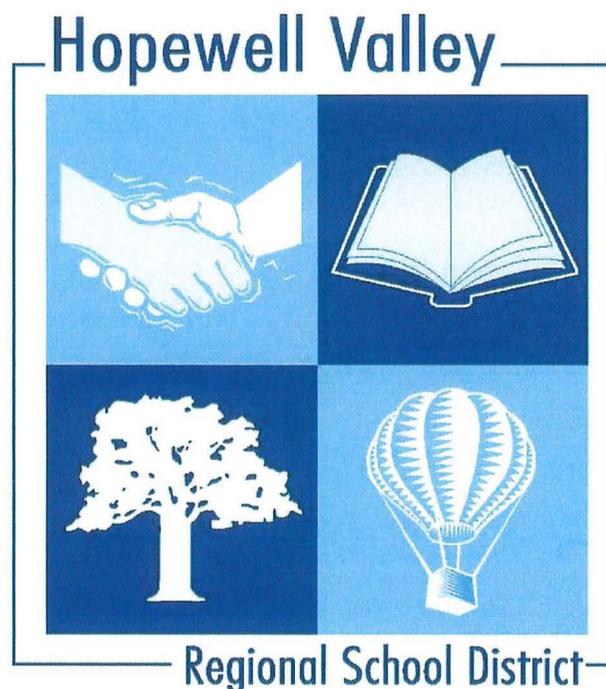


Hopewell Valley

Regional School District

Hopewell Valley Regional Board of Education
Pennington, New Jersey 08534

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013



Hopewell Valley Regional School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

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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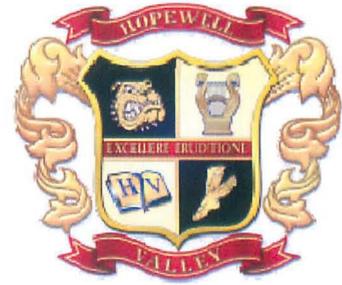
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Introductory Section

Hopewell Valley Regional School District

Administrative Offices
425 South Main Street
Pennington, NJ 08534
www.hvrsd.org



November 14, 2013

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, 2013, 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, 2013, 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, independent auditors and advisors and the certificate of excellence in financial reporting. 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 2012-13 fiscal year with an average daily enrollment of 3,727 students, which is 67 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
2012-13	3,727	(1.77)%
2011-12	3,794	(1.76)
2010-11	3,862	(2.40)
2009-10	3,955	(1.02)
2008-09	3,996	(0.60)

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. Average daily enrollment for the 2012-2013 year was 3,727, a slight decline from 2011-2012. The economy in the Hopewell Valley communities is reflective of the national economy and remains sluggish with a 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

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 program. 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 2012-13. A few such projects are roof

replacements, HVAC and lighting upgrades, safety and security enhancements, and ADA accessibility. Additional projects are planned for 2013-14 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 district was also able to enhance its grounds with the installation of a new lighted multi-sport synthetic turf field and new state of the art baseball field with support from donations of local municipal and civic groups. The list of projects completed were approved by the Department of Education as well as included in the District's Long Range Facility Plan.

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 has been implemented as the evaluation tool for teachers and the Stronge model is being used for administrators. The district has kept abreast of all new regulations related to the new laws regarding evaluation and acquisition of tenure.

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 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 2012, CHS students achieved an average SAT Reasoning test score of 551 in Critical Reading, 571 in Mathematics and 554 in Writing. All of these scores were significantly higher than state and national averages. What's more, 86 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 366 tests taken last year, more than 94 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 1 CHS student as a winner, 2 as finalists and another 16 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 reservations 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.

Awards: The District had applied to the Association of School Business Officials (ASBO) International for the "Certificate of Excellence in Financial Reporting" for its comprehensive annual financial report for the fiscal year ended June 30, 2012, and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report and satisfied both generally accepted accounting principles and applicable legal requirements.

We believe that our current comprehensive annual financial report continues to meet the Program's rigorous requirements, and we are submitting it to ASBO to determine its eligibility for the fiscal year 2012-13 award.

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,



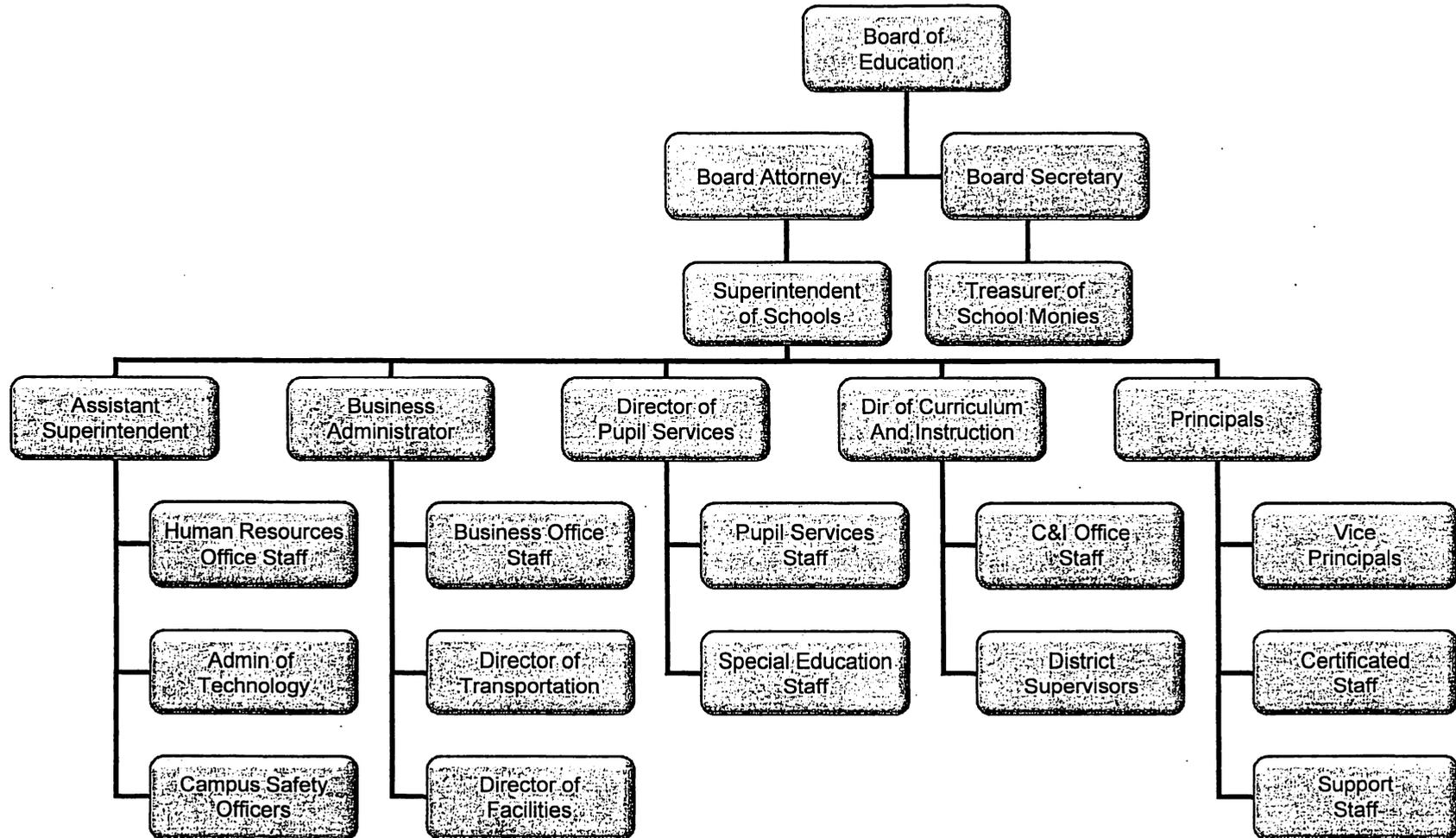
Dr. Thomas A. Smith
Superintendent



Robert Colavita
Business Administrator/Board Secretary

Hopewell Valley Regional School District Organizational Chart

June 30, 2013



Hopewell Valley Regional School District
Pennington, New Jersey

Roster of Officials

June 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
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

Hopewell Valley Community Bank
4 Route 31 South
Pennington, NJ 08534

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Hopewell Valley Regional School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in cursive script, reading 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in cursive script, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hopewell Valley Regional School District, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

WISS & COMPANY, LLP • 485C Route 1 South, Suite 250, Iselin, NJ 08830 • Phone: 732.283.9300 • Fax: 732.283.3436

for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to 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, 2013, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information as identified 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.

Supplementary and Other Information

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's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the 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.

The supplementary information identified previously is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified previously 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013 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* in considering the District's internal control over financial reporting and compliance.


Michael J. Andriola
Licensed Public School Accountant
No. 2429


WISS & COMPANY, LLP

November 14, 2013
Iselin, New Jersey

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Required Supplementary Information
Part I

Management's Discussion and Analysis

Hopewell Valley Regional School District Management's Discussion and Analysis

Year ended June 30, 2013
(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, 2013. 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 and other 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 position presents information on all of the assets, deferred outflows, deferred inflows and liabilities of the District, with the difference reported as net position. Over time, increases or decreases in net position 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 position of the District changed during the most recent fiscal year. All changes in net position 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 23-24 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, special revenue fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25-27 of this report.

Proprietary funds. The District maintains one proprietary fund type as enterprise funds. 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, driver education, and kindergarten extension programs.

The basic enterprise fund financial statements can be found on pages 28-30 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 31-32 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 33-56 of this report.

Other information. The individual and 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 57-82 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$30,735,224 (net position) at the close of 2013 and our overall financial position has improved in the current year. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2013 and 2012:

**Hopewell Valley Regional School District
Pennington, New Jersey**

**Net Position
June 30,**

	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 8,084,771	\$ 475,171	\$ 8,559,942	\$ 9,287,443	\$ 613,583	\$ 9,901,026
Capital assets, net	61,312,514	217,906	61,530,420	60,146,869	249,788	60,396,657
Total assets	69,397,285	693,077	70,090,362	69,434,312	863,371	70,297,683
Current liabilities	5,447,530	262,621	5,710,151	5,054,613	229,260	5,283,873
Long-term liabilities outstanding	33,644,987		33,644,987	36,968,815		36,968,815
Total liabilities	39,092,517	262,621	39,355,138	42,023,428	229,260	42,252,688
Net position:						
Net investment in capital assets	26,145,876	217,906	26,363,782	21,552,025	249,788	21,801,813
Restricted	2,571,167		2,571,167	4,486,124	6,000	4,492,124
Unrestricted	1,587,725	212,550	1,800,275	1,372,735	378,323	1,751,058
Total net position	\$ 30,304,768	\$ 430,456	\$ 30,735,224	\$ 27,410,884	\$ 634,111	\$ 28,044,995

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

Unrestricted net position in the governmental funds increased due to various reductions in the cost of operations, while unrestricted net position decreased in the business-type activities due to the current year loss in operations experienced in the food service enterprise fund. Current and other assets decreased by \$1,341,084 during the year ended June 30, 2013 primarily due to the District purchasing capital assets in both the governmental and business-type funds.

Long-term liabilities decreased due to the current year payment of principal related to the District's serial bonds.

Capital assets, net increased from the prior year due to new projects being funded through the District's capital and maintenance reserves, partially offset by current year depreciation expense.

Government-wide activities. The key elements of the District's change in net position for the years ended June 30, 2013 and 2012 are as follows:

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

Year ended June 30,

	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 406,890	\$ 1,537,045	\$ 1,943,935	\$ 375,680	\$ 1,501,886	\$ 1,877,566
Operating grants and contributions	1,119,982	150,312	1,270,294	1,046,906	176,099	1,223,005
Capital grants and contributions	31,935		31,935	251,944		251,944
General revenues:						
Property taxes	68,993,917		68,993,917	68,084,876		68,084,876
Governmental units other than LEAs	500,000		500,000	-		-
Federal and state aid not restricted to specific purposes	9,677,242		9,677,242	7,568,775		7,568,775
Miscellaneous	901,211		901,211	2,316,929		2,316,929
Total revenues	81,631,177	1,687,357	83,318,534	79,645,110	1,677,985	81,323,095
Expenses:						
Instructional services	46,892,289		46,892,289	44,525,783		44,525,783
Support services	30,051,386	1,988,676	32,040,062	29,974,409	1,870,915	31,845,324
Special schools	267,396		267,396	275,885		275,885
Interest on long-term debt	1,428,558		1,428,558	1,552,917		1,552,917
Total expenses	78,639,629	1,988,676	80,628,305	76,328,994	1,870,915	78,199,909
Increase (decrease) in net position before transfers	2,991,548	(301,319)	2,690,229	3,316,116	(192,930)	3,123,186
Transfers	(97,664)	97,664	-	(5,149)	5,149	-
Change in net position	2,893,884	(203,655)	2,690,229	3,310,967	(187,781)	3,123,186
Net position-beginning of year	27,410,884	634,111	28,044,995	24,099,917	821,892	24,921,809
Net position – end of year	\$ 30,304,768	\$ 430,456	\$ 30,735,224	\$ 27,410,884	\$ 634,111	\$ 28,044,995

The change in governmental operating grants and contributions is a result of increased expenditures of both federal and state funds than in the prior year.

