

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, 2017



Hopewell Valley Regional School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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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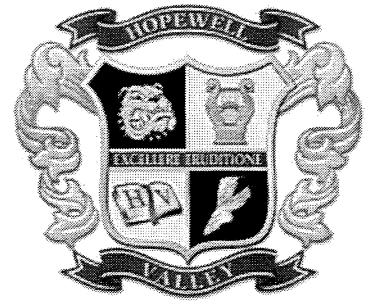
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Introductory Section

Hopewell Valley Regional School District

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



November 21, 2017

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, 2017, 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, 2017, 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 Title 2 U.S. Code of Federal regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey OMB Circular 15-08, "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 2016-17 fiscal year with an average daily enrollment of 3,603 students, which is 51 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
2016-17	3,603	(1.40)%
2015-16	3,654	(0.51)
2014-15	3,673	(0.41)
2013-14	3,688	(1.05)
2012-13	3,727	(1.77)

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 2016-17 year was 3,603, a slight decline from 2015-16. The economy in the Hopewell Valley communities is reflective of the national economy and shows signs of growth with a slight increase 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. Janssen Pharmaceuticals, a large employer, is expecting an increase of approximately 600 employees at the Hopewell Township campus in the coming year. 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 2016-17. A few such projects were the installation of a 75 kW generator at Central High School that will enable that location to serve as an area of refuge in states of emergency, roof repairs, and district-wide paving and concrete work. Additional projects are planned for 2017-18 and beyond. The majority of the projects were completed with budgeted capital reserve funds. A \$35.8 million referendum passed by the community on September 27, 2016, will address more extensive capital needs and infrastructure upgrades. The list of projects completed were approved by the New Jersey 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 (20 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, lifelong 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 Common Core Standards as well as the New Jersey Student Learning Standards and supplemented with a wide variety of courses designed to prepare our youth to compete successfully in their postgraduate years. Eligible students, who exhaust the extensive course offerings at Central High School, can take classes at nearby universities including Princeton and Rider, and for those interested in niche subjects, online learning is available through several web providers. Students are also experiencing a one to one learning environment using chromebooks to enhance our inquiry-based learning approach. 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-based resources and gives students new capabilities to create multimedia presentations.

Our commitment to STEM education is evidenced by our elementary STEM magnet program open to in-district students as well as selected out of district students through the New Jersey Choice program. This concentrated studies program provides interested students an opportunity to participate in a dynamic learning environment that complements their learning style.

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. We most recently added a performing arts concentration which will result in a specialized diploma for students who chose to take performing arts credits beyond the graduation requirements.

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 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 2017, CHS students achieved mean scores on the SAT of 610 in Reading/Writing and 615 in Mathematics. These scores were significantly higher than state and national mean scores. Each year, more and more students are also choosing to take the ACT. 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, 20+ 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 656 tests taken last year, more than 92 percent scored a 3 or better -- enough to win college credit. Hopewell Valley's high overall achievement 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 13 CHS students as Commended Scholars in 2017.

Professional development continues to be a high priority in Hopewell Valley where rigorous standards, an extensive offering of workshops, and a 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 being published in professional journals and authoring textbooks.

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 legal level of budgetary control is established at line item accounts within each fund. 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 assigned 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. 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 Federal Uniform Guidance and New Jersey OMB Circular 15-08. 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, 2016, and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual

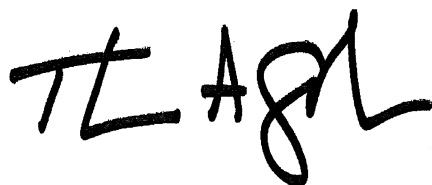
financial report and satisfied both generally accepted accounting principles and applicable legal requirements. This is the fourth year the District has received this award.

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 2016-17 award.

8. 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,



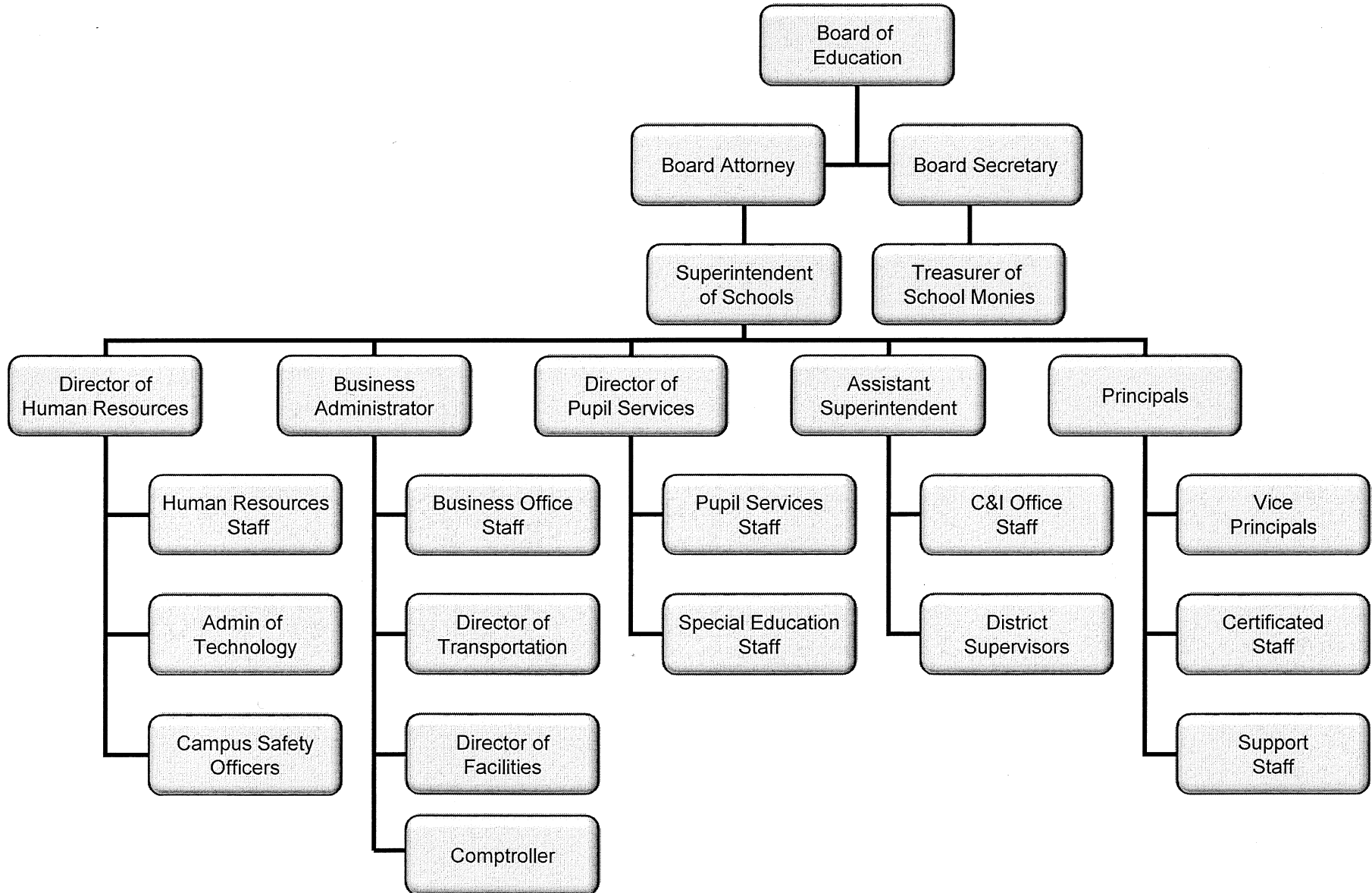
Dr. Thomas A. Smith
Superintendent



Robert Colavita
Business Administrator/Board Secretary

Hopewell Valley Regional School District Organizational Chart

June 30, 2017



Hopewell Valley Regional School District
Pennington, New Jersey

Roster of Officials

June 30, 2017

Members of the Board of Education

Term Expires

Lisa Wolff, President	2018
Alyce Murray, Vice President	2018
Roy G. Dollard	2017
Peter DiDonato	2019
Susan Pollara	2019
Joanna Long	2018
Michael Markulec	2019
Leigh Ann Peterson	2018
Adam J. Sawicki, Jr.	2017

Other Officials

Dr. Thomas Smith, Superintendent of Schools

Robert Colavita, Business Administrator/Board Secretary

James Bartolomei, Treasurer

Mr. Paul Green, Esq., Solicitor

Hopewell Valley Regional School District
Pennington, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss and Company, LLP
354 Eisenhower Parkway, Suite 1850
Livingston, New Jersey 07039

Attorney

Schenck, Price, Smith, & King, LLP
220 Park Avenue
Post Office Box 991
Florham Park, NJ 07932

Architect

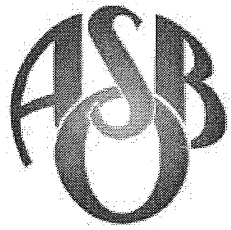
Fraytak, Veisz, Hopkins, Duthie P.C.
1515 Lower Ferry Road
Post Office Box 7371
Trenton, New Jersey 08628

Fiscal Agents

Depository Trust Company
Seven Hanover Street
New York, NY 10004

Official Depository

Northfield Bank
4 Route 31 South
Pennington, NJ 08534

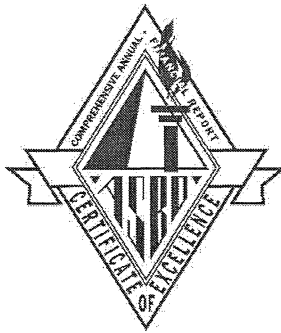


ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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, 2016.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

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
County of Mercer
Pennington, New Jersey

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, 2017, 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 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF 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.

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 such as the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017 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 solely 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 effectiveness of the District's 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

WISS & COMPANY, LLP

November 21, 2017
Livingston, 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, 2017
(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, 2017. 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 of resources, deferred inflows of resources 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 22-23 of this report.

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

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

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

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

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund and as supplementary information for the debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-26 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 27-29 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 30-31 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 32-65 of this report.

Other information. The required supplementary information related to pensions and the individual and combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Required supplementary information and combining and individual fund statements and schedules can be found on pages 66-89 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,430,027 (net position) at the close of 2017 and our overall net position declined in the current year, primarily as a result of the increase in the District's net pension liability. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2017 and 2016:

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$47,314,919	\$399,595	\$47,714,514	\$10,787,818	\$ 347,635	\$11,135,453
Capital assets, net	62,459,173	116,213	62,575,386	61,314,323	138,336	61,452,659
Total assets	109,774,092	515,808	110,289,900	72,102,141	485,971	72,588,112
Deferred outflows of resources	11,158,572		11,158,572	6,137,723		6,137,723
Current liabilities	9,572,955	147,958	9,720,913	6,551,644	188,737	6,740,381
Long-term liabilities outstanding	57,071,242		57,071,242	23,276,696		23,276,696
Net pension liability	32,908,916		32,908,916	25,231,324		25,231,324
Total liabilities	99,553,113	147,958	99,701,071	55,059,664	188,737	55,248,401
Deferred inflows of resources	317,374		317,374	1,305,042		1,305,042
Net position:						
Net investment in capital assets	35,803,648	116,213	35,919,861	36,138,255	138,336	36,276,591
Restricted	7,137,070		7,137,070	4,959,888		4,959,888
Unrestricted (Deficit)	(21,878,541)	251,637	(21,626,904)	(19,222,985)	158,898	(19,064,087)
Total net position	\$21,062,177	\$367,850	\$21,430,027	\$21,875,158	\$297,234	\$22,172,392

The largest portion of the District's net position is its net investment in capital assets. The decrease in the District's net investment in capital assets is due to ongoing capital projects combined with new debt issuance and the paying down of related debt. Restricted net position includes assets that are subject to external restrictions (e.g., for capital reserve, maintenance reserve, excess fund balance and debt service).

The (deficit) unrestricted net position in the governmental funds increased, mainly attributable to the increase in the District’s net pension liability. The unrestricted net position increased in the business-type activities due to the positive results of operations in the food service fund. Capital assets increased in the current year as a result of assets additions exceeding current year depreciation expense.

Deferred outflows of resources represent deferred losses on refunded debt associated with the District’s outstanding debt issuances and deferred pension costs associated with the District’s net pension liability. Deferred inflows of resources represent the District’s proportionate share of earnings and assumptions associated with the District’s net pension liability and deferred gains on refunded debt. Deferred inflows increased substantially, mainly due to a change in the assumptions related to pensions. Long-term liabilities increased due to the current year bond issuance offset by current year bond repayments.

Government-wide activities. The key elements of the District’s changes in net position for the years ended June 30, 2017 and 2016 are as follows:

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 425,238	\$1,526,791	\$ 1,952,029	\$ 348,231	\$1,394,609	\$1,742,840
Operating grants and contributions	1,175,450	152,467	1,327,917	1,167,590	153,185	1,318,775
General revenues:						
Property taxes	74,150,252		74,150,252	73,601,264		73,601,264
Federal and state aid not restricted to specific purposes	30,570,815		30,570,815	21,308,429		21,308,429
Investment earnings	109,524		109,524	32,998		32,998
Miscellaneous	629,236		629,236	607,722		607,722
Total revenues	107,060,515	1,679,258	108,739,773	97,066,234	1,547,794	98,614,028
Expenses:						
Instructional services	65,703,410		65,703,410	57,698,045		57,698,045
Support services	39,794,995	1,608,642	41,403,637	35,388,576	1,515,587	36,904,163
Special schools	337,955		337,955	281,701		281,701
Interest/chgs. on long-term debt	2,037,136		2,037,136	929,421		929,421
Total expenses	107,873,496	1,608,642	109,482,138	94,297,743	1,515,587	95,813,330
(Decrease) increase in net position before transfers	(812,981)	70,616	(742,365)	2,768,491	32,207	2,800,698
Transfers				362,433	(362,433)	-
Change in net position	(812,981)	70,616	(742,365)	3,130,924	(330,226)	2,800,698
Net position-beginning of year	21,875,158	297,234	22,172,392	18,744,234	627,460	19,371,694
Net position – end of year	\$21,062,177	\$ 367,850	\$21,430,027	\$21,875,158	\$297,234	\$22,172,392

Property tax revenue increased due to an increase in the current year property tax levy.

Federal and state aid not restricted for a specific purpose increased due to an increase in the on-behalf TPAF pension contributions associated with the GASB Statement Nos. 68 and 71.

Governmental instructional and support services expenses increased due to the allocation of pension expense to these functions as required by GASB Statement Nos. 68 and 71.

Business-type activities revenues increased due to the inception of the after school program.

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 \$1,649,504, while total fund balance was \$12,057,748. 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 2.04% of the total general fund expenditures while total fund balance represents 14.88% of that same amount.

The fund balance of the District’s general fund increased by \$2,843,176 during the current fiscal year. Factors in this increase include the impact fiscal conservatism had on expenditures mainly in the areas of instruction, tuition, general administration and operation and maintenance of plant.

The Capital Projects fund became active once again during the fiscal year as a result of the \$35,855,000 bond referendum. Fund balance restricted for capital projects of \$32,402,999 represents the unspent and uncommitted balance of the bond proceeds.

The debt service fund has a total fund balance of \$339,884, all of which is restricted for the payment of debt service and \$8,909 of which has been anticipated in the District’s 2017-18 budget. The net increase in fund balance during the current year was \$329,321, which is mainly attributable to savings realized from the 2015-16 refunding bond transaction. The District received \$4,758,384 from the local tax levy and paid \$3,790,000 and \$711,419 in principal and interest on bonds, respectively. The District also refunded a portion of its outstanding debt during the 2016 fiscal year resulting in future costs savings. \$72,356 was realized from interest earnings derived from the investment of unspent bond proceeds.

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, 2017, and the increases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase from 2016	Percent of Increase
Local sources	\$ 75,295,770	84.9%	\$ 679,055	0.9%
State sources	12,308,866	13.9	529,458	4.5
Federal sources	1,097,479	1.2	.53,779	5.2
Total	\$ 88,702,115	100.0%	\$ 1,262,292	1.4%

The increase in local sources is due to an increase in the local tax levy.

The increase in state sources is mainly attributable to an increase in on-behalf TPAF pension medical and long-term disability contributions paid by the State.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017, and the increases and decreases in relation to the prior year.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase from 2016</u>	<u>Percent of (Decrease) Increase</u>
Current expenditures:				
Instruction	\$ 34,491,418	39.6%	\$ (698,226)	(2.0)%
Support services	46,115,682	53.0	1,474,298	3.3
Capital outlay	1,625,539	1.8	(52,035)	(3.1)
Special schools	167,311	0.2	1,600	0.1
Debt service:				
Principal	3,975,605	4.6	330,605	9.1
Interest and costs	711,419	0.8	(566,109)	(44.3)
Total	<u>\$ 87,086,974</u>	<u>100.0%</u>	<u>\$ 490,133</u>	<u>0.6%</u>

The decrease in instruction is attributable mainly to the decrease in salaries and general supplies costs necessary to provide a comprehensive education.

