valley's extraordinary commitment to music education continues to be recognized by the nation's foremost music educators and advocates, including the American Music Conference, which has saluted Hopewell Valley as among the 100 Best Communities in America for Music Education. Our student musicians and vocalists continue to collect trophies through a wide variety of national competitions, as well as win distinction as selected members of highly competitive regional chorus, band and orchestra ensembles.

Student success in Hopewell Valley is measured in a variety of ways. While they represent just one measure of student learning, SAT Reasoning Test scores of Hopewell Valley students far exceed state and national averages, as do the results of the SAT Subject Tests. Average scores in Hopewell Valley remain solidly higher than those of comparable, high-achieving suburban districts in New Jersey. In 2011, CHS students achieved an average SAT Reasoning test score of 559 in Critical Reading, 582 in Mathematics and 565 in Writing. All of these scores were significantly higher than state and national averages. What's more, 87 percent of students took the SAT, reflecting Hopewell Valley's proud policy of aggressively encouraging students to take the test. Unlike some school systems, which tacitly discourage academic underachievers from taking the SAT in order to maximize their district's average statistics, Hopewell Valley believes the test has value to all students, including those who perform at lower-than-average levels, and encourages their participation. This policy of inclusion is proudly upheld throughout the district, which strives to help every student learn optimally, regardless of ability or special need.

In the consistently popular Advanced Placement Program, 18 courses are offered in subjects ranging from Latin to Studio Art, making it one of the largest high school menus in New Jersey. Student performance on AP exams continues to track upward at a remarkable pace. Of the 382 tests taken last year, more than 92 percent were scored a 3 or better -- enough to win college credit. Hopewell Valley's high overall scholarship is annually recognized by the College Board, which continues to honor dozens of students every year as AP Scholars, and the National Merit Scholarship Corporation, which named 6 CHS students as Semifinalists and another 10 as Commended Scholars in 2012.

Professional development continues to be a high priority in Hopewell Valley where rigorous standards, an extensive offering of workshops, and a state-acclaimed mentoring system for our newest teachers reflect the district's belief that good teaching is the single largest factor in students' classroom success. The high caliber of the faculty is demonstrated in other ways as well. Teachers have collected regional and national honors, including the ultra-competitive award of national certification by the selective National Board for Teaching Standards.

4. Internal Control

District administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP). Internal control 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 administration.

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

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

5. Budgetary Controls

In addition to internal control, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters and State Department of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and, as such, **do not** represent over-expenditures in this budget.

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 assignments of fund balance at year-end.

6. Accounting System and Reports

The District's accounting records reflect accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and a government-wide presentation is also included. These funds and government-wide statements are explained in "Notes to the Basic Financial Statements," Note 1.

7. Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District utilizes a cash management plan, which 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 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.

8. 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.

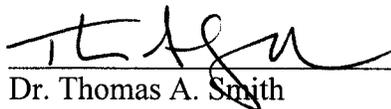
9. Other Information

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss and Company, LLP was selected by the Board of Education to perform auditing services. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements, required supplementary information, and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10. Acknowledgments

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

Respectfully submitted,

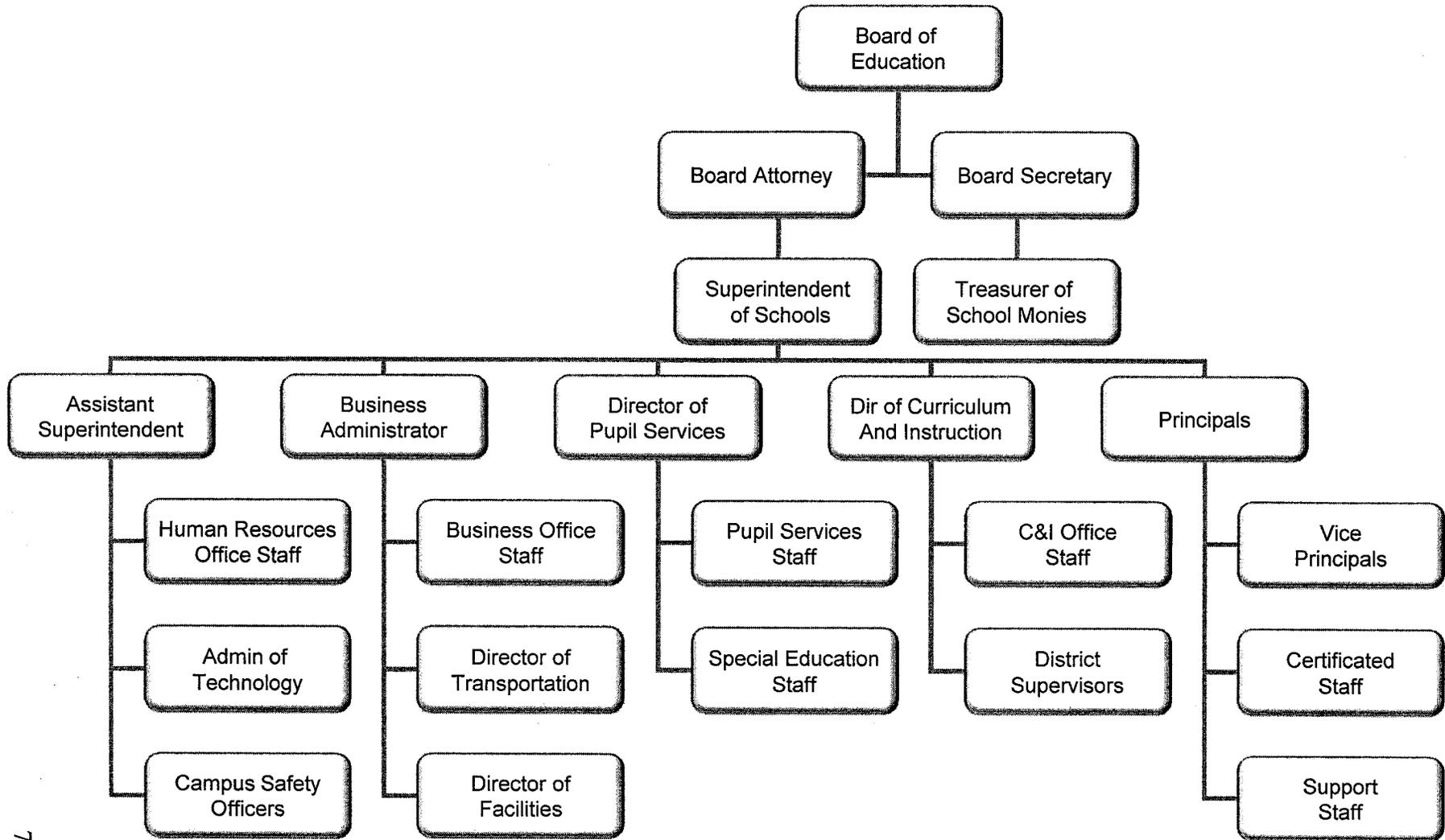


Dr. Thomas A. Smith
Superintendent



Robert Colavita
Business Administrator/Board Secretary

Hopewell Valley Regional School District Organizational Chart June 30, 2012



Hopewell Valley Regional School District
Pennington, New Jersey

Roster of Officials

June 30, 2012

Members of the Board of Education

Term Expires

Lisa Wolff, President	2015
Leigh Ann Peterson, Vice President	2015
Jon Butler	2015
Laura Desai	2014
Roy G. Dollard	2014
Stephen Keen	2013
Gordon Lewis	2013
Adam J. Sawicki	2014
James Wulf	2013

Other Officials

Dr. Thomas Smith, Superintendent of Schools

Robert Colavita, Business Administrator/Board Secretary

James Bartolomei, Treasurer

Mr. Russell Weiss, Esq., Solicitor

Hopewell Valley Regional School District
Pennington, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss and Company, LLP
485C Route One South
Iselin, New Jersey 08830

Attorney

Parker McCay, P.A.
Three Greentree Centre
7001 Lincoln Drive West
Post Office Box 974
Marlton, NJ 08053-0984

Architect

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

Fiscal Agents

Depository Trust Company
Seven Hanover Street
New York, NY 10004

Official Depository

TD Bank
401 Route 70 East
Cherry Hill, NJ 08034

Financial Section



Independent Auditors' Report

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

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 Hopewell Valley Regional School District, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District'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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 previously 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 District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof 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 November 2, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, 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 Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Scott A. Clelland

Scott A. Clelland
Licensed Public School Accountant
No. 1049

Wiss & Company

WISS & COMPANY, LLP

November 11, 2012
Iselin, New Jersey

Required Supplementary Information
Part I

Management's Discussion and Analysis

Hopewell Valley Regional School District Management's Discussion and Analysis

Year ended June 30, 2012
(Unaudited)

As management of the Hopewell Valley Regional School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2012. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A as required by GASB Statement No. 34.

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) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-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 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 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 (e.g., earned but unused vacation and sick leave).

The government-wide financial statements can be found on pages 20-21 of 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 government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 in 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 District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22 - 24 of this report.

Proprietary funds. The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service, performing arts center, driver education, and kindergarten extension programs.

The basic enterprise fund financial statements can be found on pages 25 - 27 of 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 government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity of the private-purpose scholarship fund and unemployment compensation trust fund. The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 28 - 29 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30 - 55 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 56 - 84 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$28,044,995 (net assets) at the close of 2012 and our overall financial position has improved in the current year. The following table provides a summary of net assets relating to the District's governmental and business-type activities at June 30, 2012 and 2011:

Hopewell Valley Regional School District Pennington, New Jersey

Net Assets June 30,

	2012			2011 (Restated)		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 9,287,443	\$ 613,583	\$ 9,901,026	\$ 8,031,024	\$ 730,260	\$ 8,761,284
Capital assets, net	60,146,869	249,788	60,396,657	61,283,148	297,117	61,580,265
Total assets	69,434,312	863,371	70,297,683	69,314,172	1,027,377	70,341,549
Current liabilities	5,054,613	229,260	5,283,873	4,853,100	205,485	5,058,585
Long-term liabilities outstanding	36,968,815		36,968,815	40,361,155		40,361,155
Total liabilities	42,023,428	229,260	42,252,688	45,214,255	205,485	45,419,740
Net assets:						
Invested in capital assets, net of related debt	21,552,025	249,788	21,801,813	19,808,415	297,117	20,105,532
Restricted	4,486,124	6,000	4,492,124	4,940,503		4,940,503
Unrestricted (deficit)	1,372,735	378,323	1,751,058	(649,001)	524,775	(124,226)
Total net assets	\$ 27,410,884	\$ 634,111	\$ 28,044,995	\$ 24,099,917	\$ 821,892	\$ 24,921,809

The largest portion of the District's net assets is its net assets invested in capital assets net of related debt. Restricted net assets include those that are subject to external restrictions (e.g., for capital projects, capital reserve, maintenance reserve, and debt service).

Unrestricted net assets increased by \$1,875,284 and current assets increased by \$1,139,742 during the year ended June 30, 2012. These increases resulted primarily from the increase state aid received by the District during the current year as well as refunds of prior year expenditures.

Long-term liabilities decreased due to the current year payment of principal related to the District's serial bonds in addition to a portion of the District's debt that was advance refunded in conjunction with the issuance of the District's 2012 refunding bonds.

Capital assets, net decreased from the prior year due to current year depreciation offset by the new additions associated with the District's capital projects.

Government-wide activities. The key elements of the District's net assets for the years ended June 30, 2012 and 2011 are as follows:

Hopewell Valley Regional School District
Pennington, New Jersey
Changes in Net Assets

Year ended June 30,

	2012			2011		
	Governmental Activities	Business- type Activities	Total	Governmental Activities (Restated)	Business- type Activities	(Restated) Total
Revenues:						
Program revenues:						
Charges for services	\$ 375,680	\$ 1,501,886	\$ 1,877,566	\$ 255,912	\$ 1,551,416	\$ 1,807,328
Operating grants and contributions	1,046,906	176,099	1,223,005	1,975,135	169,568	2,144,703
Capital grants and contributions	251,944		251,944	195,683		195,683
General revenues:						
Property taxes	68,084,876		68,084,876	66,627,057		66,627,057
Federal and state aid not restricted to specific purposes	7,568,775		7,568,775	5,692,215		5,692,215
Miscellaneous	2,316,929		2,316,929	798,845		798,845
Total revenues	79,645,110	1,677,985	81,323,095	75,544,847	1,720,984	77,265,831
Expenses:						
Instructional services	44,525,783		44,525,783	44,742,162		44,742,162
Support services	29,974,409	1,870,915	31,845,324	27,423,411	1,673,819	29,097,230
Special schools	275,885		275,885	204,354		204,354
Interest on long-term debt	1,552,917		1,552,917	1,612,892		1,612,892
Total expenses	76,328,994	1,870,915	78,199,909	73,982,819	1,673,819	75,656,638
Increase (decrease) in net assets before transfers	3,316,116	(192,930)	3,123,186	1,562,028	47,165	1,609,193
Transfers	(5,149)	5,149	-	-	-	-
Change in net assets	3,310,967	(187,781)	3,123,186	1,562,028	47,165	1,609,193
Net assets – beginning of year (as restated)	24,099,917	821,892	24,921,809	22,537,889	774,727	23,312,616
Net assets – end of year	\$ 27,410,884	\$ 634,111	\$ 28,044,995	\$ 24,099,917	\$ 821,892	\$ 24,921,809

The change in Governmental operating grants and contributions is a result of increased spending of the ARRA funds in the prior year, which were not available during the current year.

Capital grants and contributions increased due to the utilization of SDA funds available in the capital projects fund.

Property tax revenue increased due to the increase in the levy that occurred during the current year.

Federal and state aid not restricted to specific purposes increased due to the increase in state aid during the 2012 fiscal year.

Miscellaneous revenue increased due to the receipt of an insurance premium refund.

Support services expenses increased mainly due to increases in out of district tuition costs as well as various maintenance projects that were conducted throughout the District.

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.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2012, and the increases and decreases in relation to prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$ 70,783,860	89.2%	\$ 3,063,425	4.5%
State sources	7,491,573	9.4	1,730,122	30.0
Federal sources	1,117,733	1.4	(749,545)	(40.1)
Total	<u>\$ 79,393,166</u>	<u>100.0%</u>	<u>\$ 2,188,906</u>	<u>5.4%</u>

The increase in local sources is mainly attributable to an increase in the tax levy as well as a refund of insurance premiums.

The increase in state sources is mainly attributable to an increase in general state aid during the 2012 fiscal year.

The decrease in federal sources is mainly attributable to the majority of the awarded ARRA funds being expended in the prior year and not being available in the current year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2012, and the increases and decreases related to prior year:

Expenditures	Amount	Percent of Total	(Decrease) Increase from 2011	Percent of (Decrease) Increase
Current expenditures:				
Instruction	\$ 31,508,475	40.5%	\$ (502,253)	(1.6)%
Undistributed	40,418,288	51.9	2,593,890	6.9
Capital outlay	851,808	1.1	298,794	54.0
Special schools	197,188	0.3	(7,166)	(3.5)
Debt service:				
Principal	3,160,000	4.1	(10,000)	(0.3)
Interest	1,629,666	2.1	15,381	1.0
Cost of issuance	84,531	0.0	84,531	100.0
Total	\$ 77,849,956	100.0%	\$ 2,473,177	3.3%

The increase in undistributed is attributable mainly to increases in out of district tuition expenses as well as various maintenance projects that were done throughout the District.

The increase in capital outlay is due to the increase in the number of ongoing projects that the District is currently in the process of completing.

Debt service cost of issuance is attributable to the refunding of debt that occurred in the 2012 fiscal year.

General Fund Budgetary Highlights

Overall, there were no additional appropriations made to the original budget as compared to the final budget. During the year, revenues exceeded budgetary estimates and expenditures were under budgetary estimates, thus eliminating the need to draw upon an additional existing fund balance.