Capital grants and contributions decreased due to the District utilizing the majority of its SDA funds in the prior year. The same level of funding was not made available in the current year.

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

Hopewell Township made a \$500,000 contribution towards the construction of a baseball field, which is recorded as revenues from governmental units other than LEAs.

Federal and state aid not restricted to specific purposes increased due to the increase in state aid during the 2013 fiscal year, mainly from the state payment of TPAF pension contributions made on-behalf of the District.

Miscellaneous revenue decreased due to the lack of one-time revenue sources which were realized in the prior year.

Governmental instructional services increased due to the increased cost associated with providing a comprehensive education. Governmental support services expenses increased mainly due to the increase in the cost for student transportation services.

Business-type activities revenues and expenses remained relatively comparable to the prior year.

Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,683,208, while total fund balance was \$5,528,679. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.2% of the total general fund expenditures while total fund balance represents 7.2% of that same amount.

The fund balance of the District's general fund decreased by \$1,238,206 during the current fiscal year. Key factors in this decrease are as follows:

- Capital outlay expenditures increased by \$2,468,802 as a result of an increase in the number of capital projects ongoing.
- Miscellaneous revenue decreased by \$1,430,568 which can be attributed to the absence of a rate stabilization credit received in the prior year.
- Federal source revenue decreased \$138,544 due to the completion of the Education Jobs Act program.
- State source revenue increased by \$2,247,011 due to the award of Security Aid and Transportation Aid during the current fiscal year which was not awarded in the prior year, as well as an increase in on-behalf TPAF pension contributions paid by the State.

The debt service fund has a total fund balance of \$12,333, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$199,267. The District received \$4,558,625 in Debt Service Aid and paid \$3,315,000 and \$1,443,267 in principal and interest, respectively.

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, 2013, and the increases and decreases in relation to prior year.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2012	Percent of Increase (Decrease)
Local sources	\$ 70,808,148	86.8%	\$ 24,288	0.0%
State sources	9,749,853	11.9	2,258,280	30.1
Federal sources	1,046,579	1.3	(71,154)	(6.4)
Total	\$ 81,604,580	100.0%	\$ 2,211,414	2.8%

The increase in state sources is mainly attributable to an increase in general state aid during the 2013 fiscal year, as well as an increase in on-behalf TPAF pension contributions paid by the State.

The decrease in federal sources is mainly attributable to the majority of the awarded ARRA and Educational Jobs 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, 2013, and the increases and decreases related to prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2012	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 33,030,920	39.9%	\$ 1,522,445	4.8%
Undistributed	41,471,377	50.1	1,053,089	2.6
Capital outlay	3,325,948	4.0	2,474,140	290.4
Special schools	188,702	0.2	(8,486)	(4.3)
Debt service:				
Principal	3,315,000	4.0	155,000	4.9
Interest	1,443,267	1.8	(186,399)	(11.4)
Cost of issuance	-	-	(84,531)	(100.0)
Total	\$ 82,775,214	100.0%	\$ 4,925,258	6.3%

The increase in instruction is attributable mainly to the increase in salaries and the increase in the cost to provide a comprehensive education.

The increase in undistributed is attributable mainly to the increased cost of student transportation services.

The increase in capital outlay is due to a significant increase in construction services.

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.

Tuition revenues exceeded anticipated revenues by \$127,714 as a result of an increase in student enrollment. State sources exceeded anticipated revenues by \$7,247,487 as a result of the District not anticipating revenues related to Extraordinary Aid, State on-behalf TPAF pension contributions, State reimbursed TPAF social security contributions and other state aids.

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

- Instruction – regular programs – an increase of \$664,323 occurred in the budget mainly due to increases in salaries grades 1 - 5 and other salaries for instruction.
- Undistributed expenditures – Unallocated benefits – employee benefits – health benefits - a decrease of \$1,169,393 was due to a decrease in the District's share of the cost to provide employee health benefits.
- Facilities acquisition and construction services – construction services - an increase of \$2,742,154 occurred in the budget due to an increase to construction services.

The District also experienced significant variations between the final amended budget and the actual expenditures for various reasons including:

- Instruction – regular programs – a remaining balance of \$381,658. Fiscal restraint with respect to purchased professional-educational services, other purchased services, general supplies and textbooks resulted in a favorable balance.
- Undistributed expenditures – custodial services – a remaining balance of \$661,414. Moderate temperatures and energy prices resulted in this favorable variance.
- Undistributed expenditures – unallocated benefits - employee benefits – a remaining balance of \$344,577. Moderate health premium increases combined with a decline in PERS retirement contributions fueled this balance.

Capital Assets

At the end of the fiscal years ended June 30, 2013 and 2012, the school district had \$61,530,420 and \$60,396,657, respectively, 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	
	2013	2012	2013	2012
Land	\$ 2,546,691	\$ 2,546,691		
Construction in progress	5,117,448	1,853,782		
Land improvements	746,449	804,778		
Building and building improvements	51,451,254	52,888,333		
Machinery and equipment	1,450,672	2,053,285	\$ 217,906	\$ 249,788
Total	<u>\$ 61,312,514</u>	<u>\$ 60,146,869</u>	<u>\$ 217,906</u>	<u>\$ 249,788</u>

The increase in capital assets is due to an increase in current year expenditures related to construction in progress. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration

At June 30, 2013, the District had \$37,241,894 of outstanding long-term liabilities. Of this amount, \$2,075,256 is for compensated absences; \$150,578 for various capital leases; \$34,850,000 of serial bonds; \$1,437,690 is for the unamortized premium on bonds; and (\$1,271,630) 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 1.3%.
- State aid was increased in 2012-2013 by \$2,209,374. Categorical special education aid increased by approximately 4.8% and the District is also received categorical security and categorical transportation aid in the 2013 year, which it did not receive in the prior year. On-behalf TPAF pension contributions increased by \$1,454,488 or 48.8% from the prior year.

All of the above factors were considered in preparing the District's 2013-14 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.

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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, 2013.

Hopewell Valley Regional School District

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 4,920,118	\$ 499,299	\$ 5,419,417
Accounts receivable	1,168,942	31,514	1,200,456
Internal balances	100,000	(100,000)	-
Inventories		44,358	44,358
Deferred charges	285,740		285,740
Restricted assets:			
Cash and cash equivalents	1,609,971		1,609,971
Capital assets, non-depreciable	7,664,139		7,664,139
Capital assets, depreciable, net	53,648,375	217,906	53,866,281
Total assets	<u>69,397,285</u>	<u>693,077</u>	<u>70,090,362</u>
Liabilities			
Accounts payable	1,256,814	129,365	1,386,179
Accrued interest payable	541,467		541,467
Intergovernmental payables:			
State	10,165		10,165
Unearned revenue	42,177	133,256	175,433
Current portion of long-term obligations	3,596,907		3,596,907
Noncurrent portion of long-term obligations	33,644,987		33,644,987
Total liabilities	<u>39,092,517</u>	<u>262,621</u>	<u>39,355,138</u>
Net position			
Net investment in capital assets	26,145,876	217,906	26,363,782
Restricted for:			
Capital projects	948,863		948,863
Debt service	12,333		12,333
Other purposes	1,609,971		1,609,971
Unrestricted	1,587,725	212,550	1,800,275
Total net position	<u>\$ 30,304,768</u>	<u>\$ 430,456</u>	<u>\$ 30,735,224</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 46,892,289	\$ 289,469	\$ 1,014,737		\$ (45,588,083)		\$ (45,588,083)
Support services:							
Instruction	2,860,047				(2,860,047)		(2,860,047)
Attendance/social work	7,980				(7,980)		(7,980)
Health services	927,556				(927,556)		(927,556)
Other support services	6,256,802		105,245		(6,151,557)		(6,151,557)
Improvement of instruction	1,980,528				(1,980,528)		(1,980,528)
School library	722,540				(722,540)		(722,540)
General administration	948,405				(948,405)		(948,405)
School administration	3,044,680				(3,044,680)		(3,044,680)
Central services	1,353,540				(1,353,540)		(1,353,540)
Admin info technology	276,417				(276,417)		(276,417)
Required maintenance of plant services	1,888,129			\$ 31,935	(1,856,194)		(1,856,194)
Operation of plant	4,694,629				(4,694,629)		(4,694,629)
Care & upkeep of grounds	396,417				(396,417)		(396,417)
Security	250,405				(250,405)		(250,405)
Student transportation	4,443,311	117,421			(4,325,890)		(4,325,890)
Special Schools	267,396				(267,396)		(267,396)
Interest on long-term debt	1,428,558				(1,428,558)		(1,428,558)
Total governmental activities	78,639,629	406,890	1,119,982	31,935	(77,080,822)		(77,080,822)
Business-type activities							
Enterprise Funds	1,988,676	1,537,045	150,312			\$ (301,319)	(301,319)
Total business-type activities	1,988,676	1,537,045	112,358			(301,319)	(301,319)
Total primary government	\$ 80,628,305	\$ 1,943,935	\$ 1,232,340	\$ 31,935	(77,080,822)	(301,319)	(77,382,141)
General revenues:							
Property taxes, levied for general purposes					64,435,292		64,435,292
Property taxes, levied for debt service					4,558,625		4,558,625
Governmental units other than LEAs					500,000		500,000
Federal and state sources					9,677,242		9,677,242
Investment earnings					28,284		28,284
Miscellaneous income					872,927		872,927
Transfers					(97,664)	97,664	-
Total general revenues and transfers					79,974,706	97,664	80,072,370
Change in net position					2,893,884	(203,655)	2,690,229
Net position—beginning					27,410,884	634,111	28,044,995
Net position—ending					\$ 30,304,768	\$ 430,456	\$ 30,735,224

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, 2013

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 4,346,353		\$ 561,432	\$ 12,333	\$ 4,920,118
Accounts receivable:					
State	563,404		411,904		975,308
Federal		\$ 188,746			188,746
Interfund	192,681				192,681
Other		4,888			4,888
Restricted cash and cash equivalents	1,609,971				1,609,971
Total assets	\$ 6,712,409	\$ 193,634	\$ 973,336	\$ 12,333	\$ 7,891,712
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 1,183,730	\$ 48,611	\$ 24,473		\$ 1,256,814
Intergovernmental payables:					
State		10,165			10,165
Interfunds payable		92,681			92,681
Unearned revenue		42,177			42,177
Total liabilities	1,183,730	193,634	24,473		1,401,837
Fund balances:					
Restricted for:					
Capital reserve	1,521,483				1,521,483
Maintenance reserve	88,488				88,488
Capital projects			948,863		948,863
Debt service				\$ 12,333	12,333
Assigned to:					
Designated for subsequent year expenditures	1,712,461				1,712,461
Other purposes	523,039				523,039
Unassigned	1,683,208				1,683,208
Total fund balances	5,528,679	-	948,863	12,333	6,489,875
Total liabilities and fund balances	\$ 6,712,409	\$ 193,634	\$ 973,336	\$ 12,333	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$90,653,515 and the accumulated depreciation is \$29,341,001.	61,312,514
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.	(541,467)
Unamortized portion of debt issuance costs not reported as an asset in the funds.	285,740
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.	(37,241,894)
Net position of governmental activities	\$ 30,304,768

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, 2013

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 64,435,292			\$ 4,558,625	\$ 68,993,917
Governmental units other than LEAs	500,000				500,000
Tuition	289,469				289,469
Interest on investments	28,284				28,284
Transportation	117,421				117,421
Miscellaneous	872,552	\$ 6,130		375	879,057
Total local sources	66,243,018	6,130		4,559,000	70,808,148
State sources	9,677,242	72,611	\$ 26,597		9,776,450
Federal sources		1,046,579			1,046,579
Total revenues	75,920,260	1,125,320	26,597	4,559,000	81,631,177
Expenditures:					
Current:					
Instruction	32,016,183	1,014,737			33,030,920
Undistributed-current:					
Instruction	2,751,131				2,751,131
Attendance/social work	5,470				5,470
Health services	638,588				638,588
Support services	4,376,106	105,245			4,481,351
Improvement of instruction	1,372,592				1,372,592
School library	520,386				520,386
General administration	813,177				813,177
School administration	2,104,952				2,104,952
Central services	977,414				977,414
Administration information technology	194,857				194,857
Required maintenance of plant services	1,552,099				1,552,099
Operation of plant-custodial services	3,783,378				3,783,378
Care & upkeep of grounds	317,066				317,066
Security	171,641				171,641
Student transportation	3,778,793				3,778,793
Employee benefits	11,230,039				11,230,039
On-behalf pension contributions	4,432,986				4,432,986
On-behalf TPAF social security contributions	2,345,457				2,345,457
Special Schools	188,702				188,702
Capital outlay	3,320,610	5,338	250,683		3,576,631
Debt Service:					
Principal				3,315,000	3,315,000
Interest				1,443,267	1,443,267
Total expenditures	76,891,627	1,125,320	250,683	4,758,267	83,025,897
(Deficiency) excess of revenues (under) over expenditures	(971,367)		(224,086)	(199,267)	(1,394,720)
Other financing sources (uses):					
Transfers in			169,175		169,175
Transfers out	(266,839)				(266,839)
Total other financing sources (uses)	(266,839)		169,175	-	(97,664)
Net change in fund balances	(1,238,206)		(54,911)	(199,267)	(1,492,384)
Fund balances, July 1	6,766,885		1,003,774	211,600	7,982,259
Fund balances, June 30	\$ 5,528,679	\$ -	\$ 948,863	\$ 12,333	\$ 6,489,875

The reconciliation of the fund balances of governmental funds to the net position 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, 2013

Total net change in fund balances - governmental funds (from B-2) \$ (1,492,384)

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 capital additions exceeded depreciation in the period.