The increase in support services is attributable mainly to the increased cost of undistributed instruction and the increase in on-behalf pension and social security contributions made by the State on behalf of the District.

The decrease in capital outlay is due to less construction and maintenance projects occurring during the current period as compared to the prior period.

The decrease in debt service interest and costs is due to this year's school bonds costs of issuance being less than last year's refunding bonds costs of issuance.

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 any additional existing fund balance.

Tuition revenues exceeded anticipated revenues by \$86,509 as a result of an increase in student enrollment. State sources exceeded anticipated revenues by \$9,354,503 as a result of the District not anticipating revenues related to Extraordinary Aid, Non-public transportation aid, State on-behalf TPAF pension contributions, and State reimbursed TPAF social security contributions.

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

- Instruction – regular programs – a decrease of \$1,211,811 occurred in the budget mainly due to a decrease in support services – other salaries for instruction.
- Instruction – special education – an increase of \$907,285 occurred in the budget due to increases in behavioral disabilities salaries, multiple disabilities salaries and preschool disabilities full-time salaries offset by decreases in autism salaries.
- Undistributed expenditures – support services – instruction – tuition to private school for the disabled within state – a decrease of \$207,120 occurred in the budget due to fewer students being sent out to private schools for the disabled than anticipated.
- Undistributed expenditures – other support services – students – extraordinary services - increase of \$1,148,258, as this program was not originally budgeted for.
- Undistributed expenditures – child study teams – a decrease of \$535,384, mainly due to a decrease in other purchased professional and technical services.
- Capital outlay – construction services – an increase of \$298,560 – due to funding of capital projects not originally provided for.

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 \$1,268,869. Fiscal restraint with respect to other purchased services and general supplies resulted in a favorable balance.
- Undistributed expenditures – instruction – tuition - a remaining balance of \$585,840. Fiscal restraint with respect to tuition to private schools for the disabled – within state and outside the state.
- Undistributed expenditures – child study teams – a remaining balance of \$297,772. Fiscal restraint with respect to other purchased professional services and technical services resulted in a favorable balance.
- Undistributed expenditures – general administration – a remaining balance of \$313,556. Fiscal restraint with respect to legal fees and architectural and engineering services resulted in a favorable balance.
- Undistributed expenditures – student transportation services – a remaining balance of \$497,752. Fiscal restraint with respect to transportation supplies and contracted services resulted in a favorable balance.
- Undistributed expenditures – operation and maintenance of plant services – custodial services of \$715,854. Less demand for electricity and natural gas energy expenditures resulting in a favorable balance.

Capital Assets

At the end of the fiscal years ended June 30, 2017 and 2016, the District had \$62,575,386 and \$61,452,659, 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	
	2017	2016	2017	2016
Land	\$2,546,691	\$ 2,546,691		
Construction in progress	3,452,001	90,484		
Land improvements	3,019,528	3,142,527		
Building and building improvements	52,263,768	53,987,827		
Machinery and equipment	1,177,185	1,546,794	\$116,213	\$ 138,336
Total	\$62,459,173	\$ 61,314,323	\$116,213	\$ 138,336

The increase in governmental activities capital assets is due the current year additions related to construction in progress exceeding depreciation expense. The decrease in business-type activities is due solely to the current years' depreciation expense. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration

At June 30, 2017, the District had \$94,995,505 of outstanding long-term liabilities. Of this amount, \$32,908,916 represents the District's net pension liability, \$2,078,372 is for compensated absences; \$1,801,075 for capital leases; \$55,095,000 of serial bonds, which include the \$35,855,000 serial bonds issued in December, 2016; \$630,000 has been accrued to pay for legal settlements and \$2,482,142 is for the unamortized premium on bonds. On November 30, 2016, the District issued \$35,855,000 in 2016 School Bonds. The bonds were approved by the electorate via referendum and were issued to provide funds to undertake various renovations, alterations, additions and improvements to school facilities throughout the District. For more detailed information, refer to Note 5 of the basic financial statements.

Economic Factors and Next Year's Budget

- Local and State aid has remained relatively flat.
- The cost of providing employee health benefits are expected to continue to increase.
- The District budgeted \$2,989,390 of its 2017 fund balance to partially fund the 2017-18 operations, an increase of \$1,147,821 from the prior year.

All of the above factors were considered in preparing the District's 2017-18 fiscal year budget.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2017.

Hopewell Valley Regional School District

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,051,198	\$ 372,327	\$ 10,423,525
Investments	30,817,832		30,817,832
Accounts receivable	1,531,511	11,375	1,542,886
Inventories		15,893	15,893
Restricted assets:			
Cash and cash equivalents	4,914,378		4,914,378
Capital assets, non-depreciable	5,998,692		5,998,692
Capital assets, depreciable, net	56,460,481	116,213	56,576,694
Total assets	109,774,092	515,808	110,289,900
Deferred Outflows of Resources			
Pension deferrals	10,730,842		10,730,842
Deferred loss on refunding of debt	427,730		427,730
	11,158,572		11,158,572
Liabilities			
Accounts payable	3,424,541	93,028	3,517,569
Accrued interest payable	1,003,372		1,003,372
Intergovernmental payables:			
Federal	2,401		2,401
State	8,917		8,917
Unearned revenue	118,377	54,930	173,307
Net pension liability	32,908,916		32,908,916
Current portion of long-term obligations	5,015,347		5,015,347
Noncurrent portion of long-term obligations	57,071,242		57,071,242
Total liabilities	99,553,113	147,958	99,701,071
Deferred Inflows of Resources			
Pension deferrals	209,337		209,337
Deferred gain on refunding of debt	108,037		108,037
	317,374		317,374
Net position			
Net investment in capital assets	35,803,648	116,213	35,919,861
Restricted for:			
Capital reserve	4,825,710		4,825,710
Maintenance reserve	88,668		88,668
Excess surplus - current year	2,222,692		2,222,692
Unrestricted (deficit)	(21,878,541)	251,637	(21,626,904)
Total net position	\$ 21,062,177	\$ 367,850	\$ 21,430,027

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District

Statement of Activities

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Instruction	\$ 65,703,410	\$ 266,509	\$ 968,792	\$ (64,468,109)		\$ (64,468,109)
Support services:						
Instruction	2,102,274			(2,102,274)		(2,102,274)
Attendance/social work	68,002			(68,002)		(68,002)
Health services	1,027,319			(1,027,319)		(1,027,319)
Other support services	9,614,759		206,658	(9,408,101)		(9,408,101)
Improvement of instruction	3,136,965			(3,136,965)		(3,136,965)
School library	1,890,305			(1,890,305)		(1,890,305)
General administration	1,128,672			(1,128,672)		(1,128,672)
School administration	4,649,801			(4,649,801)		(4,649,801)
Central services	1,810,031			(1,810,031)		(1,810,031)
Admin info technology	390,877			(390,877)		(390,877)
Required maintenance of plant services	2,193,627			(2,193,627)		(2,193,627)
Operation of plant	5,830,780			(5,830,780)		(5,830,780)
Care & upkeep of grounds	475,737			(475,737)		(475,737)
Security	370,093			(370,093)		(370,093)
Student transportation	5,105,753	158,729		(4,947,024)		(4,947,024)
Special Schools	337,955			(337,955)		(337,955)
Interest and other charges on long-term debt	2,037,136			(2,037,136)		(2,037,136)
Total governmental activities	107,873,496	425,238	1,175,450	(106,272,808)		(106,272,808)
Business-type activities						
Food service	1,462,467	1,356,515	152,467		\$ 46,515	46,515
Driver education	26,320	31,240			4,920	4,920
After school	119,855	139,036			19,181	19,181
Total business-type activities	1,608,642	1,526,791	152,467		70,616	70,616
Total primary government	\$ 109,482,138	\$ 1,952,029	\$ 1,327,917	(106,272,808)	70,616	(106,202,192)
General revenues:						
Property taxes, levied for general purposes				69,391,868		69,391,868
Property taxes, levied for debt service				4,758,384		4,758,384
State and federal sources				30,570,815		30,570,815
Investment earnings				109,524		109,524
Miscellaneous income				629,236		629,236
Total general revenues				105,459,827	-	105,459,827
Change in net position				(812,981)	70,616	(742,365)
Net position—beginning				21,875,158	297,234	22,172,392
Net position—ending				\$ 21,062,177	\$ 367,850	\$ 21,430,027

Fund Financial Statements

Governmental Funds

Hopewell Valley Regional School District
Governmental Funds

Balance Sheet

June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 6,613,396		\$ 3,170,274	\$ 267,528	\$ 10,051,198
Investments			30,817,832		30,817,832
Accounts receivable:					
Intergovernmental:					
State	570,909	\$ 226,540			797,449
Federal	104,388	1,395			105,783
Local	380,748	4,661			385,409
Other	176,685		66,185		242,870
Interfund receivable	32,708			72,356	105,064
Restricted cash and cash equivalents	4,914,378				4,914,378
Total assets	\$ 12,793,212	\$ 232,596	\$ 34,054,291	\$ 339,884	\$ 47,419,983
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 639,557	\$ 166,100	\$ 1,578,936		\$ 2,384,593
Intergovernmental payables:					
State		8,917			8,917
Federal		2,401			2,401
Interfunds payable		32,708	72,356		105,064
Unearned revenue	95,907	22,470			118,377
Total liabilities	735,464	232,596	1,651,292		2,619,352
Fund balances:					
Restricted for:					
Capital reserve	4,825,710				4,825,710
Maintenance reserve	88,668				88,668
Capital projects			32,402,999		32,402,999
Debt service				\$ 339,884	339,884
Excess surplus-current year	2,222,692				2,222,692
Assigned to:					
Designated for subsequent year expenditures	2,989,390				2,989,390
Other purposes	294,433				294,433
Unassigned	1,636,855				1,636,855
Total fund balances	12,057,748	-	32,402,999	339,884	44,800,631
Total liabilities, deferred inflows of resources and fund balances	\$ 12,793,212	\$ 232,596	\$ 34,054,291	\$ 339,884	

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 \$100,661,961 and the accumulated depreciation is \$38,202,788. \$ 62,459,173

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. (1,003,372)

Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds. 10,521,505

Losses and gains arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds. 319,693

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (32,908,916)

Accrued pension contributions for the June 30, 2017 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position. (1,039,948)

Long-term liabilities, including bonds payable, capital leases, compensated absences, settlements arising from litigation and unamortized premium on bonds are not due and payable in the current period and therefore are not reported as liabilities in the funds. (62,086,589)

Net position of governmental activities \$ 21,062,177

Hopewell Valley Regional School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 69,391,868			\$ 4,758,384	\$ 74,150,252
Tuition	266,509				266,509
Interest on investments	37,168		\$ 72,356		109,524
Transportation	158,729				158,729
Miscellaneous	629,236	\$ 53,876			683,112
Total local sources	70,483,510	53,876	72,356	4,758,384	75,368,126
State sources	12,176,411	132,455			12,308,866
Federal sources	108,360	989,119			1,097,479
Total revenues	82,768,281	1,175,450	72,356	4,758,384	88,774,471
Expenditures:					
Current:					
Instruction	33,522,626	968,792			34,491,418
Support services:					
Instruction	2,023,355				2,023,355
Attendance/social work	34,781				34,781
Health services	532,654				532,654
Support services	5,242,609	206,658			5,449,267
Improvement of instruction	1,642,758				1,642,758
School library	1,008,689				1,008,689
General administration	834,411				834,411
School administration	2,106,134				2,106,134
Central services	1,008,807				1,008,807
Administration information technology	202,752				202,752
Required maintenance of plant services	1,424,071				1,424,071
Operation of plant-custodial services	3,954,803				3,954,803
Care & upkeep of grounds	267,276				267,276
Security	189,292				189,292
Student transportation	3,628,559				3,628,559
Employee benefits	12,902,286				12,902,286
On-behalf pension, medical and disability contributions	6,498,678				6,498,678
On-behalf TPAF social security contributions	2,407,109				2,407,109
Special Schools	167,311				167,311
Capital outlay	1,625,539		3,452,001		5,077,540
Debt Service:					
Principal	185,605			3,790,000	3,975,605
Interest				711,419	711,419
Costs of issuance			854,542		854,542
Total expenditures	81,410,105	1,175,450	4,306,543	4,501,419	91,393,517
Excess (deficiency) of revenues over (under) expenditures	1,358,176	-	(4,234,187)	256,965	(2,619,046)
Other financing sources (uses):					
Transfers in				72,356	72,356
Transfers out			(72,356)		(72,356)
Bond proceeds			35,855,000		35,855,000
Premium on bonds			854,542		854,542
Capital leases (non-budgeted)	1,485,000				1,485,000
Total other financing sources (uses)	1,485,000	-	36,637,186	72,356	38,194,542
Net change in fund balances	2,843,176	-	32,402,999	329,321	35,575,496
Fund balances, July 1	9,214,572	-	-	10,563	9,225,135
Fund balances, June 30	\$ 12,057,748	\$ -	\$ 32,402,999	\$ 339,884	\$ 44,800,631

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).

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, 2017

Total net change in fund balances - governmental funds (from B-2)		\$ 35,575,496
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 expense in the period.		
Capital additions	\$ 3,452,001	
Depreciation expense	<u>(2,307,151)</u>	1,144,850
Proceeds from lease purchase agreements and capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; lease purchase agreements and capital leases increase long-term liabilities in the statement of net position.		
Obligations Under Capital Leases		(1,485,000)
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	3,790,000	
Obligations Under Capital Leases	<u>185,605</u>	3,975,605
The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net position.		
School Bonds Issued		(35,855,000)
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
Premium on Bond Issuance	(854,542)	
Amortization of Premium on Bonds	432,612	
Amortization of Deferred Interest Costs	<u>(96,131)</u>	(518,061)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension expense		(2,390,914)
In the statement of activities, provision for litigation settlements are measured in the period the incident occurred. In the governmental funds however, expenditures for these items are reported in the amount of financial resources paid.		
		(630,000)
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.		
		(807,655)
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).		
		177,698
Change in net position of governmental activities (A-2)		<u>\$ (812,981)</u>

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Enterprise Funds

Hopewell Valley Regional School District
Proprietary Funds

Combining Statements of Net Position

June 30, 2017

	Major Funds			Totals
	Business Type Activities -			
	Enterprise Funds			
	Food Service	Driver Education	After School	
Assets				
Current assets:				
Cash and cash equivalents	\$ 264,958	\$ 88,188	\$ 19,181	\$ 372,327
Accounts receivable:				
State	507			507
Federal	6,593			6,593
Other	4,275			4,275
Inventories	15,893			15,893
Total current assets	292,226	88,188	19,181	399,595
Non-current assets:				
Capital assets:				
Equipment	612,805			612,805
Accumulated depreciation	(496,592)			(496,592)
Total capital assets, net	116,213			116,213
Total assets	408,439	88,188	19,181	515,808
Liabilities				
Current liabilities:				
Accounts payable	90,256	2,772		93,028
Unearned revenue	54,930			54,930
Total current liabilities	145,186	2,772		147,958
Net position				
Net investment in capital assets	116,213			116,213
Unrestricted	147,040	85,416	\$ 19,181	251,637
Total net position	\$ 263,253	\$ 85,416	\$ 19,181	\$ 367,850

Hopewell Valley Regional School District
Proprietary Funds

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

Year ended June 30, 2017

	Major Funds			Totals
	Business Type Activities -			
	Enterprise Funds			
	Food Service	Driver Education	After School	
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 484,803			\$ 484,803
Daily food sales- non reimbursable programs	871,712			871,712
Fees		\$ 31,240	\$ 139,036	170,276
Total operating revenues	1,356,515	31,240	139,036	1,526,791
Operating expenses:				
Salaries	434,604	19,404	25,480	479,488
Employee benefits	103,417	1,039	1,646	106,102
Supplies and materials	77,760		980	78,740
Purchased services			91,749	91,749
Depreciation	22,123			22,123
Insurance	40,915			40,915
Cost of sales - reimbursable programs	415,061			415,061
Cost of sales - non reimbursable programs	283,132			283,132
Management and administrative fees	73,978			73,978
Other	11,477	5,877		17,354
Total operating expenses	1,462,467	26,320	119,855	1,608,642
Operating (loss) income	(105,952)	4,920	19,181	(81,851)
Nonoperating revenues:				
State sources:				
State school lunch program	6,465			6,465
Federal sources:				
National school lunch program	84,875			84,875
Food donation program	61,127			61,127
Total nonoperating revenues	152,467	-	-	152,467
Change in net position	46,515	4,920	19,181	70,616
Total net position-beginning	216,738	80,496	-	297,234
Total net position-ending	\$ 263,253	\$ 85,416	\$ 19,181	\$ 367,850

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Proprietary Funds

Combining Statements of Cash Flows

Year ended June 30, 2017

	Major Funds			Totals
	Business Type Activities - Enterprise Funds			
	Food Service	Driver Education	After School	
Cash flows from operating activities:				
Receipts from customers	\$ 1,350,487	\$ 31,240	\$ 139,036	\$ 1,520,763
Payments to employees	(434,604)	(19,404)	(25,480)	(479,488)
Payments for employee benefits	(103,417)	(1,039)	(1,646)	(106,102)
Payments to suppliers	(906,674)	(4,261)	(92,729)	(1,003,664)
Net cash (used in) provided by operating activities	(94,208)	6,536	19,181	(68,491)
Cash flows from noncapital financing activities:				
Cash received from state and federal reimbursements	91,495			91,495
Cash received from food donation program	60,515			60,515
Net cash provided by noncapital financing activities	152,010	-	-	152,010
Net increase in cash and cash equivalents	57,802	6,536	19,181	83,519
Cash and cash equivalents, beginning of year	207,156	81,652	-	288,808
Cash and cash equivalents, end of year	\$ 264,958	\$ 88,188	\$ 19,181	\$ 372,327
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	\$ (105,952)	\$ 4,920	\$ 19,181	\$ (81,851)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	22,123			22,123
Change in assets and liabilities:				
Decrease in accounts receivable	9,598			9,598
Decrease in inventory	21,806			21,806
(Decrease) increase in accounts payable	(26,769)	1,616		(25,153)
(Decrease) in unearned revenue	(15,014)			(15,014)
Net cash (used in) provided by operating activities	\$ (94,208)	\$ 6,536	\$ 19,181	\$ (68,491)

Noncash noncapital financing activities:

The District received \$60,515 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2017.

