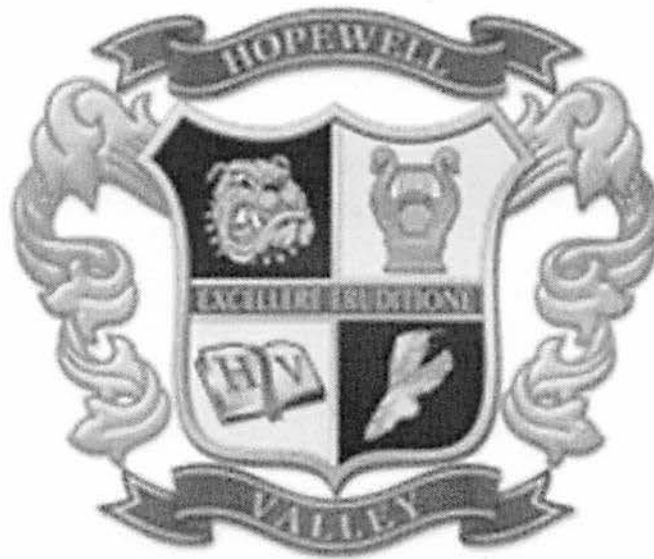


Hopewell Valley

Regional School District

Hopewell Valley Regional Board of Education
Pennington, New Jersey 08534

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018



Hopewell Valley Regional School District

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**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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Introductory Section

Hopewell Valley Regional School District

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



February 4, 2019

Honorable President and Members
of the Board of Education and Constituents
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, 2018, 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, 2018, 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 major programs are included in the single audit section of this report.

1. Reporting Entity and Its Services

The Hopewell Valley Regional School District is an independent reporting entity within the criteria 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 2017-18 fiscal year with an average daily enrollment of 3,516 students, which is 87 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
2017-18	3,516	(2.41)%
2016-17	3,603	(1.40)
2015-16	3,654	(0.51)
2014-15	3,673	(0.41)
2013-14	3,688	(1.05)

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 ranging in age from 16 years to 92 years old . Average daily enrollment for the 2017-18 year was 3,516, a slight decline from 2016-17. 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 2017-18 including roof repairs and district-wide paving and concrete work. Additional projects are planned for 2018-19 and beyond. Projects related to the \$35.8 million referendum passed by the community on September 27, 2016, are nearing completion and have addressed more extensive capital needs and infrastructure upgrades in the areas of HVAC, lighting, building-envelope, life-safety, and ADA accessibility. 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 2018, 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 2018.

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.

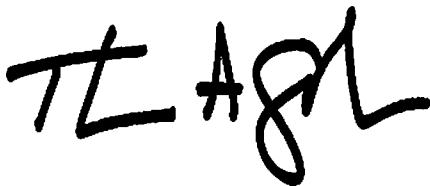
Awards: The District had applied to the Association of School Business Officials (ASBO) International for the "Certificate of Excellence in Financial Reporting" for its comprehensive annual financial report for the fiscal year ended June 30, 2017, and was granted the award. In order to be awarded this 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 sixth 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 2017-18 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,