Budgetary transfers were made between budgetary line items and approved by the Board for various reasons including:

- Instruction – regular programs – an increase of \$395,848 occurred in the budget because of transfers of employees between departments and positions created that were not originally budgeted for.
- Undistributed expenditures – Operation and maintenance of plant services – custodial services - a decrease of \$582,746 was due to electricity and natural gas expenses being lower than originally anticipated.
- Facilities and construction services – an increase of \$632,755 occurred in the budget due to several projects that are being funded through the capital reserve.

Capital Assets

At the end of the fiscal years ended June 30, 2012 and 2011, the School District had \$60,396,657 and \$61,580,265, respectively, net invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Land	\$ 2,546,691	\$ 2,546,691		
Construction in progress	1,853,782	751,257		
Land improvements	804,778	856,957		
Building and building improvements	52,888,333	54,325,414		
Machinery and equipment	2,053,285	2,802,829	\$ 249,788	\$ 297,117
Total	<u>\$ 60,146,869</u>	<u>\$ 61,283,148</u>	<u>\$ 249,788</u>	<u>\$ 297,117</u>

The decrease in capital assets is due to current year depreciation expense exceeding the current year additions. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration

At June 30, 2012, the District had \$40,502,862 of outstanding long-term liabilities. Of this amount, \$1,908,018 is for compensated absences; \$208,731 for various capital leases; \$38,165,000 of serial bonds; \$1,733,270 is for the unamortized premium on bonds; and (\$1,512,157) is for the unamortized deferred interest costs. For more detailed information, refer to Note 5 of the basic financial statements.

Economic Factors and Next Year's Budget

- The local tax levy increased by 1.34%.
- State aid was increased in 2012-2013 by approximately \$492,000. Categorical special education aid increased by approximately 4.8% and the District is also budgeted to receive categorical security and categorical transportation aid in the 2013 year.

All of the above factors were considered in preparing the District's 2012-13 fiscal year budget.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator, 425 South Main Street, Pennington, New Jersey 08534.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2012.

Hopewell Valley Regional School District

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 4,147,046	\$ 535,853	\$ 4,682,899
Accounts receivable	1,528,852	19,098	1,547,950
Internal balances	(5,149)	5,149	-
Inventories		53,483	53,483
Deferred charges	345,944		345,944
Restricted assets:			
Cash and cash equivalents	3,270,750		3,270,750
Capital assets, non-depreciable	4,400,473		4,400,473
Capital assets, depreciable, net	55,746,396	249,788	55,996,184
Total assets	<u>69,434,312</u>	<u>863,371</u>	<u>70,297,683</u>
Liabilities			
Accounts payable	901,618	107,204	1,008,822
Accrued interest payable	561,326		561,326
Intergovernmental payables:			
State	12,343		12,343
Unearned revenue	45,279	122,056	167,335
Current portion of long-term obligations	3,534,047		3,534,047
Noncurrent portion of long-term obligations	36,968,815		36,968,815
Total liabilities	<u>42,023,428</u>	<u>229,260</u>	<u>42,252,688</u>
Net assets			
Invested in capital assets, net of related debt	21,552,025	249,788	21,801,813
Restricted for:			
Capital projects	1,003,774		1,003,774
Debt service	211,600		211,600
Other purposes	3,270,750	6,000	3,276,750
Unrestricted	1,372,735	378,323	1,751,058
Total net assets	<u>\$ 27,410,884</u>	<u>\$ 634,111</u>	<u>\$ 28,044,995</u>

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District

Statement of Activities

Year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities						
Instruction	\$ 44,525,783	\$ 301,560	\$ 970,567		\$ (43,253,656)	\$ (43,253,656)
Support services:						
Instruction	3,156,898				(3,156,898)	(3,156,898)
Attendance/social work	11,337				(11,337)	(11,337)
Health services	889,533				(889,533)	(889,533)
Other support services	6,377,682		76,339		(6,301,343)	(6,301,343)
Improvement of instruction	1,815,679				(1,815,679)	(1,815,679)
School library	546,313				(546,313)	(546,313)
General administration	981,731				(981,731)	(981,731)
School administration	3,077,089				(3,077,089)	(3,077,089)
Central services	1,448,236				(1,448,236)	(1,448,236)
Admin info technology	261,784				(261,784)	(261,784)
Required maintenance of plant services	1,870,831			\$ 251,944	(1,618,887)	(1,618,887)
Operation of plant	4,648,655				(4,648,655)	(4,648,655)
Care & upkeep of grounds	332,204				(332,204)	(332,204)
Security	240,475				(240,475)	(240,475)
Student transportation	4,315,962	74,120			(4,241,842)	(4,241,842)
Special Schools	275,885				(275,885)	(275,885)
Interest on long-term debt	1,552,917				(1,552,917)	(1,552,917)
Total governmental activities	76,328,994	375,680	1,046,906	251,944	(74,654,464)	(74,654,464)
Business-type activities						
Enterprise Funds	1,870,915	1,501,886	176,099		\$ (192,930)	(192,930)
Total business-type activities	1,870,915	1,501,886	176,099		(192,930)	(192,930)
Total primary government	\$ 78,199,909	\$ 1,877,566	\$ 1,223,005	\$ 251,944	(74,654,464)	(74,847,394)
General revenues and transfers						
Property taxes, levied for general purposes					63,295,965	63,295,965
Property taxes, levied for debt service					4,788,911	4,788,911
Federal and state sources					7,568,775	7,568,775
Investment earnings					13,583	13,583
Miscellaneous income					2,303,346	2,303,346
Transfers					(5,149)	5,149
Total general revenues and transfers					77,965,431	5,149
Change in net assets					3,310,967	(187,781)
Net assets—beginning (as restated)					24,099,917	821,892
Net assets—ending					\$ 27,410,884	\$ 634,111

See independent auditors' report and accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Hopewell Valley Regional School District
Governmental Funds

Balance Sheet

June 30, 2012

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 3,763,793		\$ 171,653	\$ 211,600	\$ 4,147,046
Accounts receivable:					
State	351,970	\$ 142	832,121		1,184,233
Federal		272,442			272,442
Interfund	183,914				183,914
Other	72,177				72,177
Restricted cash and cash equivalents	3,270,750				3,270,750
Total assets	\$ 7,642,604	\$ 272,584	\$ 1,003,774	\$ 211,600	\$ 9,130,562
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 875,719	\$ 25,899			\$ 901,618
Intergovernmental payables:					
State		12,343			12,343
Interfunds payable		189,063			189,063
Deferred revenue		45,279			45,279
Total liabilities	875,719	272,584			1,148,303
Fund balances:					
Restricted for:					
Capital reserve	3,182,262				3,182,262
Maintenance reserve	88,488				88,488
Capital projects			\$ 1,003,774		1,003,774
Debt service				\$ 211,600	211,600
Assigned to:					
Designated for subsequent year expenditures	1,597,049				1,597,049
Other purposes	420,930				420,930
Unassigned	1,478,156				1,478,156
Total fund balances	6,766,885	-	1,003,774	211,600	7,982,259
Total liabilities and fund balances	\$ 7,642,604	\$ 272,584	\$ 1,003,774	\$ 211,600	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$89,056,022 and the accumulated depreciation is \$28,909,153.	60,146,869
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(561,326)
Unamortized portion of debt issuance costs not reported as an asset in the funds.	345,944
Long-term liabilities, including bonds payable, capital leases, deferred interest costs, compensated absences and unamortized premium on bonds are not due and payable in the current period and therefore are not reported as liabilities in the funds and unamortized deferred interest costs are not reported as an asset in the funds.	(40,502,862)
Net assets of governmental activities	\$ 27,410,884

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2012

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 63,295,965			\$ 4,788,911	\$ 68,084,876
Tuition	301,560				301,560
Interest on investments	13,583				13,583
Transportation	74,120				74,120
Miscellaneous	2,303,120	\$ 6,375		226	2,309,721
Total local sources	65,988,348	6,375		4,789,137	70,783,860
State sources	7,430,231	61,342	\$ 251,944		7,743,517
Federal sources	138,544	979,189			1,117,733
Total revenues	73,557,123	1,046,906	251,944	4,789,137	79,645,110
Expenditures:					
Current:					
Instruction	30,537,908	970,567			31,508,475
Undistributed-current:					
Instruction	3,026,103				3,026,103
Attendance/social work	7,847				7,847
Health services	618,258				618,258
Support services	4,494,842	76,339			4,571,181
Improvement of instruction	1,259,965				1,259,965
School library	402,787				402,787
General administration	849,052				849,052
School administration	2,156,209				2,156,209
Central services	1,088,810				1,088,810
Administration information technology	183,674				183,674
Required maintenance of plant services	1,558,893				1,558,893
Operation of plant-custodial services	3,781,720				3,781,720
Care & upkeep of grounds	260,069				260,069
Security	166,437				166,437
Student transportation	3,683,525				3,683,525
Employee benefits	11,514,857				11,514,857
On-behalf pension contributions					2,978,498
On-behalf TPAF social security contributions	2,978,498				2,978,498
Special Schools	2,310,403				2,310,403
Capital outlay	197,188				197,188
Debt Service:	851,808		639,808		1,491,616
Principal				3,160,000	3,160,000
Interest				1,629,666	1,629,666
Bond issuance costs				84,531	84,531
Total expenditures	71,928,853	1,046,906	639,808	4,874,197	78,489,764
Excess (deficiency) of revenues over (under) expenditures	1,628,270		(387,864)	(85,060)	1,155,346
Other financing sources (uses):					
Payment to Escrow Agent				(6,171,175)	(6,171,175)
Refunding Bonds Issued				5,665,000	5,665,000
Premium on Bond Refunding				602,437	602,437
Transfers in			191,279		191,279
Transfers out	(196,428)				(196,428)
Total other financing sources (uses)	(196,428)		191,279	96,262	91,113
Net change in fund balances	1,431,842		(196,585)	11,202	1,246,459
Fund balances, July 1 (as restated)	5,335,043		1,200,359	200,398	6,735,800
Fund balances, June 30	\$ 6,766,885	\$ -	\$ 1,003,774	\$ 211,600	\$ 7,982,259

The reconciliation of the fund balances of governmental funds to the net assets of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2) \$ 1,246,459

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount by which depreciation exceeded capital additions
in the period.

Capital additions	\$ 1,254,782	
Depreciation expense	<u>(2,391,061)</u>	(1,136,279)

The issuance of long-term debt for general and refunding purposes
provides current financial resources to governmental funds, however has no
effect on net assets.

Refunding Bond Issued	(5,665,000)	
Bonds refunded	<u>5,759,000</u>	94,000

Repayments of bond principal and capital lease principal are expenditures
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.

Serial Bonds Payable	3,160,000	
Obligations Under Capital Leases	<u>57,001</u>	3,217,001

Governmental funds report the effect of issuance costs, premiums and
similar items when debt is first issued, whereas these amounts are deferred
and amortized in the statement of activities. This amount is the net effect
of these differences.

Premium on Bond Issuance	(602,437)	
Amortization of Premium on Bonds	241,104	
Deferred Interest Costs on Bond Refunding	412,175	
Amortization of Deferred Interest Costs	(205,317)	
Payment of Bond Issuance Costs	84,531	
Amortization of Deferred Issuance Costs	<u>(52,559)</u>	(122,503)

In the statement of activities, interest on long-term debt/capital leases is
accrued, regardless of when due. In the governmental funds, interest is
reported when due. The amount presented is the change from prior year. 93,521

In the statement of activities, certain operating expenses,
e.g., compensated absences (vacations) are measured by the amounts
earned during the year. In the governmental funds, however,
expenditures for these items are reported in the amount of
financial resources used (paid). (81,232)

Change in net assets of governmental activities (A-2) \$ 3,310,967

See independent auditors' report and accompanying notes to the basic financial statements.

Proprietary Funds

Hopewell Valley Regional School District
Proprietary Funds

Combining Statements of Net Assets

June 30, 2012

	Major Funds				
	Business Type Activities -				
	Enterprise Funds				
	Food Service	Performing Arts Center	Driver Education	Kindergarten Extension	Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 262,239		\$ 53,891	\$ 219,723	\$ 535,853
Accounts receivable:					
State	591				591
Federal	5,510				5,510
Other	8,757			4,240	12,997
Interfund		\$ 5,149			5,149
Inventories	53,483				53,483
Total current assets	330,580	5,149	53,891	223,963	613,583
Non-current assets:					
Capital assets:					
Equipment	760,443				760,443
Accumulated depreciation	(510,655)				(510,655)
Total capital assets, net	249,788				249,788
Total assets	580,368	5,149	53,891	223,963	863,371
Liabilities					
Current liabilities:					
Accounts payable	100,811	5,149	1,072	172	107,204
Unearned revenue	71,676			50,380	122,056
Total current liabilities	172,487	5,149	1,072	50,552	229,260
Net assets					
Invested in capital assets	249,788				249,788
Restricted		6,000			6,000
Unrestricted	158,093	(6,000)	52,819	173,411	378,323
Total net assets	\$ 407,881	\$ -	\$ 52,819	\$ 173,411	\$ 634,111

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Proprietary Funds

Combining Statements of Revenues, Expenses and
Changes in Fund Net Assets

Year ended June 30, 2012

	Major Funds				Totals
	Business Type Activities -				
	Enterprise Funds				
Food Service	Performing Arts Center	Driver Education	Kindergarten Extension		
Operating revenues:					
Local sources:					
Daily food sales-reimbursable programs	\$ 1,171,898				\$ 1,171,898
Tuition				\$ 261,246	261,246
Fees		\$ 43,872	\$ 24,870		68,742
Total operating revenues	1,171,898	43,872	24,870	261,246	1,501,886
Operating expenses:					
Salaries	508,610	56,287	16,946	179,575	761,418
Employee benefits	129,461	5,243	1,313	11,241	147,258
Supplies and materials	112,548	120	187	2,055	114,910
Depreciation	47,329				47,329
Insurance	36,221				36,221
Cost of sales	571,146	110			571,256
Management and administrative fees	137,900				137,900
Other	54,623				54,623
Total operating expenses	1,597,838	61,760	18,446	192,871	1,870,915
Operating (loss) income	(425,940)	(17,888)	6,424	68,375	(369,029)
Nonoperating revenues:					
State sources:					
State school lunch program	10,925				10,925
Federal sources:					
National school lunch program	102,502				102,502
Food donation program	62,672				62,672
Total nonoperating revenues	176,099	-	-	-	176,099
(Loss) income before transfers	(249,841)	(17,888)	6,424	68,375	(192,930)
Transfer in - Board contribution		5,149			5,149
Change in net assets	(249,841)	(12,739)	6,424	68,375	(187,781)
Total net assets-beginning	657,722	12,739	46,395	105,036	821,892
Total net assets-ending	\$ 407,881	\$ -	\$ 52,819	\$ 173,411	\$ 634,111

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Proprietary Funds

Combining Statements of Cash Flows

Year ended June 30, 2012

	Major Funds				
	Business Type Activities -				
	Enterprise Funds				
	Food Service	Performing Arts Center	Driver Education	Kindergarten Extension	Totals
Cash flows from operating activities:					
Receipts from customers	\$ 1,234,495	\$ 43,872	\$ 24,870	\$ 278,426	\$ 1,581,663
Payments to employees	(508,610)	(56,287)	(16,946)	(179,575)	(761,418)
Payments for employee benefits	(129,461)	(5,243)	(1,313)	(11,241)	(147,258)
Payments to suppliers	(902,227)	(5,553)	(402)	(1,883)	(910,065)
Net cash (used in) provided by operating activities	(305,803)	(23,211)	6,209	85,727	(237,078)
Cash flows from noncapital financing activities:					
Cash received from state and federal reimbursements	115,898				115,898
Receipts from food donation program	77,548				77,548
Cash received from operating subsidies from the Board		5,149			5,149
Net cash provided by noncapital financing activities	193,446	5,149			198,595
Net (decrease) increase in cash and cash equivalents	(112,357)	(18,062)	6,209	85,727	(38,483)
Cash and cash equivalents, beginning of year	374,596	18,062	47,682	133,996	574,336
Cash and cash equivalents, end of year	<u>\$ 262,239</u>	<u>\$ -</u>	<u>\$ 53,891</u>	<u>\$ 219,723</u>	<u>\$ 535,853</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (425,940)	\$ (17,888)	\$ 6,424	\$ 68,375	\$ (369,029)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	47,329				47,329
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	61,309			(3,440)	57,869
(Increase) in interfund receivable		(5,149)			(5,149)
Decrease in inventory	23,003				23,003
(Decrease) increase in accounts payable	(12,792)	(174)	(215)	172	(13,009)
Increase in unearned revenue	1,288			20,620	21,908
Net cash (used in) provided by operating activities	<u>\$ (305,803)</u>	<u>\$ (23,211)</u>	<u>\$ 6,209</u>	<u>\$ 85,727</u>	<u>\$ (237,078)</u>

Noncash noncapital financing activities:

The District received \$77,548 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2012.