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Fiduciary Funds

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2017

	<u>Private- Purpose Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 29,789		\$ 1,670,382
Total assets	<u>29,789</u>		<u>\$ 1,670,382</u>
Liabilities			
Payroll deductions and withholdings payable			\$ 1,318,692
Due to student groups			351,690
Total liabilities		<u>-</u>	<u>\$ 1,670,382</u>
Net position			
Held in trust for scholarships	<u>\$ 29,789</u>		
Held in trust for unemployment claims		<u>\$ -</u>	

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	Private- Purpose Scholarship Trust Funds	Unemployment Compensation Trust Fund
Additions		
Contributions:		
Board contributions		\$ 166,801
Plan member contributions		124,428
Scholarship donations	\$ 11,783	
Total additions	11,783	291,229
Deductions		
Unemployment benefit payments		291,229
Scholarship payments	13,034	
Total deductions	13,034	291,229
Change in net position	(1,251)	-
Net position-beginning	31,040	-
Net position-ending	\$ 29,789	\$ -

Hopewell Valley Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2017

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, 2017

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, 2017

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 60 days 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 and net pension liability are recorded only when payment is due.

Property taxes, interest, and state aid 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, 2017

1. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary funds:

Enterprise Funds (Food Service, Driver Education, and After School): The enterprise funds account for all revenues and expenses pertaining to cafeteria, driver education, and after school 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. 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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 driver education program and rental fees and fees collected related to the after school program. 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 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 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, 2017

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 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, 2017

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. Investments include United States Treasury Bonds and Notes which are carried at fair value.

F. Interfund Receivables/Payables

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

G. Inventories

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

The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2017, there were no unused Food Donation Program commodities 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.

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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 \$2,078,372 at June 30, 2017. 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 general fund represents tuition paid in advance. Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. Unearned revenue in the enterprise fund consists of student deposits made for the use of purchasing food to be consumed in a future period.

K. Deferred Outflows / Inflows or Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense / expenditure) until then. The District has two items that qualify for reporting in this category, including deferred losses from the refunding of debt and deferred amounts related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, including deferred amounts related to pensions and the deferred gain on the refunding of debt.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

L. Deferred Loss/Gain on Defeasances of Debt

Deferred losses on refunding of debt are recorded as deferred outflows of resources. Deferred gain on refunding of debt is recorded as a deferred inflow of resources. They are amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The net amortization expense for the year ended June 30, 2017 amounted to \$96,131. As of June 30, 2017, the District has recorded an unamortized deferred loss and deferred gain of \$427,730 and \$108,037 as a deferred outflow of resources and a deferred inflow of resources, respectively.

M. 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 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.

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.

N. 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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances (continued)

- 1) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 2) 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.
- 3) 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.
- 4) 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 \$12,057,748 of fund balance in the General Fund, \$4,825,710 has been restricted in the capital reserve account, \$88,668 has been restricted in the maintenance reserve account, \$2,222,692 has been restricted for excess surplus – current year and will be utilized in the 2018-19 budget, \$294,433 of encumbrances are assigned to other purposes, \$2,989,390 has been assigned as designated for subsequent years expenditures and \$1,636,855 is unassigned. All of the \$32,402,999 fund balance in the Capital Projects Fund is restricted for capital projects. All of the \$339,884 fund balance in the Debt Service Fund, and \$8,809 has been budgeted for use in the 2017-18 budget and is included in restricted for debt service.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

Summary of Significant Accounting Policies (continued)

O. 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 its subsequent years' budget. The District generated \$2,222,692 in excess fund balance during the 2017 fiscal year which must be utilized in its 2018-19 budget.

P. 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" was changed to "net position" throughout the financial statements.

Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources 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.

Q. GASB Pronouncements

GASB Pronouncements implemented in the 2017 Fiscal Year

In February, 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). The objective of this Statement is to provide guidance for applying fair value for certain assets and liabilities and disclosures related to all fair value measurements. The requirements of this Statement mandate the use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The District has adopted GASB No. 72 during the year ended June 30, 2017.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

Recently Issued and Adopted Accounting Principles

The GASB issued Statement No. 77, *Tax Abatement Disclosures* in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. As the District is not a taxing government, the Statement did not result in a change in the District's assets, revenues or fund balance. No disclosures are necessary as the tax abatements do not have a significant impact on the District.

Recently Issued and Adopted Accounting Principles

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. Management has not yet determined the impact of the Statement on the financial statements.

R. 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.

S. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and post-retirement medical and pension benefits for certified members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$18,286,044 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and November 21, 2017, 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 \$62,086,589 difference is as follows:

Bonds payable	\$	55,095,000
Premium on bonds		2,482,142
Litigation payable		630,000
Capital leases payable		1,801,075
Compensated absences		2,078,372
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>62,086,589</u>

3. Deposits and Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools” and Statement No. 72, “Fair Value Measurement and Application.” The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

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 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%.

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

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, 2017, the District's carrying value of its deposits was \$13,870,343 and the bank balance was \$15,434,459. Of the bank balance, \$250,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$13,158,816. \$2,025,643 held in the District agency accounts are not covered by GUDPA.

Investments

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

- a. Bonds and 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 and New Jersey Asset and Rebate Management Fund.

The following presents the components of investments held at June 30, 2017:

Investment Type	Fair Value	Investment Maturities	
		Less than 1 year	1 to 5 years
United States Treasury Notes	\$ 30,817,832	\$ 22,648,899	\$ 8,168,933
Total Investments	\$ 30,817,832	\$ 22,648,899	\$ 8,168,933

The investments in United States Treasury Notes are recorded as investments in the capital projects fund. These investments were purchased from the proceeds of the 2017 bond issuance.

New Jersey Asset and Rebate Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management Fund ("NJARM") and New Jersey Cash Management Fund ("NJCMF") as its investments.

The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At June 30, 2017, the District's balance was \$3,167,730 with NJARM.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table sets forth by level, within fair value hierarchy, the investment assets at fair value as of June 30, 2017:

Investment Type	Assets at Fair Value as of June 30, 2017	
	Level 2	Total
United States Treasury Notes	\$30,817,832	\$30,817,832

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2017.

	Beginning Balance	Increases	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,546,691			\$ 2,546,691
Construction in progress	90,484	\$ 3,452,001	\$ (90,484)	3,452,001
Total capital assets, not being depreciated	2,637,175	3,452,001	(90,484)	5,998,692
Capital assets, being depreciated				
Land improvements	4,283,126		90,484	4,373,610
Buildings and building improvements	82,725,160			82,725,160
Machinery, equipment, and vehicles	7,564,499			7,564,499
Total capital assets being depreciated	94,572,785		90,484	94,663,269
Less accumulated depreciation for:				
Land improvements	1,140,599	213,483		1,354,082
Buildings and building improvements	28,737,333	1,724,059		30,461,392
Machinery, equipment, and vehicles	6,017,705	369,069		6,387,314
Total accumulated depreciation	35,895,637	2,307,151		38,202,788
Total capital assets, being depreciated, net	58,677,148	(2,307,151)		56,460,481
Governmental activities capital assets, net	\$ 61,314,323	\$ 1,144,850	\$ -	\$ 62,459,173

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

4. Capital Assets – (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2017 as follows:

Instruction	\$1,424,215
Attendance/social work	1,357
Health services	21,154
Other support services	212,542
Improvement of instruction	64,074
School library	39,343
General administration	32,545
School administration	82,147
Central services	39,347
Information technology	7,908
Required maintenance of plant services	58,343
Operation of plant	154,252
Care & upkeep of grounds	10,425
Security	7,383
Student transportation	145,590
Special Schools	6,526
	<u>\$2,307,151</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2017:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 612,805	\$ -	\$ 612,805
Less accumulated depreciation for:			
Equipment	474,469	22,123	496,592
Total business-type activities capital assets, net	<u>\$ 138,336</u>	<u>\$ (22,123)</u>	<u>\$ 116,213</u>

5. Long-Term Liabilities

Bonds Payable

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities – (continued)

On November 30, 2016, the District issued \$35,855,000 in 2016 School Bonds. The bonds were approved by the electorate via referendum and were issued to provide funds to undertake various renovations, alterations, additions and improvements to school facilities throughout the District. The bonds maturing prior to January 15, 2027 are not subject to optional redemption. The bonds maturing on or after January 15, 2027 are subject to optional redemption at par plus accrued interest to the date of redemption.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2018	\$ 3,960,000	\$ 1,994,471	\$ 5,954,471
2019	4,230,000	1,992,550	6,222,550
2020	4,430,000	1,844,313	6,274,313
2021	4,180,000	1,671,263	5,851,263
2022	4,440,000	1,586,463	6,026,463
2023-2027	15,785,000	5,048,913	20,833,913
2028-2032	18,070,000	2,155,550	20,225,550
	<u>\$ 55,095,000</u>	<u>\$ 16,293,523</u>	<u>\$ 71,388,523</u>

Bonds payable at June 30, 2017 are comprised of the following issues:

\$5,665,000, 2012 refunding bonds, due in annual installments ranging from \$950,000 to \$1,015,000 through January 15, 2020 at interest rates ranging from 3.50% to 4.00%.

\$16,290,000, 2016 refunding bonds, due in annual installments ranging from \$3,010,000 to \$3,540,000 through August 15, 2021 at interest rates ranging from 3.00% to 5.00%.

\$35,855,000, 2016 school bonds, due in annual installments ranging from \$125,000 to \$3,815,000 through January 15, 2032 at interest rates ranging from 3.00% to 4.00%.

Defeased Debt

In March 2012, the District issued \$5,665,000 of refunding bonds to provide resources to refund \$4,755,000 of the District's 2004 bonds. As of June 30, 2017, no defeased debt remains outstanding.

On May 3, 2016, the District issued \$16,290,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2017, \$17,535,000 of defeased debt remains outstanding.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities – (continued)

Bonds Authorized But Not Issued

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

Capital Leases Payable

In March 2014, the District entered into a capital lease for maintenance equipment in the amount of \$665,000. The equipment is being leased with an interest rate of 1.52%. In August, 2014, the District entered into a capital lease for cardiac emergency equipment in the amount of \$48,610. The equipment is being leased with an interest rate of 3.33%. In March, 2016, the District entered into a capital lease for the acquisition of buses. The buses are being leased with an interest rate of 2.93%.

In November 2016, the District entered into a capital lease for the acquisition of various vehicles in the amount of \$295,000. The vehicles are being leased with an interest rate of 1.905%. In May, 2017 the District entered into a capital lease for computer equipment and server upgrades in the amount of \$1,190,000. The equipment is being leased with an interest rate of 1.69%.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017:

	<u>Amount</u>
Year:	
2018	\$ 538,743
2019	480,119
2020	410,822
2021	411,925
2022	31,644
Total minimum lease payments	<u>\$1,873,253</u>
Less amounts representing interest	<u>(72,178)</u>
Present value of net minimum lease payments	<u>\$1,801,075</u>

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$ 23,030,000	\$35,855,000	\$3,790,000	\$ 55,095,000	\$ 3,960,000
Premium on bonds	2,060,212	854,542	432,612	2,482,142	415,958
Litigation payable		630,000		630,000	30,000
Capital leases	501,680	1,485,000	185,605	1,801,075	508,189
Compensated absences	2,256,070	199,081	376,779	2,078,372	101,200
Subtotal	<u>27,847,962</u>	<u>39,023,623</u>	<u>4,784,996</u>	<u>62,086,589</u>	<u>5,015,347</u>
Net pension liability	25,231,324	7,677,592		32,908,916	
Total governmental activity long-term liabilities	<u>\$53,079,286</u>	<u>\$46,701,215</u>	<u>\$4,784,996</u>	<u>\$94,995,505</u>	<u>\$5,015,347</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities – (continued)

Compensated absences, the legal settlement, net pension liability and capital lease liabilities are liquidated by expenditures charged to the general fund. Bonds payable are liquidated by expenditures charged to the debt service fund.

6. 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 1/55th 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.

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans – (continued)

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 $1/55^{\text{th}}$ 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.

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 being phased in annually through July, 2018 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 noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2017, the State of New Jersey contributed \$6,498,678 to the TPAF for post-retirement medical benefits, disability insurance 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 \$2,407,109 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for the years ended June 30, 2017, 2016 and 2015 were \$987,125, \$966,330 and \$893,593, respectively, equal to the required contributions for each year.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans – (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At June 30, 2017, the District reported a liability of \$32,908,916 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2015, which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.1111144609 percent, which was a decrease of 0.0012845449 from its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the District recognized full accrual pension expense of \$2,390,914 in the government-wide financial statements. At June 30, 2017, the District reported deferred outflows of resources and a deferred inflow of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 612,006	
Changes of assumptions	6,816,970	
Net difference between projected and actual earnings on pension plan investments	1,254,847	
Changes in proportion	1,007,071	\$ 209,337
District contributions subsequent to the measurement date	1,039,948	
	\$ 10,730,842	\$ 209,337

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

\$1,039,948 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 2,155,379
2019	2,155,382
2020	2,457,861
2021	1,980,608
2022	732,327
	<u>\$ 9,481,557</u>

Actuarial Assumptions

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

Inflation rate	3.08%
Salary increases	
through 2026	1.65% - 4.15%
	based on age
Thereafter	2.65% - 5.15%
	based on age
Investment rate of return	7.65%

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of formers members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disables retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Allocation	Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High yield bonds	2.00%	4.56%
Inflation-indexed bonds	1.50%	3.44%
Broad U.S. equities	26.00%	8.53%
Developed foreign equities	13.25%	6.83%
Emerging market equities	6.50%	9.95%
Private equity	9.00%	12.40%
Hedge funds/Absolute return	12.50%	4.68%
Real Estate (property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	100.00%	

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
State's proportionate share of the net pension liability associated with the District	\$ 40,326,035	\$ 32,908,916	\$ 26,785,441

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$	8,685,338,380
Collective deferred inflows of resources	\$	870,133,595
Collective net pension liability	\$	29,617,131,759
District's Proportion		0.1111144609%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 is \$2,830,763,540.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2015 (the beginning of the measurement period ended June 30, 2016) is 5.57 years and 5.72 years for the measurement period ended June 30, 2015.

Teachers Pensions and Annuity Fund (TPAF)

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2016 was \$251,232,134. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3193640991 percent, which was an increase of 0.0036666423 from its proportion measured as of June 30, 2015.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$18,286,044 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.19%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

Discount Rate

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's proportionate share of the net pension liability associated with the District	\$ 300,027,312	\$ 251,232,134	\$ 211,384,582

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

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$ 17,440,003,201
Collective deferred inflows of resources	\$ 195,027,919
Collective net pension liability	\$ 78,666,367,052

State's proportionate share associated with the District	0.3193640991%
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Collective pension expense for the plan for the measurement period ended June 30, 2016 is \$5,915,082,656.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2015 (the beginning of the measurement period ended June 30, 2016) is 8.3 years.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Post-Retirement Benefits

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, c. 384 and P.L. 1990, c. 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, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

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, 2017, 2016 and 2015 were, \$2,950,531, \$3,044,624 and \$2,709,509, 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

8. 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, Liability and Health Insurance

The District maintains commercial insurance coverage for property, liability, health, student and other accident claims 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.