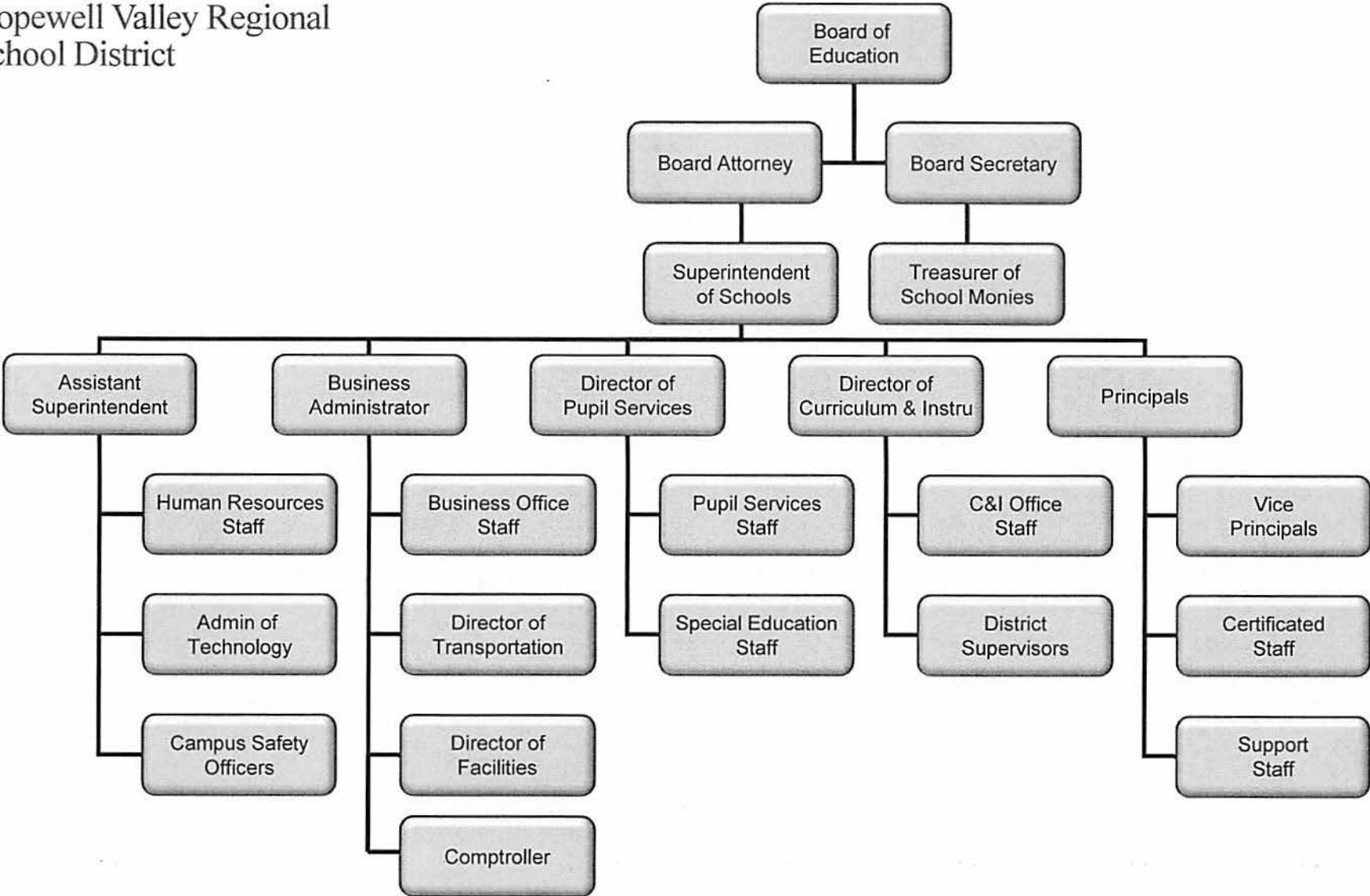


Dr. Thomas A. Smith
Superintendent



Robert Colavita
Business Administrator/Board Secretary

Hopewell Valley Regional School District



Hopewell Valley Regional School District
Pennington, New Jersey

Roster of Officials

June 30, 2018

Members of the Board of Education

Term Expires

Alyce Murray, President	2018
Lisa Wolff, Vice President	2018
Peter DiDonato	2019
Joanna Long	2018
Michael Markulec	2019
Leigh Ann Peterson	2018
Susan Pollara	2019
Adam J. Sawicki, Jr.	2020
Sarah Tracey	2020

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, New Jersey 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, New York 10004

Official Depository

Northfield Bank
4 Route 31 South
Pennington, New Jersey 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, 2017.**

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
Pennington, New Jersey
County of Mercer

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hopewell Valley Regional School District, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2018, 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, 2018, 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 pension contributions-PERS, schedule of the State's proportionate share of the net pension State's liability associated with the District-TPAF, schedule of the State's proportionate share of the net OPEB liability associated with the District and changes in the total OPEB liability and related ratios-PERS and 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 February 4, 2019 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.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 4, 2019
Livingston, New Jersey

Required Supplementary Information
Part I

Management's Discussion and Analysis

Hopewell Valley Regional School District Management's Discussion and Analysis

Year ended June 30, 2018

As management of the Hopewell Valley Regional School District (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, 2018. 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 supplementary information, 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 enterprise funds 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 32-69 of this report.

Other information. The required supplementary information 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 70-94 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 \$24,658,823 (net position) at the close of 2018 and our overall net position increased in the current year, primarily as a result of the decrease 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, 2018 and 2017:

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$31,674,036	\$448,974	\$32,123,010	\$47,314,919	\$399,595	\$47,714,514
Capital assets, net	77,614,835	95,525	77,710,360	62,459,173	116,213	62,575,386
Total assets	109,288,871	544,499	109,833,370	109,774,092	515,808	110,289,900
Deferred outflows of resources	8,155,245		8,155,245	11,158,572		11,158,572
Current liabilities	9,474,910	48,066	9,522,976	9,572,955	147,958	9,720,913
Long-term liabilities outstanding	52,335,049		52,335,049	57,071,242		57,071,242
Net pension liability	25,734,206		25,734,206	32,908,916		32,908,916
Total liabilities	87,544,165	48,066	87,592,231	99,553,113	147,958	99,701,071
Deferred inflows of resources	5,737,561		5,737,561	317,374		317,374
Net position:						
Net investment in capital assets	38,466,350	95,525	38,561,875	35,803,648	116,213	35,919,861
Restricted	8,624,034		8,624,034	7,137,070		7,137,070
Unrestricted (Deficit)	(22,927,994)	400,908	(22,527,086)	(21,878,541)	251,637	(21,626,904)
Total net position	\$24,162,390	\$496,433	\$24,658,823	\$21,062,177	\$367,850	\$21,430,027

The largest portion of the District's net position is its net investment in capital assets. The increase in the District's net investment in capital assets is due to ongoing capital projects combined with 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 restricted net position. 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 asset additions, consisting mainly of construction in progress 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 decreased due to the current year bond repayments. The net pension liability decreased due to the State contributing a greater percentage of their obligation in the current year.

Government-wide activities. The key elements of the District's changes in net position for the years ended June 30, 2018 and 2017 are as follows:

	Year ended June 30,					
	2018			2017		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 416,144	\$1,433,926	\$ 1,850,070	\$ 425,238	\$ 1,526,791	\$ 1,952,029
Operating grants and contributions	1,176,744	156,546	1,333,290	1,175,450	152,467	1,327,917
General revenues:						
Property taxes	76,452,806		76,452,806	74,150,252		74,150,252
Federal and state aid not restricted to specific purposes	33,768,539		33,768,539	30,570,815		30,570,815
Investment earnings	445,844		445,844	109,524		109,524
Miscellaneous	479,537		479,537	629,236		629,236
Total revenues	112,739,614	1,590,472	114,330,086	107,060,515	1,679,258	108,739,773
Expenses:						
Instructional services	65,617,976		65,617,976	65,703,410		65,703,410
Support services	42,021,275	1,461,889	43,483,164	39,794,995	1,608,642	41,403,637
Special schools	360,753		360,753	337,955		337,955
Interest/chgs. on long-term debt	1,639,397		1,639,397	2,037,136		2,037,136
Total expenses	109,639,401	1,461,889	111,101,290	107,873,496	1,608,642	109,482,138
Change in net position	3,100,213	128,583	3,228,796	(812,981)	70,616	(742,365)
Net position-beginning of year	21,062,177	367,850	21,430,027	21,875,158	297,234	22,172,392
Net position – end of year	\$24,162,390	\$ 496,433	\$24,658,823	\$21,062,177	\$ 367,850	\$21,430,027

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 the implementation of GASB Statement No. 75 related to post-employment health benefits offset by a decrease in the on-behalf TPAF pension contributions associated with the GASB Statement Nos. 68 and 71.