See independent auditors' report and accompanying notes to the basic financial statements.

Fiduciary Funds

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Fiduciary Net Assets

June 30, 2012

	<u>Private- Purpose Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 16,142	\$ 40,847	\$ 1,312,316
Accounts receivable		44,218	21,784
Total assets	<u>16,142</u>	<u>85,065</u>	<u>\$ 1,334,100</u>
Liabilities			
Accounts payable		44,218	
Payroll deductions and withholdings payable			\$ 906,255
Due to student groups			427,845
Total liabilities		<u>44,218</u>	<u>\$ 1,334,100</u>
Net assets			
Held in trust for scholarships	<u>\$ 16,142</u>		
Held in trust for unemployment claims		<u>\$ 40,847</u>	

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2012

	Private- Purpose Scholarship Trust Funds	Unemployment Compensation Trust Fund
Additions		
Contributions:		
Board contributions		\$ 65,954
Plan member contributions		107,914
Scholarship donations	\$ 9,045	
Interest income		121
Total additions	9,045	173,989
Deductions		
Unemployment benefit payments		257,868
Scholarship payments	12,748	
Total deductions	12,748	257,868
Change in net assets	(3,703)	(83,879)
Net assets-beginning	19,845	124,726
Net assets-ending	\$ 16,142	\$ 40,847

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2012

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Hopewell Valley Regional School District in Pennington, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. Each board member serves a staggered three year term. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include elementary, junior and senior high schools located in Hopewell Borough, Hopewell Township and Pennington Borough.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency of reporting among the school districts in the State of New Jersey.

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

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

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and capital leases, are recorded only when payment is due.

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major governmental funds:

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

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds.) The financial resources are derived from temporary notes or serial bonds and state grants that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary funds:

Enterprise Funds (Food Service, Performing Arts Center, Driver Education, and Kindergarten Extension): The enterprise funds account for all revenues and expenses pertaining to cafeteria, performing arts center, driver education, and kindergarten extension operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods and services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the unemployment compensation trust fund, private-purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District:

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation and private-purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private-purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

In its accounting and financial reporting, the District follows the pronouncements of the 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 District's business-type activities and enterprise funds have elected not to apply the standards issued by the FASB after November 30, 1989.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

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

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for sales of food, tuition for the kindergarten extension program and driver education and rental fees. Operating expenses for the enterprise fund include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports deferred/unearned revenue on its balance sheet and statement of net assets. Deferred/unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred/unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the balance sheet and statement of net assets and revenue is recognized.

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

The County Board of Taxation is responsible for the assessment of properties and the Municipal Tax Collectors are responsible for the collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due on February 1, May 1, August 1, and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

D. 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, except for the Special Revenue Fund, 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 details as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments/transfers must be approved by School Board resolution and certain transfers require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year and were within allowable limits permitted by the State. The District did not deem them to be significant or unusual in nature. 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 GAAP with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, amounts on deposit, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

F. Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

G. Inventories

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2012, the unused Food Donation Program commodities of \$14,876 are reported as unearned revenue in the food service enterprise fund. The remaining portion reported as unearned revenue consists of student deposits made for the use of purchasing food to be consumed in a future period.

H. Capital Assets

Capital assets, which include construction in progress, land, land improvement, buildings and building improvements and machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date of donation.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Capital assets, being depreciated, of the District are depreciated using the straight-line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	7-60
Machinery and equipment	3-20
Vehicles	5-10
Computer software	5

I. Compensated Absences

A liability for compensated absences that is attributable to services already rendered and that is 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. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees earn vacation and sick leave in varying amounts under the District’s existing collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for compensated absences of the District is recorded in the government-wide financial statements amounted to \$1,908,018 at June 30, 2012. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned and outstanding encumbrances.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

In the government-wide financial statements, and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and unamortized loss on a refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as either capital projects fund or debt service fund expenditures in the year of issuance.

L. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories.

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$6,766,885 of fund balance in the General Fund, \$3,182,262 has been restricted in the capital reserve account, \$88,488 has been restricted in the maintenance reserve account, \$1,597,049 has been assigned to designation for subsequent year expenditures, \$420,930 of encumbrances are assigned to other purposes and \$1,478,156 is unassigned.

M. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund 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 District did not generate any excess fund balance during the 2012 fiscal year.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

N. Net Assets

Net assets represent the difference between assets and liabilities in the Government-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

O. Management Estimates

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

P. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security contributions and post-retirement medical and pension benefits for certified members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

Q. 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, 2012 for such salaries of \$814,873.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

1. Summary of Significant Accounting Policies (continued)

R. Restatement of Beginning Balances

The District has restated its June 30, 2011 Capital Projects Fund fund balance (B-2) to adjust a prior year State receivable and the related revenue which was reported on the budgetary basis of accounting and should have been reported on the GAAP basis. The following presents the effects of the restatement on fund balance:

Beginning fund balance	\$ 1,861,952
Adjustment of state receivable	<u>(661,593)</u>
Beginning fund balance, as restated	<u>\$ 1,200,359</u>

The adjustment of the state receivable pertained to an adjustment of \$195,288 to revenue reported during 2011 and \$466,305 of prior years' revenue.

The District has also restated its June 30, 2011 government-wide net assets related to governmental activities (A-2) for the aforementioned reasons, as well as for a change in the policy for reporting compensated absences. The following presents the effects of the restatement on net assets:

Beginning net assets	\$25,297,863
Adjustment of state receivable	(661,593)
Adjustment to compensated absences	<u>(536,353)</u>
Beginning net assets, as restated	<u>\$24,099,917</u>

S. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications were limited to the statement of net assets and statement of activities presentation and did not impact the change in net assets.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2012 and November 11, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statement, and no items have come to the attention of the District that would require disclosure.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable (net), capital leases and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The detail of this \$40,502,862 difference is as follows:

Bonds payable	\$	38,165,000
Deferred interest costs		(1,512,157)
Premium on bonds		1,733,270
Capital leases payable		208,731
Compensated absences		1,908,018
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets – governmental activities	\$	<u>40,502,862</u>

3. Deposits and Investments

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

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

3. Deposits and Investments (continued)

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 last 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.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), New Jersey Asset and Rebate Management Fund (NJARM) and M.B.I.A. Class.

New Jersey statutes (GUDPA) require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At June 30, 2012, the District's carrying value of its deposits was \$9,322,954 and the bank balance was \$11,252,386. Of the bank balance, \$505,208 was secured by federal depository insurance and the remaining bank balance of \$10,747,178 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

3. Deposits and Investments (continued)

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the School District.
- d. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA Class.

The District did not have any investments as of June 30, 2012.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2012.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Governmental activities			
Capital assets, not being depreciated			
Land	\$ 2,546,691		\$ 2,546,691
Construction in progress	751,257	\$ 1,102,525	1,853,782
Total capital assets, not being depreciated	3,297,948	1,102,525	4,400,473
Capital assets, being depreciated			
Land improvements	1,219,279	6,000	1,225,279
Buildings and building improvements	75,413,875		75,413,875
Machinery, equipment, and vehicles	7,870,138	146,257	8,016,395
Total capital assets being depreciated	84,503,292	152,257	84,655,549
Less accumulated depreciation for:			
Land improvements	362,322	58,179	420,501
Buildings and building improvements	21,088,463	1,437,079	22,525,542
Machinery, equipment, and vehicles	5,067,307	895,803	5,963,110
Total accumulated depreciation	26,518,092	2,391,061	28,909,153
Total capital assets, being depreciated, net	57,985,200	(2,238,804)	55,746,396
Governmental activities capital assets, net	<u>\$ 61,283,148</u>	<u>\$ (1,136,279)</u>	<u>\$ 60,146,869</u>

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2012 as follows:

Instruction	\$ 1,492,662
Attendance/social work	339
Health services	26,722
Other support services	197,576
Improvement of instruction	54,458
School library	17,409
General administration	36,698
School administration	93,196
Central services	47,061
Information technology	7,939
Required maintenance of plant services	67,379
Operation of plant	163,454
Care & upkeep of grounds	11,241
Security	7,194
Student transportation	159,210
Special Schools	8,523
	<u>\$ 2,391,061</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 760,443		\$ 760,443
Less accumulated depreciation for:			
Equipment	463,326	\$ 47,329	510,655
Total business-type activities capital assets, net	<u>\$ 297,117</u>	<u>\$ (47,329)</u>	<u>\$ 249,788</u>

5. Long-Term Liabilities

Bonds Payable

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

Principal and interest due on all serial bonds outstanding are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2013	\$3,315,000	\$1,443,267	\$4,758,267
2014	3,405,000	1,353,700	4,512,325
2015	3,525,000	1,239,613	4,515,975
2016	3,645,000	1,116,438	4,529,350
2017	3,790,000	970,138	4,533,550
2018-2022	20,485,000	2,107,000	22,792,400
	<u>\$38,165,000</u>	<u>\$8,230,154</u>	<u>\$45,641,867</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

5. Long-Term Liabilities (continued)

Advance Refunding

On March 15, 2012 the District issued \$5,665,000 of Refunding School Bonds with interest rates ranging from 3.00% to 4.00%. The District issued the bonds to advance refund \$5,759,000 of the outstanding 2004 and 2005 school bonds with interest rates ranging from 3.75% to 5.00%, which allowed the District to reduce long-term debt payments by \$33,000 annually for the next eight years and resulted in a net present value savings of \$248,984. As a result, the liability related to this refunded debt has been removed from the financial statements of the District as it is no longer responsible for this debt. The outstanding principal of the defeased debt is \$5,759,000 at June 30, 2012.

Bonds Authorized But Not Issued

As of June 30, 2012, the District had no authorized but not issued bonds.

Capital Leases Payable

The District is leasing transportation and maintenance equipment in the amount of \$293,808 under a capital lease. The equipment is being leased with an interest rate of 2.01%. The capital lease for the equipment is for a term of five years. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2012:

	<u>Amount</u>
Year:	
2013	\$ 62,060
2014	62,060
2015	62,060
2016	31,031
Total minimum lease payments	<u>217,211</u>
Less amounts representing interest	<u>(8,480)</u>
Present value of net minimum lease payments	<u>\$ 208,731</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

5. Long-Term Liabilities (continued)

Changes in Long-term Liabilities

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$ 41,419,000	\$ 5,665,000	\$ 8,919,000	\$ 38,165,000	\$ 3,315,000
Deferred interest costs	(1,305,299)	(412,175)	(205,317)	(1,512,157)	(240,527)
Premium on bonds	1,371,937	602,437	241,104	1,733,270	295,580
Capital leases	265,732		57,001	208,731	58,153
Compensated absences	1,826,786	137,799	56,567	1,908,018	105,841
Governmental activity long-term liabilities	<u>\$ 43,578,156</u>	<u>\$ 5,993,061</u>	<u>\$ 9,068,355</u>	<u>\$ 40,502,862</u>	<u>\$ 3,534,047</u>

Compensated absences and capital lease liabilities are liquidated by expenditures charged to the general fund. Bonds payable are liquidated by expenditures charged to the debt service fund.

6. Deferred Issuance Costs

In the governmental funds, debt issuance costs are recognized as expenditures in the year the bonds are issued. For the government-wide financial statements, debt issuance costs are amortized using the straight line method, which approximates the effective interest method, over the life of the specific bonds. The total costs associated with the issues of the District's bonds amounted to \$506,117. The amortization expense for the year ended June 30, 2012 amounted to \$52,559 and the unamortized balance of the deferred charges at June 30, 2012 is \$345,944.

7. Pension Plans

Plan Descriptions

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System 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 Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

7. Pension Plans (continued)

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of N.J.S.A. 18A:66, to provide coverage including post-retirement health care to substantially all full-time public employees of the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 participating in TPAF with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955, under the provisions of N.J.S.A. 43:15A, to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not a member of another State-administered retirement public agency, provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above formula, but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

7. Pension Plans (continued)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% 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 cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

The District's actuarially determined contributions to PERS for the years ended June 30, 2012, 2011 and 2010 were \$859,999, \$838,798, and \$688,093 respectively, equal to the required contributions for each year. During the year ended June 30, 2012, the State of New Jersey contributed \$2,978,498 to the TPAF for post-retirement medical benefits and pensions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$2,310,403 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

8. Post-retirement Benefits

Plan Description

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

8. Post-retirement Benefits (continued)

Funding Policy

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and 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, 2011, there were 93,323 retirees receiving 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 pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 C.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2012, 2011 and 2010 were \$1,989,050, \$2,011,817, and \$1,916,877, respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

9. Risk Management

The District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its 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.

10. Deferred Compensation

The District offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the District and various insurance companies, permit participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

Participants' rights under the plan are equal to those of general creditors in an amount equal to the fair market value of the deferred account of each participant. The District has no liability for losses under the plan.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

11. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2012 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 183,914	
Special Revenue Fund		\$ 189,063
Performing Arts Center Enterprise Fund	5,149	
	<u>\$ 189,063</u>	<u>\$ 189,063</u>

The interfund between the general fund and special revenue fund represents an allocation of internally pooled cash from the general fund and represents a short-term loan. The interfunds between the general fund and the performing arts center enterprise fund represent the funding of a deficit in operations.

All interfunds are expected to be repaid within one year.

12. Economic Dependency

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

13. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its approved projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

13. Contingent Liabilities (continued)

grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

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

14. Capital Reserve Account

A capital reserve account was established by the District 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 (June 1 to June 30) 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	\$	2,145,446
Interest earnings		1,054
Deposit:		
Approved by June 2012 resolution		1,861,744
Withdrawals:		
Approved by various Board resolutions		(825,982)
Ending balance, June 30, 2012	\$	<u>3,182,262</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

15. Transfers

The following presents a reconciliation of transfers during the 2012 fiscal year:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$196,428
Capital Projects Fund	\$191,279	
Performing Art Center Enterprise Fund	5,149	
	<u>\$ 196,428</u>	<u>\$ 196,428</u>

The transfer from the general fund to the capital projects fund is the District's local share of various capital projects being administered in the capital projects fund. The transfer to the performing arts center enterprise fund is to cover the deficit in operations.

17. Restricted Assets

The money set aside in the District's capital and maintenance reserves are classified as restricted assets (cash and cash equivalents) as they are restricted to payments relating to funds set-aside in a capital reserve and maintenance reserve.

18. Commitments

The District has contractual commitments at June 30, 2012 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes and in the capital projects fund as restricted for capital projects in the amounts of \$420,930 and \$37,906, respectively.