Capital additions	\$ 3,409,688	
Depreciation expense	<u>(2,098,234)</u>	1,311,454

Loss on disposal of assets (145,809)

Repayments of bond principal and capital lease obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Serial Bonds Payable	3,315,000	
Obligations Under Capital Leases	<u>58,153</u>	3,373,153

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.

Amortization of Premium on Bonds	295,580	
Amortization of Deferred Interest Costs	(240,527)	
Amortization of Deferred Issuance Costs	<u>(60,204)</u>	(5,151)

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. 19,859

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). (167,238)

Change in net position of governmental activities (A-2) \$ 2,893,884

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

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Enterprise Funds

Hopewell Valley Regional School District
Proprietary Funds

Combining Statements of Net Position

June 30, 2013

	Major Funds			
	Business Type Activities - Enterprise Funds			Totals
	Food Service	Driver Education	Kindergarten Extension	
Assets				
Current assets:				
Cash and cash equivalents	\$ 219,764	\$ 62,052	\$ 217,483	\$ 499,299
Accounts receivable:				
State	1,909			1,909
Federal	17,200			17,200
Other	12,005		400	12,405
Inventories	44,358			44,358
Total current assets	<u>295,236</u>	<u>62,052</u>	<u>217,883</u>	<u>575,171</u>
Non-current assets:				
Capital assets:				
Equipment	605,023			605,023
Accumulated depreciation	<u>(387,117)</u>			<u>(387,117)</u>
Total capital assets, net	<u>217,906</u>			<u>217,906</u>
Total assets	<u>513,142</u>	<u>62,052</u>	<u>217,883</u>	<u>793,077</u>
Liabilities				
Current liabilities:				
Accounts payable	122,380	1,073	5,912	129,365
Interfund payable	100,000			100,000
Unearned revenue	72,856		60,400	133,256
Total current liabilities	<u>295,236</u>	<u>1,073</u>	<u>66,312</u>	<u>362,621</u>
Net position				
Net investment in capital assets	217,906			217,906
Unrestricted		60,979	151,571	212,550
Total net position	<u>\$ 217,906</u>	<u>\$ 60,979</u>	<u>\$ 151,571</u>	<u>\$ 430,456</u>

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 Position

Year ended June 30, 2013

	Major Funds			
	Business Type Activities - Enterprise Funds			
	Food Service	Driver Education	Kindergarten Extension	Totals
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 1,133,606			\$ 1,133,606
Tuition			\$ 381,369	381,369
Fees		\$ 22,070		22,070
Total operating revenues	1,133,606	22,070	381,369	1,537,045
Operating expenses:				
Salaries	510,397	12,887	173,124	696,408
Employee benefits	150,017	986	27,094	178,097
Supplies and materials	104,807		1,043	105,850
Utilities			201,948	201,948
Depreciation	39,898			39,898
Insurance	38,454			38,454
Cost of sales	536,536			536,536
Management and administrative fees	137,900	37		137,937
Other	15,594			15,594
Total operating expenses	1,533,603	13,910	403,209	1,950,722
Operating (loss) income	(399,997)	8,160	(21,840)	(413,677)
Nonoperating revenues (expenses):				
State sources:				
State school lunch program	7,443			7,443
Federal sources:				
National school lunch program	71,554			71,554
PB lunch - HHFKA	9,426			9,426
Food donation program	61,889			61,889
Loss on disposal of capital assets	(37,954)			(37,954)
Total nonoperating revenues (expenses)	112,358	-	-	112,358
(Loss) income before transfers	(287,639)	8,160	(21,840)	(301,319)
Transfer in - Board contribution	97,664			97,664
Change in net position	(189,975)	8,160	(21,840)	(203,655)
Total net position-beginning	407,881	52,819	173,411	634,111
Total net position-ending	\$ 217,906	\$ 60,979	\$ 151,571	\$ 430,456

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, 2013

	Major Funds			
	Business Type Activities -			
	Enterprise Funds			
	Food Service	Driver Education	Kindergarten Extension	Totals
Cash flows from operating activities:				
Receipts from customers	\$ 1,135,206	\$ 22,070	\$ 395,229	\$ 1,552,505
Payments to employees	(510,397)	(12,886)	(167,384)	(690,667)
Payments for employee benefits	(150,017)	(986)	(27,094)	(178,097)
Payments to suppliers	(802,597)	(37)	(202,991)	(1,005,625)
Net cash (used in) provided by operating activities	(327,805)	8,161	(2,240)	(321,884)
Cash flows from noncapital financing activities:				
Cash received from state and federal reimbursements	133,636			133,636
Cash received from interfund loan	100,000			100,000
Cash received from operating subsidies from the Board	97,664			97,664
Net cash provided by noncapital financing activities	331,300			331,300
Cash flows from capital and related financing activities:				
Purchases of capital assets	(45,970)			(45,970)
Net cash (used for) capital and related financing activities	(45,970)			(45,970)
Net (decrease) increase in cash and cash equivalents	(42,475)	8,161	(2,240)	(36,554)
Cash and cash equivalents, beginning of year	262,239	53,891	219,723	535,853
Cash and cash equivalents, end of year	\$ 219,764	\$ 62,052	\$ 217,483	\$ 499,299
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	\$ (399,997)	\$ 8,160	\$ (21,840)	\$ (413,677)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	39,898			39,898
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(3,248)		3,840	592
Decrease in inventory	9,125			9,125
Increase in accounts payable	21,569	1	5,740	27,310
Increase in unearned revenue	4,848		10,020	14,868
Net cash (used in) provided by operating activities	\$ (327,805)	\$ 8,161	\$ (2,240)	\$ (321,884)

Noncash noncapital financing activities:

The District received \$58,221 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2013.

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

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Fiduciary Funds

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2013

	<u>Private- Purpose Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 20,097		\$ 1,389,267
Accounts receivable		\$ 41,028	
Total assets	<u>20,097</u>	<u>41,028</u>	<u>\$ 1,389,267</u>
Liabilities			
Accounts payable		41,028	
Payroll deductions and withholdings payable			\$ 948,784
Due to student groups			440,483
Total liabilities		<u>41,028</u>	<u>\$ 1,389,267</u>
Net position			
Held in trust for scholarships	<u>\$ 20,097</u>		
Held in trust for unemployment claims		<u>\$ -</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 Position

Year ended June 30, 2013

	Private- Purpose Scholarship Trust Funds	Unemployment Compensation Trust Fund
Additions		
Contributions:		
Board contributions		\$ 111,589
Plan member contributions		113,686
Scholarship donations	\$ 12,735	
Interest income		81
Total additions	12,735	225,356
Deductions		
Unemployment benefit payments		266,203
Scholarship payments	8,780	
Total deductions	8,780	266,203
Change in net assets	3,955	(40,847)
Net position-beginning	16,142	40,847
Net position-ending	\$ 20,097	\$ -

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, 2013.

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 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, 2013

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 position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function 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, 2013

1. Summary of Significant Accounting Policies (continued)

For this purpose, the District considers all revenues, except property taxes, to be available if they are collected within six months of the end of the current fiscal year. Property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal period. 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 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. All other revenue items are considered to be measurable and available only when the District receives cash.

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, state and local funds 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, 2013

1. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary funds:

Enterprise Funds (Food Service, Driver Education, and Kindergarten Extension):

The enterprise funds account for all revenues and expenses pertaining to cafeteria, driver education, and kindergarten extension operations and 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 using the economic resources measurement focus. 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

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) fees charged 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.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds 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 unearned revenue on its balance sheet and statement of net position. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. 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 unearned revenue is removed from the balance sheet and statement of net position 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, 2013

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 and submitted to the county office. In accordance with P.L. 2011, c.202, which became effective January 17, 2012, the District elected to move the April 2013 school board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred 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 must be approved by School Board resolution and certain other matters require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines.

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 accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last 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, 2013

1. Summary of Significant Accounting Policies (continued)

E. Cash, Cash Equivalents and Investments

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

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, 2013, the unused Food Donation Program commodities of \$11,208 are reported as unearned revenue in the food service enterprise fund.

H. Capital Assets

Capital assets, which include land, property, plant and equipment and construction in progress, 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. Donated capital assets are valued at their estimated fair value on the date of donation.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

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.

Property, plant and equipment of the District is 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 are attributable to services already rendered and that are 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 are granted vacation and sick leave in varying amounts under the District’s personnel policies and 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 vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$2,075,256 at June 30, 2013. 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. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned and outstanding encumbrances. Unearned revenue in the enterprise fund consists of student deposits made for the use of purchasing food to be consumed in a future period.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

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 position. 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, as defined below:

- 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, 2013

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 \$5,528,679 of fund balance in the General Fund, \$1,521,483 has been restricted in the capital reserve account, \$88,488 has been restricted in the maintenance reserve account, \$1,712,461 has been assigned to designated for subsequent year expenditures, \$523,039 of encumbrances are assigned to other purposes and \$1,683,208 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. 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 2013 fiscal year.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

N. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term “net assets” is changed to “net position” throughout the financial statements.

Net position represents the difference between assets, deferred inflows, deferred outflows and liabilities in the government-wide financial statements. Net investment in capital assets 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 positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Implementation of GASB No. 65

In March, 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB No. 65”). This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District has not completed the process of evaluating the impact that will result from adopting GASB No. 65.

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

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. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2013 and November 14, 2013, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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 Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The detail of this \$37,241,894 difference is as follows:

Bonds payable	\$	34,850,000
Deferred interest costs		(1,271,630)
Premium on bonds		1,437,690
Capital leases payable		150,578
Compensated absences		<u>2,075,256</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u><u>37,241,894</u></u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

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 governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at 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 that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan 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, M.B.I.A. Class and the New Jersey Asset and Rebate Management Fund.

New Jersey statutes 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%.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

3. Deposits and Investments (continued)

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.

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk. Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash and money market 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.

At June 30, 2013, the District's carrying value of its deposits was \$8,438,752 and the bank balance was \$9,772,989. Of the bank balance, \$260,897 was secured by federal depository insurance and the remaining bank balance of \$9,512,092 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

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. 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, 2013.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2013.

	Beginning Balance	Increases	Deletions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,546,691			\$ 2,546,691
Construction in progress	1,853,782	\$ 3,263,666		5,117,448
Total capital assets, not being depreciated	4,400,473	3,263,666		7,664,139
Capital assets, being depreciated				
Land improvements	1,225,279			1,225,279
Buildings and building improvements	75,413,875			75,413,875
Machinery, equipment, and vehicles	8,016,395	146,022	\$1,812,195	6,350,222
Total capital assets being depreciated	84,655,549	146,022	1,812,195	82,989,376
Less accumulated depreciation for:				
Land improvements	420,501	58,329		478,830
Buildings and building improvements	22,525,542	1,437,079		23,962,621
Machinery, equipment, and vehicles	5,963,110	602,826	1,666,386	4,899,550
Total accumulated depreciation	28,909,153	2,098,234	1,666,386	29,341,001
Total capital assets, being depreciated, net	55,746,396	(1,952,212)	145,809	53,648,375
Governmental activities capital assets, net	\$ 60,146,869	\$ 1,311,454	\$ 145,809	\$ 61,312,514

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2013 as follows:

Instruction	\$ 1,324,553
Attendance/social work	202
Health services	23,639
Other support services	165,889
Improvement of instruction	50,810
School library	19,263
General administration	30,102
School administration	77,920
Central services	36,181
Information technology	7,213
Required maintenance of plant services	57,455
Operation of plant	140,050
Care & upkeep of grounds	11,737
Security	6,354
Student transportation	139,881
Special Schools	6,985
	<u>\$ 2,098,234</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2013:

	Beginning Balance	Increases	Deletions	Ending Balance
Business-type activities				
Capital assets, being depreciated:				
Equipment	\$ 760,443	\$ 45,970	\$ 201,390	\$ 605,023
Less accumulated depreciation for:				
Equipment	510,655	39,898	163,436	387,117
Total business-type activities capital assets, net	\$ 249,788	\$ 6,072	\$ 37,954	\$ 217,906

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:

	Principal	Interest	Total
Fiscal year ending June 30:			
2014	\$ 3,405,000	\$ 1,353,701	\$ 4,758,701
2015	3,525,000	1,239,613	4,764,613
2016	3,645,000	1,116,438	4,761,438
2017	3,790,000	970,138	4,760,138
2018	4,155,000	797,813	4,952,813
2019 – 2022	16,330,000	1,309,188	17,639,188
	\$ 34,850,000	\$ 6,786,891	\$ 41,636,891

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

5. Long-Term Liabilities (continued)

In March 2012, the District issued \$5,665,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2013, \$5,759,000 of defeased debt remains outstanding.