Governmental instructional expenses were comparable to the prior year and governmental support services decreased because of a decrease in pension expense allocated to these functions as required by GASB Statement Nos. 68 and 71.

Business-type activities revenues decreased because of decreases in revenues in the food service, driver education and after school programs.

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 \$1,846,840, while total fund balance was \$13,186,647. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.2% of the total general fund expenditures while total fund balance represents 15.5% of that same amount.

The fund balance of the District's general fund increased by \$1,128,899 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 was active once again during the fiscal year. Fund balance restricted for capital projects decreased by \$16,892,548 to \$15,510,451 which represents the unspent and uncommitted balance of the bond proceeds. The decrease is attributed to the expenditures related to the ongoing capital projects.

The Debt Service Fund has a total fund balance of \$643,404, all of which is restricted for the payment of debt service and \$331,075 of which has been anticipated in the District's 2018-19 budget. The net increase in fund balance during the current year was \$303,520, which is mainly attributable to the earnings on the unspent bond referendum transaction. The District received \$5,742,494 from the local tax levy and \$340,286 in state aid and paid \$3,960,000 and \$2,131,589 in principal and interest on bonds, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018, and the increases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2017	Percent of Increase/ (Decrease)
Local sources	\$ 77,519,000	83.3%	\$ 2,223,230	2.9%
State sources	14,495,253	15.6	2,186,387	17.8
Federal sources	985,901	1.1	(111,578)	(10.2)
Total	\$ 93,000,154	100.0%	\$ 4,298,039	4.6%

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

The increase in state sources is mainly attributable to increases 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, 2018, and the increases and decreases in relation to the prior year.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2017	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 35,910,931	38.9%	\$ 1,419,513	4.1%
Support services	49,395,221	53.5	3,279,539	7.1
Capital outlay	740,917	0.8	(884,622)	(54.4)
Special schools	196,406	0.2	29,095	17.4
Debt service:				
Principal	3,960,000	4.3	15,605)	(.4)
Interest and costs	2,131,589	2.3	1,420,170	199.6
Total	\$ 92,355,064	100.0%	\$ 5,268,090	6.0%

The increase in instruction is attributable mainly to the increase 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 and a decrease in capital lease activity during the current year.

The increase in debt service interest and costs is due to this year's interest expenditure providing for a full year of debt service on the school bonds issued in 2016.

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 \$99,256 as a result of an increase in student enrollment. State sources exceeded anticipated revenues by \$11,131,390 as a result of the District not anticipating revenues related to Extraordinary Aid, Non-public transportation aid, State on-behalf TPAF pension, medical and disability 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 \$921,370 occurred in the budget mainly due to decreases in grades 1-5 salaries of teachers and in other purchased services..
- Autism – special education – an increase of \$274,216 occurred in the budget due to increases in salaries, other salaries for instruction and general supplies.
- Undistributed expenditures – other support services – students – extraordinary services – a decrease of \$281,280 occurred in the budget due to fewer students requiring extraordinary services than anticipated.
- Undistributed expenditures – employee benefits – health benefits – a decrease of \$247,681, mainly due to actual premium increases being less than budgeted.

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 \$580,886. Fiscal restraint with respect to other purchased services and general supplies resulted in a favorable balance.
- Undistributed expenditures – other support services – extraordinary services - a remaining balance of \$281,316. Fiscal restraint with respect to purchased professional educational services.
- Undistributed expenditures – support services – general administration – a remaining balance of \$334,926. Fiscal restraint with respect to legal and architectural services and fewer judgements against the district resulted in a favorable balance.
- Undistributed expenditures – student transportation services – a remaining balance of \$284,158. Fiscal restraint with respect to legal fees and architectural and engineering services resulted in a favorable balance.
- Undistributed expenditures – unallocated benefits – a remaining balance of \$250,751. Lower than anticipated premium increases resulted in a favorable balance.

Capital Assets

At the end of the fiscal years ended June 30, 2018 and 2017, the District had \$77,710,360 and \$62,575,386, 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	
	2018	2017	2018	2017
Land	\$2,546,691	\$2,546,691		
Construction in progress	20,344,550	3,452,001		
Land improvements	2,805,485	3,019,528		
Building and building improvements	50,544,000	52,263,768		
Machinery and equipment	1,374,109	1,177,185	\$95,525	\$116,213
Total	\$77,614,835	\$62,459,173	\$95,525	\$116,213

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 to the current years' depreciation expense exceeding the current year addition. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration

At June 30, 2018, the District had \$83,446,672 of outstanding long-term liabilities. Of this amount, \$25,734,206 represents the District's net pension liability, \$2,238,082 is for compensated absences; \$1,698,200 for capital leases; \$51,135,000 of serial bonds; \$575,000 has been accrued to pay for legal settlements and \$2,066,184 is for the unamortized premium on bonds. 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 \$4,557,244 of its 2018 fund balance to partially fund the 2018-19 operations, an increase of \$1,567,854 from the prior year.

All of the above factors were considered in preparing the District's 2018-19 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, 2018.