Required Supplementary Information
Part II

Budgetary Comparison Schedules

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 63,295,965		\$ 63,295,965	\$ 63,295,965	
Tuition	161,755	\$ 102,000	263,755	301,560	\$ 37,805
Interest on investments		30,000	30,000	13,583	(16,417)
Transportation	70,762		70,762	74,120	3,358
Miscellaneous	602,000	(132,000)	470,000	2,303,120	1,833,120
Total revenues - local sources	64,130,482	-	64,130,482	65,988,348	1,857,866
State sources:					
Special education categorical aid	1,312,208		1,312,208	1,998,557	686,349
Extraordinary aid				193,491	193,491
On-behalf TPAF pension contributions				2,978,498	2,978,498
Reimbursed TPAF social security contributions				2,310,403	2,310,403
Other state aids				47,777	47,777
Total - state sources	1,312,208		1,312,208	7,528,726	6,216,518
Federal sources:					
Educational Jobs Fund	134,336	4,208	138,544	138,544	
Total - Federal sources	134,336	4,208	138,544	138,544	
Total revenues	65,577,026	4,208	65,581,234	73,655,618	8,074,384
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	491,247	141,619	632,866	632,818	48
Grades 1-5	7,651,865	(105,064)	7,546,801	7,545,420	1,381
Grades 6-8	5,356,880	101,972	5,458,852	5,447,694	11,158
Grades 9-12	6,567,508	63,981	6,631,489	6,625,057	6,432
Home instruction:					
Salaries of teachers	87,260	3,818	91,078	91,078	
Undistributed instruction:					
Other salaries for instruction	1,925,953	363,855	2,289,808	2,237,164	52,644
Purchased professional-educational services	185,889	(4,005)	181,884	178,962	2,922
Purchased technical services	21,000	5,464	26,464	23,301	3,163
Other purchased services	460,098	(167,225)	292,873	263,271	29,602
General supplies	1,369,615	2,186	1,371,801	1,239,633	132,168
Textbooks	65,891	148	66,039	62,844	3,195
Other objects	24,100	(10,901)	13,199	13,198	1
Total instruction - regular programs	24,207,306	395,848	24,603,154	24,360,440	242,714
Special education:					
Autism:					
Salaries of teachers	115,008	36,498	151,506	151,224	282
General supplies	1,000		1,000	619	381
Total autism	116,008	36,498	152,506	151,843	663
Learning and/or language disabilities:					
Salaries of teachers	78,562	(78,562)			
General supplies	4,700	(78)	4,622	4,361	261
Textbooks	197	(32)	165	117	48
Total learning and/or language disabilities	83,459	(78,672)	4,787	4,478	309

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education (continued):					
Multiple disabilities:					
General supplies	\$ 3,000		\$ 3,000	\$ 2,003	\$ 997
Total multiple disabilities	3,000		3,000	2,003	997
Resource room/center:					
Salaries of teachers	3,559,175	\$ 84,873	3,644,048	3,638,550	5,498
Other salaries for instruction	88,599	(8,155)	80,444	77,699	2,745
General supplies	24,790	(1,800)	22,990	19,795	3,195
Textbooks	2,265		2,265	2,153	112
Total resource room/center	3,674,829	74,918	3,749,747	3,738,197	11,550
Total special education	3,877,296	32,744	3,910,040	3,896,521	13,519
Bilingual education:					
Salaries of teachers	58,388	3,298	61,686	61,686	
General supplies	500	(261)	239	200	39
Total bilingual education	58,888	3,037	61,925	61,886	39
Basic skills/remedial instruction:					
Salaries of teachers	1,162,347	25,347	1,187,694	1,187,613	81
General supplies	8,900	(2,638)	6,262	5,697	565
Textbooks	500		500		500
Total basic skills/remedial instruction	1,171,747	22,709	1,194,456	1,193,310	1,146
School-sponsored cocurricular activities:					
Salaries	131,063	32,804	163,867	159,793	4,074
Purchased services	12,700	(4,696)	8,004	7,641	363
Supplies and materials	43,828	(22,668)	21,160	21,160	
Other objects	4,322	(2,914)	1,408	1,408	
Total school-sponsored cocurricular activities	191,913	2,526	194,439	190,002	4,437

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-sponsored athletics - instruction:					
Salaries	\$ 567,081	\$ 11,694	\$ 578,775	\$ 576,033	\$ 2,742
Purchased services	165,067	(2,676)	162,391	162,057	334
Supplies and materials	79,600	2,008	81,608	81,608	
Other objects	17,765	(1,714)	16,051	16,051	
Total school-sponsored athletics - instruction	829,513	9,312	838,825	835,749	3,076
Total instruction	30,336,663	466,176	30,802,839	30,537,908	264,931
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	192,970	(52,205)	140,765	140,726	39
Tuition to county voc. school dist.-special	18,547	(17,968)	579	500	79
Tuition to CSSD and regional day schools	944,541	(150,408)	794,133	791,393	2,740
Tuition to private school for the disabled - within state	1,392,722	188,383	1,581,105	1,581,094	11
Tuition to private school for the disabled and other LEAs-special-outside state	254,455	(98,800)	155,655	155,636	19
Tuition - state facilities	182,236	174,555	356,791	356,754	37
Total undistributed instruction	2,985,471	43,557	3,029,028	3,026,103	2,925
Attendance and social work services:					
Salaries	1,042	6,806	7,848	7,847	1
Other purchased services	255	(100)	155		155
Total attendance and social work service	1,297	6,706	8,003	7,847	156
Health services:					
Salaries	589,464	19,470	608,934	608,926	8
Supplies and materials	7,742	781	8,523	8,362	161
Other objects	1,300	(60)	1,240	970	270
Total health services	598,506	20,191	618,697	618,258	439
Speech, OT, PT & related services:					
Salaries	1,251,668	(97,852)	1,153,816	1,153,814	2
Purchased professional educational services		7,637	7,637	7,637	
Supplies and materials	4,700	(725)	3,975	3,418	557
Total speech, OT, PT & related services	1,256,368	(90,940)	1,165,428	1,164,869	559

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$1,121,872	\$ (5,461)	\$1,116,411	\$1,109,615	\$ 6,796
Salaries of secretarial and clerical assistants	114,408	7,392	121,800	121,800	
Other purchased services	1,025	(1,022)	3		3
Supplies and materials	5,700	(1,061)	4,639	4,133	506
Total guidance	1,243,005	(152)	1,242,853	1,235,548	7,305
Child study teams:					
Salaries of other professional staff	1,383,277	58,491	1,441,768	1,441,767	1
Salaries of secretarial and clerical assistants	143,965	35,193	179,158	179,158	
Other purchased professional and technical services	560,741	(142,681)	418,060	410,135	7,925
Miscellaneous purchased services	25,957	(9,369)	16,588	14,215	2,373
Supplies and materials	34,930	12,163	47,093	46,927	166
Other objects	1,873	494	2,367	2,223	144
Total child study teams	2,150,743	(45,709)	2,105,034	2,094,425	10,609
Improvement of instructional services:					
Salaries of supervisors of instruction	912,362	83,567	995,929	995,929	
Salaries of other professional staff	144,747	30,296	175,043	175,043	
Salaries of secretarial and clerical assistants	87,822	(10,687)	77,135	77,135	
Other purchased services	42,600	(34,639)	7,961	5,263	2,698
Supplies and materials	8,250	(3,900)	4,350	4,199	151
Other objects	7,299	(4,900)	2,399	2,396	3
Total improvement of instructional services	1,203,080	59,737	1,262,817	1,259,965	2,852
Educational media services/school library:					
Salaries	309,231	4,793	314,024	314,024	
Purchased professional and technical services	31,785	(2,511)	29,274	28,914	360
Supplies and materials	73,654	(4,536)	69,118	59,849	9,269
Other objects	1,430	(750)	680		680
Total educational media services/school library	416,100	(3,004)	413,096	402,787	10,309

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of other professional staff	\$ 9,999	\$ (9,998)	\$ 1		\$ 1
Total instructional staff training services	9,999	(9,998)	1		1
Support services-general administration:					
Salaries	235,589	3,400	238,989	\$ 238,989	
Other purchased professional services	238,500	(28,839)	209,661	209,252	409
Architectural/engineering services	107,470	55,161	162,631	154,276	8,355
Communications/telephone	159,979	(45,371)	114,608	108,641	5,967
Miscellaneous purchased services	105,404	(10,241)	95,163	87,636	7,527
Other purchased services	366	(366)			
General supplies	3,000		3,000	2,076	924
Judgments against the school district		14,000	14,000	14,000	
Miscellaneous expenditures	48,145	(8,774)	39,371	34,182	5,189
Total support services-general administration	898,453	(21,030)	877,423	849,052	28,371
Support services-school administration:					
Salaries of principals/ assistant principals	1,340,556	17,546	1,358,102	1,358,102	
Salaries of secretarial and clerical assistants	689,083	15,284	704,367	702,795	1,572
Other purchased services	32,510	(12,753)	19,757	10,438	9,319
Supplies and materials	37,531	20,190	57,721	53,914	3,807
Other objects	26,504	5,944	32,448	30,960	1,488
Total support services-school administration	2,126,184	46,211	2,172,395	2,156,209	16,186
Central services:					
Salaries	779,123	(1,346)	777,777	777,775	2
Purchased professional services	125,887	108,445	234,332	199,779	34,553
Purchased technical services	52,540	(16,000)	36,540	33,194	3,346
Miscellaneous purchased services	99,097	(22,705)	76,392	60,687	15,705
Supplies and materials	26,520	(14,345)	12,175	9,615	2,560
Miscellaneous expenditures	11,600	(3,092)	8,508	7,760	748
Total support services-central services	1,094,767	50,957	1,145,724	1,088,810	56,914
Administration information technology:					
Salaries	174,377	344	174,721	174,721	
Supplies and materials	20,876	(11,680)	9,196	8,953	243
Total administration information technology	195,253	(11,336)	183,917	183,674	243
Operation and maintenance of plant services:					
Required maintenance for school facilities:					
Salaries	599,158	46,798	645,956	638,674	7,282
Cleaning, repair and maintenance services	763,842	(94,101)	669,741	642,144	27,597
General supplies	225,194	60,401	285,595	278,075	7,520
Total required maintenance for school facilities	1,588,194	13,098	1,601,292	1,558,893	42,399

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operation and maintenance of plant services (continued):					
Custodial services:					
Salaries	\$ 1,719,236	\$ 32,799	\$ 1,752,035	\$ 1,751,638	\$ 397
Cleaning, repair and maintenance services	220,556	(8,000)	212,556	211,336	1,220
Other purchased property services	219,253	(78,656)	140,597	137,366	3,231
Insurance	175,700	(393)	175,307	173,118	2,189
Miscellaneous purchased services	12,750	(8,800)	3,950	3,575	375
General supplies	189,000	(7,028)	181,972	175,599	6,373
Energy (electricity)	1,258,493	(205,330)	1,053,163	1,053,163	
Energy (natural gas)	569,479	(302,344)	267,135	267,135	
Other objects	15,799	(4,994)	10,805	8,790	2,015
Total custodial services	4,380,266	(582,746)	3,797,520	3,781,720	15,800
Care & upkeep of grounds:					
Salaries	148,708	2,915	151,623	151,623	
Cleaning, repair and maintenance services	14,000	(14,000)			
General supplies	132,567	11,981	144,548	108,446	36,102
Total care & upkeep of grounds	295,275	896	296,171	260,069	36,102
Security:					
Salaries	136,579	31,816	168,395	166,437	1,958
Total security	136,579	31,816	168,395	166,437	1,958
Total operations and maintenance of plant	6,400,314	(536,936)	5,863,378	5,767,119	96,259
Student transportation services:					
Salaries of non-instructional aides	190,021	33,768	223,789	223,363	426
Salaries for pupil transportation:					
Between home and school - regular	389,461	17,511	406,972	405,892	1,080
Between home and school - special	711,131	(66,208)	644,923	639,315	5,608
Other than between home and school	41,141		41,141	21,943	19,198
Management fee - ESC & CTSA trans. program	3,000		3,000		3,000
Other purchased professional and technical services	20,100	(4,791)	15,309	11,833	3,476
Cleaning repair and maintenance services	83,920	(9,855)	74,065	59,132	14,933
Rental payments - school buses	3,000		3,000		3,000
Lease purchase payments - school buses	48,915		48,915	48,914	1
Contracted services:					
Between home and school - vendors	1,639,300	(93,104)	1,546,196	1,541,518	4,678
Other than between home and school - vendors	226,107	23,295	249,402	220,019	29,383
Between home and school - joint agreements	2,500		2,500		2,500
Special ed stds- vendors	60,301	63,428	123,729	120,076	3,653
Special ed stds- joint agreements	10,000	(10,000)			
Special ed stds- ESC & CTSA	4,238	(4,238)			
Aid in lieu of payments	120,120		120,120	112,214	7,906
Travel		1,800	1,800	235	1,565
Miscellaneous purchased services	23,075	(19,000)	4,075		4,075
Transportation supplies	254,557	50,769	305,326	278,051	27,275
Other objects	1,600		1,600	1,020	580
Total student transportation services	3,832,487	(16,625)	3,815,862	3,683,525	132,337

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule

(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated benefits - employee benefits					
Social security contributions	\$ 840,172	\$ (14,236)	\$ 825,936	\$ 800,873	\$ 25,063
Other retirement contributions - PERS	904,787	(43,288)	861,499	860,687	812
Other retirement contributions - regular		15,585	15,585	10,041	5,544
Unemployment	100,000	(3,165)	96,835	65,954	30,881
Workers' compensation	234,000	4,604	238,604	238,604	
Health benefits	9,303,524	160,150	9,463,674	9,458,971	4,703
Tuition reimbursement	165,000	(85,217)	79,783	79,727	56
Total unallocated benefits	11,547,483	34,433	11,581,916	11,514,857	67,059
On-behalf TPAF pension contributions (non-budgeted)				2,978,498	(2,978,498)
Reimbursed TPAF social security (non-budgeted) contributions				2,310,403	(2,310,403)
Total on-behalf payments				5,288,901	(5,288,901)
Total undistributed expenditures	35,959,510	(473,938)	35,485,572	40,341,949	(4,856,377)
Total expenditures - current	66,296,173	(7,762)	66,288,411	70,879,857	(4,591,446)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Undistributed expenditures-instruction	281,487	(40,572)	240,915	240,914	1
Undistributed expenditures-child study teams	18,130		18,130	1,887	16,243
Undistributed expenditures-central services	100,000		100,000		100,000
Undistributed expenditures-required maintenance	73,181		73,181	73,181	
Total equipment	472,798	(40,572)	432,226	315,982	116,244
Facilities acquisition and construction services:					
Construction services	44,000	632,755	676,755	462,717	214,038
Other objects	73,109		73,109	73,109	
Total facilities and construction services	117,109	632,755	749,864	535,826	214,038
Total expenditures - capital outlay	589,907	592,183	1,182,090	851,808	330,282

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Special schools:					
Summer school - instruction:					
Salaries of teachers	\$ 119,485	\$ 55,530	\$ 175,015	\$ 174,730	\$ 285
Purchased professional and technical services	54,230	(1,040)	53,190	22,458	30,732
Total summer school - instruction	173,715	54,490	228,205	197,188	31,017
Total expenditures	67,059,795	638,911	67,698,706	71,928,853	(4,230,147)
(Deficiency) excess of revenues (under) over expenditures	(1,482,769)	(634,703)	(2,117,472)	1,726,765	3,844,237
Other financing uses:					
Transfer to cover deficit in operations -					
Performing Arts Center Enterprise Fund				(5,149)	(5,149)
Transfer from Capital Reserve to Capital Projects Fund				(191,279)	(191,279)
Total other financing uses				(196,428)	(196,428)
(Deficiency) excess of revenues (under) over expenditures and other financing uses	(1,482,769)	(634,703)	(2,117,472)	1,530,337	3,647,809
Fund balances, July 1	5,335,043		5,335,043	5,335,043	
Fund balances, June 30	\$ 3,852,274	\$ (634,703)	\$ 3,217,571	\$ 6,865,380	\$ 3,647,809
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing uses					
Budgeted fund balance	\$ (870,409)		\$ (870,409)	\$ 1,105,881	\$ 1,976,290
Net increase in capital reserve		\$ (634,703)	(634,703)	1,036,816	1,671,519
Adjustment for prior year encumbrances	(612,360)		(612,360)	(612,360)	
Total	\$ (1,482,769)	\$ (634,703)	\$ (2,117,472)	\$ 1,530,337	\$ 3,647,809
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 3,182,262	
Maintenance reserve account - restricted				88,488	
Designated for subsequent year's expenditures - assigned				1,597,049	
Year end encumbrances - assigned				420,930	
Unassigned				1,576,651	
				6,865,380	
Reconciliation to Government Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis					
				(98,495)	
Fund balance per Governmental Funds (GAAP)				\$ 6,766,885	