Bonds Authorized But Not Issued

As of June 30, 2013, the District had no authorized but not issued bonds.

Capital Leases Payable

The District entered into a capital lease for transportation and maintenance equipment in the amount of \$293,808. 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, 2013:

	<u>Amount</u>
Year:	
2014	\$ 62,060
2015	62,060
2016	<u>31,030</u>
Total minimum lease payments	155,150
Less amounts representing interest	<u>(4,572)</u>
Present value of net minimum lease payments	<u>\$ 150,578</u>

Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Bonds payable	\$ 38,165,000		\$ 3,315,000	\$ 34,850,000	\$ 3,405,000
Deferred interest costs	(1,512,157)		(240,527)	(1,271,630)	(240,527)
Premium on bonds	1,733,270		295,580	1,437,690	295,580
Capital leases	208,731		58,153	150,578	59,329
Compensated absences	1,908,018	\$ 388,231	220,993	2,075,256	77,525
Governmental activity long-term liabilities	<u>\$ 40,502,862</u>	<u>\$ 388,231</u>	<u>\$ 3,649,199</u>	<u>\$ 37,241,894</u>	<u>\$ 3,596,907</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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

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, 2013 amounted to \$60,204 and the unamortized balance of the deferred charges at June 30, 2013 is \$285,740.

7. Pension Plans

Description of Systems

Substantially all of the District'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 District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

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 school employees in 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. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

7. Pension Plans (continued)

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 Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively 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 credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued 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.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

8. Post-retirement Benefits

During the year ended June 30, 2013, the State of New Jersey contributed \$4,432,986 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 \$2,345,457 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for the years ended June 30, 2013, 2012 and 2011 were \$808,013, \$859,999, and \$838,798 respectively, equal to the required contributions for each year.

Plan Description

The School District contributes to the New Jersey School Employees Health Benefits Program (the "SEHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SEHBP 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. 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 SEHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, Chapter 6 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, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

8. Post-retirement Benefits (continued)

Funding Policy (continued)

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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

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 SEHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2013, 2012 and 2011 were \$2,352,502, \$1,989,050, and \$2,011,817, respectively, which equaled the required contributions for each year. The State's contributions to the SEHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

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.

The plan members' contributions to the deferred compensation plans for the years ended June 30, 2013, 2012 and 2011 were \$1,050,678, \$981,230, and \$893,540 respectively. The District does not contribute to these plans on behalf of plan members.

11. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2013 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 192,681	
Special Revenue Fund		\$ 92,681
Food Service Enterprise Fund		100,000
	<u>\$ 192,681</u>	<u>\$ 192,681</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 interfund between the general fund and the food service enterprise fund represents the loan of cash to fund the current year 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

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, 2013 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with capital 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, 2013 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 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2013

14. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$	3,182,262
Deposit:		
Approved by board resolution in June 2013		1,250,550
Withdrawals:		
Approved by various Board resolutions		<u>(2,911,329)</u>
Ending balance, June 30, 2013	\$	<u>1,521,483</u>

The June 30, 2013 LRFPP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

15. Transfers

The following presents a reconciliation of transfers during the 2013 fiscal year:

	Transfers In	Transfers Out
General Fund		<u>\$266,839</u>
Capital Projects Fund	\$ 169,175	
Food Service Enterprise Fund	97,664	
	<u>\$ 266,839</u>	<u>\$ 266,839</u>

The transfer of \$169,175 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 of \$97,664 to the food service enterprise fund is to fund the deficit in operations.

16. 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.

17. Commitments

The District has contractual commitments at June 30, 2013 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amounts of \$523,039.

Required Supplementary Information
Part II

Budgetary Comparison Schedules

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 64,435,292		\$ 64,435,292	\$ 64,435,292	
Governmental units other than LEAs	500,000		500,000	500,000	
Tuition	161,755		161,755	289,469	\$ 127,714
Interest on investments	23,000		23,000	28,284	5,284
Transportation	70,762		70,762	117,421	46,659
Miscellaneous	622,000		622,000	872,552	250,552
Total revenues - local sources	65,812,809		65,812,809	66,243,018	430,209
State sources:					
Special education categorical aid	2,095,033		2,095,033	2,095,033	
Security categorical aid	51,874		51,874	51,874	
Transportation categorical aid	343,706		343,706	343,706	
Extraordinary aid				380,513	380,513
On-behalf TPAF pension contributions				4,432,986	4,432,986
Reimbursed TPAF social security contributions				2,345,457	2,345,457
Other state aids				88,531	88,531
Total - state sources	2,490,613		2,490,613	9,738,100	7,247,487
Total revenues	68,303,422		68,303,422	75,981,118	7,677,696
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	507,727	\$ 76,895	584,622	575,366	9,256
Grades 1-5	7,529,681	255,762	7,785,443	7,779,304	6,139
Grades 6-8	5,460,508	83,641	5,544,149	5,542,628	1,521
Grades 9-12	6,695,079	(102,409)	6,592,670	6,592,670	
Home instruction:					
Salaries of teachers	80,000	(4,726)	75,274	64,471	10,803
Undistributed instruction:					
Other salaries for instruction	2,284,347	380,285	2,664,632	2,654,275	10,357
Purchased professional-educational services	248,026	(22,300)	225,726	168,549	57,177
Purchased technical services	21,000		21,000	17,237	3,763
Other purchased services	445,135	(13,328)	431,807	279,503	152,304
General supplies	1,468,773	16,156	1,484,929	1,396,589	88,340
Textbooks	234,097	(1,083)	233,014	200,027	32,987
Other objects	21,690	(4,570)	17,120	8,109	9,011
Total instruction - regular programs	24,996,063	664,323	25,660,386	25,278,728	381,658
Special education:					
Autism:					
Salaries of teachers	139,108	(5,215)	133,893	63,620	70,273
General supplies	1,260	(1,000)	260	260	
Total autism	140,368	(6,215)	134,153	63,880	70,273
Learning and/or language disabilities:					
Salaries of teachers	80,927		80,927	54,164	26,763
General supplies	2,700	310	3,010	2,758	252
Total learning and/or language disabilities	83,627	310	83,937	56,922	27,015

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education (continued):					
Visual Impairments					
Salaries of teachers		\$ 10,526	\$ 10,526	\$ 10,526	
Total visual impairments		10,526	10,526	10,526	
Multiple disabilities:					
Salaries of teachers	\$ 343,819	(24,967)	318,852	292,293	\$ 26,559
General supplies	3,000		3,000	3,000	
Total multiple disabilities	346,819	(24,967)	321,852	295,293	26,559
Resource room/center:					
Salaries of teachers	3,604,221	242,273	3,846,494	3,811,454	35,040
Other salaries for instruction	70,759		70,759	63,622	7,137
Other purchased services		870	870	764	106
General supplies	26,175	(1,522)	24,653	22,471	2,182
Textbooks	4,000	300	4,300	2,976	1,324
Total resource room/center	3,705,155	241,921	3,947,076	3,901,287	45,789
Preschool Disabilities - Part - Time					
Salaries of teachers	334,725	(334,725)			
Total preschool disabilities - part - time	334,725	(334,725)			
Total special education	4,610,694	(113,150)	4,497,544	4,327,908	169,636
Bilingual education:					
Salaries of teachers	62,370	30,966	93,336	85,672	7,664
General supplies	500		500	500	
Total bilingual education	62,870	30,966	93,836	86,172	7,664
Basic skills/remedial instruction:					
Salaries of teachers	1,312,652	(30,966)	1,281,686	1,220,271	61,415
General supplies	11,600	(1,777)	9,823	8,556	1,267
Textbooks	500		500		500
Total basic skills/remedial instruction	1,324,752	(32,743)	1,292,009	1,228,827	63,182
School-sponsored cocurricular activities:					
Salaries	131,168	15,475	146,643	143,933	2,710
Purchased services	16,884	11,927	28,811	28,221	590
Supplies and materials	43,060	(19,844)	23,216	20,223	2,993
Other objects	15,972	6,477	22,449	7,230	15,219
Total school-sponsored cocurricular activities	207,084	14,035	221,119	199,607	21,512

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-sponsored athletics - instruction:					
Salaries	\$ 592,429	\$ (4,974)	\$ 587,455	\$ 587,455	
Purchased services	165,067	35,705	200,772	192,864	\$ 7,908
Supplies and materials	79,600	18,123	97,723	96,697	1,026
Other objects	17,765	1,000	18,765	17,925	840
Total school-sponsored athletics - instruction	854,861	49,854	904,715	894,941	9,774
Total instruction	32,056,324	613,285	32,669,609	32,016,183	653,426
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	235,908	(18,300)	217,608	207,309	10,299
Tuition to county voc. school dist.-special	27,715	34,600	62,315	61,433	882
Tuition to CSSD and regional day schools	728,585	(105,167)	623,418	562,440	60,978
Tuition to private school for the disabled - within state	1,351,355	125,217	1,476,572	1,395,368	81,204
Tuition to private school for the disabled and other LEAs-special-outside state	379,690	(139,609)	240,081	232,408	7,673
Tuition - state facilities	270,593	64,100	334,693	292,173	42,520
Total undistributed instruction	2,993,846	(39,159)	2,954,687	2,751,131	203,556
Attendance and social work services:					
Salaries	7,500	(1,298)	6,202	5,470	732
Other purchased services	255		255		255
Total attendance and social work service	7,755	(1,298)	6,457	5,470	987
Health services:					
Salaries	609,078	23,211	632,289	628,877	3,412
Supplies and materials	8,302	3,994	12,296	9,322	2,974
Other objects	1,300		1,300	389	911
Total health services	618,680	27,205	645,885	638,588	7,297
Speech, OT, PT & related services:					
Salaries	886,230	(3,400)	882,830	834,401	48,429
Purchased professional educational services		3,400	3,400	3,400	
Supplies and materials	5,237	4,135	9,372	8,254	1,118
Total speech, OT, PT & related services	891,467	4,135	895,602	846,055	49,547

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	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	\$1,098,576	\$ (6,740)	\$1,091,836	\$1,091,835	\$ 1
Salaries of secretarial and clerical assistants	117,955	7,189	125,144	125,143	1
Other purchased services	1,025	(499)	526	345	181
Supplies and materials	4,800	75	4,875	3,738	1,137
Total guidance	1,222,356	25	1,222,381	1,221,061	1,320
Child study teams:					
Salaries of other professional staff	1,518,230	69,184	1,587,414	1,581,700	5,714
Salaries of secretarial and clerical assistants	174,300	4,678	178,978	178,151	827
Other purchased professional and technical services	564,500	(71,165)	493,335	475,368	17,967
Miscellaneous purchased services	25,957		25,957	9,568	16,389
Supplies and materials	34,930	30,973	65,903	60,388	5,515
Other objects	1,873	2,325	4,198	3,815	383
Total child study teams	2,319,790	35,995	2,355,785	2,308,990	46,795
Improvement of instructional services:					
Salaries of supervisors of instruction	938,212	14,691	952,903	952,903	
Salaries of other professional staff	149,087	138,496	287,583	286,979	604
Salaries of secretarial and clerical assistants	80,753		80,753	80,414	339
Purchased professional and educational services		16,195	16,195	16,195	
Other purchased services	11,200		11,200	5,443	5,757
Supplies and materials	10,052		10,052	8,915	1,137
Other objects	21,919		21,919	21,743	176
Total improvement of instructional services	1,211,223	169,382	1,380,605	1,372,592	8,013
Educational media services/school library:					
Salaries	441,984		441,984	432,990	8,994
Purchased professional and technical services	28,411	(1,511)	26,900	25,282	1,618
Supplies and materials	71,864	700	72,564	61,841	10,723
Other objects	1,180	(630)	550	273	277
Total educational media services/school library	543,439	(1,441)	541,998	520,386	21,612