Hopewell Valley Regional School District

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 15,778,450	\$ 425,845	\$ 16,204,295
Investments	10,196,408		10,196,408
Accounts receivable	702,495	10,781	713,276
Inventories		12,348	12,348
Restricted assets:			
Cash and cash equivalents	4,996,683		4,996,683
Capital assets, non-depreciable	22,891,241		22,891,241
Capital assets, depreciable, net	54,723,594	95,525	54,819,119
Total assets	<u>109,288,871</u>	<u>544,499</u>	<u>109,833,370</u>
Deferred Outflows of Resources			
Pension deferrals	7,832,945		7,832,945
Deferred loss on refunding of debt	322,300		322,300
Total Deferred Outflows of Resources	<u>8,155,245</u>		<u>8,155,245</u>
Liabilities			
Accounts payable	3,190,613	2,310	3,192,923
Accrued interest payable	847,893		847,893
Intergovernmental payables:			
State	7,787		7,787
Unearned revenue	51,200	45,756	96,956
Net pension liability	25,734,206		25,734,206
Current portion of long-term obligations	5,377,417		5,377,417
Noncurrent portion of long-term obligations	52,335,049		52,335,049
Total liabilities	<u>87,544,165</u>	<u>48,066</u>	<u>87,592,231</u>
Deferred Inflows of Resources			
Pension deferrals	5,429,737		5,429,737
Deferred gain on refunding of debt	81,852		81,852
Deferred tax levy	225,972		225,972
Total Deferred Inflows of Resources	<u>5,737,561</u>		<u>5,737,561</u>
Net position			
Net investment in capital assets	38,466,350	95,525	38,561,875
Restricted for:			
Capital reserve	4,906,680		4,906,680
Maintenance reserve	90,003		90,003
Excess surplus - current year	1,404,659		1,404,659
Excess surplus - designated for subsequent years	2,222,692		2,222,692
Unrestricted (deficit)	(22,927,994)	400,908	(22,527,086)
Total net position	<u>\$ 24,162,390</u>	<u>\$ 496,433</u>	<u>\$ 24,658,823</u>

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District

Statement of Activities

June 30, 2018

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	\$ 67,372,705	\$ 279,256	\$ 969,073	\$ (66,124,376)		\$ (66,124,376)
Support services:						
Instruction	2,573,100			(2,573,100)		(2,573,100)
Attendance/social work	7,570			(7,570)		(7,570)
Health services	1,160,199			(1,160,199)		(1,160,199)
Other support services	7,090,727		207,671	(6,883,056)		(6,883,056)
Improvement of instruction	5,253,594			(5,253,594)		(5,253,594)
School library	1,987,806			(1,987,806)		(1,987,806)
General administration	1,271,827			(1,271,827)		(1,271,827)
School administration	4,279,998			(4,279,998)		(4,279,998)
Central services	1,842,099			(1,842,099)		(1,842,099)
Admin info technology	421,186			(421,186)		(421,186)
Required maintenance of plant services	2,096,029			(2,096,029)		(2,096,029)
Operation of plant	5,858,279			(5,858,279)		(5,858,279)
Care & upkeep of grounds	524,553			(524,553)		(524,553)
Security	404,408			(404,408)		(404,408)
Student transportation	5,468,943	136,888		(5,332,055)		(5,332,055)
Special Schools	386,981			(386,981)		(386,981)
Interest and other charges on long-term debt	1,639,397			(1,639,397)		(1,639,397)
Total governmental activities	109,639,401	416,144	1,176,744	(108,046,513)		(108,046,513)
Business-type activities						
Food service	1,346,886	1,321,981	156,546		\$ 131,641	131,641
Driver education	20,968	18,145			(2,823)	(2,823)
After school	94,035	93,800			(235)	(235)
Total business-type activities	1,461,889	1,433,926	156,546		128,583	128,583
Total primary government	\$ 111,101,290	\$ 1,850,070	\$ 1,333,290	(108,046,513)	128,583	(107,917,930)
General revenues:						
Property taxes, levied for general purposes				70,710,312		70,710,312
Property taxes, levied for debt service				5,742,494		5,742,494
State and federal sources				33,768,539		33,768,539
Investment earnings				445,844		445,844
Miscellaneous income				479,537		479,537
Total general revenues				111,146,726	-	111,146,726
Change in net position				3,100,213	128,583	3,228,796
Net position—beginning				21,062,177	367,850	21,430,027
Net position—ending				\$ 24,162,390	\$ 496,433	\$ 24,658,823

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Hopewell Valley Regional School District
Governmental Funds

Balance Sheet

June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 8,101,566		\$ 7,418,165	\$ 258,719	\$ 15,778,450
Investments			10,196,408		10,196,408
Accounts receivable					
Intergovernmental					
State	588,344	\$ 2,248			590,592
Federal		64,591			64,591
Other	19,534	3,870	23,908		47,312
Interfund receivable	9,210			384,685	393,895
Restricted cash and cash equivalents	4,996,683				4,996,683
Total assets	\$ 13,715,317	\$ 70,709	\$ 17,638,481	\$ 643,404	\$ 32,067,931
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 302,718	\$ 2,512	\$ 1,743,345		\$ 2,048,575
Intergovernmental payables:					
State		7,787			7,787
Interfund payable		9,210	384,685		393,895
Unearned revenue		51,200			51,200
Total liabilities	302,718	70,709	2,128,030		2,501,457
Deferred inflows of resources					
Tax levy received in advance	225,972				225,972
Total deferred inflows of resources	225,972				225,972
Fund balances					
Restricted for:					
Capital reserve	4,906,680				4,906,680
Maintenance reserve	90,003				90,003
Capital projects			15,510,451		15,510,451
Debt service				643,404	643,404
Excess surplus-current year	1,404,659				1,404,659
Excess surplus-prior year	2,222,692				2,222,692
Assigned to:					
Designated for subsequent year expenditures	2,334,552				2,334,552
Other purposes	381,221				381,221
Unassigned	1,846,840				1,846,840
Total fund balances	13,186,647		15,510,451	643,404	29,340,502
Total liabilities, deferred inflows of resources and fund balances	\$ 13,715,317	\$ 70,709	\$ 17,638,481	\$ 643,404	