Hopewell Valley Regional School District
General Fund

Education Jobs Fund Program - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal Sources					
Education Jobs Fund	\$ 134,336	\$ 4,208	\$ 138,544	\$ 138,544	
Total Revenues	134,336	4,208	138,544	138,544	
Expenditures:					
Current expenditures:					
Undistributed expenditures:					
Unallocated benefits - employee benefits					
Health benefits	134,336	4,208	138,544	138,544	
Total unallocated benefits	134,336	4,208	138,544	138,544	
Total expenditures	134,336	4,208	138,544	138,544	
Excess of Revenues Over Expenditures	-	-	-	-	
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

Hopewell Valley Regional School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 61,451	\$ 12,234	\$ 73,685	\$ 61,342	\$ (12,343)
Federal sources	915,657	103,669	1,019,326	973,831	(45,495)
Local sources		48,115	48,115	4,971	(43,144)
Total revenues	<u>977,108</u>	<u>164,018</u>	<u>1,141,126</u>	<u>1,040,144</u>	<u>(100,982)</u>
Expenditures					
Current expenditures:					
Instruction:					
Salaries of teachers		43,257	43,257	26,682	16,575
Other purchased services	800,000	62,000	862,000	862,000	
General supplies	48,371	23,853	72,224	54,984	17,240
Textbooks	20,920	(781)	20,139	20,139	
Total instruction	<u>869,291</u>	<u>128,329</u>	<u>997,620</u>	<u>963,805</u>	<u>33,815</u>
Support services:					
Salaries	67,286	(62,586)	4,700	4,700	
Personal services—employee benefits		3,245	3,245	3,245	
Purchased professional services		20,509	20,509	13,025	7,484
Other purchased professional services	40,531	65,368	105,899	53,325	52,574
Supplies and materials		9,153	9,153	2,044	7,109
Total support services	<u>107,817</u>	<u>35,689</u>	<u>143,506</u>	<u>76,339</u>	<u>67,167</u>
Total expenditures	<u>977,108</u>	<u>164,018</u>	<u>1,141,126</u>	<u>1,040,144</u>	<u>100,982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Hopewell Valley Regional School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2012

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 73,655,618	\$ 1,040,144
Differences - 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		6,762
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Current year	(98,495)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 73,557,123	\$ 1,046,906
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 71,928,853	\$ 1,040,144
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.		
Prior year		6,762
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 71,928,853	\$ 1,046,906

Supplementary Information

Special Revenue Fund

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2012

	Nonpublic Aid					
	Textbooks	Nursing	Home	Transportation	Corrective Speech	Exam and Classification
Revenues:						
State sources	\$ 20,139	\$28,766	\$ 142	\$ 1,422	\$ 3,950	\$ 6,923
Federal sources						
Local sources						
Total revenues	<u>\$ 20,139</u>	<u>\$28,766</u>	<u>\$ 142</u>	<u>\$ 1,422</u>	<u>\$ 3,950</u>	<u>\$ 6,923</u>
Expenditures:						
Instruction:						
Salaries of teachers						
Other purchased services						
General supplies						
Textbooks	<u>\$ 20,139</u>					
Total instruction	20,139					
Undistributed:						
Support services:						
Salaries						
Personal services—employee benefits						
Purchased professional services						
Other purchased professional services		\$28,766	\$ 142	\$ 1,422	\$ 3,950	\$ 6,923
Supplies and materials						
Total support services		<u>28,766</u>	<u>142</u>	<u>1,422</u>	<u>3,950</u>	<u>6,923</u>
Total expenditures	<u>\$ 20,139</u>	<u>\$28,766</u>	<u>\$ 142</u>	<u>\$ 1,422</u>	<u>\$ 3,950</u>	<u>\$ 6,923</u>

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2012

	Title I		Title II A		I.D.E.A.		
	Part A Current	Current	Carrvover	Part B	Part B Carrvover	Preschool	
Revenues:							
State sources							
Federal sources	\$63,309	\$34,654	\$ 5,890	\$841,475	\$ 2,949	\$ 25,554	
Local sources							
Total revenues	\$63,309	\$34,654	\$ 5,890	\$841,475	\$ 2,949	\$ 25,554	
Expenditures:							
Instruction:							
Salaries of teachers	\$18,119	\$ 5,024					
Other purchased services				\$836,446		\$ 25,554	
General supplies	32,108	13,878	\$ 288	5,029	\$ 2,949		
Textbooks							
Total instruction	50,227	18,902	288	841,475	2,949	25,554	
Undistributed:							
Support services:							
Salaries		4,700					
Personal services—employee benefits	2,465	780					
Purchased professional services	8,700	4,248	77				
Other purchased professional services	1,917	3,980	5,525				
Supplies and materials		2,044					
Total support services	13,082	15,752	5,602				
Total expenditures	\$63,309	\$34,654	\$ 5,890	\$841,475	\$ 2,949	\$ 25,554	

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2012

	<u>Hopewell Basketball</u>	<u>Connect-Ed</u>	<u>Totals</u>
Revenues:			
State sources			\$ 61,342
Federal sources			973,831
Local sources	\$ 700	\$ 4,271	4,971
Total revenues	<u>\$ 700</u>	<u>\$ 4,271</u>	<u>\$ 1,040,144</u>
Expenditures:			
Instruction:			
Salaries of teachers		\$ 3,539	\$ 26,682
Other purchased services			862,000
General supplies		732	54,984
Textbooks			20,139
Total instruction		<u>4,271</u>	<u>963,805</u>
Undistributed:			
Support services:			
Salaries			4,700
Personal services-employee benefits			3,245
Purchased professional services			13,025
Other purchased professional services	\$ 700		53,325
Supplies and materials			2,044
Total support services	<u>700</u>		<u>76,339</u>
Total expenditures	<u>\$ 700</u>	<u>\$ 4,271</u>	<u>\$ 1,040,144</u>

Capital Projects Fund

Hopewell Valley Regional School District
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures,
Project Balance and Project Status

(Budgetary Basis)

Year ended June 30, 2012

Revenues and other financing sources

State Sources - SDA/ROD Grants	\$ (73,919)
Transfer from capital reserve	191,279
Total revenues and other financing sources	117,360

Expenditures

Construction services	639,808
Total expenditures	639,808

Deficiency of revenues and other financing sources under expenditures	(522,448)
Fund Balance, July 1	1,861,952
Fund Balance, June 30	\$ 1,339,504

Reconciliation of budgetary basis to GAAP basis:

Fund balance, budgetary basis, June 30, 2012	\$ 1,339,504
Less: Revenue not recognized on a GAAP basis	(335,730)
Fund balance, GAAP basis, June 30, 2012	\$ 1,003,774

Hopewell Valley Regional School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

New Elementary School & Alterations - Central High School & Bear Tavern

From Inception and for the year ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grants	\$ 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 and other financing sources	<u>29,734,000</u>	<u>-</u>	<u>29,734,000</u>	<u>29,734,000</u>
Expenditures				
Purchased professional and technical services	2,380,515		2,380,515	2,398,643
Construction services	25,356,155		25,356,155	25,865,293
Equipment	1,279,488		1,279,488	1,279,488
Miscellaneous	190,576		190,576	190,576
Transfer to Capital Reserve				
Total expenditures	<u>29,206,734</u>	<u>-</u>	<u>29,206,734</u>	<u>29,734,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 527,266</u>	<u>\$ -</u>	<u>\$ 527,266</u>	<u>\$ -</u>
Additional project information				
Project numbers	SP201193-95			
Grant dates	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 authorised cost	\$ 29,734,000			
Percentage increase over original authorized cost	100.00%			
Percentage completion	100.00%			
Original target completion date	6/30/2004			
Revised target completion date	Complete			

Hopewell Valley Regional School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

2004 Additions and Renovations - Various Schools

From Inception and for the year ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grants	\$ 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 and other financing sources	<u>15,495,731</u>	-	<u>15,495,731</u>	<u>15,495,731</u>
Expenditures				
Purchased professional and technical services	1,505,024		1,505,024	1,636,603
Construction services	12,260,474		12,260,474	12,514,757
Equipment	1,340,134		1,340,134	1,343,801
Miscellaneous	570		570	570
Transfer to Capital Reserve				
Total expenditures	<u>15,106,202</u>	-	<u>15,106,202</u>	<u>15,495,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 389,529</u>	<u>\$ -</u>	<u>\$ 389,529</u>	<u>\$ -</u>
Additional project information				
Project numbers	2280-0XX-04-1000			
Grant dates	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 authorised cost	\$ 15,495,731			
Percentage increase over original authorized cost	100.00%			
Percentage completion	100.00%			
Original target completion date	11/1/2008			
Revised target completion date	Complete			

Hopewell Valley Regional School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

2009/2010 ROD Grant Projects

From Inception and for the year ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and other financing sources				
State Sources - SDA/ROD Grants	\$ 109,062		\$ 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 and other financing sources	<u>330,454</u>	-	<u>330,454</u>	<u>330,454</u>
Expenditures				
Purchased professional and technical services				
Construction services	247,947		247,947	330,454
Equipment				
Miscellaneous				
Transfer to Capital Reserve	37,579		37,579	
Total expenditures	<u>247,947</u>	-	<u>285,526</u>	<u>330,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 82,507</u>	<u>\$ -</u>	<u>\$ 44,928</u>	<u>\$ -</u>
Additional project information				
Project numbers	2280-0XX-09-OZXX-00			
Grant dates	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 authorised cost		\$ 330,454		
Percentage increase over original authorized cost		-12.22%		
Percentage completion		100.00%		
Original target completion date		6/30/2011		
Revised target completion date		Complete		

Hopewell Valley Regional School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

2010/2011 ROD Grant Projects

From Inception and for the year ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA/ROD Grants	\$ 545,496	\$ (73,919)	\$ 471,577	\$ 471,577
Transfer from Capital Reserve	849,543	191,279	1,040,822	1,040,822
Other local sources				
Total revenues and other financing sources	<u>1,395,039</u>	<u>117,360</u>	<u>1,512,399</u>	<u>1,512,399</u>
Expenditures				
Purchased professional and technical services				
Construction services	494,810	639,808	1,134,618	1,512,399
Equipment				
Miscellaneous				
Transfer to Capital Reserve				
Total expenditures	<u>494,810</u>	<u>639,808</u>	<u>1,134,618</u>	<u>1,512,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 900,229</u>	<u>\$ (522,448)</u>	<u>\$ 377,781</u>	<u>\$ -</u>
Additional project information				
Project numbers		Various		
Grant dates		Various		
Bond authorization date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost	\$ 1,365,088			
Additional authorized cost	147,311			
Revised authorised cost	\$ 1,512,399			
Percentage increase over original authorized cost		110.79%		
Percentage completion		75.02%		
Original target completion date		6/30/2012		
Revised target completion date		12/31/2012		

Enterprise Fund

Hopewell Valley Regional School District
Enterprise Funds

Combining Statement of Net Assets

June 30, 2012

	Major Funds				Total Enterprise Funds
	Food Service	Performing Arts Center	Driver Education	Kindergarten Extension	
Assets					
Current assets:					
Cash and cash equivalents	\$ 262,239		\$ 53,891	\$ 219,723	\$ 535,853
Accounts receivable:					
State	591				591
Federal	5,510				5,510
Other	8,757			4,240	12,997
Interfund		\$ 5,149			5,149
Inventories	53,483				53,483
Total current assets	330,580	5,149	53,891	223,963	613,583
Non-current assets:					
Capital assets:					
Equipment	760,443				760,443
Accumulated depreciation	(510,655)				(510,655)
Total capital assets, net	249,788				249,788
Total assets	580,368	5,149	53,891	223,963	863,371
Liabilities					
Current liabilities:					
Accounts payable	100,811	5,149	1,072	172	107,204
Unearned revenue	71,676			50,380	122,056
Total current liabilities	172,487	5,149	1,072	50,552	229,260
Net assets					
Invested in capital assets	249,788				249,788
Restricted		6,000			6,000
Unrestricted	158,093	(6,000)	52,819	173,411	378,323
Total net assets	\$ 407,881	\$ -	\$ 52,819	\$ 173,411	\$ 634,111

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Enterprise Funds

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets

Year ended June 30, 2012

	Major Funds				Total Enterprise Funds
	Food Service	Performing Arts Center	Driver Education	Kindergarten Extension	
Operating revenues:					
Local sources:					
Daily food sales-reimbursable programs	\$ 1,171,898				\$ 1,171,898
Tuition				\$ 261,246	261,246
Fees		\$ 43,872	\$ 24,870		68,742
Total operating revenues	1,171,898	43,872	24,870	261,246	1,501,886
Operating expenses:					
Salaries	508,610	56,287	16,946	179,575	761,418
Employee benefits	129,461	5,243	1,313	11,241	147,258
Supplies and materials	112,548	120	187	2,055	114,910
Depreciation	47,329				47,329
Insurance	36,221				36,221
Cost of sales	571,146	110			571,256
Management and administrative fees	137,900				137,900
Other	54,623				54,623
Total operating expenses	1,597,838	61,760	18,446	192,871	1,870,915
Operating (loss) income	(425,940)	(17,888)	6,424	68,375	(369,029)
Nonoperating revenues:					
State sources:					
State school lunch program	10,925				10,925
Federal sources:					
National school lunch program	102,502				102,502
Food donation program	62,672				62,672
Total nonoperating revenues	176,099	-	-	-	176,099
(Loss) income before transfers	(249,841)	(17,888)	6,424	68,375	(192,930)
Transfer in - Board contribution		5,149			5,149
Change in net assets	(249,841)	(12,739)	6,424	68,375	(187,781)
Total net assets-beginning	657,722	12,739	46,395	105,036	821,892
Total net assets-ending	\$ 407,881	\$ -	\$ 52,819	\$ 173,411	\$ 634,111

See independent auditors' report and accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Enterprise Funds

Combining Statement of Cash Flows

	Year ended June 30, 2012				Total Enterprise Funds
	Food Service	Major Funds Performing Arts Center	Driver Education	Kindergarten Extension	
Cash flows from operating activities:					
Receipts from customers	\$ 1,234,495	\$ 43,872	\$ 24,870	\$ 278,426	\$ 1,581,663
Payments to employees	(508,610)	(56,287)	(16,946)	(179,575)	(761,418)
Payments for employee benefits	(129,461)	(5,243)	(1,313)	(11,241)	(147,258)
Payments to suppliers	(902,227)	(5,553)	(402)	(1,883)	(910,065)
Net cash (used in) provided by operating activities	(305,803)	(23,211)	6,209	85,727	(237,078)
Cash flows from noncapital financing activities:					
Cash received from state and federal reimbursements	115,898				115,898
Receipts from food donation program	77,548				77,548
Cash received from operating subsidies from the Board		5,149			5,149
Net cash provided by noncapital financing activities	193,446	5,149			198,595
Net (decrease) increase in cash and cash equivalents	(112,357)	(18,062)	6,209	85,727	(38,483)
Cash and cash equivalents, beginning of year	374,596	18,062	47,682	133,996	574,336
Cash and cash equivalents, end of year	\$ 262,239	\$ -	\$ 53,891	\$ 219,723	\$ 535,853
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (425,940)	\$ (17,888)	\$ 6,424	\$ 68,375	\$ (369,029)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	47,329				47,329
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	61,309			(3,440)	57,869
(Increase) in interfund receivable		(5,149)			(5,149)
Decrease in inventory	23,003				23,003
(Decrease) increase in accounts payable	(12,792)	(174)	(215)	172	(13,009)
Increase in unearned revenue	1,288			20,620	21,908
Net cash (used in) provided by operating activities	\$ (305,803)	\$ (23,211)	\$ 6,209	\$ 85,727	\$ (237,078)

Noncash noncapital financing activities:

The District received \$77,548 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2012.