9. 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, 2017, 2016 and 2015 were \$1,177,561, \$1,101,092 and \$1,244,057, respectively. The District does not contribute to these plans on behalf of plan members.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2017 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 32,708	
Special Revenue Fund		\$ 32,708
Capital Projects Fund		72,356
Debt Service Fund	72,356	
	<u>\$ 105,064</u>	<u>\$ 105,064</u>

The interfund between the general fund and the special revenue fund represents an allocation of internally pooled cash from the general fund and represents a short-term loan. The interfund between the capital projects fund and the debt service fund represents interest earned on the investment of bond proceeds held in the capital projects fund that is to be transferred to the debt service fund pursuant to N.J.A.C. 6A:26-4.2(e).

All interfunds are expected to be repaid within one year.

11. 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.

12. 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, 2017 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, 2017 may be impaired.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

12. Contingent Liabilities (continued)

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 have a material adverse effect on the financial position of the District. Therefore, the District has accrued a total of \$630,000 in the government-wide financial statements as a result of the actual and expected outcomes of these claims and lawsuits. The estimated settlement of these claims is not expected to be paid with current financial resources.

13. Capital Reserve Account

A capital reserve account was established by the District on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$	4,871,220
Deposits:		
FEMA Refund		104,388
Withdrawals:		
Approved by April 24, 2017 Board resolution		(149,898)
Ending balance, June 30, 2017	\$	<u>4,825,710</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

14. 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 capital and maintenance related expenditures.

15. Commitments

The District has contractual commitments at June 30, 2017 for various purposes, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$249,433 and in the capital projects fund \$17,875,951, which are recorded as part of fund balance restricted for capital projects.

16. Transfers

The District transferred \$72,356 from the capital projects fund to the debt service fund. The transfer was required to move interest earned on the unspent bond proceeds in the capital projects fund to the debt service fund to offset future debt service tax levies.

Required Supplementary Information
Part II

Hopewell Valley Board of Education
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - Local Group	0.1111144609%	0.1123990058%	0.1084386997%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 32,908,916	\$ 25,231,324	\$ 20,302,690	n/a	n/a	n/a	n/a	n/a	n/a	n/a
District's covered-employee payroll	\$ 7,728,853	\$ 7,569,463	\$ 7,614,532	\$ 7,708,670	\$ 7,399,294	\$ 7,048,273	\$ 7,203,027	\$ 7,722,995	\$ 7,470,775	\$ 6,818,472
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	425.79%	333.33%	266.63%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	40.14%	47.93%	52.08%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

Hopewell Valley Board of Education
 Schedule of District Contributions
 Public Employee's Retirement System

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 987,125	\$ 735,000	\$ 709,412	\$ 710,507	\$ 662,255	\$ 583,482	\$ 527,005	\$ 537,886	\$ 537,386	\$ 494,263
Contributions in relation to the contractually required contribution	(987,125)	(735,000)	(709,412)	(710,507)	(662,255)	(583,482)	(527,005)	(537,886)	(537,386)	(494,263)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,569,463	\$ 7,614,532	\$ 7,708,670	\$ 7,399,294	\$ 7,048,273	\$ 7,203,027	\$ 7,722,995	\$ 7,470,775	\$ 6,818,472	\$ 5,978,038
Contributions as a percentage of covered-employee payroll	13.04%	9.65%	9.20%	9.60%	9.40%	8.10%	6.82%	7.20%	7.88%	8.27%

Hopewell Valley Board of Education
Schedule of the State's Proportionate Share of the Net Pension
Liability Associated with the District
Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3193640991%	0.3156974568%	0.3177476544%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	-
State's proportionate share of the net pension liability (asset) associated with the District	\$ 251,232,134	\$ 199,534,274	\$ 169,825,780
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 251,232,134</u>	<u>\$ 199,534,274</u>	<u>\$ 169,825,780</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	33.64%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make a contribution to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016.

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Required Supplementary Information
Part III

Budgetary Comparison Schedules

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 69,391,867		\$ 69,391,867	\$ 69,391,868	\$ 1
Tuition	180,000		180,000	266,509	86,509
Interest on investments	23,000		23,000	37,168	14,168
Transportation	110,000		110,000	158,729	48,729
Miscellaneous	604,000		604,000	629,236	25,236
Total revenues - local sources	70,308,867		70,308,867	70,483,510	174,643
State sources:					
School choice aid	230,418		230,418	230,418	
Special education categorical aid	2,049,948		2,049,948	2,049,948	
Security categorical aid	62,529		62,529	62,529	
Transportation categorical aid	389,553		389,553	389,553	
Extraordinary aid				388,284	388,284
PARCC Readiness aid	35,060		35,060	35,060	
Per pupil growth aid	35,060		35,060	35,060	
Professional learning community aid	35,880		35,880	35,880	
Non-public transportation aid				60,432	60,432
On-behalf TPAF pension, medical and disability contributions				6,498,678	6,498,678
Reimbursed TPAF social security contributions				2,407,109	2,407,109
Total - state sources	2,838,448		2,838,448	12,192,951	9,354,503
Federal sources:					
Medicaid reimbursement	20,129		20,129	3,972	(16,157)
FEMA reimbursement				104,388	104,388
Total - Federal sources	20,129		20,129	108,360	88,231
Total revenues	73,167,444		73,167,444	82,784,821	9,617,377
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	741,044	\$ 111,570	852,614	852,614	
Grades 1-5	8,171,765	231,183	8,402,948	8,352,328	50,620
Grades 6-8	5,734,713	(112,097)	5,622,616	5,595,030	27,586
Grades 9-12	7,227,369	(89,084)	7,138,285	7,119,474	18,811
Home instruction:					
Salaries of teachers	60,000	(3,307)	56,693	56,693	
Purchased professional-educational services	20,000	11,299	31,299	31,299	
Support services:					
Other salaries for instruction	2,382,648	(1,338,942)	1,043,706	1,043,706	
Purchased professional-educational services	552,310	(58,569)	493,741	451,279	42,462
Purchased technical services	22,000	6,061	28,061	27,774	287
Other purchased services	1,246,256	(35,390)	1,210,866	377,028	833,838
General supplies	1,234,840	57,215	1,292,055	1,037,192	254,863
Textbooks	144,461	12,842	157,303	122,156	35,147
Other objects	25,126	(4,592)	20,534	15,279	5,255
Total instruction - regular programs	27,562,532	(1,211,811)	26,350,721	25,081,852	1,268,869
Special education:					
Autism:					
Salaries of teachers	132,607	(132,607)			
Total autism	132,607	(132,607)			
Learning and/or language disabilities:					
Salaries of teachers	1,000	4	1,004	925	79
General supplies		86,723	86,723	83,355	3,368
Total learning and/or language disabilities	1,000	86,727	87,727	84,280	3,447

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education (continued):					
Behavioral disabilities:					
Salaries of teachers		\$ 320,205	\$ 320,205	\$ 320,204	\$ 1
Total behavioral disabilities		320,205	320,205	320,204	1
Multiple disabilities:					
Salaries of teachers	284,840	233,815	518,655	509,767	8,888
General supplies		250	250	244	6
Total multiple disabilities	284,840	234,065	518,905	510,011	8,894
Resource room/center:					
Salaries of teachers	4,504,472	(518,110)	3,986,362	3,973,539	12,823
Other salaries for instruction	70,381	333,414	403,795	403,795	
Other purchased services	1,032	300	1,332	1,093	239
General supplies	24,875	864	25,739	24,150	1,589
Textbooks	4,000	(1,029)	2,971	2,757	214
Total resource room/center	4,604,760	(184,561)	4,420,199	4,405,334	14,865
Preschool disabilities - part - time					
Salaries of teachers	264,354	7,750	272,104	242,652	29,452
Total preschool disabilities - part - time	264,354	7,750	272,104	242,652	29,452
Preschool disabilities - full - time					
Salaries of teachers		549,300	549,300	533,392	15,908
General supplies	6,275	(454)	5,821	3,558	2,263
Total preschool disabilities - part - time	6,275	548,846	555,121	536,950	18,171
Home instruction:					
Purchased professional educational services		26,860	26,860	26,860	
Total home instruction		26,860	26,860	26,860	
Total special education	5,293,836	907,285	6,201,121	6,126,291	74,830
Bilingual education:					
Salaries of teachers	74,485		74,485	74,112	373
General supplies	500		500	175	325
Total bilingual education	74,985		74,985	74,287	698
Basic skills/remedial instruction:					
Salaries of teachers	1,063,524	(245,593)	817,931	804,847	13,084
General supplies	8,500	545	9,045	8,475	570
Textbooks	500	(211)	289	289	
Total basic skills/remedial instruction	1,072,524	(245,259)	827,265	813,611	13,654
School-sponsored cocurricular activities:					
Salaries	180,678	7,435	188,113	188,113	
Purchased services	38,230	2,241	40,471	38,951	1,520
Supplies and materials	63,636	(9,525)	54,111	52,696	1,415
Other objects	78,272	(8,412)	69,860	64,012	5,848
Total school-sponsored cocurricular activities	360,816	(8,261)	352,555	343,772	8,783

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-sponsored athletics - instruction:					
Salaries	\$ 711,416	\$ 43,640	\$ 755,056	\$ 755,056	
Purchased services	191,219	(42,989)	148,230	146,614	\$ 1,616
Supplies and materials	91,600	62,665	154,265	153,594	671
Other objects	19,520	8,029	27,549	27,549	
Total school-sponsored athletics - instruction	1,013,755	71,345	1,085,100	1,082,813	2,287
Total instruction	35,378,448	(486,701)	34,891,747	33,522,626	1,369,121
Support services:					
Instruction:					
Tuition to county voc. school dist.-special	94,700	(19,000)	75,700	48,750	26,950
Tuition to CSSD and regional day schools	523,639		523,639	426,567	97,072
Tuition to private school for the disabled - within state	1,734,922	(207,120)	1,527,802	1,368,512	159,290
Tuition to private school for the disabled and other LEAs-special-outside state	360,800	(20,000)	340,800	53,521	287,279
Tuition - other	141,254		141,254	126,005	15,249
Total instruction	2,855,315	(246,120)	2,609,195	2,023,355	585,840
Attendance and social work services:					
Salaries	40,039	5,500	45,539	34,781	10,758
Other purchased services	255		255		255
Total attendance and social work service	40,294	5,500	45,794	34,781	11,013
Health services:					
Salaries	618,595	(58,657)	559,938	516,854	43,084
Purchased services	11,892	797	12,689	12,689	
Supplies and materials	13,715		13,715	12,403	1,312
Other objects	1,300	(797)	503	420	83
Total health services	645,502	(58,657)	586,845	542,366	44,479
Total speech, OT, PT & related services					
Salaries	772,436	284,011	1,056,447	1,041,147	15,300
Purchased professional educational services		2,377	2,377	2,377	
Supplies and materials	3,250	4,580	7,830	6,631	1,199
Other objects		1,420	1,420	1,398	22
Total speech, OT, PT & related services	775,686	292,388	1,068,074	1,051,553	16,521
Other support services - students- extraordinary services:					
Salaries		593,852	593,852	591,117	2,735
Purchased professional educational services		547,406	547,406	431,393	116,013
Supplies and materials		7,000	7,000	1,867	5,133
Total other support services - students - extraordinary services		1,148,258	1,148,258	1,024,377	123,881

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$1,144,219	\$ 5,373	\$1,149,592	\$ 1,112,231	\$ 37,361
Unused sick and vacation days	70,047	54,615	124,662	124,662	
Other purchased services	853	(400)	453	453	
Supplies and materials	3,100	760	3,860	3,589	271
Total guidance	1,218,219	60,348	1,278,567	1,240,935	37,632
Child study teams:					
Salaries of other professional staff	1,547,193	25,616	1,572,809	1,570,293	2,516
Salaries of secretarial and clerical assistants	196,513	(9,411)	187,102	186,502	600
Purchased professional and educational services	85,000	(25,492)	59,508	16,340	43,168
Other purchased professional and technical services	817,500	(548,435)	269,065	45,003	224,062
Miscellaneous purchased services	33,714	4,000	37,714	21,930	15,784
Supplies and materials	77,841	16,838	94,679	83,183	11,496
Other objects	1,139	1,500	2,639	2,493	146
Total child study teams	2,758,900	(535,384)	2,223,516	1,925,744	297,772
Improvement of instructional services:					
Salaries of supervisors of instruction	1,203,402	(147,691)	1,055,711	1,055,711	
Salaries of other professional staff	160,295	228,857	389,152	389,152	
Salaries of secretarial and clerical assistants	84,389	1,604	85,993	85,993	
Salaries of facilitators and coaches		30,187	30,187	30,187	
Other purchased services	9,100	(7,559)	1,541	1,541	
Unused sick and vacation days		55,403	55,403	55,403	
Supplies and materials	9,500	(2,483)	7,017	6,773	244
Other objects	20,389	(2,382)	18,007	17,998	9
Total improvement of instructional services	1,487,075	155,936	1,643,011	1,642,758	253
Educational media services/school library:					
Salaries	481,667		481,667	451,340	30,327
Salaries of technology coordinators	467,160	10,000	477,160	468,032	9,128
Purchased professional and technical services	30,000	3,871	33,871	27,775	6,096
Supplies and materials	66,390	(575)	65,815	61,434	4,381
Other objects	1,080	(650)	430	108	322
Total educational media services/school library	1,046,297	12,646	1,058,943	1,008,689	50,254

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Support services-general administration:					
Salaries	\$ 199,190	\$ 25,804	\$ 224,994	\$ 224,994	
Salaries of secretarial and clerical assistants	60,501	178	60,679	60,679	
Legal	150,000	3,582	153,582	83,322	\$ 70,260
Other purchased professional services	78,500		78,500	65,381	13,119
Architectural/engineering services	200,000	(57,473)	142,527	2,580	139,947
Communications/telephone	197,648	(25,121)	172,527	128,415	44,112
Other purchased services	151,081	25,121	176,202	168,345	7,857
General supplies	3,000		3,000	2,272	728
Judgments against the district		75,000	75,000	43,750	31,250
Miscellaneous expenditures	48,145	12,811	60,956	54,673	6,283
Total support services-general administration	1,088,065	59,902	1,147,967	834,411	313,556
Support services-school administration:					
Salaries of principals/ assistant principals	1,325,011	(17,902)	1,307,109	1,293,899	13,210
Salaries of secretarial and clerical assistants	756,575	(47,838)	708,737	705,271	3,466
Accrued sick and vacation		36,874	36,874	36,874	
Other purchased services	41,005	(11,216)	29,789	19,412	10,377
Supplies and materials	27,600	1,405	29,005	27,550	1,455
Other objects	37,790	(4,869)	32,921	23,128	9,793
Total support services-school administration	2,187,981	(43,546)	2,144,435	2,106,134	38,301
Central services:					
Salaries	865,414	(1,407)	864,007	831,617	32,390
Accrued sick and vacation		3,501	3,501	3,501	
Purchased professional services	50,000	(2,338)	47,662	38,949	8,713
Purchased technical services	37,612	9,022	46,634	46,634	
Miscellaneous purchased services	83,814	(6,685)	77,129	61,498	15,631
Supplies and materials	30,320	145	30,465	19,323	11,142
Miscellaneous expenditures	11,600		11,600	7,285	4,315
Total support services-central services	1,078,760	2,238	1,080,998	1,008,807	72,191
Administration information technology:					
Salaries	196,371	342	196,713	196,713	
Other purchased services	17,800	(2,636)	15,164	6,039	9,125
Total administration information technology	214,171	(2,294)	211,877	202,752	9,125
Operation and maintenance of plant services:					
Required maintenance for school facilities:					
Salaries	754,131	22,253	776,384	776,314	70
Cleaning, repair and maintenance services	600,072	35,833	635,905	506,356	129,549
General supplies	201,550	37,796	239,346	213,150	26,196
Total required maintenance for school facilities	1,555,753	95,882	1,651,635	1,495,820	155,815