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 \$118,016,645 and the accumulated depreciation is \$40,401,810.	\$ 77,614,835
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.	(847,893)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	2,401,208
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 bonds.	240,448
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(25,734,206)
Accrued pension contributions for the June 30, 2018 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.	(1,142,038)
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.	(57,712,466)
Net position of governmental activities	\$ 24,162,390

Hopewell Valley Regional School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 70,710,312			\$ 5,742,494	\$ 76,452,806
Tuition	279,256				279,256
Interest on investments	133,515		\$ 312,329		445,844
Transportation	136,888				136,888
Miscellaneous	479,537	\$ 36,998			516,535
Total local sources	71,739,508	36,998	312,329	5,742,494	77,831,329
State sources	13,990,466	164,501		340,286	14,495,253
Federal sources	10,656	975,245			985,901
Total revenues	85,740,630	1,176,744	312,329	6,082,780	93,312,483
Expenditures:					
Current:					
Instruction	34,941,858	969,073			35,910,931
Support services:					
Instruction	2,479,750				2,479,750
Attendance/social work	4,090				4,090
Health services	610,605				610,605
Support services	5,132,270	207,671			5,339,941
Improvement of instruction	1,450,188				1,450,188
School library	1,033,031				1,033,031
General administration	971,381				971,381
School administration	2,178,987				2,178,987
Central services	990,315				990,315
Administration information technology	216,661				216,661
Instructional staff training services	53,381				53,381
Required maintenance of plant services	1,431,460				1,431,460
Operation of plant-custodial services	3,830,116				3,830,116
Care & upkeep of grounds	300,920				300,920
Security	202,001				202,001
Student transportation	4,014,032				4,014,032
Employee benefits	13,880,102				13,880,102
On-behalf pension, medical and disability contributions	7,962,948				7,962,948
On-behalf TPAF social security contributions	2,465,312				2,465,312
Special Schools	196,406				196,406
Capital outlay	740,917		16,892,548		17,633,465
Debt Service:					
Principal				3,960,000	3,960,000
Interest				2,131,589	2,131,589
Total expenditures	85,086,731	1,176,744	16,892,548	6,091,589	109,247,612
Excess (deficiency) of revenues over (under) expenditures	653,899	-	(16,580,219)	(8,809)	(15,935,129)
Other financing sources (uses):					
Transfers in				312,329	312,329
Transfers out			(312,329)		(312,329)
Capital leases (non-budgeted)	475,000				475,000
Total other financing sources (uses)	475,000		(312,329)	312,329	475,000
Net change in fund balances	1,128,899	-	(16,892,548)	303,520	(15,460,129)
Fund balances, July 1	12,057,748	-	32,402,999	339,884	44,800,631
Fund balances, June 30	\$ 13,186,647	\$ -	\$ 15,510,451	\$ 643,404	\$ 29,340,502

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

June 30, 2018

Total net change in fund balances - governmental funds (from B-2) **\$ (15,460,129)**

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	\$ 17,460,078	
Depreciation expense	<u>(2,304,416)</u>	
		15,155,662

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		(475,000)
----------------------------------	--	-----------

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	3,960,000	
Obligations Under Capital Leases	<u>577,875</u>	
		4,537,875

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.

Amortization of Premium on Bonds	415,958	
Amortization of Deferred Interest Costs	<u>(79,245)</u>	
		336,713

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		(1,045,677)
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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.

55,000

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.

155,479

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).

(159,710)

Change in net position of governmental activities (A-2)

\$ 3,100,213

See accompanying notes to the basic financial statements.

Enterprise Funds

Hopewell Valley Regional School District
Proprietary Funds

Combining Statement of Net Position

June 30, 2018

	Major Funds			Totals
	Food Service	Driver Education	After School	
Business Type Activities - Enterprise Funds				
Assets				
Current assets:				
Cash and cash equivalents	\$ 321,996	\$ 84,903	\$ 18,946	\$ 425,845
Accounts receivable:				
State	595			595
Federal	6,223			6,223
Other	3,963			3,963
Inventories	12,348			12,348
Total current assets	345,125	84,903	18,946	448,974
Non-current assets:				
Capital assets:				
Equipment	615,502			615,502
Accumulated depreciation	(519,977)			(519,977)
Total capital assets, net	95,525			95,525
Total assets	440,650	84,903	18,946	544,499
Liabilities				
Current liabilities:				
Accounts payable		2,310		2,310
Unearned revenue	45,756			45,756
Total current liabilities	45,756	2,310		48,066
Net position				
Investment in capital assets	95,525			95,525
Unrestricted	299,369	82,593	18,946	400,908
Total net position	\$ 394,894	\$ 82,593	\$ 18,946	\$ 496,433

Hopewell Valley Regional School District
Proprietary Funds

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

June 30, 2018

	Major Funds			Totals
	Food Service	Driver Education	After School	
Business Type Activities - Enterprise Funds				
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 487,761			\$ 487,761
Daily food sales- non reimbursable programs	834,220			834,220
Fees		\$ 18,145	\$ 93,800	111,945
Total operating revenues	1,321,981	18,145	93,800	1,433,926
Operating expenses:				
Salaries	398,442	15,510	21,660	435,612
Employee benefits	99,532	1,098	1,500	102,130
Supplies and materials	63,204		23	63,227
Purchased services			70,852	70,852
Depreciation	23,385			23,385
Insurance	37,701			37,701
Cost of sales - reimbursable programs	359,326			359,326
Cost of sales - non reimbursable programs	282,486			282,486
Management and administrative fees	72,020			72,020
Other	10,790	4,360		15,150
Total operating expenses	1,346,886	20,968	94,035	1,461,889
Operating (loss)	(24,905)	(2,823)	(235)	(27,963)
Nonoperating revenues:				
State sources:				
State school lunch program	7,724			7,724
Federal sources:				
National school lunch program	82,323			82,323
Food donation program	66,499			66,499
Total nonoperating revenues	156,546			156,546
Change in net position	131,641	(2,823)	(235)	128,583
Total net position-beginning	263,253	85,416	19,181	367,850
Total net position-ending	\$ 394,894	\$ 82,593	\$ 18,946	\$ 496,433