See independent auditors' report and accompanying notes to the basic financial statements.

Fiduciary Funds
Detail Statements

Hopewell Valley Regional School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Assets

June 30, 2012

	<u>Trust</u>			<u>Agency</u>		
	<u>Private Purpose Scholarship Funds</u>	<u>Unemployment Compensation</u>	<u>Total Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>
Assets						
Cash and cash equivalents	\$ 16,142	\$ 40,847	\$ 56,989	\$ 427,845	\$ 884,471	\$ 1,312,316
Accounts receivable		44,218	44,218		21,784	21,784
Total assets	<u>16,142</u>	<u>85,065</u>	<u>101,207</u>	<u>\$ 427,845</u>	<u>\$ 906,255</u>	<u>\$ 1,334,100</u>
Liabilities						
Accounts payable		44,218	44,218			
Payroll deductions and withholdings payable					\$ 906,255	\$ 906,255
Due to student groups				<u>\$ 427,845</u>		<u>427,845</u>
Total liabilities		<u>44,218</u>	<u>44,218</u>	<u>\$ 427,845</u>	<u>\$ 906,255</u>	<u>\$ 1,334,100</u>
Net assets						
Held in trust	16,142	40,847	56,989			
Total net assets	<u>\$ 16,142</u>	<u>\$ 40,847</u>	<u>\$ 56,989</u>			

Hopewell Valley Regional School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2012

	Private- Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust
Additions:			
Contributions:			
Board contributions		\$ 65,954	\$ 65,954
Plan member contributions		107,914	107,914
Scholarship donations	\$ 9,045		9,045
Interest on investments		121	121
Total additions	9,045	173,989	183,034
Deductions:			
Unemployment benefit payments		257,868	257,868
Scholarship payments	12,748		12,748
Total deductions	12,748	257,868	270,616
Change in net assets	(3,703)	(83,879)	(87,582)
Net assets, beginning	19,845	124,726	144,571
Net assets, ending	\$ 16,142	\$ 40,847	\$ 56,989

Hopewell Valley Regional School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
Elementary Schools:				
Bear Tavern	\$ 2,315	\$ 17,708	\$ 17,545	\$ 2,478
Hopewell	15,417	31,691	43,586	3,522
Stony Brook	257	1,641	1,013	885
Toll Gate	10,725	14,685	12,917	12,493
Junior High School:				
Timberlane	5,120	192,624	184,223	13,521
High School:				
Athletics Fund	1	1		2
Student Fund	342,307	464,095	411,458	394,944
Total all schools	<u>\$ 376,142</u>	<u>\$ 722,445</u>	<u>\$ 670,742</u>	<u>\$ 427,845</u>

Hopewell Valley Regional School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
Assets				
Cash and equivalents	\$ 730,430	\$ 72,678,621	\$ 72,524,580	\$ 884,471
Accounts receivable	-	21,784		21,784
Total assets	<u>\$ 730,430</u>	<u>\$ 72,700,405</u>	<u>\$ 72,524,580</u>	<u>\$ 906,255</u>
Liabilities				
Payroll deductions and withholdings payable	\$ 729,556	\$ 72,700,405	\$ 72,523,706	\$ 906,255
Interfund payable	874		874	-
Total liabilities	<u>\$ 730,430</u>	<u>\$ 72,700,405</u>	<u>\$ 72,524,580</u>	<u>\$ 906,255</u>

Long-Term Debt

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
			Date	Amount					
Construction of New School & Additions & Renovations to the Bear Tavern & the Hopewell Valley Central High Schools	10/15/01	\$ 20,890,000				\$ 150,000		\$ 150,000	
Additions & Renovations to the Bear Tavern, Toll Gate, Stony Brook, Timberlane, Hopewell Valley & Central High Schools	12/1/04	9,400,000	1/15/2013	\$ 665,000	3.500%	6,750,000		5,395,000	\$ 1,355,000
			1/15/2014	690,000	3.625%				
Additions & Renovations to the Bear Tavern, Toll Gate, Stony Brook, Timberlane, Hopewell Valley & Central High Schools	1/15/05	2,034,000	1/15/2013	140,000	3.750%	1,424,000		1,139,000	285,000
			1/15/2014	145,000	3.750%				
2005 Refunding of October 2001 Bonds for the Construction of New School and Additions & Renovations to Bear Tavern & the Hopewell Valley Central High Schools	9/15/05	20,080,000	8/15/2012	220,000	5.000%	19,980,000		25,000	19,955,000
			8/15/2013	215,000	5.000%				
			8/15/2014	225,000	5.000%				
			8/15/2015	330,000	4.000%				
			8/15/2016	1,430,000	5.000%				
			8/15/2017	3,205,000	5.000%				
			8/15/2018	3,370,000	5.000%				
			8/15/2019	3,520,000	4.000%				
8/15/2020	3,650,000	4.000%							
8/15/2021	3,790,000	4.000%							
2010 Refunding of March 2001 Refunding Bonds	5/4/10	13,265,000	8/15/2012	2,265,000	4.000%	13,115,000		2,210,000	10,905,000
			8/15/2013	2,355,000	3.000%				
			8/15/2014	2,430,000	3.000%				
			8/15/2015	2,420,000	4.000%				
			8/15/2016	1,435,000	4.000%				
2012 Refunding of December 2004 and January 2005 Bonds	3/15/12	5,665,000	1/15/2013	25,000	3.000%				
			1/15/2015	870,000	3.000%				
			1/15/2016	895,000	3.000%				
			1/15/2017	925,000	3.000%				
			1/15/2018	950,000	3.500%				
			1/15/2019	985,000	3.750%				
1/15/2020	1,015,000	4.000%							
						\$ 5,665,000		\$ 5,665,000	
						<u>\$ 41,419,000</u>	<u>\$ 5,665,000</u>	<u>\$ 8,919,000</u>	<u>\$ 38,165,000</u>

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2012

	Interest Rate	Amount of Original Issue	Balance Outstanding July 1, 2011	Retired	Balance Outstanding June 30, 2012
Transportation and Maintenance Equipment	2.01%	\$ 293,808	<u>\$ 265,732</u>	<u>\$ 57,001</u>	<u>\$ 208,731</u>

Hopewell Valley Regional School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 4,788,911		\$ 4,788,911	\$ 4,788,911	
Miscellaneous				226	\$ 226
Total revenues	<u>4,788,911</u>		<u>4,788,911</u>	<u>4,789,137</u>	<u>226</u>
Expenditures:					
Principal on bonds	3,160,000		3,160,000	3,160,000	
Interest on bonds	1,629,666		1,629,666	1,629,666	
Bond issuance costs				84,531	(84,531)
Total expenditures	<u>4,789,666</u>		<u>4,789,666</u>	<u>4,874,197</u>	<u>(84,531)</u>
Deficiency of revenues under expenditures	(755)		(755)	(85,060)	(84,305)
Other financing (uses) sources:					
Payment to Escrow Agent				(6,171,175)	(6,171,175)
Refunding Bonds Issued				5,665,000	5,665,000
Premium on Bond Refunding				602,437	602,437
Total other financing (uses) sources				<u>96,262</u>	<u>96,262</u>
(Deficiency) excess of revenues (under) over expenditures and other financing (uses) sources	(755)		(755)	11,202	11,957
Fund balance, July 1	200,398		200,398	200,398	-
Fund balance, June 30	<u>\$ 199,643</u>	<u>\$ -</u>	<u>\$ 199,643</u>	<u>\$ 211,600</u>	<u>\$ 11,957</u>

**Statistical Section
Unaudited**

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*

Hopewell Valley Regional School District
 Net Assets by Component
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,250,151	\$ 2,519,120	\$ 4,719,747	\$ 7,513,840	\$ 10,620,407	\$ 11,454,652	\$ 15,655,759	\$ 17,581,226	\$19,808,415	\$ 21,552,025
Restricted	1,238,441	536,062	1,985,359	9,912,723	3,876,011	2,592,635	1,728,390	1,054,122	4,940,503	4,486,124
Unrestricted (deficit)	1,523,744	3,583,203	6,038,746	(774,047)	4,441,737	4,917,580	2,987,704	3,902,541	(649,001)	1,372,735
Total governmental activities net assets	<u>\$ 4,012,336</u>	<u>\$ 6,638,385</u>	<u>\$ 12,743,852</u>	<u>\$ 16,652,516</u>	<u>\$ 18,938,155</u>	<u>\$ 18,964,867</u>	<u>\$ 20,371,853</u>	<u>\$ 22,537,889</u>	<u>\$24,099,917</u>	<u>\$ 27,410,884</u>
Business-type activities										
Invested in capital assets									\$ 297,117	\$ 249,788
Restricted										6,000
Unrestricted	\$ 137,493	\$ 155,110	\$ 305,922	\$ 415,015	\$ 437,884	\$ 451,060	\$ 570,404	\$ 774,727	524,775	378,323
Total business-type activities net assets	<u>\$ 137,493</u>	<u>\$ 155,110</u>	<u>\$ 305,922</u>	<u>\$ 415,015</u>	<u>\$ 437,884</u>	<u>\$ 451,060</u>	<u>\$ 570,404</u>	<u>\$ 774,727</u>	<u>\$ 821,892</u>	<u>\$ 634,111</u>
District-wide										
Invested in capital assets, net of related debt	\$ 1,250,151	\$ 2,519,120	\$ 4,719,747	\$ 7,513,840	\$ 10,620,407	\$ 11,454,652	\$ 15,655,759	\$ 17,581,226	\$20,105,532	\$ 21,801,813
Restricted	1,238,441	536,062	1,985,359	9,912,723	3,876,011	2,592,635	1,728,390	1,054,122	4,940,503	4,492,124
Unrestricted (deficit)	1,661,237	3,738,313	6,344,668	(359,032)	4,879,621	5,368,640	3,558,108	4,677,268	(124,226)	1,751,058
Total district net assets	<u>\$ 4,149,829</u>	<u>\$ 6,793,495</u>	<u>\$ 13,049,774</u>	<u>\$ 17,067,531</u>	<u>\$ 19,376,039</u>	<u>\$ 19,415,927</u>	<u>\$ 20,942,257</u>	<u>\$ 23,312,616</u>	<u>\$24,921,809</u>	<u>\$ 28,044,995</u>

Source: CAFR Schedule A-1 and District records.

Hopewell Valley Regional School District
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

Unaudited

	Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
Instruction										
Regular	\$ 19,186,511	\$ 20,374,122	\$ 21,150,229	\$ 22,311,118	\$ 23,169,833	\$ 25,056,229	\$ 25,649,031	\$ 25,369,974	\$ 38,474,095	\$ 38,348,315
Special Education	2,212,756	2,672,675	2,700,066	2,884,208	270,270	3,511,503	3,849,353	3,997,730	4,098,629	3,896,521
Other Special Education	600,837	604,485	573,312	596,872	615,585	577,360	642,476	865,459	1,176,851	1,255,196
Other Instruction	784,049	843,905	962,719	881,658	966,133	992,828	1,088,269	1,015,542	992,587	1,025,751
Support Services:										
Tuition	1,598,796	2,388,698	2,893,504	3,479,423	3,273,947	2,948,865	3,315,547	3,051,668	2,363,433	3,156,898
Student Instruction Related Services	4,880,011	5,075,172	5,214,237	5,722,289	6,112,212	6,397,211	6,674,157	7,051,312	11,734,782	9,640,544
School Administrative Services	1,781,840	1,674,984	2,081,710	2,119,679	2,102,846	2,176,308	2,154,697	2,276,639	2,307,087	3,077,089
General & Business Administrative Services	1,452,668	1,660,978	1,798,563	1,804,667	2,187,344	2,389,404	2,269,402	1,829,313	1,817,961	2,691,751
Plant Operations & Maintenance	3,536,944	4,031,324	3,975,300	4,486,855	5,270,821	5,760,698	5,804,510	5,505,697	5,625,781	7,092,165
Pupil Transportation	3,072,904	3,219,591	3,642,648	3,751,984	3,803,673	3,723,208	3,857,662	3,621,103	3,574,367	4,315,962
Unallocated Benefits	8,018,346	8,720,970	10,003,250	11,370,924	13,224,354	14,473,823	13,668,256	14,880,721		
Special Schools	113,323	114,828	139,961	122,823	150,163	94,793	225,068	223,387	204,354	275,885
Amortization of Debt Issuance Costs						84,827	84,828	74,282		
Transfer to Charter schools						94,101	22,967			
Interest on long-term debt	2,383,833	2,529,013	2,429,042	2,496,604	2,462,986	2,255,606	2,152,114	2,023,644	1,612,892	1,552,917
Unallocated Loss on Revaluation of Fixed Assets								(9,649)		
Unallocated Depreciation	1,672,280	1,761,022	1,727,857	1,791,066	2,398,465	2,128,671	2,125,291	2,216,991		
Total governmental activities expenses	\$ 51,295,098	\$ 55,671,767	\$ 59,292,398	\$ 63,820,170	\$ 66,008,632	\$ 72,665,435	\$ 73,583,628	\$ 73,931,813	\$ 73,982,819	\$ 76,328,994
Business-type activities:										
Enterprise Funds	951,000	1,077,337	1,156,303	1,267,501	1,305,424	1,432,034	1,438,982	1,545,845	1,673,819	1,870,915
Total business-type activities expense	951,000	1,077,337	1,156,303	1,267,501	1,305,424	1,432,034	1,438,982	1,545,845	1,673,819	1,870,915
Total district expenses	\$ 52,246,098	\$ 56,749,104	\$ 60,448,701	\$ 65,087,671	\$ 67,314,056	\$ 74,097,469	\$ 75,022,610	\$ 75,477,658	\$ 75,656,638	\$ 78,199,909
Program Revenues										
Governmental activities:										
Charges for services	\$ 153,866	\$ 79,732	\$ 197,127	\$ 254,594	\$ 254,427	\$ 270,270	\$ 290,043	\$ 313,796	\$ 255,912	\$ 375,680
Operating grants and contributions	859,906	1,269,171	959,993	909,607	1,740,316	1,088,881	1,083,915	1,160,809	1,975,135	1,046,906
Capital grants and contributions									195,683	251,944
Total governmental activities program revenues	\$ 1,013,772	\$ 1,348,903	\$ 1,157,120	\$ 1,164,201	\$ 1,994,743	\$ 1,359,151	\$ 1,373,958	\$ 1,474,605	\$ 2,426,730	\$ 1,674,530
Business-type activities:										
Charges for services	\$ 814,910	\$ 954,211	\$ 1,086,694	\$ 1,206,474	\$ 1,161,241	\$ 1,258,312	\$ 1,217,014	\$ 1,277,425	\$ 1,551,416	\$ 1,501,886
Operating grants and contributions	109,676	131,055	132,111	150,548	143,321	149,058	146,790	191,341	169,568	176,099
Total business-type activities program revenues	924,586	1,085,266	1,218,805	1,357,022	1,304,562	1,407,370	1,363,804	1,468,766	1,720,984	1,677,985
Total district program revenues	\$ 1,938,358	\$ 2,434,169	\$ 2,375,925	\$ 2,521,223	\$ 3,299,305	\$ 2,766,521	\$ 3,790,534	\$ 3,895,496	\$ 3,395,514	\$ 1,677,985
Net (Expense)/Revenue										
Governmental activities	\$ (50,281,326)	\$ (54,322,864)	\$ (58,135,278)	\$ (62,655,969)	\$ (64,013,889)	\$ (71,306,284)	\$ (72,209,670)	\$ (72,457,208)	\$ (71,556,089)	\$ (74,654,464)
Business-type activities	(26,414)	7,929	62,502	89,521	(862)	(24,664)	(75,178)	(77,079)	47,165	(192,930)
Total district-wide net expense	\$ (50,307,740)	\$ (54,314,935)	\$ (58,072,776)	\$ (62,566,448)	\$ (64,014,751)	\$ (71,330,948)	\$ (72,284,848)	\$ (72,534,287)	\$ (71,508,924)	\$ (74,847,394)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 41,567,831	\$ 45,818,068	\$ 49,013,930	\$ 53,071,724	\$ 55,061,914	\$ 57,921,491	\$ 59,554,967	\$ 61,332,166	\$ 62,360,557	\$ 63,295,965
Property taxes levied for debt service	4,121,442	3,940,038	3,825,965	4,390,108	4,766,504	4,289,009	4,814,862	3,940,662	4,266,500	4,788,911
Unrestricted grants and contributions	5,954,650	6,812,858	11,274,230	7,725,133	8,903,831	9,758,592	8,412,237	8,322,621	5,692,215	7,568,775
Investment earnings									13,583	13,583
Miscellaneous income	530,308	951,168	704,781	1,057,482	1,716,729	1,017,033	834,590	1,364,258	798,845	2,303,346
Transfers	(11,369)	(8,866)	(79,535)	(18,507)	(15,000)					(5,149)
Gain/(Loss) on revalue of fixed assets			658,494		(1,252,025)	(1,653,129)				
Total governmental activities	52,162,862	57,513,266	65,397,865	66,225,940	69,181,953	71,332,996	73,616,656	74,959,707	73,118,117	77,965,431
Business-type activities:										
Interest earnings	21,155	822	8,775	1,065	8,731	37,840	103,803	281,401		
Transfers	11,369	8,866	79,535	18,507	15,000					5,149
Total business-type activities	11,369	8,866	79,535	18,507	15,000	37,840	103,803	281,401	-	5,149
Total district-wide	\$ 52,174,231	\$ 57,522,132	\$ 65,477,400	\$ 66,244,447	\$ 69,196,953	\$ 71,370,836	\$ 73,720,459	\$ 75,241,108	\$ 73,118,117	\$ 77,970,580
Change in Net Assets										
Governmental activities	\$ 1,881,536	\$ 3,190,402	\$ 7,262,587	\$ 3,569,971	\$ 5,168,064	\$ 26,712	\$ 1,406,986	\$ 2,502,499	\$ 1,562,028	\$ 3,310,967
Business-type activities	(15,045)	16,795	142,037	108,028	14,138	13,176	28,625	204,322	47,165	(187,781)
Total district	\$ 1,866,491	\$ 3,207,197	\$ 7,404,624	\$ 3,677,999	\$ 5,182,202	\$ 39,888	\$ 1,435,611	\$ 2,706,821	\$ 1,609,193	\$ 3,123,186