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Operation and maintenance of plant services (continued):					
Custodial services:					
Salaries	\$ 1,947,017	\$ (754)	\$ 1,946,263	\$ 1,879,325	\$ 66,938
Unused sick and vacation		600	600	600	
Cleaning, repair and maintenance services	216,750	(14,500)	202,250	174,202	28,048
Other purchased property services	279,991	20	280,011	219,859	60,152
Insurance	293,286	155	293,441	293,441	
Travel	12,750	(8,000)	4,750	3,045	1,705
General supplies	166,500	10,000	176,500	144,776	31,724
Energy (electricity)	1,227,519	(1,000)	1,226,519	948,074	278,445
Energy (natural gas)	524,414	110	524,524	281,700	242,824
Other objects	15,799		15,799	9,781	6,018
Total custodial services	4,684,026	(13,369)	4,670,657	3,954,803	715,854
Care & upkeep of grounds:					
Salaries	276,102	(55,243)	220,859	216,164	4,695
Cleaning, repair and maintenance services	14,000		14,000		14,000
General supplies	122,000	910	122,910	51,112	71,798
Total care & upkeep of grounds	412,102	(54,333)	357,769	267,276	90,493
Security:					
Salaries	187,544	1,748	189,292	189,292	
Total security	187,544	1,748	189,292	189,292	-
Total operations and maintenance of plant	6,839,425	29,928	6,869,353	5,907,191	962,162
Student transportation services:					
Salaries of non-instructional aides	240,912	23,118	264,030	260,913	3,117
Salaries for pupil transportation:					
Between home and school - regular	377,068	17,026	394,094	384,529	9,565
Between home and school - special	795,359	(34,295)	761,064	752,861	8,203
Other than between home and school	50,000	6,073	56,073	55,190	883
Management fee - ESC & CTSA trans. program	7,500	7,703	15,203	6,512	8,691
Other purchased professional and technical services	22,410	702	23,112	17,570	5,542
Cleaning repair and maintenance services	84,500		84,500	46,792	37,708
Rental payments - school buses	3,000		3,000		3,000
Lease purchase payments - school buses	122,458		122,458	81,323	41,135
Contracted services:					
Between home and school - vendors	1,418,910	(17,632)	1,401,278	1,330,184	71,094
Other than between home and school - vendors	298,754	4,601	303,355	217,579	85,776
Between home and school - joint agreements	1,500		1,500		1,500
Special ed stds- vendors	110,000	(103,928)	6,072		6,072
Special ed stds- joint agreements	5,000	(5,000)		(5,505)	5,505
Special ed stds- ESC & CTSA	94,699	80,522	175,221	122,555	52,666
Aid in lieu of payments	256,803	13,755	270,558	270,558	
Travel	2,750		2,750	631	2,119
Transportation supplies	324,937	20,000	344,937	190,611	154,326
Other objects	1,250		1,250	400	850
Total student transportation services	4,217,810	12,645	4,230,455	3,732,703	497,752

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule

(Budgetary Basis)
Year ended June 30, 2017

	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	\$ 1,015,437	\$ 9,084	\$ 1,024,521	\$ 973,575	\$ 50,946
Other retirement contributions - PERS	1,069,456	(75,826)	993,630	993,229	401
Other retirement contributions - regular	30,000	(5,843)	24,157	24,157	
Unemployment	175,428		175,428	166,802	8,626
Workers' compensation	402,487	(32,990)	369,497	369,497	
Health benefits	9,951,136	193,695	10,144,831	10,143,524	1,307
Tuition reimbursement	165,000		165,000	146,420	18,580
Other employee benefits	90,000		90,000	85,082	4,918
Total unallocated benefits	12,898,944	88,120	12,987,064	12,902,286	84,778
On-behalf TPAF pension, medical and disability insurance contributions (non-budgeted)				6,498,678	(6,498,678)
Reimbursed TPAF social security contributions (non-budgeted)				2,407,109	(2,407,109)
Total on-behalf payments				8,905,787	(8,905,787)
Total expenditures - current	74,730,892	495,207	75,226,099	79,617,255	(4,391,156)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Undistributed expenditures - instruction		27,001	27,001	20,050	6,951
Undistributed expenditures - child study teams		3,177	3,177	2,383	794
Undistributed expenditures -required maintenance		8,000	8,000		8,000
Total equipment	-	38,178	38,178	22,433	15,745
Facilities acquisition and construction services:					
Construction services		298,560	298,560	17,038	281,522
Other objects - debt service assessment	101,068		101,068	101,068	
Total facilities acquisition and construction services	101,068	298,560	399,628	118,106	281,522
Assets acquired under capital leases (Non-budgeted)				1,485,000	(1,485,000)
Total expenditures - capital outlay	101,068	336,738	437,806	1,625,539	(1,187,733)

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Special schools:					
Summer school - instruction:					
Salaries of teachers	\$ 172,500	\$ 6,641	\$ 179,141	\$ 166,071	\$ 13,070
Purchased professional educational services	29,230	(9,818)	19,412		19,412
General supplies	1,500		1,500	1,240	260
Total summer school - instruction	203,230	(3,177)	200,053	167,311	32,742
Total expenditures	75,035,190	828,768	75,863,958	81,410,105	(5,546,147)
(Deficiency) excess of revenues (under) over expenditures	(1,867,746)	(828,768)	(2,696,514)	1,374,716	4,071,230
Other financing sources:					
Capital leases - (non-budgeted)				1,485,000	1,485,000
Total other financing sources				1,485,000	1,485,000
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(1,867,746)	(828,768)	(2,696,514)	2,859,716	5,556,230
Fund balances, July 1	9,430,279		9,430,279	9,430,279	
Fund balances, June 30	\$ 7,562,533	\$ (828,768)	\$ 6,733,765	\$ 12,289,995	\$ 5,556,230
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 4,825,710	
Maintenance reserve account - restricted				88,668	
Excess surplus - current year - restricted				2,222,692	
Designated for subsequent year's expenditures - assigned				2,989,390	
Year end encumbrances - assigned				294,433	
Unassigned				1,869,102	
				12,289,995	
Reconciliation to Government Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(232,247)	
Fund balance per Governmental Funds (GAAP)				\$ 12,057,748	

Hopewell Valley Regional School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 95,158	\$ 46,214	\$ 141,372	\$ 132,455	\$ (8,917)
Federal sources	853,116	168,344	1,021,460	988,804	(32,656)
Local sources		53,876	53,876	53,876	
Total revenues	948,274	268,434	1,216,708	1,175,135	(41,573)
Expenditures					
Current expenditures:					
Instruction:					
Salaries of teachers	81,829	11,090	92,919	92,919	
Purchased professional services		1,395	1,395	1,395	
Other purchased services	734,058	145,339	879,397	847,138	32,259
General supplies		5,893	5,893	5,496	397
Textbooks	18,045	5,185	23,230	21,844	1,386
Total instruction	833,932	168,902	1,002,834	968,792	34,042
Support services:					
Personal services—employee benefits		590	590	590	
Purchased professional services	37,229	177	37,406	37,406	
Other purchased professional services	77,113	39,634	116,747	109,216	7,531
Supplies and materials		57,930	57,930	57,930	
Other objects		1,201	1,201	1,201	
Total support services	114,342	99,532	213,874	206,343	7,531
Total expenditures	948,274	268,434	1,216,708	1,175,135	41,573
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Hopewell Valley Regional School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2017

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 82,784,821	\$ 1,175,135
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		315
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	215,707	
Current year	(232,247)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 82,768,281	\$ 1,175,450
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 81,410,105	\$ 1,175,135
Differences - budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		315
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 81,410,105	\$ 1,175,450

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, 2017

	Nonpublic Aid						
	Textbooks	Nursing	Technology	Transportation	Home Instruction	Examination & Classification	Security
Revenues:							
State sources	\$ 21,844	\$ 53,172	\$ 8,978	\$ 1,097	\$ 1,395	\$ 16,217	\$ 29,752
Federal sources							
Local sources							
Total revenues	<u>21,844</u>	<u>53,172</u>	<u>8,978</u>	<u>1,097</u>	<u>1,395</u>	<u>16,217</u>	<u>29,752</u>
Expenditures:							
Instruction:							
Salaries of teachers							
Purchased professional services					1,395		
Other purchased services							
General supplies							
Textbooks	<u>21,844</u>						
Total instruction	<u>21,844</u>				<u>1,395</u>		
Support services:							
Personal services—employee benefits							
Purchased professional services							
Other purchased professional services		53,172	8,978	1,097		16,217	29,752
Supplies and materials							
Other objects							
Total support services	-	<u>53,172</u>	<u>8,978</u>	<u>1,097</u>	-	<u>16,217</u>	<u>29,752</u>
Total expenditures	<u>\$ 21,844</u>	<u>\$ 53,172</u>	<u>\$ 8,978</u>	<u>\$ 1,097</u>	<u>\$ 1,395</u>	<u>\$ 16,217</u>	<u>\$ 29,752</u>

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2017

	<u>I.D.E.A.</u>						<u>Totals</u>
	<u>Title I A</u>	<u>Title II A</u>	<u>Title III</u>	<u>Part B</u>	<u>Preschool</u>	<u>Other</u>	
Revenues:							
State sources							\$ 132,455
Federal sources	\$ 92,752	\$ 40,460	\$ 8,454	\$822,515	\$ 24,623		988,804
Local sources						\$ 53,876	53,876
Total revenues	<u>92,752</u>	<u>40,460</u>	<u>8,454</u>	<u>822,515</u>	<u>24,623</u>	<u>53,876</u>	<u>1,175,135</u>
Expenditures:							
Instruction:							
Salaries of teachers	85,087		7,832				92,919
Purchased professional services							1,395
Other purchased services				822,515	24,623		847,138
General supplies	5,142		354				5,496
Textbooks							21,844
Total instruction	<u>90,229</u>		<u>8,186</u>	<u>822,515</u>	<u>24,623</u>		<u>968,792</u>
Support services:							
Personal services—employee benefits	322		268				590
Purchased professional services		37,406					37,406
Other purchased professional							109,216
Supplies and materials	1,000	3,054				53,876	57,930
Other objects	1,201						1,201
Total support services	<u>2,523</u>	<u>40,460</u>	<u>268</u>	<u>-</u>	<u>-</u>	<u>53,876</u>	<u>206,343</u>
Total expenditures	<u>\$ 92,752</u>	<u>\$ 40,460</u>	<u>\$ 8,454</u>	<u>\$822,515</u>	<u>\$ 24,623</u>	<u>\$ 53,876</u>	<u>\$ 1,175,135</u>

Capital Projects Fund

Hopewell Valley Regional School District
 Capital Projects Fund
 Summary Schedule of Project Revenues, Expenditures,
 Project Balance and Project Status
 (Budgetary Basis)
 Year ended June 30, 2017

Revenues	
Bond proceeds	\$ 35,855,000
Interest income	72,356
Total revenues	<u>35,927,356</u>
Expenditures	
Legal services	42,072
Architectural services	1,335,143
Other purchased professional technical services	83,968
Construction services	1,535,757
Equipment	455,061
Total expenditures	<u>3,452,001</u>
Excess of revenues over expenditures	32,475,355
Other financing (uses):	
Transfer out	<u>(72,356)</u>
Excess of revenues over expenditures and other financing (uses)	32,402,999
Fund Balance, July 1	-
Fund Balance, June 30	<u>\$ 32,402,999</u>

Hopewell Valley Regional School District
Capital Projects Fund

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

2017 Bond Referendum Capital Projects

From Inception and for the year ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
Bond proceeds		\$ 35,855,000	\$ 35,855,000	\$ 35,855,000
Interest income		72,356	72,356	72,356
Total revenues	-	<u>35,927,356</u>	<u>35,927,356</u>	<u>35,927,356</u>
Expenditures				
Legal services		42,072	42,072	
Architectural services		1,335,143	1,335,143	
Other purchased professional technical services		83,968	83,968	
Construction services		1,535,757	1,535,757	
Equipment		455,061	455,061	
Total expenditures	-	<u>3,452,001</u>	<u>3,452,001</u>	
Excess of revenues over expenditures		32,475,355	32,475,355	
Other financing sources (uses):				
Transfer out		(72,356)	(72,356)	
Excess of revenues over expenditures and other financing (uses)	\$ -	<u>\$ 32,402,999</u>	<u>\$ 32,402,999</u>	<u>\$ -</u>
Additional project information				
Project number		2017-1		
Grant dates		N/A		
Bond authorization date		9/27/2016		
Bonds authorized		\$ 35,855,000		
Bonds issued		\$ 35,855,000		
Original authorized cost		\$ 35,855,000		
Additional authorized cost		\$ -		
Revised authorized cost		\$ 35,855,000		
Percentage increase over original authorized cost		0.00%		
Percentage completion		9.63%		
Original target completion date		7/1/2019		
Revised target completion date		7/1/2019		

Fiduciary Funds
Detail Statements

Hopewell Valley Regional School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2017

	Trust			Agency		
	Private Purpose Scholarship Funds	Unemployment Compensation	Total Trust	Student Activity	Payroll	Total Agency
Assets						
Cash and cash equivalents	\$ 29,789		\$ 29,789	\$ 351,690	\$ 1,318,692	\$ 1,670,382
Total assets	29,789	-	29,789	\$ 351,690	\$ 1,318,692	\$ 1,670,382
Liabilities						
Payroll deductions and withholdings payable					\$ 1,318,692	\$ 1,318,692
Due to student groups				\$ 351,690		351,690
Total liabilities				\$ 351,690	\$ 1,318,692	\$ 1,670,382
Net position						
Held in trust for scholarship funds	29,789		29,789			
Total net position	\$ 29,789	\$ -	\$ 29,789			

Hopewell Valley Regional School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	Private Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust
Additions:			
Contributions:			
Board contributions		\$ 166,801	\$ 166,801
Plan member contributions		124,428	124,428
Scholarship donations	\$ 11,783		11,783
Total additions	11,783	291,229	303,012
Deductions:			
Unemployment benefit payments		291,229	291,229
Scholarship payments	13,034		13,034
Total deductions	13,034	291,229	304,263
Change in net position	(1,251)	-	(1,251)
Net position, beginning	31,040	-	31,040
Net position, ending	\$ 29,789	\$ -	\$ 29,789

Hopewell Valley Regional School District
Student Activity Agency Fund

Schedule of Changes in Assets and Liabilities

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Elementary Schools:				
Bear Tavern	\$ 1,893	\$ 4,305	\$ 4,349	\$ 1,849
Hopewell	6,767	17,893	17,036	7,624
Stony Brook	82			82
Toll Gate	16,110	12,521	13,632	14,999
Junior High School:				
Timberlane	42,887	115,378	112,795	45,470
High School:				
Student Fund	285,249	590,981	594,564	281,666
Total all schools	<u>\$ 352,988</u>	<u>\$ 741,078</u>	<u>\$ 742,376</u>	<u>\$ 351,690</u>

Hopewell Valley Regional School District
Payroll Agency Fund

Schedule of Changes in Assets and Liabilities

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Assets				
Cash and equivalents	\$ 1,288,899	\$ 79,007,300	\$ 78,977,507	\$ 1,318,692
Total assets	<u>\$ 1,288,899</u>	<u>\$ 79,007,300</u>	<u>\$ 78,977,507</u>	<u>\$ 1,318,692</u>
Liabilities				
Payroll deductions and withholdings payable	\$ 1,288,899	\$ 79,007,300	\$ 78,977,507	\$ 1,318,692
Total liabilities	<u>\$ 1,288,899</u>	<u>\$ 79,007,300</u>	<u>\$ 78,977,507</u>	<u>\$ 1,318,692</u>

Long-Term Debt

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017	
			Date	Amount						
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				\$ 1,430,000		\$ 1,430,000		
2010 Refunding of March 2001 Refunding Bonds	5/4/10	13,265,000				1,435,000		1,435,000		
2012 Refunding of December 2004 and January 2005 Bonds	3/15/12	5,665,000	1/15/2018	\$ 950,000	3.500%	3,875,000		925,000	\$ 2,950,000	
			1/15/2019	985,000	3.750%					
			1/15/2020	1,015,000	4.000%					
2016 Refunding of 2005 Refunding Bonds	5/20/16	16,290,000	8/15/2017	3,010,000	3.000%	16,290,000			16,290,000	
			8/15/2018	3,120,000	4.000%					
			8/15/2019	3,240,000	4.000%					
			8/15/2020	3,380,000	5.000%					
			8/15/2021	3,540,000	5.000%					
2016 School Bonds										
Renovations, alterations and improvements at Hopewell, Stony Brook, Toll Gate and Bear Tavern Elementary Schools, Timberlane Middle School and Central High School.	12/15/16	35,855,000	1/15/2019	125,000	3.000%		\$35,855,000		35,855,000	
			1/15/2020	175,000	3.000%					
			1/15/2021	800,000	3.000%					
			1/15/2022	900,000	3.000%					
			1/15/2023	2,990,000	3.250%					
			1/15/2024	3,070,000	3.250%					
			1/15/2025	3,155,000	3.250%					
			1/15/2026	3,240,000	3.250%					
			1/15/2027	3,330,000	3.500%					
			1/15/2028	3,420,000	3.500%					
			1/15/2029	3,515,000	3.500%					
			1/15/2030	3,610,000	4.000%					
			1/15/2031	3,710,000	4.000%					
			1/15/2032	3,815,000	4.000%					
						<u>\$23,030,000</u>	<u>\$35,855,000</u>	<u>\$3,790,000</u>	<u>\$ 55,095,000</u>	