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Proprietary Funds

Combining Statement of Cash Flows

June 30, 2018

	Major Funds Business Type Activities - Enterprise Funds			
	Food Service	Driver Education	After School	Totals
Cash flows from operating activities:				
Receipts from customers	\$ 1,313,119	\$ 18,145	\$ 93,800	\$ 1,425,064
Payments to employees	(398,442)	(15,510)	(21,660)	(435,612)
Payments for employee benefits	(99,532)	(1,098)	(1,500)	(102,130)
Payments to suppliers	(912,238)	(4,822)	(70,875)	(987,935)
Net cash (used in) operating activities	(97,093)	(3,285)	(235)	(100,613)
Cash flows from noncapital financing activities:				
Cash received from state and federal reimbursements	90,329			90,329
Cash received from food donation program	66,499			66,499
Net cash provided by noncapital financing activities	156,828			156,828
Cash flows from capital and related financing activity:				
Acquisition of assets	(2,697)			(2,697)
Net cash (used in) capital financing activity	(2,697)	-	-	(2,697)
Net increase (decrease) in cash and cash equivalents	57,038	(3,285)	(235)	53,518
Cash and cash equivalents, beginning of year	264,958	88,188	19,181	372,327
Cash and cash equivalents, end of year	\$ 321,996	\$ 84,903	\$ 18,946	\$ 425,845
Reconciliation of operating (loss) to net cash (used in) operating activities				
Operating (loss)	\$ (24,905)	\$ (2,823)	\$ (235)	\$ (27,963)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:				
Depreciation	23,385			23,385
Change in assets and liabilities:				
Decrease in accounts receivable	312			312
Decrease in inventory	3,545			3,545
(Decrease) in accounts payable	(90,256)	(462)		(90,718)
(Decrease) in unearned revenue	(9,174)			(9,174)
Net cash (used in) operating activities	\$ (97,093)	\$ (3,285)	\$ (235)	\$ (100,613)

Noncash noncapital financing activities:

The District received \$66,499 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2018.

Fiduciary Funds

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2018

	Private- Purpose Scholarship Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 23,198	\$ 1,785,004
Total assets	<u>23,198</u>	<u>\$ 1,785,004</u>
Liabilities		
Payroll deductions and withholdings payable		\$ 1,436,400
Due to student groups		<u>348,604</u>
Total liabilities		<u>\$ 1,785,004</u>
Net position		
Held in trust for scholarships	<u>\$ 23,198</u>	

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

June 30, 2018

	Private- Purpose Scholarship Trust Funds	Unemployment Compensation Trust Fund
Additions		
Contributions:		
Board contributions		\$ 166,402
Plan member contributions		122,767
Scholarship donations	\$ 12,109	
Total additions	12,109	289,169
Deductions		
Unemployment benefit payments		289,169
Scholarship payments	18,700	
Total deductions	18,700	289,169
Change in net position	(6,591)	-
Net position-beginning	29,789	-
Net position-ending	\$ 23,198	\$ -

Hopewell Valley Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

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, 2018

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, 2018

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 non-instructional 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 aid 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, 2018

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.

As a general rule the effect of internal 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, 2018

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, 2018

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 for approval. 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, 2018

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, 2018, 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 acquisition value at the date of acquisition.

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, 2018

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 \$2,238,082 at June 30, 2018. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Unearned Revenue

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial 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 three items that qualify for reporting in this category, including deferred amounts related to pensions, tax levy paid in advance 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, 2018

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, 2018 amounted to \$79,245. As of June 30, 2018, the District has recorded an unamortized deferred loss and deferred gain of \$322,300 and \$81,852 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 maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables and corpus of any permanent funds.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances (continued)

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

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

Of the \$13,186,647 of fund balance in the General Fund, \$4,906,680 has been restricted in the capital reserve account, \$90,003 has been restricted in the maintenance reserve account, \$1,404,659 has been restricted for excess surplus – current year and will be utilized in the 2019-20 budget and \$2,222,692 has been restricted for excess surplus – prior year and is being utilized in the 2018-19 budget, \$381,221 of encumbrances are assigned to other purposes, \$2,334,552 has been assigned as designated for subsequent years expenditures and \$1,846,840 is unassigned. All of the \$15,510,451 fund balance in the Capital Projects Fund is restricted for capital projects. Of the \$643,404 fund balance in the Debt Service Fund, \$331,075 has been budgeted for use in the 2018-19 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, 2018

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 excess fund balance at June 30, 2018 was \$3,629,234. Of this amount, \$2,222,692 has been appropriated in the 2018-19 budget and the remaining \$1,404,659 will be appropriated in the 2019-20 budget.

P. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows 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 2018 Fiscal Year

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The District has adopted GASB No. 75 during the year ended June 30, 2018, which resulted in an increase in full accrual revenues and expenses and additional footnote disclosures.

In March, 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for periods beginning after June 15, 2017. The District has adopted GASB Statement No. 85 during the year ended June 30, 2018.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management of the District has not yet determined the impact on its financial statements.

GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management of the District has not yet determined the impact on its 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, medical and long-term disability contributions in the government-wide financial statements have been increased by \$7,962,948 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.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 4, 2019, 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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 \$57,712,466 difference is as follows:

Bonds payable	\$	51,135,000
Premium on bonds		2,066,184
Litigation payable		575,000
Capital leases payable		1,698,200
Compensated absences		2,238,082
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>57,712,466</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 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments – (continued)

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, 2018

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, 2018, the District's carrying value of its deposits was \$15,176,786 and the bank balance was \$17,389,133. 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 \$15,334,630. \$1,804,503 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.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counter-party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the District.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District manages custodial credit risk by limiting its investments to United States Treasury Notes.