Source: CAFR Schedule A-2 and District records.

* In 2011 and 2012 depreciation and unallocated benefits were allocated to various expense lines, when in past years the amounts remained unallocated.

Hopewell Valley Regional School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Unaudited

	Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 1,129,008	\$ 1,256,351	\$ 2,813,307	\$ 3,999,694	\$ 5,615,018	\$ 5,128,631	\$ 3,950,291	\$ 4,957,858		
Unreserved	1,337,046	1,796,622	1,127,608	1,800,772	1,496,910	1,670,516	1,160,423	1,119,135		
Restricted									\$ 2,920,640	\$ 3,270,750
Assigned									796,063	2,017,979
Unassigned									1,618,340	1,478,156
Total general fund	<u>\$ 2,466,054</u>	<u>\$ 3,052,973</u>	<u>\$ 3,940,915</u>	<u>\$ 5,800,466</u>	<u>\$ 7,111,928</u>	<u>\$ 6,799,147</u>	<u>\$ 5,110,714</u>	<u>\$ 6,076,993</u>	<u>\$ 5,335,043</u>	<u>\$ 6,766,885</u>
All Other Governmental Funds										
Reserved			\$ 859,080	\$ 8,089,570	\$ 1,042,700		\$ 10,000	\$ 13,000		
Reserved, reported in:										
Special revenue fund (deficit)	\$ (8,331)									
Capital projects fund	1,926,520	\$ 1,871,517	14,847,244	1,142,694	458,313	\$ 1,172,237	928,766	1,017,780		
Debt service fund	109,433	123,355	209,964	875,964	835,675	183,360	30,405	3,554		
Restricted for										
Capital Projects									\$ 1,811,952	\$ 1,003,774
Debt service									250,398	211,600
Committed for capital projects										
Assigned to debt service										
Unassigned (deficit)										
Total all other governmental funds	<u>\$ 2,027,622</u>	<u>\$ 1,994,872</u>	<u>\$ 15,916,288</u>	<u>\$ 10,108,228</u>	<u>\$ 2,336,688</u>	<u>\$ 1,355,597</u>	<u>\$ 969,171</u>	<u>\$ 1,034,334</u>	<u>\$ 2,062,350</u>	<u>\$ 1,215,374</u>

Source: CAFR Schedule B-1 and District records.

The change in the reserved fund balance is the result of capital project fund expenditures incurred for projects in which the funding was received in prior years through the issuance of bonds or SDA grants.

GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years. (See footnote 1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

Hopewell Valley Regional School District
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years

Unaudited

	Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax levy	\$ 45,689,273	\$ 49,758,106	\$ 52,839,895	\$ 57,461,832	\$ 59,828,418	\$ 62,210,500	\$ 64,369,829	\$ 65,272,828	\$ 66,627,057	\$ 68,084,876
Tuition charges	153,866	79,732	197,127	254,594	254,427	270,270	290,043	313,796	255,912	301,560
Miscellaneous	530,308	951,168	704,781	1,057,481	1,716,729	1,017,033	1,064,590	1,380,964	837,861	2,397,424
State sources	6,257,934	7,358,778	11,453,672	7,861,146	9,786,366	9,971,035	8,547,670	8,459,557	5,956,739	7,743,517
Federal sources	556,622	723,251	780,551	773,594	857,781	876,438	948,482	1,023,873	1,867,278	1,117,733
Total revenue	53,188,003	58,871,035	65,976,026	67,408,647	72,443,721	74,345,276	75,220,614	76,451,018	75,544,847	79,645,110
Expenditures										
Instruction										
Regular Instruction	19,729,871	21,486,274	22,386,473	22,976,296	23,792,960	25,615,848	26,098,757	25,732,584	25,742,391	24,360,440
Special Education Instruction	2,366,622	2,752,407	2,897,193	2,884,208	3,152,694	3,511,503	3,849,353	3,937,730	4,098,629	3,896,521
Other Special Instruction	600,837	604,485	573,312	596,872	615,585	577,360	642,476	865,459	1,176,851	1,255,196
Other Instruction	784,049	843,905	962,719	881,658	966,133	992,828	1,088,269	1,015,542	992,587	1,025,751
Tuition	1,598,796	2,388,698	2,893,504	3,479,423	3,273,947	2,948,865	3,315,547	3,051,668	2,363,433	3,996,670
Student Instruction Related Services	4,880,011	5,085,524	5,214,237	5,722,289	6,112,212	6,397,211	6,674,157	7,051,312	6,749,694	6,860,038
School Administration	2,098,386	2,243,688	2,287,311	2,119,679	2,102,846	2,176,308	2,154,697	2,276,639	2,307,087	2,156,209
General & Business Administration Services	1,452,668	1,682,413	1,798,563	1,804,667	2,187,344	2,389,404	2,269,402	1,829,313	1,817,961	2,121,536
Plant Operations & Maintenance	3,536,944	4,031,324	3,975,300	4,486,855	5,270,821	5,760,698	5,804,510	5,503,697	5,625,781	5,767,119
Pupil Transportation	3,072,904	3,362,111	3,642,648	3,751,984	3,803,673	3,723,208	3,857,662	3,621,103	3,574,367	3,683,525
Other Support Services	7,449,998	8,963,305	9,901,826	11,294,113	13,152,151	14,369,436	13,501,639	14,842,674	15,386,075	16,803,758
Special Schools	113,323	114,828	139,961	122,823	150,163	94,793	225,068	223,387	204,354	197,188
Capital outlay	3,857,420	962,295	2,641,331	7,040,961	9,632,972	2,018,657	3,808,648	500,199	1,054,224	1,491,616
Principal	2,124,795	1,635,000	1,710,000	1,795,000	2,546,000	2,665,000	2,780,000	2,895,000	3,170,000	3,160,000
Interest and other charges	2,411,462	2,305,038	2,225,398	2,503,045	2,416,546	2,303,929	2,190,615	2,073,269	1,614,285	1,714,197
Total expenditures	56,078,086	58,461,295	63,249,776	71,459,873	79,176,047	75,545,048	78,260,800	75,419,576	75,877,719	78,489,764
Excess (Deficiency) of revenues over (under) expenditures	(2,890,083)	409,740	2,726,250	(4,051,226)	(6,732,326)	(1,199,772)	(3,040,186)	1,031,442	(332,872)	1,155,346
Other financing sources (uses)										
Transfer to cover deficits:										
Food Services	(3,200)	(11,369)	(8,866)	(24,535)	(15,000)					
Drivers Education				(5,000)						
Performing Arts Center				(50,000)						(5,149)
Transfer to Charter School						(94,101)	(22,967)			
Payment to Escrow Agent										(6,171,175)
Proceeds from Borrowing	20,809,000			11,434,000						5,665,000
Premium on Bond Refunding										602,437
Capital Leases (non-budgeted)	425,223	1,081,168	153,296	728,642	287,250		988,294		293,808	
Transfers in	290,478	52,306	13,922	196,042	146,382	27,605	2,798	1,201,928	1,587,517	191,279
Transfers out	(290,478)	(52,306)	(13,922)	(196,042)	(146,382)	(27,605)	(2,798)	(1,201,928)	(1,587,517)	(191,279)
Total other financing sources (uses)	21,231,023	1,069,799	144,430	12,083,107	272,250	(94,101)	965,327	-	293,808	91,113
Net change in fund balances	\$ 18,340,940	\$ 1,479,539	\$ 2,870,680	\$ 8,031,881	\$ (6,460,076)	\$ (1,293,873)	\$ (2,074,859)	\$ 1,031,442	\$ (39,064)	\$ 1,246,459
Debt service as a percentage of noncapital expenditures	8.7%	6.9%	6.5%	6.7%	7.1%	6.8%	6.7%	6.6%	6.4%	6.3%

Source: CAFR Schedule B-2

Hopewell Valley Regional School District
 General Fund Other Local Revenues by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Tuition	Summer School Program Fees	Transportation Fees	Interest Earned	Other Refunds	Refunded Prior Year Expenditures	Refund of Health Insurance Premium	Rental Of Facilities	Health Insurance Cobra	Scholastic Fees and Parking	Misc.	Total
2003	\$ 153,866	\$ 43,210		\$ 29,627	\$ 3,560	\$ 62,026		\$ 35,487	\$ 86,744		\$ 117,586	\$ 532,106
2004	79,732	31,785						77,698	90,348		233,093	512,656
2005	197,127	16,425		94,790		85,810		62,294	88,693		32,479	577,618
2006	223,911	16,003		272,079		36,497		77,914	97,170		84,483	808,057
2007	254,427	19,433		503,547		64,061		28,446	93,302		24,310	987,526
2008	263,705	6,565	\$ 63,892	410,417		32,749		62,427	105,723	\$ 112,950	57,270	1,115,698
2009	270,693	19,350	61,571	98,147	55,429	284,873		106,332	93,726	115,000	216,695	1,321,816
2010	304,761	9,035	84,360	31,545				152,241	93,225	113,720	831,120	1,620,007
2011	255,912		80,373	23,377				152,142	121,556	162,025	245,138	1,040,523
2012	301,560		74,120	13,583	82,732	96,967	\$1,428,967	175,616	129,356	167,130	222,352	2,692,383

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													
2012	\$ 5,251,100	\$ 285,641,000	\$ 1,890,200	\$ 28,000	\$ 49,958,300	\$ 857,700	\$ 1,697,900	\$ 345,324,200	\$ 24,499,300	\$ 1,897,655	\$ 347,221,855	\$ 1.29	\$ 329,715,622
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
Borough of Pennington													
2012	\$ 2,020,300	\$ 434,578,600	-	-	\$ 49,894,800	\$ 6,633,300	\$ 818,400	\$ 493,945,400	\$ 86,852,200	\$ 2,481,413	\$ 496,426,813	\$ 1.38	\$ 492,619,487
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
Township of Hopewell													
2012	\$ 54,584,900	\$ 2,784,798,700	\$ 267,518,400	\$ 5,397,400	\$ 529,848,000	\$ 403,178,400	\$ 5,621,400	\$ 4,050,947,200	\$ 507,402,000	\$ 6,828,000	\$ 4,057,775,200	\$ 1.41	\$ 4,003,841,822
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

**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	FIRE LIBRARY DISTRICT	COUNTY OPEN SPACE	MUNICIPAL OPEN SPACE		
Borough of Hopewell									
2012	\$ 1.29	\$ 1.29	\$ 0.44	\$ 0.50	.032	\$ 0.05	\$ 0.02	\$ 0.01	\$ 2.31
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
Borough of Pennington									
2012	\$ 1.38	\$ 1.38	\$ 0.30	\$ 0.54	.033	\$ 0.03	\$ 0.02	\$ 0.01	\$ 2.28
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
Township of Hopewell									
2012	\$ 1.41	\$ 1.41	\$ 0.30	\$ 0.54	\$ 0.06	\$ 0.05	\$ 0.02	\$ 0.03	\$ 2.27
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

Source: Municipal Tax Collector

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

Taxpayer	2012			2003		
	TAXABLE ASSESSED VALUE	RANK (Optional)	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK [Optional]	% 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%	-		-
Witherspoon Partners-Hopewell, LLC	1,120,000		0.32%	-		-
Susan C. Molnar Real Estate, LLC	1,067,500		0.30%	-		-
Total	\$16,932,955		4.83%	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%			
Private Individual	10,806,100		0.26%			
Pennwell Holding LLC	10,123,400		0.24%			
Total	\$788,190,800		18.84%	\$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	
2012	\$68,084,876	\$68,084,876	100.00%	-
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%	-

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 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES				
2012	\$ 38,165,000	\$ 208,731	\$ 38,373,731	3.76%	\$ 1,764	
2011	41,419,000	286,781	42,265,401	4.08%	1,918	
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	

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		
2012	\$38,165,000	-	\$38,165,000	0.703%	\$1,736
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

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Hopewell	\$6,060,257	100.000%	\$6,060,257
Borough of Pennington	3,346,461	100.000%	3,346,461
Township of Hopewell	<u>60,496,426</u>	100.000%	60,496,426
Total	<u>\$69,903,144</u>		
County of Mercer - Regional Share (Total Debt \$317,659,066)			
Borough of Hopewell		0.980%	3,115,047
Borough of Pennington		1.143%	3,633,162
Township of Hopewell		10.141%	<u>32,234,379</u>
Subtotal, Overlapping Debt			108,885,732
Hopewell Valley Regional School District Direct Debt			<u>38,165,000</u>
Total Direct & Overlapping Debt			<u>\$147,050,732</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 Thousands)**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$196,499,481	\$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
Total Net Debt Applicable to Limit	38,165,000	41,419,000	31,324,000	47,859,000	50,639,000	53,304,000	55,850,000	57,249,000	47,525,000	49,160,000
Legal Debt Margin	\$158,334,481	\$162,222,887	\$175,322,828	\$158,220,201	\$149,375,638	\$131,183,661	\$111,579,562	\$92,880,608	\$83,367,789	\$61,769,144
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.42%	20.34%	15.16%	23.22%	25.32%	28.89%	33.36%	38.13%	36.31%	44.32%