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Support services-general administration:					
Salaries	\$ 247,544		\$ 247,544	\$ 245,734	\$ 1,810
Other purchased professional services	223,500	\$ 10,000	233,500	196,964	36,536
Architectural/engineering services	209,715	(10,000)	199,715	148,015	51,700
Communications/telephone	164,897	(19,000)	145,897	80,070	65,827
Other purchased services	109,524	21,200	130,724	100,088	30,636
General supplies	3,000		3,000	2,496	504
Miscellaneous expenditures	48,145	(5,305)	42,840	39,810	3,030
Total support services-general administration	1,006,325	(3,105)	1,003,220	813,177	190,043
Support services-school administration:					
Salaries of principals/ assistant principals	1,381,948	(18,183)	1,363,765	1,342,374	21,391
Salaries of secretarial and clerical assistants	694,645	8,718	703,363	700,076	3,287
Other purchased services	41,400	(1,800)	39,600	15,159	24,441
Supplies and materials	32,201	10,076	42,277	37,673	4,604
Other objects	17,440	(2,215)	15,225	9,670	5,555
Total support services-school administration	2,167,634	(3,404)	2,164,230	2,104,952	59,278
Central services:					
Salaries	792,260	13,392	805,652	804,752	900
Purchased professional services	77,735	(1,809)	75,926	57,297	18,629
Purchased technical services	31,990	1,809	33,799	33,799	
Miscellaneous purchased services	88,926	(3,279)	85,647	56,726	28,921
Supplies and materials	26,520	7,279	33,799	16,775	17,024
Miscellaneous expenditures	11,600	(1,600)	10,000	8,065	1,935
Total support services-central services	1,029,031	15,792	1,044,823	977,414	67,409
Administration information technology:					
Salaries	177,865		177,865	176,118	1,747
Supplies and materials	20,876		20,876	18,739	2,137
Total administration information technology	198,741		198,741	194,857	3,884
Operation and maintenance of plant services:					
Required maintenance for school facilities:					
Salaries	665,939	17,977	683,916	683,915	1
Cleaning, repair and maintenance services	581,202	16,083	597,285	571,078	26,207
General supplies	186,500	119,300	305,800	297,106	8,694
Total required maintenance for school facilities	1,433,641	153,360	1,587,001	1,552,099	34,902

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	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	\$ 1,776,685	\$ 39,694	\$ 1,816,379	\$ 1,816,064	\$ 315
Cleaning, repair and maintenance services	216,250	31,300	247,550	245,220	2,330
Other purchased property services	202,063		202,063	106,317	95,746
Insurance	164,588		164,588	164,588	
Travel	12,750	(8,100)	4,650	2,788	1,862
General supplies	177,423	(4,000)	173,423	164,626	8,797
Energy (electricity)	1,296,828	79,097	1,375,925	979,289	396,636
Energy (natural gas)	563,935	(126,972)	436,963	283,275	153,688
Other objects	15,799	7,452	23,251	21,211	2,040
Total custodial services	4,426,321	18,471	4,444,792	3,783,378	661,414
Care & upkeep of grounds:					
Salaries	151,683	7,626	159,309	159,309	
Cleaning, repair and maintenance services	14,000	4,800	18,800	18,800	
General supplies	135,840	6,600	142,440	138,957	3,483
Total care & upkeep of grounds	301,523	19,026	320,549	317,066	3,483
Security:					
Salaries	167,476	4,307	171,783	171,641	142
Total security	167,476	4,307	171,783	171,641	142
Total operations and maintenance of plant	6,328,961	195,164	6,524,125	5,824,184	699,941
Student transportation services:					
Salaries of non-instructional aides	192,570	33,177	225,747	218,548	7,199
Salaries for pupil transportation:					
Between home and school - regular	403,046	(26,417)	376,629	375,181	1,448
Between home and school - special	682,579	38,131	720,710	719,003	1,707
Other than between home and school	39,716	(10,474)	29,242	24,956	4,286
Management fee - ESC & CTSA trans. program	3,000		3,000		3,000
Other purchased professional and technical services	15,500	(400)	15,100	12,854	2,246
Cleaning repair and maintenance services	63,920	8,475	72,395	56,426	15,969
Rental payments - school buses	3,000		3,000	1,635	1,365
Lease purchase payments - school buses	48,915		48,915	48,914	1
Contracted services:					
Between home and school - vendors	1,669,750	(194,095)	1,475,655	1,464,863	10,792
Other than between home and school - vendors	228,165	19,200	247,365	189,934	57,431
Between home and school - joint agreements	2,500		2,500		2,500
Special ed stds- vendors	149,127	119,290	268,417	193,947	74,470
Special ed stds- joint agreements	10,000		10,000		10,000
Special ed stds- ESC & CTSAAs	2,000		2,000		2,000
Aid in lieu of payments	124,166	69,006	193,172	191,749	1,423
Travel		1,400	1,400	1,240	160
Miscellaneous purchased services	5,075	(1,000)	4,075	658	3,417
Transportation supplies	323,612	(8,476)	315,136	278,735	36,401
Other objects	1,600		1,600	150	1,450
Total student transportation services	3,968,241	47,817	4,016,058	3,778,793	237,265

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule

(Budgetary Basis)
Year ended June 30, 2013

	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	\$ 804,780	\$ 100,000	\$ 904,780	\$ 877,143	\$ 27,637
Other retirement contributions - PERS	1,028,430	(48,103)	980,327	808,013	172,314
Other retirement contributions - regular	13,000	5,000	18,000	16,603	1,397
Unemployment	100,000	23,943	123,943	111,589	12,354
Workers' compensation	241,672	16,057	257,729	257,729	
Health benefits	10,259,343	(1,169,393)	9,089,950	8,989,648	100,302
Tuition reimbursement	165,000	34,887	199,887	169,314	30,573
Total unallocated benefits	12,612,225	(1,037,609)	11,574,616	11,230,039	344,577
On-behalf TPAF pension contributions (non-budgeted)				4,432,986	(4,432,986)
Reimbursed TPAF social security (non-budgeted) contributions				2,345,457	(2,345,457)
Total on-behalf payments				6,778,443	(6,778,443)
Total undistributed expenditures	37,119,714	(590,501)	36,529,213	41,366,132	(4,836,919)
Total expenditures - current	69,176,038	22,784	69,198,822	73,382,315	(4,183,493)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Undistributed expenditures-instruction	240,695	(22,784)	217,911	206,559	11,352
Undistributed expenditures-child study teams	15,580		15,580		15,580
Total equipment	256,275	(22,784)	233,491	206,559	26,932
Facilities acquisition and construction services:					
Construction services	768,038	2,742,154	3,510,192	3,012,983	497,209
Other objects - debt service assessment	101,068		101,068	101,068	
Total facilities acquisition and construction services	869,106	2,742,154	3,611,260	3,114,051	497,209
Total expenditures - capital outlay	1,125,381	2,719,370	3,844,751	3,320,610	524,141

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Special schools:					
Summer school - instruction:					
Salaries of teachers	\$ 172,900		\$ 172,900	\$ 169,857	\$ 3,043
Purchased professional and technical services	54,230		54,230	17,000	37,230
General supplies	10,000		10,000	1,845	8,155
Total summer school - instruction	237,130		237,130	188,702	48,428
Total expenditures	70,538,549	\$ 2,742,154	73,280,703	76,891,627	(3,610,924)
(Deficiency) excess of revenues (under) over expenditures	(2,235,127)	(2,742,154)	(4,977,281)	(910,509)	4,066,772
Other financing sources (uses):					
Transfer in	217,148		217,148		(217,148)
Transfer to cover deficit in operations - food service enterprise fund				(97,664)	(97,664)
Transfer from Capital Reserve to Capital Projects Fund				(169,175)	(169,175)
Total other financing sources (uses)	217,148		217,148	(266,839)	(483,987)
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(2,017,979)	(2,742,154)	(4,760,133)	(1,177,348)	3,582,785
Fund balances, July 1	6,865,380		6,865,380	6,865,380	
Fund balances, June 30	\$ 4,847,401	\$ (2,742,154)	\$ 2,105,247	\$ 5,688,032	\$ 3,582,785
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (1,597,049)		\$ (1,597,049)	\$ 904,361	\$ 2,501,410
Net decrease in capital reserve		\$ (2,742,154)	(2,742,154)	(1,660,779)	1,081,375
Adjustment for prior year encumbrances	(420,930)		(420,930)	(420,930)	
Total	\$ (2,017,979)	\$ (2,742,154)	\$ (4,760,133)	\$ (1,177,348)	\$ 3,582,785
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 1,521,483	
Maintenance reserve account - restricted				88,488	
Designated for subsequent year's expenditures - assigned				1,712,461	
Year end encumbrances - assigned				523,039	
Unassigned				1,842,561	
				5,688,032	
Reconciliation to Government Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(159,353)	
Fund balance per Governmental Funds (GAAP)				\$ 5,528,679	

Hopewell Valley Regional School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 62,242	\$ 20,534	\$ 82,776	\$ 72,611	\$ (10,165)
Federal sources	988,916	113,794	1,102,710	1,046,607	(56,103)
Local sources		46,145	46,145	6,130	(40,015)
Total revenues	<u>1,051,158</u>	<u>180,473</u>	<u>1,231,631</u>	<u>1,125,348</u>	<u>(106,283)</u>
Expenditures					
Current expenditures:					
Instruction:					
Salaries of teachers	68,965	7,144	76,109	44,985	31,124
Other purchased services	877,755	(3,455)	874,300	871,755	2,545
General supplies		78,970	78,970	63,255	15,715
Textbooks	17,118	5,973	23,091	22,730	361
Other Objects		16,926	16,926	12,012	4,914
Total instruction	<u>963,838</u>	<u>105,558</u>	<u>1,069,396</u>	<u>1,014,737</u>	<u>54,659</u>
Support services:					
Salaries		650	650	650	
Personal services—employee benefits		4,604	4,604	4,604	
Purchased professional services	42,196	(15,307)	26,889	23,889	3,000
Other purchased professional services	45,124	61,137	106,261	58,092	48,169
Supplies and materials		18,493	18,493	18,038	455
Total support services	<u>87,320</u>	<u>69,577</u>	<u>156,897</u>	<u>105,273</u>	<u>51,624</u>
Capital outlay:					
Facilities acquisition and construction services:					
Construction services		5,338	5,338	5,338	
Total capital outlay		<u>5,338</u>	<u>5,338</u>	<u>5,338</u>	<u>-</u>
Total expenditures	<u>1,051,158</u>	<u>180,473</u>	<u>1,231,631</u>	<u>1,125,348</u>	<u>106,283</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, 2013

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 75,981,118	\$ 1,125,348
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current year		(28)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	98,495	
Current year	(159,353)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 75,920,260	\$ 1,125,320
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 76,891,627	\$ 1,125,348
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.		
Current year		(28)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 76,891,627	\$ 1,125,320

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, 2013

Nonpublic Aid							
	Textbooks	Nursing	Technology	Supplemental Instruction	Transportation	Corrective Speech	Examination & Classification
Revenues:							
State sources	\$ 22,730	\$27,161	\$ 8,430	\$ 287	\$ 1,438	\$ 2,390	\$ 10,175
Federal sources							
Local sources							
Total revenues	<u>\$ 22,730</u>	<u>\$27,161</u>	<u>\$ 8,430</u>	<u>\$ 287</u>	<u>\$ 1,438</u>	<u>\$ 2,390</u>	<u>\$ 10,175</u>
Expenditures:							
Instruction:							
Salaries of teachers							
Other purchased services							
General supplies							
Textbooks	\$ 22,730						
Other Objects							
Total instruction	<u>22,730</u>						
Undistributed:							
Support services:							
Salaries							
Personal services—employee benefits							
Purchased professional services							
Other purchased professional services		\$27,161	\$ 8,430	\$ 287	\$ 1,438	\$ 2,390	\$ 10,175
Supplies and materials							
Total support services		<u>27,161</u>	<u>8,430</u>	<u>287</u>	<u>1,438</u>	<u>2,390</u>	<u>10,175</u>
Capital outlay:							
Facilities acquisition and construction services:							
Construction services							
Total capital outlay							
Total expenditures	<u>\$ 22,730</u>	<u>\$27,161</u>	<u>\$ 8,430</u>	<u>\$ 287</u>	<u>\$ 1,438</u>	<u>\$ 2,390</u>	<u>\$ 10,175</u>