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

Interest Rate Risk: The District does not have a policy to limit interest rate risk.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

The following presents the components of investments held at June 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less than 1 year</u>
United States Treasury Notes	\$ 10,196,408	\$ 10,196,408
Total Investments	<u>\$ 10,196,408</u>	<u>\$ 10,196,408</u>

The investments in United States Treasury Notes are recorded as investments in the capital projects fund.

New Jersey Asset and Rebate Management Fund

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

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 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, 2018, the District's balance was \$7,832,394 with NJARM. The NJARM Joint Account portfolio is rated AAA by Standard & Poor's.

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, 2018:

<u>Investment Type</u>	<u>Assets at Fair Value as of June 30, 2018</u>	
	<u>Level 2</u>	<u>Total</u>
United States Treasury Notes	<u>\$10,196,408</u>	<u>\$10,196,408</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2018.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,546,691			\$ 2,546,691
Construction in progress	3,452,001	\$ 16,892,549		20,344,550
Total capital assets, not being depreciated	<u>5,998,692</u>	<u>16,892,549</u>		<u>22,891,241</u>
Capital assets, being depreciated				
Land improvements	4,373,610			4,373,610
Buildings and building improvements	82,725,160			82,725,160
Machinery, equipment, and vehicles	7,564,499	567,529	\$ (105,394)	8,026,634
Total capital assets being depreciated	<u>94,663,269</u>	<u>567,529</u>	<u>(105,394)</u>	<u>95,125,404</u>
Less accumulated depreciation for:				
Land improvements	1,354,082	214,043		1,568,125
Buildings and building improvements	30,461,392	1,719,768		32,181,160
Machinery, equipment, and vehicles	6,387,314	370,605	105,394	6,652,525
Total accumulated depreciation	<u>38,202,788</u>	<u>2,304,416</u>	<u>105,394</u>	<u>40,401,810</u>
Total capital assets, being depreciated, net	<u>56,460,481</u>	<u>(1,736,887)</u>	<u>-</u>	<u>54,723,594</u>
Governmental activities capital assets, net	<u>\$ 62,459,173</u>	<u>\$ 15,155,662</u>	<u>\$ -</u>	<u>\$ 77,614,835</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

4. Capital Assets – (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2018 as follows:

Regular Instruction	\$1,351,872
Undistributed Instruction	93,350
Attendance/social work	154
Health services	22,986
Other support services	203,032
Improvement of instruction	54,593
School library	38,889
General administration	36,568
School administration	82,028
Central services	37,281
Information technology	8,156
Required maintenance of plant services	53,887
Operation of plant	144,185
Care & upkeep of grounds	11,328
Security	7,604
Student transportation	151,109
Special Schools	7,394
	<u>\$2,304,416</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 612,805	\$ 2,697	\$ 615,502
Less accumulated depreciation for:			
Equipment	496,592	23,385	519,977
Total business-type activities capital assets, net	\$ 116,213	\$ (20,688)	\$ 95,525

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, 2018

5. Long-Term Liabilities – (continued)

On December of 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:

Fiscal year ending June 30:	Principal	Interest	Total
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	2,990,000	1,209,463	4,199,463
2024-2028	16,215,000	4,527,575	20,742,575
2029-2033	14,650,000	1,467,425	16,117,425
	<u>\$ 51,135,000</u>	<u>\$ 14,299,052</u>	<u>\$ 65,434,052</u>

Bonds payable at June 30, 2018 are comprised of the following issues:

\$5,665,000, 2012 refunding bonds, due in annual installments ranging from \$985,000 to \$1,015,000 through January 15, 2020 at interest rates ranging from 3.75% to 4.00%.

\$16,290,000, 2016 refunding bonds, due in annual installments ranging from \$3,120,000 to \$3,540,000 through August 15, 2021 at interest rates ranging from 4.00% 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, 2018, 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, 2018, no defeased debt remains outstanding.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities – (continued)

Bonds Authorized But Not Issued

As of June 30, 2018, 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 in the amount of \$180,000. 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%. In November 2017, the District entered into a capital lease for the acquisition of buses, a vehicle and various equipment in the amount of \$475,000. The buses, vehicle and equipment are being leased with an interest rate of 1.931%.

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, 2018:

	<u>Amount</u>
Year:	
2019	\$ 585,427
2020	516,445
2021	517,870
2022	137,916
Total minimum lease payments	<u>\$1,757,658</u>
Less amounts representing interest	<u>(59,458)</u>
Present value of net minimum lease payments	<u>\$1,698,200</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities – (continued)

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$ 55,095,000		\$ 3,960,000	\$51,135,000	\$4,230,000
Premium on bonds	2,482,142		415,958	2,066,184	415,958
Litigation payable	630,000		55,000	575,000	
Capital leases	1,801,075	\$ 475,000	577,875	1,698,200	556,527
Compensated absences	2,078,372	253,380	93,670	2,238,082	174,932
Subtotal	62,086,589	728,380	5,102,503	57,712,466	5,377,417
Net pension liability	32,908,916		7,174,710	25,734,206	
Total governmental activity long-term liabilities	<u>\$94,995,505</u>	<u>\$728,380</u>	<u>\$12,277,213</u>	<u>\$83,446,672</u>	<u>\$5,377,417</u>

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,

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans – (continued)

Teachers' Pension and Annuity Fund (continued)

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 time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is 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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans – (continued)

Funding Policy (continued)

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, 2018, the State of New Jersey contributed \$7,962,948 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 \$2,465,312 during the year ended June 30, 2018 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, 2018, 2017 and 2016 were \$1,039,948 \$987,125 and \$966,330, respectively, equal to the required contributions for each year.

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

Public Employee's Retirement System (PERS)

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.