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2017

	Interest Rate	Amount of Original Issue	Balance Outstanding June 30, 2016	Issued	Retired	Balance Outstanding June 30, 2017
Various Equipment	1.52%	\$ 665,000	\$ 291,565		\$ 115,304	\$ 176,261
Cardiac Equipment	3.33%	48,610	30,115		9,712	20,403
Buses	2.93%	180,000	180,000		32,869	147,131
Computer Equipment	1.69%	1,190,000		\$ 1,190,000		1,190,000
Vehicles	1.905%	295,000		295,000	27,720	267,280
			<u>\$ 501,680</u>	<u>\$ 1,485,000</u>	<u>\$ 185,605</u>	<u>\$ 1,801,075</u>

Hopewell Valley Regional School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 4,758,384		\$ 4,758,384	\$ 4,758,384	
Total revenues	<u>4,758,384</u>		<u>4,758,384</u>	<u>4,758,384</u>	
Expenditures:					
Principal on bonds	3,790,000		3,790,000	3,790,000	
Interest on bonds	970,137		970,137	711,419	\$ 258,718
Total expenditures	<u>4,760,137</u>		<u>4,760,137</u>	<u>4,501,419</u>	<u>258,718</u>
(Deficiency) of revenues (under) expenditures	(1,753)		(1,753)	256,965	258,718
Other financing sources:					
Transfer in				72,356	72,356
Total other financing sources	-	-	-	<u>72,356</u>	<u>72,356</u>
Net change in fund balance	(1,753)	-	(1,753)	329,321	331,074
Fund balance, July 1	10,563	-	10,563	10,563	-
Fund balance, June 30	<u>\$ 8,810</u>	<u>\$ -</u>	<u>\$ 8,810</u>	<u>\$ 339,884</u>	<u>\$ 331,074</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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 11,454,652	\$ 15,655,759	\$ 17,581,226	\$ 19,808,415	\$ 21,552,025	\$ 26,145,876	\$ 30,755,627	\$ 33,969,867	\$ 36,138,255	\$ 35,803,648
Restricted	2,592,635	1,728,390	1,054,122	4,940,503	4,486,124	2,571,167	2,618,421	4,312,975	4,959,888	7,137,070
Unrestricted (deficit)	4,917,580	2,987,704	3,902,541	(649,001)	1,372,735	1,587,725	1,217,644	(19,538,608)	(19,222,985)	(21,878,541)
Total governmental activities net position	<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>	<u>\$ 34,591,692</u>	<u>\$ 18,744,234</u>	<u>\$ 21,875,158</u>	<u>\$ 21,062,177</u>
Business-type activities										
Net investment in capital assets				\$ 297,117	\$ 249,788	\$ 217,906	\$ 186,399	\$ 162,155	\$ 138,336	\$ 116,213
Restricted					6,000					
Unrestricted	\$ 451,060	\$ 570,404	\$ 774,727	524,775	378,323	212,550	368,537	465,305	158,898	251,637
Total business-type activities net position	<u>\$ 451,060</u>	<u>\$ 570,404</u>	<u>\$ 774,727</u>	<u>\$ 821,892</u>	<u>\$ 634,111</u>	<u>\$ 430,456</u>	<u>\$ 554,936</u>	<u>\$ 627,460</u>	<u>\$ 297,234</u>	<u>\$ 367,850</u>
Government-wide										
Net investment in capital assets	\$ 11,454,652	\$ 15,655,759	\$ 17,581,226	\$ 20,105,532	\$ 21,801,813	\$ 26,363,782	\$ 30,942,026	\$ 34,132,022	\$ 36,276,591	\$ 35,919,861
Restricted	2,592,635	1,728,390	1,054,122	4,940,503	4,492,124	2,571,167	2,618,421	4,312,975	4,959,888	7,137,070
Unrestricted (deficit)	5,368,640	3,558,108	4,677,268	(124,226)	1,751,058	1,800,275	1,586,181	(19,073,303)	(19,064,087)	(21,626,904)
Total government-wide net position	<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>	<u>\$ 35,146,628</u>	<u>\$ 19,371,694</u>	<u>\$ 22,172,392</u>	<u>\$ 21,430,027</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.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$(19,767,631).

This amount is not reflected in the June 30, 2014 Net Position, above.

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

Unaudited

Year Ended June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 25,056,229	\$ 25,649,031	\$ 25,369,974	\$ 38,474,095	\$ 38,348,315	\$ 40,154,834	\$ 38,474,839	\$ 46,088,795	\$ 50,156,927	\$ 57,262,636
Special Education	3,511,503	3,849,353	3,937,730	4,098,629	3,896,521	4,327,908	4,505,729	4,805,029	5,113,362	6,126,291
Other Special Education	577,360	642,476	865,459	1,176,851	1,255,196	1,314,999	1,251,839	1,175,825	1,465,600	1,231,670
Other Instruction	992,828	1,088,269	1,015,542	992,587	1,025,751	1,094,548	1,093,794	1,174,151	962,696	1,082,813
Support Services:										
Tuition	2,948,865	3,315,547	3,051,668	2,363,433	3,156,898	2,860,047	3,039,226	2,193,302	2,469,773	2,102,274
Student Instruction Related Services	6,397,211	6,674,157	7,051,312	11,734,782	9,640,544	9,895,406	9,642,213	11,834,793	12,178,641	15,737,350
School Administrative Services	2,176,308	2,154,697	2,276,639	2,307,087	3,077,089	3,044,680	3,056,317	3,501,032	3,529,509	4,649,801
General & Business Administrative Services	2,389,404	2,269,402	1,829,313	1,817,961	2,691,751	2,578,362	2,539,152	2,872,114	3,724,309	3,329,580
Plant Operations & Maintenance	5,760,698	5,804,510	5,503,697	5,625,781	7,092,165	7,229,580	7,512,004	7,900,372	8,631,722	8,870,237
Pupil Transportation	3,723,208	3,857,662	3,621,103	3,574,367	4,315,962	4,443,311	4,575,819	4,885,981	4,854,622	5,105,753
Unallocated Benefits	14,473,823	13,668,256	14,880,721							
Special Schools	94,793	225,068	223,387	204,354	275,885	267,396	306,639	299,101	281,701	337,955
Amortization of Debt Issuance Costs	84,827	84,828	74,282							
Transfer to Charter schools	94,101	22,967								
Interest on long-term debt	2,255,606	2,152,114	2,023,644	1,612,892	1,552,917	1,428,558	1,540,050	1,141,961	929,421	2,037,136
Unallocated Loss on Revaluation of Fixed Assets			(9,649)							
Unallocated Depreciation	2,128,671	2,125,291	2,216,991							
Total governmental activities expenses	72,665,435	73,583,628	73,931,813	73,982,819	76,328,994	78,639,629	77,537,621	87,872,456	94,297,743	107,873,496
Business-type activities:										
Enterprise Funds	1,305,424	1,432,034	1,438,982	1,545,845	1,673,819	1,870,915	1,899,054	1,787,924	1,515,587	1,608,642
Total business-type activities expense	1,305,424	1,432,034	1,438,982	1,545,845	1,673,819	1,870,915	1,899,054	1,787,924	1,515,587	1,608,642
Total district expenses	\$ 73,970,859	\$ 75,015,662	\$ 75,370,795	\$ 75,528,664	\$ 78,002,813	\$ 80,510,544	\$ 79,436,675	\$ 89,660,380	\$ 95,813,330	\$ 109,482,138
Program Revenues										
Governmental activities:										
Charges for services	\$ 270,270	\$ 290,043	\$ 313,796	\$ 255,912	\$ 375,680	\$ 406,890	\$ 477,057	\$ 393,004	\$ 348,231	\$ 425,238
Operating grants and contributions	1,088,881	1,083,915	1,160,809	1,975,135	1,046,906	1,119,982	1,107,751	1,174,991	1,167,590	1,175,450
Capital grants and contributions				195,683	251,944	31,935	137,586	222,058		
Total governmental activities program revenues	\$ 1,359,151	\$ 1,373,958	\$ 1,474,605	\$ 2,426,730	\$ 1,674,530	\$ 1,558,807	\$ 1,722,394	\$ 1,790,053	\$ 1,515,821	\$ 1,600,688
Business-type activities:										
Charges for services	\$ 1,258,312	\$ 1,217,014	\$ 1,277,425	\$ 1,551,416	\$ 1,501,886	\$ 1,537,045	\$ 1,675,203	\$ 1,720,143	\$ 1,394,609	\$ 1,526,791
Operating grants and contributions	149,058	146,790	191,341	169,568	176,099	150,312	148,331	140,305	153,185	152,467
Total business type activities program revenues	1,407,370	1,363,804	1,468,766	1,720,984	1,677,985	1,687,357	1,823,534	1,860,448	1,547,794	1,679,258
Total district program revenues	\$ 2,766,521	\$ 2,737,762	\$ 2,943,371	\$ 4,147,714	\$ 3,352,515	\$ 3,246,164	\$ 3,545,928	\$ 3,650,501	\$ 3,063,615	\$ 3,279,946
Net (Expense)/Revenue										
Governmental activities	\$ (71,306,284)	\$ (72,209,670)	\$ (72,457,208)	\$ (71,556,089)	\$ (74,654,464)	\$ (77,080,822)	\$ (75,815,227)	\$ (86,082,403)	\$ (92,781,922)	\$ (106,272,808)
Business-type activities	101,946	(68,230)	29,784	175,139	4,166	(183,558)	(75,520)	72,524	32,207	70,616
Total government-wide net expense	\$ (71,204,338)	\$ (72,277,900)	\$ (72,427,424)	\$ (71,380,950)	\$ (74,650,298)	\$ (77,264,380)	\$ (75,890,747)	\$ (86,009,879)	\$ (92,749,715)	\$ (106,202,192)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 57,921,491	\$ 59,554,967	\$ 61,332,166	\$ 62,360,557	\$ 63,295,965	\$ 64,435,292	\$ 65,955,801	\$ 68,227,094	\$ 68,841,138	\$ 69,391,868
Property taxes levied for debt service	4,289,009	4,814,862	3,940,662	4,266,500	4,788,911	4,558,625	4,746,743	3,847,443	4,760,126	4,758,384
Governmental units other than LEAs						500,000				
Unrestricted grants and contributions	9,758,592	8,412,237	8,322,621	5,692,215	7,568,775	9,677,242	8,700,418	17,294,614	21,308,429	30,570,815
Investment earnings					13,583	28,284	27,369	28,112	32,998	109,524
Miscellaneous income	1,017,033	834,590	1,364,258	798,845	2,303,346	872,927	871,820	605,313	607,722	629,236
Transfers					(5,149)	(97,664)	(200,000)			
Gain/(Loss) on revalue of fixed assets	(1,653,129)								362,433	
Total governmental activities	71,332,996	73,616,656	74,959,707	73,118,117	77,965,431	79,974,706	80,102,151	90,002,576	95,912,846	105,459,827
Business-type activities:										
Interest earnings	37,840	103,803	281,401							
Transfers					5,149	97,664	200,000		(362,433)	
Total business-type activities		103,803	281,401		5,149	97,664	200,000		(362,433)	
Total government-wide	\$ 71,332,996	\$ 73,720,459	\$ 75,241,108	\$ 73,118,117	\$ 77,970,580	\$ 80,072,370	\$ 80,302,151	\$ 90,002,576	\$ 95,550,413	\$ 105,459,827
Change in Net Position										
Governmental activities	\$ 26,712	\$ 1,406,986	\$ 2,502,499	\$ 1,562,028	\$ 3,310,967	\$ 2,893,884	\$ 4,286,924	\$ 3,920,173	\$ 3,130,924	\$ (812,981)
Business-type activities	101,946	35,573	311,185	175,139	9,315	(85,894)	124,480	72,524	(330,226)	70,616
Total district	\$ 128,658	\$ 1,442,559	\$ 2,813,684	\$ 1,737,167	\$ 3,320,282	\$ 2,807,990	\$ 4,411,404	\$ 3,992,697	\$ 2,800,698	\$ (742,365)

Source: CAFR Schedule A-2 and District records.

* Commencing in the 2011 fiscal year, 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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 5,128,631	\$ 3,950,291	\$ 4,957,858							
Unreserved	1,670,516	1,160,423	1,119,135							
Restricted				\$ 2,920,640	\$ 3,270,750	\$ 1,609,971	\$ 1,975,635	\$ 4,058,841	\$ 4,959,888	\$ 7,137,070
Assigned				796,063	2,017,979	2,235,500	1,649,292	1,465,284	2,490,634	3,283,823
Unassigned				1,618,340	1,478,156	1,683,208	1,601,661	1,625,670	1,764,050	1,636,855
Total general fund	<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>	<u>\$ 5,226,588</u>	<u>\$ 7,149,795</u>	<u>\$ 9,214,572</u>	<u>\$ 12,057,748</u>
All Other Governmental Funds										
Reserved		\$ 10,000	\$ 13,000							
Reserved, reported in:										
Capital projects fund	\$ 1,172,237	928,766	1,017,780							
Debt service fund	183,360	30,405	3,554							
Restricted for										
Capital Projects				\$ 1,811,952	\$ 1,003,774	\$ 948,863	\$ 221,434	\$ 254,134		\$ 32,402,999
Debt service				250,398	211,600	12,333	918,482	3,066	\$ 10,563	339,884
Total all other governmental funds	<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>	<u>\$ 1,139,916</u>	<u>\$ 257,200</u>	<u>\$ 10,563</u>	<u>\$ 32,742,883</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 62,210,500	\$ 64,369,829	\$ 65,272,828	\$ 66,627,057	\$ 68,084,876	\$ 68,993,917	\$ 70,702,544	\$ 72,074,537	\$ 73,601,264	\$ 74,150,252
Governmental units other than LEAs						500,000				
Tuition charges	270,270	290,043	313,796	255,912	301,560	289,469	355,645	312,585	267,681	266,509
Miscellaneous	1,017,033	1,064,590	1,380,964	837,861	2,397,424	1,024,762	1,042,211	723,114	747,770	951,365
State sources	9,971,035	8,547,670	8,459,557	5,956,739	7,743,517	9,776,450	8,929,487	10,199,732	11,779,408	12,308,866
Federal sources	876,438	948,482	1,023,873	1,867,278	1,117,733	1,046,579	994,658	1,051,216	1,043,700	1,097,479
Total revenue	74,345,276	75,220,614	76,451,018	75,544,847	79,645,110	81,631,177	82,024,545	84,361,184	87,439,823	88,774,471
Expenditures										
Instruction										
Regular Instruction	25,615,848	26,098,757	25,732,584	25,742,391	24,360,440	26,293,465	26,685,545	26,678,668	27,648,526	26,050,644
Special Education Instruction	3,511,503	3,849,353	3,937,730	4,098,629	3,896,521	4,327,908	4,505,729	4,805,029	5,113,362	6,126,291
Other Special Instruction	577,360	642,476	865,459	1,176,851	1,255,196	1,314,999	1,251,839	1,175,825	1,145,450	1,231,670
Other Instruction	992,828	1,088,269	1,015,542	992,587	1,025,751	1,094,548	1,093,794	1,174,151	1,282,306	1,082,813
Support Services:										
Tuition	2,948,865	3,315,547	3,051,668	2,363,433	3,996,670	2,751,131	2,921,329	2,115,895	2,469,773	2,023,355
Student Instruction Related Services	6,397,211	6,674,157	7,051,312	6,749,694	6,860,038	7,018,387	6,961,331	7,517,274	7,507,050	8,668,149
School Administration	2,176,308	2,154,697	2,276,639	2,307,087	2,156,209	2,104,952	2,139,668	2,180,114	2,091,891	2,106,134
General & Business Admin. Services	2,389,404	2,269,402	1,829,313	1,817,961	2,121,536	1,985,448	1,962,691	2,044,312	2,765,261	2,045,970
Plant Operations & Maintenance	5,760,698	5,804,510	5,503,697	5,625,781	5,767,119	5,824,184	6,210,284	6,036,988	6,075,136	5,835,442
Pupil Transportation	3,723,208	3,857,662	3,621,103	3,574,367	3,683,525	3,778,793	3,968,789	3,774,863	3,776,463	3,628,559
Other Support Services	14,369,436	13,501,639	14,842,674	15,386,075	16,803,758	18,008,482	17,536,370	18,463,576	20,116,900	21,808,073
Special Schools	94,793	225,068	223,387	204,354	197,188	188,702	230,581	187,323	165,711	167,311
Capital outlay	2,018,657	3,808,648	500,199	1,054,224	1,491,616	3,576,631	2,385,029	2,227,447	1,677,574	5,077,540
Debt service:										
Principal	2,665,000	2,780,000	2,895,000	3,170,000	3,160,000	3,315,000	3,405,000	3,737,209	3,645,000	3,975,605
Interest and other charges	2,303,929	2,190,615	2,073,269	1,614,285	1,714,197	1,443,267	1,353,700	1,250,629	1,116,438	1,565,961
Total expenditures	75,545,048	78,260,800	75,419,576	75,877,719	78,489,764	83,025,897	82,611,679	83,369,303	86,596,841	91,393,517
Excess (Deficiency) of revenues over (under) expenditures	(1,199,772)	(3,040,186)	1,031,442	(332,872)	1,155,346	(1,394,720)	(587,134)	991,881	842,982	(2,619,046)
Other financing sources (uses)										
Transfer to cover deficits:										
Food Services						(97,664)	(200,000)			
Performing Arts Center					(5,149)					
Transfer to Charter School	(94,101)	(22,967)								
Payment to Escrow Agent					(6,171,175)				(17,911,317)	
Proceeds from Borrowing					5,665,000				16,290,000	35,855,000
Premium on Bonds					602,437				1,782,407	854,542
Capital Leases (non-budgeted)		988,294		293,808			663,763	48,610	451,635	1,485,000
Transfers in	27,605	2,798	1,201,928	1,587,517	191,279			8,587	616,567	
Transfers out	(27,605)	(2,798)	(1,201,928)	(1,587,517)	(191,279)			(8,587)	(254,134)	
Total other financing sources (uses)	(94,101)	965,327	-	293,808	91,113	(97,664)	463,763	48,610	975,158	38,194,542
Net change in fund balances	\$ (1,293,873)	\$ (2,074,859)	\$ 1,031,442	\$ (39,064)	\$ 1,246,459	\$ (1,492,384)	\$ (123,371)	\$ 1,040,491	\$ 1,818,140	\$ 35,575,496
Debt service as a percentage of noncapital expenditures	6.8%	6.7%	6.6%	6.4%	6.3%	6.0%	5.9%	6.1%	5.6%	6.4%