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2013

	Title I A		Title II A		I.D.E.A.		
	Current	Carryover	Current	Carryover	Part B	Part B Carryover	Preschool
Revenues:							
State sources							
Federal sources	\$71,340	\$ 19,781	\$44,100	\$ 14,988	\$840,325	\$ 8,180	\$ 24,929
Local sources							
Total revenues	\$71,340	\$ 19,781	\$44,100	\$ 14,988	\$840,325	\$ 8,180	\$ 24,929
Expenditures:							
Instruction:							
Salaries of teachers	\$28,500	\$ 9,908		\$ 1,176			
Other purchased services					\$838,646	8,180	24,929
General supplies	34,036	5,982	\$14,380	2,264	1,679		
Textbooks							
Other Objects							
Total instruction	62,536	15,890	14,380	3,440	840,325	8,180	24,929
Undistributed:							
Support services:							
Salaries							
Personal services—employee benefits	4,554						
Purchased professional services	4,250	2,850	12,155	4,634			
Other purchased professional services		1,041	5,450	1,020			
Supplies and materials			12,115	5,894			
Total support services	8,804	3,891	29,720	11,548			
Capital outlay:							
Facilities acquisition and construction services:							
Construction services							
Total capital outlay							
Total expenditures	\$71,340	\$ 19,781	\$44,100	\$ 14,988	\$840,325	\$ 8,180	\$ 24,929

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2013

	Perkins	FEMA	Honewell Basketball	Connect-Ed	Totals
Revenues:					
State sources					\$ 72,611
Federal sources	\$ 17,626	\$ 5,338			1,046,607
Local sources			\$ 700	\$ 5,430	6,130
Total revenues	\$ 17,626	\$ 5,338	\$ 700	\$ 5,430	\$ 1,125,348
Expenditures:					
Instruction:					
Salaries of teachers				\$ 5,401	\$ 44,985
Other purchased services					871,755
General supplies	\$ 4,914				63,255
Textbooks					22,730
Other Objects	12,012				12,012
Total instruction	16,926			5,401	1,014,737
Undistributed:					
Support services:					
Salaries	650				650
Personal services—employee benefits	50				4,604
Purchased professional services					23,889
Other purchased professional services			\$ 700		58,092
Supplies and materials				29	18,038
Total support services	700		700	29	105,273
Capital outlay:					
Facilities acquisition and construction services:					
Construction services		\$ 5,338			5,338
Total capital outlay		5,338			5,338
Total expenditures	\$ 17,626	\$ 5,338	\$ 700	\$ 5,430	\$ 1,125,348

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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, 2013

Revenues and other financing sources	
State Sources - SDA/ROD Grants	\$ 98,564
Transfer from capital reserve	169,175
Total revenues and other financing sources	<u>267,739</u>
Expenditures	
Construction services	250,683
Total expenditures	<u>250,683</u>
Excess of revenues and other financing sources over expenditures	17,056
Fund Balance, July 1	1,339,504
Fund Balance, June 30	<u>\$ 1,356,560</u>
 <u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund balance, budgetary basis, June 30, 2013	\$ 1,356,560
Less: Revenue not recognized on a GAAP basis	(407,697)
Fund balance, GAAP basis, June 30, 2013	<u>\$ 948,863</u>

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, 2013

	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 authorized 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, 2013

	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>-</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>-</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, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
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>285,526</u>	-	<u>285,526</u>	<u>330,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 44,928</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 authorized 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, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA/ROD Grants	\$ 471,577	\$ (5,836)	\$ 465,741	\$ 465,741
Transfer from Capital Reserve	1,040,822	12,575	1,053,397	1,053,397
Other local sources				
Total revenues and other financing sources	<u>1,512,399</u>	<u>6,739</u>	<u>1,519,138</u>	<u>1,519,138</u>
Expenditures				
Purchased professional and technical services				
Construction services	1,134,618	250,683	1,385,301	1,519,138
Equipment				
Miscellaneous				
Transfer to Capital Reserve				
Total expenditures	<u>1,134,618</u>	<u>250,683</u>	<u>1,385,301</u>	<u>1,519,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 377,781</u>	<u>\$ (243,944)</u>	<u>\$ 133,837</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	154,050			
Revised authorized cost	\$ 1,519,138			
Percentage increase over original authorized cost		111.28%		
Percentage completion		91.19%		
Original target completion date		6/30/2012		
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)

2012 ROD Grant Projects

From Inception and for the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA/ROD Grants		\$ 104,400	\$ 104,400	\$ 104,400
Transfer from Capital Reserve		156,600	156,600	156,600
Other local sources				
Total revenues and other financing sources	-	261,000	261,000	261,000
Expenditures				
Purchased professional and technical services				
Construction services				261,000
Equipment				
Miscellaneous				
Transfer to Capital Reserve				
Total expenditures	-	-	-	261,000
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 261,000	\$ 261,000	\$ -
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	\$	261,000		
Additional authorized cost				
Revised authorised cost	\$	261,000		
Percentage increase over original authorized cost		0.00%		
Percentage completion		0.00%		
Original target completion date		Not determinable		
Revised target completion date		Not determinable		

Fiduciary Funds

Hopewell Valley Regional School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2013

	<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	\$ 20,097		\$ 20,097	\$ 440,483	\$ 948,784	\$ 1,389,267
Accounts receivable		\$ 41,028	41,028			
Total assets	<u>20,097</u>	<u>41,028</u>	<u>61,125</u>	<u>\$ 440,483</u>	<u>\$ 948,784</u>	<u>\$ 1,389,267</u>
Liabilities						
Accounts payable		41,028	41,028			
Payroll deductions and withholdings payable					\$ 948,784	\$ 948,784
Due to student groups				\$ 440,483		440,483
Total liabilities		<u>41,028</u>	<u>41,028</u>	<u>\$ 440,483</u>	<u>\$ 948,784</u>	<u>\$ 1,389,267</u>
Net position						
Held in trust	20,097		20,097			
Total net position	<u>\$ 20,097</u>	<u>\$ -</u>	<u>\$ 20,097</u>			

Hopewell Valley Regional School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2013

	Private Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust
Additions:			
Contributions:			
Board contributions		\$ 111,589	\$ 111,589
Plan member contributions		113,686	113,686
Scholarship donations	\$ 12,735		12,735
Interest on investments		81	81
Total additions	12,735	225,356	238,091
Deductions:			
Unemployment benefit payments		266,203	266,203
Scholarship payments	8,780		8,780
Total deductions	8,780	266,203	274,983
Change in net position	3,955	(40,847)	(36,892)
Net position, beginning	16,142	40,847	56,989
Net position, ending	\$ 20,097	\$ -	\$ 20,097

Hopewell Valley Regional School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2013

	Balance July 1, 2012	Cash Receipts	Cash Disbursements	Balance June 30, 2013
Elementary Schools:				
Bear Tavern	\$ 2,478	\$ 17,318	\$ 15,620	\$ 4,176
Hopewell	3,522	25,336	19,042	9,816
Stony Brook	885	2,178	2,281	782
Toll Gate	12,493	27,796	26,060	14,229
Junior High School:				
Timberlane	13,521	163,443	173,976	2,988
High School:				
Athletics Fund	2	873	875	-
Student Fund	394,944	690,822	677,274	408,492
Total all schools	<u>\$ 427,845</u>	<u>\$ 927,766</u>	<u>\$ 915,128</u>	<u>\$ 440,483</u>

Hopewell Valley Regional School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2013

	Balance July 1, 2012	Cash Receipts	Cash Disbursements	Balance June 30, 2013
Assets				
Cash and equivalents	\$ 884,471	\$ 79,994,276	\$ 79,929,963	\$ 948,784
Accounts receivable	21,784		21,784	-
Total assets	<u>\$ 906,255</u>	<u>\$ 79,994,276</u>	<u>\$ 79,951,747</u>	<u>\$ 948,784</u>
Liabilities				
Payroll deductions and withholdings payable	\$ 906,255	\$ 79,972,527	\$ 79,929,998	\$ 948,784
Total liabilities	<u>\$ 906,255</u>	<u>\$ 79,972,527</u>	<u>\$ 79,929,998</u>	<u>\$ 948,784</u>

Long-Term Debt

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Retired	Balance June 30, 2013
			Date	Amount				
Additions & Renovations to the Bear Tavern, Toll Gate, Stony Brook, Timberlane, Hopewell Valley & Central High Schools	12/1/04	\$ 9,400,000	1/15/2014	\$ 690,000	3.625%	\$ 1,355,000	\$ 665,000	\$ 690,000
Additions & Renovations to the Bear Tavern, Toll Gate, Stony Brook, Timberlane, Hopewell Valley & Central High Schools	1/15/05	2,034,000	1/15/2014	145,000	3.750%	285,000	140,000	145,000
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	8/15/2013	215,000	5.000%	19,955,000	220,000	19,735,000
			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	8/15/2013	2,355,000	3.000%	10,905,000	2,265,000	8,640,000
			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	1/15/2015	870,000	3.000%	5,665,000	25,000	5,640,000
			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%			
						<u>\$ 38,165,000</u>	<u>\$ 3,315,000</u>	<u>\$ 34,850,000</u>

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2013

	Interest Rate	Amount of Original Issue	Balance Outstanding July 1, 2012	Retired	Balance Outstanding June 30, 2013
Transportation and Maintenance Equipment	2.01%	\$ 293,808	<u>\$ 208,731</u>	<u>\$ 58,153</u>	<u>\$ 150,578</u>

Hopewell Valley Regional School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 4,558,625		\$ 4,558,625	\$ 4,558,625	
Miscellaneous				375	\$ 375
Total revenues	<u>4,558,625</u>		<u>4,558,625</u>	<u>4,559,000</u>	<u>375</u>
Expenditures:					
Principal on bonds	3,315,000		3,315,000	3,315,000	
Interest on bonds	1,443,267		1,443,267	1,443,267	
Total expenditures	<u>4,758,267</u>		<u>4,758,267</u>	<u>4,758,267</u>	<u>-</u>
(Deficiency) excess of revenues (under) over expenditures	(199,642)		(199,642)	(199,267)	375
Fund balance, July 1	211,600		211,600	211,600	-
Fund balance, June 30	<u>\$ 11,958</u>		<u>\$ 11,958</u>	<u>\$ 12,333</u>	<u>\$ 375</u>

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Statistical Section

(Unaudited)

**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 Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)
 Unaudited

	Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 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	\$ 26,145,876
Restricted	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	2,571,167
Unrestricted (deficit)	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	1,587,725
Total governmental activities net position	<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>	<u>\$ 30,304,768</u>
Business-type activities										
Net investment in capital assets								\$ 297,117	\$ 249,788	\$ 217,906
Restricted									6,000	
Unrestricted	\$ 155,110	\$ 305,922	\$ 415,015	\$ 437,884	\$ 451,060	\$ 570,404	\$ 774,727	\$ 524,775	\$ 378,323	\$ 212,550
Total business-type activities net position	<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>	<u>\$ 430,456</u>
District-wide										
Net investment in capital assets	\$ 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	\$ 26,363,782
Restricted	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	2,571,167
Unrestricted (deficit)	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	1,800,275
Total district net position	<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>	<u>\$ 30,735,224</u>

Source: CAFR Schedule A-1 and District records.

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

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

Unaudited

Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 40,154,834
Special Education	2,672,675	2,700,066	2,884,208	2,702,70	3,511,503	3,849,353	3,937,730	4,098,629	3,896,521	4,327,908
Other Special Education	604,485	573,312	596,872	615,585	577,360	642,476	865,459	1,176,851	1,255,196	1,314,999
Other Instruction	843,905	962,719	881,658	966,133	992,828	1,088,269	1,015,542	992,587	1,025,751	1,094,548
Support Services:										
Tuition	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	2,860,047
Student Instruction Related Services	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	9,895,406
School Administrative Services	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	3,044,680
General & Business Administrative Services	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	2,578,362
Plant Operations & Maintenance	4,031,324	3,975,300	4,486,855	5,270,821	5,760,698	5,804,510	5,503,697	5,625,781	7,092,165	7,229,580
Pupil Transportation	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	4,443,311
Unallocated Benefits	8,720,970	10,003,250	11,370,924	13,224,354	14,473,823	13,668,256	14,880,721			
Special Schools	114,828	139,961	122,823	150,163	94,793	225,068	223,387	204,354	275,885	267,396
Amortization of Debt Issuance Costs					84,827	84,828	74,282			
Transfer to Charter schools					94,101	22,967				
Interest on long-term debt	2,529,013	2,429,042	2,496,604	2,462,986	2,255,606	2,152,114	2,023,644	1,612,892	1,552,917	1,428,558
Unallocated Loss on Revaluation of Fixed Assets							(9,649)			
Unallocated Depreciation	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	\$ 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	\$ 78,639,629
Business-type activities:										
Enterprise Funds	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	1,988,676
Total business-type activities expenses	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	1,988,676
Total district expenses	\$ 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	\$ 80,628,305
Program Revenues										
Governmental activities:										
Charges for services	\$ 79,732	\$ 197,127	\$ 254,594	\$ 254,427	\$ 270,270	\$ 290,043	\$ 313,796	\$ 255,912	\$ 375,680	\$ 406,890
Operating grants and contributions	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	1,119,982
Capital grants and contributions								195,683	251,944	31,935
Total governmental activities program revenues	\$ 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	\$ 1,558,807
Business-type activities:										
Charges for services	\$ 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	\$ 1,537,045
Operating grants and contributions	131,055	132,111	150,548	143,321	149,058	146,790	191,341	169,568	176,099	150,312
Total business-type activities program revenues	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	1,687,357
Total district program revenues	\$ 2,434,169	\$ 2,375,925	\$ 2,521,223	\$ 3,299,305	\$ 2,766,521	\$ 2,737,762	\$ 2,943,371	\$ 4,147,714	\$ 3,352,515	\$ 3,246,164
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (77,080,822)
Business-type activities	7,529	62,502	89,521	(862)	(24,664)	(75,178)	(77,079)	47,165	(192,930)	(301,319)
Total district-wide net expense	\$ (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)	\$ (77,382,141)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 64,435,292
Property taxes levied for debt service	3,940,038	3,825,965	4,390,108	4,766,304	4,289,009	4,814,862	3,940,662	4,266,300	4,788,911	4,558,625
Governmental units other than LEAs										500,000
Unrestricted grants and contributions	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	9,677,242
Investment earnings									13,583	28,284
Miscellaneous income	951,168	704,781	1,057,482	1,716,729	1,017,033	834,590	1,364,258	798,845	2,303,346	872,927
Transfers	(8,866)	(79,535)	(18,507)	(15,000)					(5,149)	(97,664)
Gain/(Loss) on revalue of fixed assets		658,494		(1,252,025)	(1,653,129)					
Total governmental activities	\$ 57,513,266	\$ 65,397,863	\$ 66,225,940	\$ 69,181,953	\$ 71,332,996	\$ 73,616,656	\$ 74,959,707	\$ 73,118,117	\$ 77,965,431	\$ 79,974,706
Business-type activities:										
Interest earnings	822	8,775	1,065	8,731	37,840	103,803	281,401			97,664
Transfers	8,866	79,535	18,507	15,000					5,149	97,664
Total business-type activities	9,688	88,310	19,572	23,731	37,840	103,803	281,401	-	5,149	97,664
Total district-wide	\$ 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	\$ 80,072,370
Change in Net Position										
Governmental activities	\$ 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	\$ 2,893,884
Business-type activities	16,795	142,037	108,028	14,138	13,176	28,625	204,322	47,165	(187,781)	(203,655)
Total district	\$ 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	\$ 2,690,229