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized Valuation Basis	
	2012	\$ 4,826,176,931
	2011	4,937,749,582
	2010	4,973,534,559
		<u>14,737,461,072</u>
Average Equalized Valuation of Taxable Property		<u>\$4,912,487,024</u>
Debt Limit (4 % of Average Equalization Value)		\$196,499,481
Net Bonded School Debt		<u>38,165,000</u>
Legal Debt Margin		<u>\$158,334,481</u>

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

**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			
2012	2,035	\$49,986	1.0%
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%
Borough of Pennington			
2012	2,696	\$63,990	2.6%
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%
Township of Hopewell			
2012	17,304	\$43,947	8.3%
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%

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

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

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction:										
Regular	339.50	346.40	331.06	342.97	373.61	299.60	371.74	394.54	403.74	388.67
Special Education	57.90	50.20	55.04	55.04	54.27	66.25	59.56	62.66	64.06	58.56
Other Instruction				0.40	0.40	0.40	0.40	0.40	0.40	0.40
Support Services:										
Student & Instruction Related Services	94.60	94.90	102.08	116.95	92.99	146.24	74.80	69.40	67.50	68.50
School Administrative Services	27.70	24.20	25.20	25.80	25.60	25.40	28.50	30.00	30.00	28.00
General & Business Administrative Services	12.40	12.00	13.78	16.03	17.23	14.43	14.00	14.00	14.00	14.00
Plant Operations & Maintenance	52.20	52.00	52.45	54.45	55.75	55.75	45.25	45.25	45.55	45.90
Pupil Transportation	51.70	52.00	52.36	53.00	50.50	45.32	32.76	34.76	32.46	26.10
Total	636.00	631.70	631.97	664.64	670.35	653.39	627.01	651.01	657.71	630.13

**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				
2012	3,798	\$ 72,123,951	\$18,990	4.14%	383	9.1:1	10.1:1	11.1:1	3,794	3,658	-1.76%	96.30%
2011	3,841	70,039,210	18,235	3.10%	387	10.1:1	10.1:1	11.1:1	3,862	3,700	-2.40%	96.00%
2010	3,955	69,951,108	17,687	1.72%	411	10.1:1	10.1:1	11.1:1	3,955	3,779	-1.02%	96.00%
2009	3,996	69,481,537	17,388	1.96%	398	9.1:1	10.1:1	11.1:1	3,996	3,822	-0.60%	96.30%
2008	4,025	68,557,462	17,054	-0.05%	427	10.1:1	10.1:1	11.1:1	4,020	3,864	0.49%	96.12%
2007	4,063	64,580,529	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%

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 TEN FISCAL YEARS**

DISTRICT BUILDINGS	2012	2011	2010	2009	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	439	475	541	576	529	529	519	498	496
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)	297	305	306	324	312	312	319	312	297
Hopewell Elementary (1926):									
Square Feet	97,048	97,048	97,048	97,048	97,048	97,048	97,048	97,048	97,048
Capacity (Students)	546	546	546	546	546	546	546	546	546
Enrollment	479	475	452	470	520	520	509	520	552
Stony Brook Elementary (2002):									
Square Feet	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400
Capacity (Students)	550	550	550	550	550	550	550	550	550
Enrollment	412	452	460	488	522	522	499	461	472
Middle School:									
Timberlane Middle School (1961):									
Square Feet	169,066	169,066	169,066	169,066	169,066	144,101	144,101	144,101	144,101
Capacity (Students)	997	997	997	997	997	997	997	997	997
Enrollment	952	961	964	960	951	951	960	945	922
High School:									
Central High School (1958):									
Square Feet	215,507	215,507	215,507	215,507	215,507	215,507	215,507	215,507	215,507
Capacity (Students)	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Enrollment	1,215	1,194	1,226	1,200	1,167	1,167	1,110	1,074	1,065
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, 2012:									
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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Bear Tavern	N/A	\$ 179,623	\$ 300,476	\$ 73,630	\$ 161,763	\$ 236,854	\$ 85,706	\$ 91,638	\$ 85,852	\$ 79,864	\$ 40,222
Toll Gate	N/A	142,431	117,584	379,750	184,323	122,724	64,984	69,510	56,187	75,939	43,715
Central High School	N/A	311,861	309,514	248,792	339,625	326,692	113,006	120,818	118,976	104,119	85,035
Stony Brook	N/A	127,291	137,528	73,424	150,694	136,201	57,885	61,912	51,125	33,855	34,471
Hopewell	N/A	160,686	150,490	206,951	203,496	133,085	95,258	101,885	68,175	58,179	55,892
Timberlane	N/A	637,001	580,134	524,345	285,890	353,404	105,123	112,251	95,443	79,383	91,636
Total School Facilities		\$ 1,558,893	\$ 1,595,726	\$ 1,506,892	\$ 1,325,791	\$ 1,308,960	\$ 521,962	\$ 558,014	\$ 475,758	\$ 431,339	\$ 350,971

Source: District records

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012**

	COVERAGE	DEDUCTIBLE
Property- School Alliance Insurance:		
Blanket Building & Contents	(a) \$159,980,875	\$ 500
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	500
Musical Instruments	134,066	500
Athletic Equipment	192,311	500
Mobile Equipment	9,000	500
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	2,000,000	-
Each Employee	2,000,000	-
Aggregate	2,000,000	-

Single Audit Section

Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards*

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

We have audited the 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, in the County of Mercer, State of New Jersey ("District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 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 previously.

We noted certain matters involving internal control over financial reporting that we have reported to management of the District in a separate *Auditors' Management Report on Administrative Findings* dated November 11, 2012.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters of noncompliance that we have reported to management of the District in a separate *Auditors' Management Report on Administrative Findings* dated November 11, 2012.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 11, 2012
Iselin, New Jersey

Independent Auditors' 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
Pennington, New Jersey
County of Mercer

Compliance

We have audited the Board of Education of the Hopewell Valley Regional School District, County of Mercer, State of New Jersey's ("District") compliance 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 State Aid/Grant Compliance Supplement*, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012. The District's major federal and state programs are identified in the summary of auditors' 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 District's management. Our responsibility is to express an opinion on the 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 Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Those standards, OMB Circular A-133 and New Jersey OMB 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 the 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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

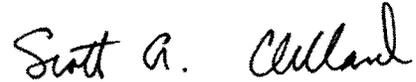
Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 on the 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey State Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

November 11, 2012
Iselin, New Jersey

Hopewell Valley Regional School District
Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2011	Carryover/Walkover Amount	Cash Received	Budgetary Expenditures	Repayment		Balance June 30, 2012		
								of Prior Years' Balances	Adjustments	Deferred Revenue	(Accounts Receivable)	Due to Grantor
U.S. Department of Education—Passed-Through State Department of Education												
General Fund:												
Education Jobs Fund	84.410	7/1/11-6/30/12	\$ 138,544			\$ 138,544	\$ (138,544)					
Total U.S. Department of Education and General Fund						138,544	(138,544)					
U.S. Department of Education—Passed-Through State Department of Education												
Special Revenue Fund:												
Title I, Part A	84.010A	9/1/11-8/31/12	81,132			37,452	(63,309)			\$	(25,857)	
Title I, Part A, Carryover	84.010A	9/1/10-8/31/11	79,160	\$ (26,300)		26,300						
Title II A	84.367	9/1/11-8/31/12	49,642			16,386	(34,654)				(18,268)	
Title II A, Carryover	84.367	9/1/10-8/31/12	56,907	(7,616)		8,591	(5,890)				(4,915)	
Title II A, Carryover	84.367	9/1/09-8/31/10	56,493	(7,447)		7,447						
Title II A, Carryover	84.367	9/1/08-8/31/09	53,956	(7,788)		7,788						
Title II D, Carryover	84.318	9/1/10-8/31/11	156	(144)		144						
Title II D, Carryover	84.318	9/1/09-8/31/10	599	(311)		311						
Perkins	84.048A	9/1/10-8/31/11	14,767	(14,767)		14,767						
I.D.E.A., Part B	84.027A	9/1/11-8/31/12				643,627	(841,475)				(197,848)	
I.D.E.A., Part B, Carryover	84.027A	9/1/10-8/31/12	822,859	(254,641)		257,590	(2,949)					
I.D.E.A., Part B, Carryover	84.027A	9/1/09-8/31/10	800,743	(1,407)				\$	1,407			
I.D.E.A. Preschool	84.173A	9/1/11-8/31/12	25,554				(25,554)				(25,554)	
ARRA - I.D.E.A., Part B	84.391	9/1/10-8/31/11	878,194	(29,287)		29,287						
ARRA - I.D.E.A. Preschool	84.392	9/1/10-8/31/11	31,784	(20,701)		20,701						
Title IV, Carryover	84.186A	9/1/10-8/31/11	5,936	(1,023)		1,023						
U.S. Department of Education—Passed-Through State Department of Transportation												
Safe Routes to School	20.205	12/7/07-12/7/09	14,000	(2,144)						2,144		
Total Special Revenue Fund				(373,576)	-	1,071,414	(973,831)		3,551		(272,442)	
U.S. Department of Agriculture—Passed-Through State Department of Education												
Enterprise Fund:												
Food Donation Program (NC)	10.555	7/1/11-6/30/12	77,548			77,548	(62,672)			\$	14,876	
National School Lunch Program	10.555	7/1/11-6/30/12	102,502			96,992	(102,502)				(5,510)	
National School Lunch Program	10.555	7/1/10-6/30/11	106,085	(7,636)		7,636						
Total Enterprise Fund and Total U.S. Department of Agriculture—Passed-Through State Department of Education				(7,636)		182,176	(165,174)			14,876	(5,510)	
Total Federal Awards				\$ (381,212)	\$ -	\$ 1,392,134	\$ (1,277,549)	\$ -	\$ 3,551	\$ 14,876	\$ (277,952)	\$ -
NC-non cash expenditures												

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Hopewell Valley Regional School District
Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2011 (as restated)		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2012			Memo	
				Def'd Rev. (Accts Rec)	Due to Grantor						Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/11-6/30/12	\$ 1,998,557				\$ 1,900,062	\$ (1,998,557)						\$ (98,495)	\$ (1,998,557)
Extraordinary Aid	495-034-5120-044	7/1/11-6/30/12	193,491					(193,491)				\$ (193,491)			(193,491)
Extraordinary Aid	495-034-5120-044	7/1/10-6/30/11	319,316	\$ (319,316)			319,316								
Other state aid		7/1/11-6/30/12	1,242				1,242	(1,242)							(1,242)
Additional Non-Public Transportation Aid	495-034-5120-014	7/1/11-6/30/12	46,535					(46,535)				(46,535)			(46,535)
Additional Non-Public Transportation Aid	495-034-5120-014	7/1/10-6/30/11	35,705	(35,705)			35,705								
TPAF Wage Freeze Grant	495-034-5095-002	7/1/10-6/30/11	67	(67)			67								
Reimbursed TPAF - Social Security	495-034-5095-002	7/1/11-6/30/12	2,310,403				2,198,459	(2,310,403)				(111,944)			(2,310,403)
Reimbursed TPAF - Social Security	495-034-5095-002	7/1/10-6/30/11	2,326,881	(113,254)			113,254								
Total General Fund				(468,342)			4,568,105	(4,550,228)				(351,970)		(98,495)	(4,550,228)
Special Revenue Fund:															
New Jersey Non-Public Aid:															
Textbook Aid	100-034-5120-064	7/1/11-6/30/12	20,139				20,139	(20,139)							(20,139)
Non Public Nursing Services	100-034-5120-070	7/1/11-6/30/12	28,766				28,766	(28,766)							(28,766)
Non Public Nursing Services	100-034-5120-070	7/1/10-6/30/11	29,163		\$ 674				\$ (674)						
Non Public Auxiliary Services (Ch. 192):															
Home Instruction	100-034-5120-067	7/1/10-6/30/12	142					(142)				(142)			(142)
Transportation		7/1/11-6/30/12	1,422				1,422	(1,422)							(1,422)
Non Public Handicapped Services (Ch. 193):															
Supplemental Instruction	100-034-5120-066	7/1/11-6/30/12	1,403				1,403							1,403	
Examination and Classification		7/1/11-6/30/12	17,863				17,863	(6,923)					10,940		(6,923)
Examination and Classification		7/1/10-6/30/11	14,502		2,698				(2,698)						
Corrective Speech		7/1/11-6/30/12	3,950				3,950	(3,950)							(3,950)
Total Special Revenue Fund					3,372		73,543	(61,342)	(3,372)			(142)	12,343		(61,342)
New Jersey School Development Authority															
Capital Projects Fund:															
Hopewell ES	2280-055-04-00XO-00	7/1/04-6/30/05	106,225	(47,681)								(47,681)			(47,681)
Central HS	2280-030-04-00XN-00	7/1/04-6/30/05	259,154	(17,658)								(17,658)			(17,658)
Toll Gate/Grammar ES	2280-040-04-00XP-00	7/1/04-6/30/05	302,331	(195,799)								(195,799)			(195,799)
Bear Tavern ES	2280-035-04-00XO-00	7/1/04-6/30/05	405,320	(79,037)			79,037							(79,037)	
Timberlane MS	2280-075-04-00XR-00	7/1/04-6/30/05	2,987,966	(582,653)			582,653							(582,653)	
Central HS	2280-030-01-0193-00	7/1/01-6/30/02	3,934,631	(177,058)								(177,058)			(177,058)
2010/2011 ROD Grants	Various	Indefinite	586,700	(197,924)			55,943	(251,944)				(393,925)			(449,868)
Total Capital Projects Fund				(1,297,810)			717,633	(251,944)				(832,121)			(1,549,754)
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3360-023	7/1/11-6/30/12	10,925				10,334	(10,925)				(591)			(10,925)
State School Lunch Program (State share)	100-010-3360-023	7/1/10-6/30/11	11,721	(936)			936								
Total Enterprise Fund				(936)			11,270	(10,925)				(591)			(10,925)
Total State Financial Assistance				\$ (1,767,088)	\$ 3,372	\$ -	\$ 5,370,551	\$ (4,874,439)	\$ (3,372)	\$ -	\$ -	\$ (1,184,824)	\$ 12,343	\$ (98,495)	\$ (4,622,495)

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Hopewell Valley Regional School District

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2012

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal award and state financial assistance programs of the District. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state 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 bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison schedules and statements (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 two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.

Hopewell Valley Regional School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2012

3. Relationship to Basic Financial Statements (continued)

For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments 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 two state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$98,495 for the general fund and \$6,762 for the special revenue fund. See Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to GAAP of accounting for the general and special revenue funds. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 138,544	\$ 7,430,231	\$ 7,568,775
Special Revenue Fund	979,189	61,342	1,040,531
Capital Projects Fund		251,944	251,944
Food Service Enterprise Fund	165,174	10,925	176,099
Total financial award revenues	<u>\$ 1,282,907</u>	<u>\$ 7,754,442</u>	<u>\$ 9,037,349</u>

4. Relationship to Federal and State Financial Reports

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

Hopewell Valley Regional School District

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2012

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. 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, 2012.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2012 amounted to \$2,978,498. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB's Circular 04-04 and are not reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Adjustments

The adjustments presented on exhibit K-3 represent the cancellation of prior year account receivable balances.

Hopewell Valley Regional School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> ✓ </u> No	

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>		
Auditee qualified as low-risk auditee?	<u> ✓ </u> Yes	<u> </u> No	
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None Reported	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	<u> </u> Yes	<u> ✓ </u> No	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027A	IDEA, Part B
84.173A	IDEA, Preschool

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2012

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

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ✓ Yes No

Type of auditors' report on compliance for major programs: Unqualified

Internal control over major programs:

Material weakness(es) identified? Yes ✓ No

Significant deficiency (ies) identified? Yes ✓ None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04? Yes ✓ No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5095-002	Reimbursed TPAF Social Security Contributions

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2012

Part II - Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2012

**Part III - Schedule of Federal Award and State Financial Assistance
Findings and Questioned Costs**

No compliance or internal control findings noted that are required to be reported in accordance with OMB Circular A-133 and New Jersey State OMB Circular 04-04.

Hopewell Valley Regional School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2012

None.