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	Refund of Prior Year Expenditures	Health Insurance Premium	Rental Of Facilities	Health Insurance Cobra	Scholastic Fees and Parking	E-Rate	Misc.	Total
	Tuition	Program Fees	Transportation Fees										
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
2014	355,645		121,412	27,369		50,612		200,335	65,596	169,475		301,164	1,291,608
2015	312,585		80,419	28,112		84,422		230,808	70,135			218,195	1,024,676
2016	267,681		80,550	32,998		77,738		252,396	35,047			233,732	980,142
2017	266,509		158,729	37,168		88,890		249,251	22,784		\$ 123,185	145,126	1,091,642

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													
2017	\$ 5,372,200	\$ 267,444,700	\$ 1,748,100	\$ 28,600	\$ 39,007,100	\$ 1,270,100	\$ 1,503,200	\$ 316,374,000	\$ 22,291,500	\$ 1,897,655	\$ 318,271,655	\$ 1.54	\$ 320,024,928
2016	5,370,400	266,880,300	1,748,100	28,600	39,022,000	1,270,100	1,503,200	315,822,700	22,391,500	1,897,655	317,720,355	1.54	322,070,594
2015	4,586,800	268,494,600	1,748,100	28,700	39,022,000	1,270,100	1,503,200	316,653,500	22,391,500	1,897,655	318,551,155	1.53	320,593,148
2014	5,528,900	278,896,700	1,890,200	28,900	48,322,600	857,700	1,697,900	337,222,900	24,499,300	1,897,655	339,120,555	1.40	314,986,120
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	1.23	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	1.18	362,149,155
Borough of Pennington													
2017	\$ 1,645,800	\$ 430,513,600			\$ 55,646,700	\$ 6,283,800	\$ 818,400	\$ 494,908,300	\$ 59,685,400	\$ 1,785,801	\$ 496,694,101	\$ 1.55	\$ 501,461,542
2016	1,645,800	429,968,800			55,552,700	6,633,300	818,400	494,619,000	59,685,400	1,750,730	496,369,730	1.55	511,228,881
2015	1,654,600	429,608,400			55,752,700	6,633,300	818,400	494,467,400	59,313,000	1,600,418	496,067,818	1.55	501,194,021
2014	1,713,600	430,813,400			56,604,900	6,633,300	818,400	496,583,600	59,309,100	1,710,251	498,293,851	1.49	501,198,918
2013	1,712,500	433,816,000			56,674,200	6,633,300	818,400	499,655,000	59,355,200	1,884,914	501,539,914	1.41	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	72,778,900	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	73,149,200	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	1.17	506,721,797
Township of Hopewell													
2017	\$ 36,872,800	\$ 2,736,705,500	\$ 265,952,800	\$ 5,377,800	\$ 504,119,000	\$ 410,634,400	\$ 4,551,600	\$ 3,964,213,900	\$ 535,438,000	\$ 5,254,088	\$ 3,969,467,988	\$ 1.58	\$ 4,190,664,752
2016	40,845,500	2,744,443,000	261,476,000	5,377,600	493,931,400	402,089,000	5,204,700	3,953,697,800	534,355,700	5,364,053	3,958,731,853	1.55	4,054,739,536
2015	47,397,200	2,742,115,000	260,810,600	5,329,400	502,637,700	399,286,800	5,320,200	3,962,896,900	531,478,900	5,579,058	3,968,475,958	1.52	3,983,615,416
2014	45,419,400	2,739,937,800	261,480,900	5,330,800	525,123,300	400,165,600	5,320,200	3,982,778,000	513,532,400	5,426,768	4,006,497,207	1.48	3,915,117,682
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	338,169,800	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

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: Municipal Tax Assessor and County Abstract of Ratables.

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	LIBRARY	FIRE DISTRICT	COUNTY OPEN SPACE		MUNICIPAL OPEN SPACE
Borough of Hopewell									
2017	\$ 1.54	\$ 1.54	\$ 0.56	\$ 0.59	\$ 0.03	\$ 0.07	\$ 0.03	\$ 0.01	2.83
2016	1.54	1.54	0.54	0.60	0.03	0.06	0.03	0.01	2.80
2015	1.53	1.53	0.52	0.58	0.03	0.06	0.03	0.01	2.76
2014	1.40	1.40	0.48	0.55	0.03	0.06	0.02	0.01	2.55
2013	1.36	1.36	0.46	0.53	0.03	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	1.23	1.23	0.41	0.44	.031	-	0.02	0.01	2.11
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	1.18	1.18	0.27	0.44	-	0.04	-	0.01	1.94
Borough of Pennington									
2017	\$ 1.55	\$ 1.55	\$ 0.43	\$ 0.60	\$ 0.03	\$ 0.04	\$ 0.03	\$ 0.01	2.69
2016	1.55	1.55	0.43	0.61	0.03	0.04	0.03	0.01	2.70
2015	1.55	1.55	0.42	0.58	0.03	0.04	0.01	0.01	2.64
2014	1.49	1.49	0.40	0.60	0.03	0.04	0.03	0.01	2.60
2013	1.41	1.41	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	1.17	1.17	0.42	0.42	-	0.03	0.03	-	2.07
Township of Hopewell									
2017	\$ 1.58	\$ 1.58	\$ 0.37	\$ 0.62	\$ 0.06	\$ 0.09	\$ 0.03	\$ 0.03	2.78
2016	1.55	1.55	0.36	0.60	0.06	0.09	0.03	0.03	2.71
2015	1.52	1.52	0.36	0.58	0.06	0.08	0.03	0.03	2.65
2014	1.48	1.48	0.34	0.58	0.06	0.08	0.02	0.02	2.58
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

Source: County Tax Administrator

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

Taxpayer	2017		2008	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Borough of Hopewell				
Freedman, Gerald	\$3,208,200	1.01%	\$3,092,500	0.85%
Brick Farm Market, LLC	2,088,800	0.66%	2,431,800	0.67%
Hopewell Village Square	2,048,900	0.64%	1,748,400	0.48%
Verizon	1,897,700	0.60%	1,746,450	0.48%
Rockwell Automation	1,444,100	0.45%	1,377,100	0.38%
Ranpd LLC	1,340,600	0.42%	1,234,100	0.34%
Bregenzer, Charles	1,332,100	0.42%	1,208,700	0.33%
Magliacano, Maria	1,057,100	0.33%	1,155,200	0.32%
PNC Bank	1,029,600	0.32%	1,131,700	0.31%
Pashley, Peter & Katharine	1,027,400	0.32%	1,120,000	0.31%
Total	\$16,474,500	5.17%	\$16,245,950	4.47%
Borough of Pennington				
143 West Franklin Ave., LLC	\$7,600,000	1.53%	\$5,387,900	1.03%
Mercer Mutual	5,319,500	1.08%	5,319,500	1.02%
Pennington Square Shop. Cntr.	3,900,000	0.79%	4,538,000	0.87%
Pennington Investments	3,700,000	0.74%	4,142,900	0.79%
Straube Regional Center	3,531,800	0.71%	4,000,000	0.76%
Straube Center	3,300,000	0.66%	3,126,300	0.60%
ECS Holding LLC	3,000,000	0.61%	3,038,300	0.58%
NJ Bell	2,510,800	0.51%	2,827,700	0.54%
Helene Fuld Medical Center	2,231,800	0.45%	2,827,600	0.54%
Pennington Court, Inc.	2,078,200	0.42%	2,354,625	0.45%
Total	\$37,172,100	7.50%	\$37,562,825	7.18%
Township of Hopewell				
Bristol Myers Squibb	\$233,797,800	5.89%	\$387,904,500	8.53%
AREP Hopewell LLC	113,458,200	2.86%	235,268,396	5.18%
CCI-Hopewell VI LLC	108,762,500	2.74%	90,855,000	2.00%
Cole Hopewell Twp	92,400,000	2.33%	27,646,100	0.61%
Janssen Pharmaceutical	91,230,100	2.30%	22,094,700	0.49%
Hopewell TC Associates	24,646,100	0.62%	16,794,900	0.37%
Trap Rock Industries Inc	22,280,300	0.56%	14,050,000	0.31%
Carter Road III LLC	19,475,000	0.49%	13,992,100	0.31%
Transco Gas Pipeline	13,842,100	0.35%	10,122,900	0.22%
Montpen SC LLC	13,036,500	0.33%	9,498,300	0.21%
Total	\$732,928,600	18.47%	\$828,226,896	18.23%

Source: County Tax Administrator

**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	
2017	\$ 74,150,252	\$ 73,769,504	99.49%	\$ 380,748
2016	73,601,264	74,366,411	101.04%	-
2015	72,074,537	72,074,537	100.00%	-
2014	70,702,544	70,702,544	100.00%	-
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%	-

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				
2017	\$ 55,095,000	\$ 1,801,075	\$	56,896,075	4.00%	\$ 2,472
2016	23,030,000	501,680		23,531,680	1.65%	1,017
2015	27,920,000	444,650		28,364,650	2.12%	1,303
2014	31,445,000	608,249		32,053,249	2.56%	1,405
2013	34,850,000	154,691		35,004,691	3.47%	1,605
2012	38,165,000	208,731		38,373,731	3.71%	1,741
2011	41,419,000	286,781		42,265,401	4.08%	1,918
2010	44,589,000	484,533		45,633,153	4.71%	2,198
2009	47,859,000	847,143		49,265,763	4.98%	2,175
2008	50,639,000	291,869		51,490,489	5.35%	2,310

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			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	LESS DEBT SERVICE FUND	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$55,095,000	\$339,884	\$54,755,116	1.144%	\$2,379
2016	23,030,000	10,563	23,019,437	0.482%	995
2015	27,920,000	3,066	27,916,934	0.584%	1,282
2014	31,445,000	918,482	30,526,518	0.630%	1,338
2013	34,850,000	12,333	34,837,667	0.718%	1,581
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

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Hopewell	\$3,627,626	100.000%	\$3,627,626
Borough of Pennington	5,751,809	100.000%	5,751,809
Township of Hopewell	45,715,565	100.000%	45,715,565
Total	<u>\$55,095,000</u>		
County of Mercer - Regional Share (Total Debt \$490,867,547)			
Borough of Hopewell		0.740%	3,631,792
Borough of Pennington		1.174%	5,764,814
Township of Hopewell		9.315%	45,722,807
Subtotal, Overlapping Debt			110,214,413
Hopewell Valley Regional School District Direct Debt			<u>55,095,000</u>
Total Direct & Overlapping Debt			<u>\$165,309,413</u>

Sources: Assessed value data used to estimate applicable percentages provided by County Tax Administrator,
Debt outstanding data provided by each governmental unit.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 196,074,571	\$ 192,329,924	\$190,328,677	\$190,605,668	\$185,358,213	\$196,499,481	\$203,641,887	\$206,646,828	\$206,079,201	\$200,014,638
Total Net Debt Applicable to Limit	55,095,000	23,030,000	27,920,000	31,445,000	34,850,000	38,165,000	41,419,000	31,324,000	47,859,000	50,639,000
Legal Debt Margin	\$140,979,571	\$169,299,924	\$162,408,677	\$159,160,668	\$150,508,213	\$158,334,481	\$162,222,887	\$175,322,828	\$158,220,201	\$149,375,638
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.10%	11.97%	14.67%	16.50%	18.80%	19.42%	20.34%	15.16%	23.22%	25.32%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2017	\$ 5,012,151,222
2016	4,888,039,011
2015	4,805,402,585
	\$ 14,705,592,818
Average Equalized Valuation of Taxable Property	\$ 4,901,864,273
Debt Limit (4% of Average Equalization Value)	\$ 196,074,571
Net Bonded School Debt	54,755,116
Legal Debt Margin	\$ 141,319,455

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

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

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

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
Borough of Hopewell			
2017	1,926	\$ 52,180	2.9%
2016	1,929	52,180	4.9%
2015	1,917	53,455	5.0%
2014	1,922	50,910	5.9%
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%
Borough of Pennington			
2017	2,568	\$ 60,545	3.0%
2016	2,598	60,545	4.9%
2015	2,587	56,962	5.3%
2014	2,585	56,004	5.9%
2013	2,583	56,962	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%
Township of Hopewell			
2017	18,523	\$ 62,979	2.7%
2016	18,606	62,979	4.9%
2015	17,265	62,979	5.0%
2014	18,302	55,219	5.0%
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%

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

EMPLOYERS	2017		2008	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Borough of Hopewell				
Hopewell Elementary	80	N/A	62	N/A
Dana Communications	35	N/A	50	N/A
Tomato Factory Antique	34	N/A	20	N/A
Mooney/Brothers Moon	25	N/A	20	N/A
Borough of Hopewell	21	N/A	20	N/A
Valley Oil Inc.	15	N/A	19	N/A
Mobile Physician Group	15	N/A	13	N/A
Baxter Construction Inc	14	N/A	8	N/A
Semandex Networks Inc	14	N/A	8	N/A
Total	253	N/A	220	N/A
Borough of Pennington				
Pennington School	121	N/A	Not available	N/A
Toll Gate Grammar	90	N/A	Not available	N/A
Pennington Mortgage	69	N/A	Not available	N/A
Brandywine Assisted Living	54	N/A	Not available	N/A
Hopewell Valley Regional	50	N/A	Not available	N/A
Cambridge School	50	N/A	Not available	N/A
USPS	34	N/A	Not available	N/A
Pennington Boro	32	N/A	Not available	N/A
Pennington Dental Assoc	13	N/A	Not available	N/A
Total	513	N/A	-	N/A
Township of Hopewell				
Merrill Lynch	6,000	N/A	6,000	N/A
Capital Health at Hopewell	3,000	N/A	1,765	N/A
Bristol Myers Squibb	1,765	N/A	1,200	N/A
Janssen Pharmaceutical	1,200	N/A	Not available	N/A
Johnson & Johnson Pharm	443	N/A	Not available	N/A
Mary-Lawrence Corp PQM	240	N/A	Not available	N/A
Wakenern Food Corp./Shoperite	150	N/A	Not available	N/A
Stop and Shop Inc	132	N/A	Not available	N/A
Kooltronics	118	N/A	Not available	N/A
Township of Hopewell	112	N/A	Not available	N/A
Hopewell Valley Central High	100	N/A	Not available	N/A
Total	13,260	N/A	8,965	N/A

Source: Hopewell Twp website, Mercer County Guide to Our Region, Buzzfile Website

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

Function/Program	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	338.83	337.30	340.87	336.34	338.33	339.50	346.40	331.06	342.97	373.61
Special Education	69.85	68.38	66.39	63.64	59.14	57.90	50.20	55.04	55.04	54.27
Other Instruction									0.40	0.40
Support Services:										
Student & Instruction Related Services	113.52	113.83	110.38	109.06	107.92	94.60	94.90	102.08	116.95	92.99
School Administrative Services	24.60	24.60	24.60	24.55	23.55	27.70	24.20	25.20	25.80	25.60
General & Business Administrative Services	22.49	23.09	22.49	22.49	18.48	12.40	12.00	13.78	16.03	17.23
Plant Operations & Maintenance	47.00	47.00	48.00	47.00	53.00	52.20	52.00	52.45	54.45	55.75
Pupil Transportation	54.00	55.00	54.00	54.00	54.00	51.70	52.00	52.36	53.00	50.50
Total	670.29	669.20	666.73	657.08	654.42	636.00	631.70	631.97	664.64	670.35