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.

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

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

Unaudited

	Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1,256,351	\$ 2,813,307	\$ 3,999,694	\$ 5,615,018	\$ 5,128,631	\$ 3,950,291	\$ 4,957,858			
Unreserved	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	\$ 1,609,971
Assigned								796,063	2,017,979	2,235,500
Unassigned								1,618,340	1,478,156	1,683,208
Total general fund	<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>	<u>\$ 5,528,679</u>
All Other Governmental Funds										
Reserved		\$ 859,080	\$ 8,089,570	\$ 1,042,700		\$ 10,000	\$ 13,000			
Reserved, reported in:										
Capital projects fund	\$ 1,871,517	14,847,244	1,142,694	458,313	\$ 1,172,237	928,766	1,017,780			
Debt service fund	123,355	209,964	875,964	835,675	183,360	30,405	3,554			
Restricted for										
Capital Projects								\$ 1,811,952	\$ 1,003,774	\$ 948,863
Debt service								250,398	211,600	12,333
Total all other governmental funds	<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>	<u>\$ 961,196</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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax levy	\$ 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	\$ 68,993,917
Governmental units other than LEAs										500,000
Tuition charges	79,732	197,127	254,594	254,427	270,270	290,043	313,796	255,912	301,560	289,469
Miscellaneous	951,168	704,781	1,057,481	1,716,729	1,017,033	1,064,590	1,380,964	837,861	2,397,424	1,024,762
State sources	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	9,776,450
Federal sources	723,251	780,551	773,594	857,781	876,438	948,482	1,023,873	1,867,278	1,117,733	1,046,579
Total revenue	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	81,631,177
Expenditures										
Instruction										
Regular Instruction	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	26,293,465
Special Education Instruction	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	4,327,908
Other Special Instruction	604,485	573,312	596,872	615,585	577,360	642,476	865,459	1,176,851	1,255,196	1,314,999
Other Instruction	843,905	962,719	881,658	966,133	992,828	1,088,269	1,015,542	992,587	1,025,751	1,094,548
Support Services:										
Tuition	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	2,751,131
Student Instruction Related Services	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	7,018,387
School Administration	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	2,104,952
General & Business Administration Services	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	1,985,448
Plant Operations & Maintenance	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	5,824,184
Pupil Transportation	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	3,778,793
Other Support Services	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	18,008,482
Special Schools	114,828	139,961	122,823	150,163	94,793	225,068	223,387	204,354	197,188	188,702
Undistributed Expenditures (Pre GASB 34)										
Capital outlay	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	3,576,631
Debt service:										
Principal	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	3,315,000
Interest and other charges	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	1,443,267
Total expenditures	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	83,025,897
Excess (Deficiency) of revenues over (under) expenditures	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	(1,394,720)
Other financing sources (uses)										
Transfer to cover deficits:										
Food Services	(11,369)	(8,866)	(24,535)	(15,000)						(97,664)
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			11,434,000						5,665,000	
Premium on Bond Refunding									602,437	
Capital Leases (non-budgeted)						988,294		293,808		
Transfers in	1,081,168	153,296	728,642	287,250		2,798	1,201,928	1,587,517	191,279	
Transfers out	(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)	1,069,799	144,430	12,083,107	272,250	(94,101)	965,327	-	293,808	91,113	(97,664)
Net change in fund balances	\$ 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	\$ (1,492,384)
Debt service as a percentage of noncapital expenditures	6.9%	6.5%	6.7%	7.1%	6.8%	6.7%	6.6%	6.4%	6.3%	6.0%

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,	Summer School			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
	Tuition	Program Fees	Transportation Fees									
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
2013	289,469		117,421	28,284		87,180		150,124	79,177	168,700	387,371	1,307,726

Source: District records.

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

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													
2013	\$ 5,549,000	\$ 281,632,600	\$ 1,890,200	\$ 28,000	\$ 49,329,900	\$ 857,700	\$ 1,697,900	\$ 342,882,955	\$ 24,499,300	\$ 1,897,655	\$ 342,882,955	\$ 1.36	\$ 314,372,549
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	1.22	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
Borough of Pennington													
2013	\$ 1,712,500	\$ 433,816,600	-	-	\$ 56,674,200	\$ 6,633,300	\$ 818,400	\$ 499,655,000	\$ 59,355,200	\$ 1,884,914	\$ 501,539,914	\$ 1.40	\$ 493,891,906
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
Township of Hopewell													
2013	\$ 48,281,400	\$ 2,750,531,200	\$ 263,373,600	\$ 5,339,400	\$ 523,657,700	\$ 402,985,600	\$ 5,621,400	\$ 3,999,790,300	\$ 511,021,000	\$ 6,706,907	\$ 4,006,497,207	\$ 1.45	\$ 3,929,681,004
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

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation
a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
b. Tax rates are per \$100

Source: District records Tax list summary & Municipal Tax Assessor

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

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									
2013	\$ 1.36	\$ 1.36	\$ 0.46	\$ 0.53	\$.031	\$ 0.06	\$ 0.02	\$ 0.01	\$ 2.46
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
Borough of Pennington									
2013	\$ 1.40	\$ 1.40	\$ 0.40	\$ 0.56	.033	\$ 0.03	\$ 0.02	\$ 0.01	\$ 2.44
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
Township of Hopewell									
2013	\$ 1.45	\$ 1.45	\$ 0.32	\$ 0.57	\$ 0.06	\$ 0.07	\$ 0.02	\$ 0.03	\$ 2.52
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

Source: Municipal Tax Collectors

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

Taxpayer	2013		2004	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Borough of Hopewell				
Freedman, Gerald	\$3,692,500	1.05%	\$1,225,000	0.81%
Hopewell Village Square	2,431,800	0.69%	1,100,900	0.73%
Verizon - New Jersey	1,897,655	0.54%	-	-
PNC Realty Services	1,500,000	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%	-	-
Susan C. Molnar Real Estate, LLC	1,067,500	0.32%	-	-
84 East Broad LLC	1,060,700	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				
Bristol Myers Squibb	\$233,794,500	8.30%	\$38,735,800	2.47%
CF Hopewell Core LLC	108,762,504	5.59%	102,232,300	6.53%
Cole Hopewell Twp	92,400,000	2.18%	34,849,000	2.23%
Janssen Pharmaceuticals	90,979,900	0.66%	-	-
CF Hopewell Core LLC	74,025,000	0.53%	8,538,600	0.54%
CF Hopewell 2 YR LLC	52,925,000	0.44%	-	-
Hopewell TC Associates	24,646,100	0.33%	-	-
350 Carter Rd LLC/Thomson Tax	16,954,100	0.31%	-	-
Trap Rock Industries Inc	14,687,600	0.26%	-	-
Montpen SC LLC	13,036,500	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
UNAUDITED**

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	
2013	\$68,993,917	\$68,993,917	100.00%	-
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%	-

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
UNAUDITED**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES				
2013	\$ 34,850,000	\$ 150,578	\$ 35,000,578	3.48%	\$ 1,605	
2012	38,165,000	208,731	38,373,731	3.76	1,764	
2011	41,419,000	286,781	42,265,401	N/A	1,918	
2010	44,589,000	484,533	45,633,153	N/A	2,198	
2009	47,859,000	847,143	49,265,763	N/A	2,175	
2008	50,639,000	291,869	51,490,489	N/A	2,310	
2007	53,304,000	851,489	54,155,489	N/A	2,599	
2006	55,850,000	1,474,615	57,324,615	N/A	2,751	
2005	57,249,000	1,840,013	59,089,013	N/A	2,629	
2004	47,525,000	1,340,138	48,865,138	N/A	2,192	

Source: District CAFR Schedules I-1, I-2

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
UNAUDITED**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			NET	PERCENTAGE	PER CAPITA(b)
	GENERAL OBLIGATION BONDS	DEDUCTIONS	LESS DEBT SERVICE FUND	GENERAL BONDED DEBT OUTSTANDING	OF ACTUAL TAXABLE VALUE OF PROPERTY (a)	
2013	\$34,850,000	-	\$12,333	\$34,837,667	0.718%	\$1,597
2012	38,165,000	-	211,600	\$37,953,400	0.703%	1,736
2011	41,419,000	-	200,398	\$41,218,602	0.758%	1,871
2010	44,589,000	-	N/A	\$44,589,000	0.820%	2,148
2009	47,859,000	-	N/A	\$47,859,000	0.880%	2,113
2008	50,639,000	-	N/A	\$50,639,000	0.931%	2,272
2007	53,304,000	-	N/A	\$53,304,000	0.980%	2,558
2006	55,850,000	-	N/A	\$55,850,000	1.020%	2,680
2005	57,249,000	-	N/A	\$57,249,000	2.079%	2,547
2004	47,525,000	-	N/A	\$47,525,000	1.859%	2,132

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

(a) See J-6 for property tax data

(b) Population data can be found in J-14

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Hopewell	\$2,336,398	100.000%	\$2,336,398
Borough of Pennington	3,480,407	100.000%	3,480,407
Township of Hopewell	29,033,195	100.000%	29,033,195
Total	<u>\$34,850,000</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%	32,234,379
Subtotal, Overlapping Debt			73,832,588
Hopewell Valley Regional School District Direct Debt			34,988,245
Total Direct & Overlapping Debt			<u>\$108,820,833</u>

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED**

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$192,726,025	\$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
Total Net Debt Applicable to Limit	34,850,000	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
Legal Debt Margin	\$157,876,025	\$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
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.08%	19.42%	20.34%	15.16%	23.22%	25.32%	28.89%	33.36%	38.13%	36.31%

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis	
	2013	\$ 4,737,945,459
	2012	4,826,176,931
	2011	4,890,329,500
		<u>\$ 14,454,451,890</u>
Average Equalized Valuation of Taxable Property		<u>\$4,818,150,630</u>
Debt Limit (4 % of Average Equalization Value)		\$192,726,025
Net Bonded School Debt		<u>34,850,000</u>
Legal Debt Margin		<u>\$157,876,025</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 NJSIA 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
UNAUDITED**

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
Borough of Hopewell			
2013	1,921	\$52,294	8.3%
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%
Borough of Pennington			
2013	2,583	\$56,004	8.3%
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%
Township of Hopewell			
2013	17,304	\$43,947	7.4%
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%

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

J-16

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction:										
Regular	338.33	339.50	346.40	331.06	342.97	373.61	299.60	371.74	394.54	403.74
Special Education	59.14	57.90	50.20	55.04	55.04	54.27	66.25	59.56	62.66	64.06
Other Instruction					0.40	0.40	0.40	0.40	0.40	0.40
Support Services:										
Student & Instruction Related Services	107.92	94.60	94.90	102.08	116.95	92.99	146.24	74.80	69.40	67.50
School Administrative Services	23.55	27.70	24.20	25.20	25.80	25.60	25.40	28.50	30.00	30.00
General & Business Administrative Services	18.48	12.40	12.00	13.78	16.03	17.23	14.43	14.00	14.00	14.00
Plant Operations & Maintenance	53.00	52.20	52.00	52.45	54.45	55.75	55.75	45.25	45.25	45.55
Pupil Transportation	54.00	51.70	52.00	52.36	53.00	50.50	45.32	32.76	34.76	32.46
Total	654.42	636.00	631.70	631.97	664.64	670.35	653.39	627.01	651.01	657.71

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL	SENIOR HIGH SCHOOL				
2013	3,735	\$ 74,690,999	\$19,998	5.31%	389	9.1:1	10.1:1	11.1:1	3,727	3,575	-1.77%	96.30%
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%

Sources: District records and ASSA

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
UNAUDITED**

DISTRICT BUILDINGS	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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	69,940
Capacity (Students)	550	550	550	550	550	550	550	550	550	550
Enrollment	407	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	61,736
Capacity (Students)	354	354	354	354	354	354	354	354	354	354
Enrollment (a)	287	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	97,048
Capacity (Students)	546	546	546	546	546	546	546	546	546	546
Enrollment	468	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	76,400
Capacity (Students)	550	550	550	550	550	550	550	550	550	550
Enrollment	428	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	169,066	144,101	144,101	144,101	144,101
Capacity (Students)	997	997	997	997	997	997	997	997	997	997
Enrollment	928	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	215,507
Capacity (Students)	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Enrollment	1,217	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	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	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	8,000
Number of Schools at June 30, 2013:										
Elementary =	4									
Middle School =	1									
Senior High School =	1									
Other =	3									

Source: District records, ASSA

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
UNAUDITED**

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

School Facilities	PROJECT NUMBERS	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Bear Tavern	N/A	\$ 245,415	\$ 179,623	\$ 300,476	\$ 73,630	\$ 161,763	\$ 236,854	\$ 85,706	\$ 91,638	\$ 85,852	\$ 79,864
Toll Gate	N/A	256,768	142,431	117,584	379,750	184,323	122,724	64,984	69,510	56,187	75,939
Central High School	N/A	449,019	311,861	309,514	248,792	339,625	326,692	113,006	120,818	118,976	104,119
Stony Brook	N/A	134,442	127,291	137,528	73,424	150,694	136,201	57,885	61,912	51,125	33,855
Hopewell	N/A	141,445	160,686	150,490	206,951	203,496	133,085	95,258	101,885	68,175	58,179
Timberlane	N/A	325,010	637,001	580,134	524,345	285,890	353,404	105,123	112,251	95,443	79,383
Total School Facilities		\$1,552,099	\$ 1,558,893	\$1,595,726	\$ 1,506,892	\$ 1,325,791	\$ 1,308,960	\$ 521,962	\$ 558,014	\$ 475,758	\$ 431,339

Source: District records

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
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		
Personal Injury Protection	5,000,000	-
Medical Payments	Statutory	-
Uninsured/Underinsured	10,000	-
	1,000,000	-
Workers Compensation-School Alliance		
Section "A"		
Each Accident	Statutory	-
Each Employee	2,000,000	-
Aggregate	2,000,000	-
	2,000,000	-
Excess-School Alliance		
Limit of Liability	10,000,000	-
Bonds-Selective		
Board Sec/Bus Adm	120,000	-
Treasurer of School Monies	400,000	-
Student Accident-Bollinger		
Maximum Limit	5,000,000	-
Environmental Policy-School Alliance		
Limit of Liability	1,000,000	25,000
Aggregate	25,000,000	
School Leaders		
Limit of Liability	10,000,000	-
Retention	25,000	

Source: District records

Single Audit Section



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

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, in accordance with the 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, the 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, in the County of Mercer, New Jersey (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



Michael J. Andriola
Licensed Public School Accountant
No. 2429



WISS & COMPANY, LLP

November 14, 2013
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited Hopewell Valley Regional School District's, in the County of Mercer, New Jersey (the "District") compliance with the types of compliance requirements described in the *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, 2013. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on an audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to previously that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

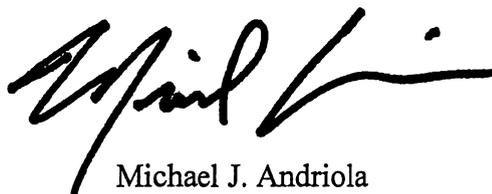
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with 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 of 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purposes.



Michael J. Andriola
Licensed Public School Accountant
No. 2429



WISS & COMPANY, LLP

November 14, 2013
Iselin, New Jersey

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Hopewell Valley Regional School District
Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2012	Carryover/Walkover Amount	Cash Received	Budgetary Expenditures	Repayment		Balance June 30, 2013		
								of Prior Years' Balances	Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor
U.S. Department of Education—Passed-Through State												
Department of Education												
Special Revenue Fund:												
Title I, Part A	84.010A	9/1/12-8/31/13	\$ 109,624			\$ 56,026	\$ (71,340)				\$	(15,314)
Title I, Part A, Carryover	84.010A	9/1/11-8/31/12	81,132	(25,857)		45,638	(19,781)					
Title II A	84.367	9/1/12-8/31/13	45,994			43,172	(44,100)					(928)
Title II A, Carryover	84.367	9/1/11-8/31/12	49,642	(18,268)		33,256	(14,988)					
Title II A, Carryover	84.367	9/1/10-8/31/11	56,907	(4,915)		4,915						
Perkins	84.048A	9/1/12-8/31/13	18,132				(17,626)					(17,626)
I.D.E.A., Part B	84.027A	9/1/12-8/31/13	863,806			711,336	(840,325)					(128,989)
I.D.E.A., Part B, Carryover	84.027A	9/1/11-8/31/12	822,859	(197,848)		206,028	(8,180)					
I.D.E.A. Preschool	84.173A	9/1/12-8/31/13	25,552				(24,929)					(24,929)
I.D.E.A. Preschool, Carryover	84.173A	9/1/11-8/31/12	25,554	(25,554)		25,554						
U.S. Department of Homeland Security												
Passed-through State Department of Education												
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	7/1/12-6/30/13	5,338			4,378	(5,338)					(960)
Total Special Revenue Fund				(272,442)		1,130,303	(1,046,607)					(188,746)
U.S. Department of Agriculture—Passed-Through State												
Department of Education												
Enterprise Fund:												
Food Donation Program (NC)	10.555	7/1/12-6/30/13	58,221			58,221	(47,013)			\$	11,208	
Food Donation Program (NC)	10.555	7/1/11-6/30/12	77,548	14,876			(14,876)					
National School Lunch Program	10.555	7/1/12-6/30/13	71,554			56,482	(71,554)					(15,072)
National School Lunch Program	10.555	7/1/11-6/30/12	102,502	(5,510)		5,510						
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	7/1/12-6/30/13	9,426			7,298	(9,426)					(2,128)
Total Enterprise Fund and Total U.S. Department of Agriculture—Passed-Through State Department of Education				9,366		127,511	(142,869)				11,208	(17,200)
Total Federal Awards				\$ (263,076)	\$ -	\$ 1,257,814	\$ (1,189,476)	\$ -	\$ -	\$ -	\$ 11,208	\$ (205,946)
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, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2012		Carryover/ Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2013			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/12-6/30/13	\$ 2,095,033				\$ 1,960,990	\$ (2,095,033)						\$ (134,043)	\$ (2,095,033)
Special Education Categorical Aid	495-034-5120-089	7/1/11-6/30/12	1,998,557	\$ (98,495)			98,495								
Security Aid	495-034-5120-089	7/1/12-6/30/13	51,874				48,555	(51,874)						(3,319)	(51,874)
Transportation Aid	495-034-5120-014	7/1/12-6/30/13	343,706				321,715	(343,706)						(21,991)	(343,706)
Extraordinary Aid	495-034-5120-044	7/1/12-6/30/13	380,513					(380,513)			\$ (380,513)				(380,513)
Extraordinary Aid	495-034-5120-044	7/1/11-6/30/12	193,491	(193,491)			193,491								
Additional Non-Public Transportation Aid	495-034-5120-014	7/1/12-6/30/13	56,401					(56,401)				(56,401)			(56,401)
Additional Non-Public Transportation Aid	495-034-5120-014	7/1/11-6/30/12	46,535	(46,535)			46,535								
Other state aid	Not available	7/1/12-6/30/13	32,130				21,745	(32,130)				(10,385)			(32,130)
Reimbursed TPAF - Social Security	495-034-5095-002	7/1/12-6/30/13	2,345,457				2,229,352	(2,345,457)				(116,105)			(2,345,457)
Reimbursed TPAF - Social Security	495-034-5095-002	7/1/11-6/30/12	2,310,403	(111,944)			111,944								
Total General Fund				(450,465)			5,032,822	(5,305,114)				(563,404)		(159,353)	(5,305,114)
Special Revenue Fund:															
New Jersey Non-Public Aid:															
Textbook Aid	100-034-5120-064	7/1/12-6/30/13	23,091				23,091	(22,730)				\$ 361			(22,730)
Non Public Nursing Services	100-034-5120-070	7/1/12-6/30/13	32,049				32,049	(27,161)				4,888			(27,161)
Non Public Auxiliary Services (Ch. 192):															
Transportation	100-034-5120-067	7/1/12-6/30/13	1,438				1,438	(1,438)							(1,438)
Technology		7/1/12-6/30/13	8,522				8,522	(8,430)					92		(8,430)
Non Public Handicapped Services (Ch. 193):															
Supplemental Instruction	100-034-5120-066	7/1/12-6/30/13	694				694	(287)					407		(287)
Supplemental Instruction		7/1/11-6/30/12	1,403	\$ 1,403					\$ (1,403)						
Examination and Classification		7/1/12-6/30/13	13,857				13,857	(10,175)					3,682		(10,175)
Examination and Classification		7/1/11-6/30/12	17,863		10,940				(10,940)						
Corrective Speech		7/1/12-6/30/13	3,125				3,125	(2,390)					735		(2,390)
Home Instruction		7/1/11-6/30/12	142	(142)			142								
				(142)	12,343		82,918	(72,611)	(12,343)				10,165		(72,611)
New Jersey School Development Authority															
Capital Projects Fund:															
Hopewell ES	2280-055-04-00XO-00	7/1/04-6/30/05	58,834	(47,681)			47,681								
Central HS	2280-030-04-00XN-00	7/1/04-6/30/05	44,869	(17,658)			17,658								
Toll Gate/Grammar ES	2280-040-04-00XP-00	7/1/04-6/30/05	221,708	(195,799)			189,963			\$ 5,836					
Central HS	2280-030-01-0193-00	7/1/01-6/30/02	3,934,631	(177,058)			177,058								
2010/2011 ROD Grants	Various	Indefinite	586,700	(393,925)			14,454	(32,433)				(411,904)			(550,141)
Total Capital Projects Fund				(832,121)			446,814	(32,433)		5,836		(411,904)			(550,141)
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3360-023	7/1/12-6/30/13	7,443				5,534	(7,443)				(1,909)			(7,443)
State School Lunch Program (State share)	100-010-3360-023	7/1/11-6/30/12	10,925	(591)			591								
Total Enterprise Fund				(591)			6,125	(7,443)				(1,909)			(7,443)
Total State Financial Assistance				\$ (1,283,319)	\$ 12,343	\$ -	\$ 5,568,679	\$ (5,417,601)	\$ (12,343)	\$ 5,836	\$ -	\$ (977,217)	\$ 10,165	\$ (159,353)	\$ (5,385,168)

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, 2013

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance 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 enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some 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 statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal 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 of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two state aid payments in the subsequent year.

Hopewell Valley Regional School District

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

Year ended June 30, 2013

3. Relationship to Basic Financial Statements (continued)

The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$60,858 for the general fund and \$28 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State 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		\$ 9,677,242	\$ 9,677,242
Special Revenue Fund	\$ 1,046,579	72,611	1,119,190
Capital Projects Fund		26,597	26,597
Food Service Enterprise Fund	142,869	7,443	150,312
Total financial award revenues	<u>\$ 1,189,448</u>	<u>\$ 9,783,893</u>	<u>\$ 10,973,341</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, 2013

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, 2013.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2013 amounted to \$4,432,986. 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-4 represent the cancellation of prior year account receivable balances.

Hopewell Valley Regional School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? Yes ✓ None Reported

Noncompliance material to financial statements noted? Yes ✓ No

Federal 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 issued on compliance for major programs: Unmodified

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 OMB Circular A-133 (Section .510(a))? Yes ✓ No

Identification of major programs:

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

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

Year ended June 30, 2013

Part I - Summary of Auditors' 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:

Unmodified

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
495-034-5120-084	Security Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-014	Transportation Aid
495-034-5120-044	Extraordinary Aid

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

Year ended June 30, 2013

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, 2013

**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, 2013

None.