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				
2017	3,625	\$ 80,774,411	\$ 22,283	1.96%	409	10.3:1	10.0:1	11.2:1	3,603	3,425	-1.40%	95.05%
2016	3,668	80,157,829	21,853	4.45%	406	10.1:1	10.1:1	12.1:1	3,654	3,478	-0.51%	95.18%
2015	3,640	76,154,018	20,921	5.04%	407	10.1:1	10.1:1	12.1:1	3,673	3,497	-0.41%	95.94%
2014	3,686	73,418,555	19,918	1.78%	395	10.1:1	10.1:1	12.1:1	3,688	3,542	-1.05%	96.04%
2013	3,735	73,093,370	19,570	3.05%	389	9.1:1	10.1:1	11.1:1	3,727	3,575	-1.77%	95.92%
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%	96.42%
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%	95.81%
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%	95.55%
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%	95.65%
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%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	420	407	407	407	439	475	541	576	529
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)	297	286	287	287	287	297	305	306	324	312
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	441	447	468	468	468	479	475	452	470	520
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	427	442	428	428	428	412	452	460	488	522
Middle School:										
Timberlane Middle School (1961):										
Square Feet	169,066	169,066	169,066	169,066	169,066	169,066	169,066	169,066	169,066	169,066
Capacity (Students)	997	997	997	997	997	997	997	997	997	997
Enrollment	851	847	928	928	928	952	961	964	960	951
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	1,202	1,243	1,217	1,217	1,217	1,215	1,194	1,226	1,200	1,167
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, 2017:										
Elementary = 4										
Middle School = 1										
Senior High School = 1										
Other = 3										

Source: District Facilities Office

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

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

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

School Facilities	PROJECT NUMBERS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bear Tavern	N/A	\$ 234,130	\$ 159,698	\$ 229,992	\$ 172,689	\$ 245,415	\$ 179,623	\$ 300,476	\$ 73,630	\$ 161,763	\$ 236,854
Toll Gate	N/A	160,608	142,304	158,284	197,767	256,768	142,431	117,584	379,750	184,323	122,724
Central High School	N/A	403,335	673,453	415,330	373,789	449,019	311,861	309,514	248,792	339,625	326,692
Stony Brook	N/A	148,008	239,628	140,485	161,157	134,442	127,291	137,528	73,424	150,694	136,201
Hopewell	N/A	204,924	145,013	164,353	268,391	141,445	160,686	150,490	206,951	203,496	133,085
Timberlane	N/A	344,815	322,463	443,771	410,626	325,010	637,001	580,134	524,345	285,890	353,404
Total School Facilities		\$ 1,495,820	\$ 1,682,559	\$ 1,552,215	\$ 1,584,419	\$ 1,552,099	\$ 1,558,893	\$1,595,726	\$ 1,506,892	\$ 1,325,791	\$ 1,308,960

Source: District records

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	COVERAGE	DEDUCTIBLE
Property- NJSIG:		
Blanket Building & Contents	\$178,887,587	\$ 5,000
Extra Expenses	50,000,000	-
Liability-NJSIG		
Bodily Injury & Property Damage		
Each Occurrence	16,000,000	-
Aggregate	16,000,000	-
Fire Damage	16,000,000	-
Employee Benefit Programs		
Each Occurrence	16,000,000	-
Boiler & Machinery - NJSIG	178,887,587	
Crime-NJSIG		
Employee Dishonesty	500,000	
Musical Instruments	134,066	
Athletic Equipment	192,311	
Mobile Equipment	9,000	1,000
EDP	2,234,671	1,000
Automobile-NJSIG		
Bodily Injury & Property	16,000,000	1,000
Personal Injury Protection	Statutory	-
Medical Payments	10,000	1,000
Uninsured/Underinsured	1,000,000	1,000
Workers Compensation-NJSIG		
Section "A"	Statutory	-
Section "B"	-	-
Each Accident	2,000,000	-
Each Employee	2,000,000	-
Aggregate	2,000,000	-
Supplemental Indemnity		
Maximum Weekly Benefit	\$1,750	
Bonds-Selective		
Board Sec/Bus Adm	120,000	-
Treasurer of School Monies	400,000	-
Student Accident-Bollinger		
Maximum Limit	5,000,000	-
Environmental Policy-AIG		
Limit of Liability	1,000,000	10,000
Aggregate	1,000,000	-
Mold Deductible		25,000
School Leaders- NJSIG		
Limit of Liability	16,000,000	-
Retention	10,000	-
CAP - Fireman's Fund		
Limit of liability	50,000,000	
International Policy - Ace		
Each Occurrence	1,000,000	
Aggregate	2,000,000	
Employee Benefits	1,000,000	
Contingent Auto Liability	1,000,000	

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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, 2017, 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 21, 2017.

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

WISS & COMPANY, LLP

November 21, 2017
Livingston, New Jersey

Report on Compliance For Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by the
Uniform Guidance and New Jersey OMB 15-08

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 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its 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 our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of*

Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about 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 of the District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of 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 the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a 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 the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Michael J. Andriola
Licensed Public School Accountant
No. 2429

Wiss & Company

WISS & COMPANY, LLP

November 21, 2017
Livingston, New Jersey

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Hopewell Valley Regional School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2017		
									Unearned Revenue	(Accounts Receivable)	Due to Grantor
U.S. Department of Homeland Security—Passed-Through Township of											
General Fund:											
FEMA Hazard Mitigation Grant	97.039	Not Available	7/1/16-6/30/17	\$ 104,388			\$ (104,388)			\$ (104,388)	
U.S. Department of Health and Human Services											
Medical Assistance Program	93.778	1705NJMAP	7/1/16-6/30/17	3,972		\$ 3,972	(3,972)				
Total General Fund						<u>3,972</u>	<u>(108,360)</u>			<u>(104,388)</u>	
U.S. Department of Education—Passed-Through State											
Department of Education											
Special Revenue Fund:											
Title I, Part A	84.010A	S010A160030	7/1/16-6/30/17	92,752		85,562	(92,752)	\$ (5,298)		(12,488)	
Title I, Part A, Carryover	84.010A	S010A150030	7/1/15-6/30/16	89,123	\$ (16,854)	16,854					
Title II A	84.367A	S367A160029	7/1/16-6/30/17	40,254		37260	(40,460)			(3,200)	
Title II A, Carryover	84.367A	S367A150029	7/1/15-6/30/16	43,799	(1,940)	1,940					
Title II A, Carryover	84.367A	S367A150029	7/1/14-6/30/15	45,086	1,895						\$ 1,895
Title III Immigrant	84.365A	S365A160030	7/1/16-6/30/17	8,454		7,562	(8,454)			(892)	
Title III Immigrant, Carryover	84.365A	S365A150030	7/1/15-6/30/16	7,146	(2,814)	2,814					
Title III Immigrant, Carryover	84.365A	S365A150030	7/1/14-6/30/15	5,853	(398)	398					
Perkins	84.048A	S048A150030	7/1/13-6/30/14	18,132	506						506
Special Education Cluster:											
I.D.E.A., Part B	84.027A	H027A160100	7/1/16-6/30/17	831,887		613,479	(822,515)			(209,036)	
I.D.E.A., Part B, Carryover	84.027A	H027A150100	7/1/15-6/30/16	854,109	(93,234)	91,759		1,475			
I.D.E.A. Preschool	84.173A	H173A160114	7/1/16-6/30/17	24,623		24,623	(24,623)				
I.D.E.A. Preschool, Carryover	84.173A	H173A150114	7/1/15-6/30/16	24,102	(24,102)	24,102					
I.D.E.A. Preschool, Carryover	84.173A	H173A150114	9/1/12-8/31/13	23,385	(924)					(924)	
Total Special Education Cluster					<u>(118,260)</u>	<u>753,963</u>	<u>(847,138)</u>	<u>1,475</u>		<u>(209,960)</u>	
Total Special Revenue Fund					<u>(137,865)</u>	<u>906,353</u>	<u>(988,804)</u>	<u>(3,823)</u>		<u>(226,540)</u>	<u>2,401</u>
U.S. Department of Agriculture—Passed-Through State											
Department of Agriculture											
Enterprise Fund:											
Child Nutrition Program Cluster:											
Food Donation Program (NC)	10.555	17NJ304N109	7/1/16-6/30/17	60,515		60,515	(60,515)				
Food Donation Program (NC)	10.555	16161NJ304N109	7/1/15-6/30/16	60,508	612		(612)				
National School Lunch Program	10.555	17NJ304N109	7/1/16-6/30/17	84,875		78,282	(84,875)			(6,593)	
National School Lunch Program	10.555	16161NJ304N109	7/1/15-6/30/16	83,731	(6,733)	6,733					
Total Child Nutrition Cluster					<u>(6,121)</u>	<u>145,530</u>	<u>(146,002)</u>			<u>(6,593)</u>	
Total Enterprise Fund					<u>(6,121)</u>	<u>145,530</u>	<u>(146,002)</u>			<u>(6,593)</u>	
Total Expenditures of Federal Awards					<u>\$ (143,986)</u>	<u>\$ 1,055,854</u>	<u>\$(1,243,166)</u>	<u>\$ (3,823)</u>	<u>\$ -</u>	<u>\$ (337,522)</u>	<u>\$ 2,401</u>

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, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor					Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education														
General Fund:														
Special Education Categorical Aid	495-034-5120-089	7/1/16-6/30/17	\$ 2,049,948				\$ 1,882,217	\$ (2,049,948)					\$ (167,731)	\$ (2,049,948)
Special Education Categorical Aid	495-034-5120-089	7/1/15-6/30/16	2,087,038											
Transportation Aid	495-034-5120-014	7/1/16-6/30/17	389,553				357,680	(389,553)					(31,873)	(389,553)
Transportation Aid	495-034-5120-014	7/1/15-6/30/16	349,130											
Security Aid	495-034-5120-084	7/1/16-6/30/17	62,529				57,413	(62,529)					(5,116)	(62,529)
Security Aid	495-034-5120-084	7/1/15-6/30/16	54,445											
School Choice Aid	495-034-5120-068	7/1/16-6/30/17	230,418				211,565	(230,418)					(18,853)	(230,418)
School Choice Aid	495-034-5120-068	7/1/15-6/30/16	176,202											
Extraordinary Aid	100-034-5120-473	7/1/16-6/30/17	388,284					(388,284)			\$ (388,284)			(388,284)
Extraordinary Aid	100-034-5120-473	7/1/15-6/30/16	494,174	\$ (494,174)			494,174							
Non-Public Transportation Aid	495-034-5120-014	7/1/16-6/30/17	60,432					(60,432)			(60,432)			(60,432)
Non-Public Transportation Aid	495-034-5120-014	7/1/15-6/30/16	52,548	(52,548)			52,548							
PARCC Readiness Aid	495-034-5120-098	7/1/16-6/30/17	35,060				32,191	(35,060)					(2,869)	(35,060)
PARCC Readiness Aid	495-034-5120-098	7/1/15-6/30/16	35,060											
Per Pupil Growth Aid	495-034-5120-097	7/1/16-6/30/17	35,060				32,191	(35,060)					(2,869)	(35,060)
Per Pupil Growth Aid	495-034-5120-097	7/1/15-6/30/16	35,060											
Professional Learning Community Aid	495-034-5120-101	7/1/16-6/30/17	35,880				32,944	(35,880)					(2,936)	(35,880)
On-Behalf TPAF - Pension Contributions	495-034-5095-002	7/1/16-6/30/17	3,541,086				3,541,086	(3,541,086)						(3,541,086)
On-Behalf TPAF - Post-Retirement Medical	495-034-5095-001	7/1/16-6/30/17	2,950,531				2,950,531	(2,950,531)						(2,950,531)
On-Behalf TPAF - Long-Term Disability Insurance	495-034-5095-004	7/1/16-6/30/17	7,061				7,061	(7,061)						(7,061)
Reimbursed TPAF - Social Security	495-034-5095-003	7/1/16-6/30/17	2,407,109				2,284,919	(2,407,109)			(122,190)			(2,407,109)
Reimbursed TPAF - Social Security	495-034-5095-003	7/1/15-6/30/16	2,801,746	(118,601)			118,601							
Total General Fund				(665,923)			12,055,121	(12,192,951)			(570,906)		(232,247)	(12,192,951)
Special Revenue Fund:														
New Jersey Non-Public Aid:														
Textbook Aid	100-034-5120-064	7/1/16-6/30/17	23,230				23,230	(21,844)				\$ 1,386		(21,844)
Textbook Aid	100-034-5120-064	7/1/15-6/30/16	21,299	\$ 404					\$ (404)					
Nursing Services	100-034-5120-070	7/1/16-6/30/17	54,450				54,450	(53,172)				1,278		(53,172)
Nursing Services	100-034-5120-070	7/1/15-6/30/16	50,850		2,777				(2,777)					
Non Public Auxillary Services (Ch. 192):														
Home Instruction	100-034-5120-067	7/1/16-6/30/17	1,395					(1,395)			(1,395)			(1,395)
Security	7/1/16-6/30/17	30,250				30,250	(29,752)					498		(29,752)
Security	7/1/15-6/30/16	14,175		11,675					(11,675)					
Transportation	7/1/16-6/30/17	1,097				1,097	(1,097)							(1,097)
Technology	7/1/16-6/30/17	10,478				10,478	(8,978)					1,500		(8,978)
Technology	7/1/15-6/30/16	9,698		949					(949)					
Non Public Handicapped Services (Ch. 193):														
Corrective Speech	100-034-5120-066	7/1/16-6/30/17	3,534				3,534					3,534		
Corrective Speech	7/1/15-6/30/16	2,508		2,508					(2,508)					
Supplemental Instruction	7/1/15-6/30/16	743		743					(743)					
Examination and Classification	7/1/16-6/30/17	16,938				16,938	(16,217)					721		(16,217)
Examination and Classification	7/1/15-6/30/16	16,531		684					(684)					
Total Special Revenue Fund					19,740		139,977	(132,455)	(19,740)		(1,395)	8,917		(132,455)
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program (State share)	100-010-3360-023	7/1/16-6/30/17	6,465				5,958	(6,465)			(507)			(6,465)
State School Lunch Program (State share)	100-010-3360-023	7/1/15-6/30/16	6,528	(522)			522							
Total Enterprise Fund				(522)			6,480	(6,465)			(507)			(6,465)
Total State Financial Assistance				\$ (665,845)	\$ 19,740		\$ 12,201,578	\$ (12,331,871)	\$ (19,740)		\$ (572,808)	\$ 8,917	\$ (232,247)	\$ (12,331,871)
State Financial Assistance Not Subject to Single Audit Determination:														
On Behalf TPAF Pension, Medical and Disability Insurance	495-034-5095-001/002/004	7/1/16-6/30/17	6,498,678				6,498,678	(6,498,678)						(6,498,678)
Total State Financial Assistance Subject to Single Audit Determination				\$ (665,845)	\$ 19,740		\$ 5,702,900	\$ (5,833,193)	\$ (19,740)		\$ (572,808)	\$ 8,917	\$ (232,247)	\$ (5,833,193)

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, 2017

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 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules 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

Hopewell Valley Regional School District

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

Year ended June 30, 2017

3. Relationship to Basic Financial Statements (continued)

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. 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 \$16,540 for the general fund and \$315 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	\$108,360	\$ 12,176,411	\$ 12,284,771
Special Revenue Fund	989,119	132,455	1,121,574
Food Service Enterprise Fund	146,002	6,465	152,467
Total financial award revenues	<u>\$ 1,243,481</u>	<u>\$ 12,315,331</u>	<u>\$ 13,558,812</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, 2017

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value 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 for TPAF members for the year ended June 30, 2017.

The post retirement pension, medical, and long-term disability benefits received on-behalf of the District for the year ended June 30, 2017 amounted to \$6,498,678. Since on-behalf post retirement pension, medical and long-term disability benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08. They are however reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

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

Year ended June 30, 2017

Part I - Summary of Auditors' Results (continued)

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?

 Yes X No

Are any significant deficiencies identified?

 Yes X None Reported

Noncompliance material to the basic financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?

 Yes X No

Are any significant deficiencies identified?

 Yes X None Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027A	H027A160100	IDEA, Part B, Basic (Special Education Cluster)
84.173A	H173A160114	IDEA, Part B, Preschool (Special Education Cluster)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

Hopewell Valley Regional School District
 Schedule of Findings and Questioned Costs (continued)
 Year ended June 30, 2017

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

State Awards

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes X No

Are any significant deficiencies identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major state programs: _____
Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? _____ Yes X No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
	General State Aid Cluster:
495-034-5120-084	Security Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-097	PARCC Readiness Aid
495-034-5120-098	Per Pupil Growth Aid
495-034-5120-068	School Choice Aid
495-034-5120-101	Professional Learning Community Aid

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

Auditee qualified as low-risk auditee? X Yes _____ No

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2017

Part II – Schedule of Financial Statement Findings

No financial statement 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, 2017

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

Hopewell Valley Regional School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2017

Not Applicable