At June 30, 2018, the District reported a liability of \$25,734,206 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.1105497103 percent, which was a decrease of 0.0005647506 from its proportion measured as of June 30, 2016. For the year ended June 30, 2018, the District recognized full accrual pension expense of \$1,045,677 in the government-wide financial statements. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

Public Employee's Retirement System (PERS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 605,952	
Changes of assumptions	5,184,556	\$ 5,165,548
Net difference between projected and actual earnings on pension plan investments	175,233	
Changes in proportion	725,166	264,189
District contributions subsequent to the measurement date	1,142,038	
	<u>\$ 7,832,945</u>	<u>\$5,429,737</u>

\$1,142,038 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:	
2019	\$ 798,375
2020	1,100,854
2021	623,600
2022	(624,681)
2023	(636,978)
	<u>\$ 1,261,170</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.25%
Salary increases	
through 2026	1.65% - 4.15%
	based on age
Thereafter	2.65% - 5.15%
	based on age
Investment rate of return	7.00%

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Long-Term Rate of Return (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	100.00%	

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 31,925,029	\$ 25,734,206	\$ 20,576,483

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, 2018

6. Pension Plans (continued)

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$	6,424,455,842
Deferred inflows of resources	\$	5,700,625,981
Net pension liability	\$	23,278,401,588
District's Proportion		0.1105497103%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

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, 2017, 2016, 2015 and 2014 is 5.48, 5.57, 5.72 and 6.44 years, respectively.

Special Funding Situation - 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, 2017 was \$212,261,796. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3148182207 percent, which was a decrease of 0.0045458784 from its proportion measured as of June 30, 2016.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$12,992,531 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	2.25%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2017 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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's proportionate share of the net pension liability associated with the District	\$ 252,173,672	\$ 212,261,796	\$ 179,382,219

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, 2017 are as follows:

Deferred outflows of resources	\$ 14,251,854,934
Deferred inflows of resources	\$ 11,807,238,433
Net pension liability	\$ 67,423,605,859

State's proportionate share associated with the District	0.3148182207%
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Collective pension expense for the plan for the measurement period ended June 30, 2017 is \$4,682,493,081.

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, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3 and 8.5 years, respectively.

7. Post-Retirement Benefits

Plan description and benefits provided

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17,

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2018, 2017 and 2016 were \$3,122,303, \$2,950,531 and \$3,044,624, respectively, which equaled the required contributions for each year.

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 (GASB 75) and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$53,639,841,858.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

Changes in the Total OPEB Liability

Below represents the changes in the State’s portion of the OPEB liability associated with the District for the year ended June 30, 2017:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2016	\$ 165,557,124
Changes for the year:	
Service cost	6,825,202
Interest cost	4,864,441
Changes of assumptions	(20,323,672)
Member contributions	130,917
Gross benefit payments	(3,555,355)
Net changes	(12,058,467)
Ending Total OPEB Liability, June 30, 2017	\$ 153,498,657

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2017</u>
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefit	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	366,078

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State’s proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$153,498,657. Additional information can be obtained from the State of New Jersey’s comprehensive annual financial report.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary increase through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actual experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Mortality Rates

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality table for males or females, as appropriate, with adjustments for mortality improvements based on MP- 2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

The following presents the State's proportionate share of the net OPEB liability attributed with the District as of June 30, 2017 calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	At 1% Decrease (2.58%)	At Current Discount Rate (3.58%)	At 1% Increase (4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 182,213,980	\$ 153,498,657	\$ 130,721,390

The following presents the State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% Decrease	At Current Healthcare Trend Rate	At 1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 126,237,807	\$ 153,498,657	\$ 189,700,745

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$6,434,600 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 99,843,255
Deferred inflows of resources	\$ 6,443,612,287
Collective OPEB expense	\$ 3,348,490,523
District's Proportion	0.2861653795%

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits – (continued)

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

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, 2018, 2017 and 2016 were \$1,244,365, \$1,177,561 and \$1,101,092, 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, 2018

10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2018 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 9,210	
Special Revenue Fund		\$ 9,210
Capital Projects Fund		384,685
Debt Service Fund	384,685	
	<u>\$ 393,895</u>	<u>\$ 393,895</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 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, 2018 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies. The District is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will have a material adverse effect on the financial position of the District. Therefore, the District has accrued a total of \$575,000 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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 June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 4,825,710
Deposits:	
Approved by June 18, 2018 Board resolution	80,970
Ending balance, June 30, 2018	<u>\$ 4,906,680</u>

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, 2018 for various purposes, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$381,221 and in the capital projects fund \$10,051,370, which are recorded as part of fund balance restricted for capital projects.

16. Transfers

The District transferred \$312,329 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
 Required Supplementary Information

Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - Local Group	0.1105497103%	0.1111144609%	0.1123990058%	0.1084386997%	n/a	n/a	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 25,734,206	\$ 32,908,916	\$ 25,231,324	\$ 20,302,690	n/a	n/a	n/a	n/a	n/a	n/a
District's covered-employee payroll	\$ 8,039,792	\$ 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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	320.09%	425.79%	333.33%	266.63%	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	48.10%	40.14%	47.93%	52.08%	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 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

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

Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,039,948	\$ 987,125	\$ 735,000	\$ 709,412	\$ 710,507	\$ 662,255	\$ 583,482	\$ 527,005	\$ 537,886	\$ 537,386
Contributions in relation to the contractually required contribution	(1,039,948)	(987,125)	(735,000)	(709,412)	(710,507)	(662,255)	(583,482)	(527,005)	(537,886)	(537,386)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered-employee payroll	13.46%	13.04%	9.65%	9.20%	9.60%	9.40%	8.10%	6.82%	7.20%	7.88%

**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
Required Supplementary Information**

Last Ten Fiscal Years*

	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3148182207%	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	\$ 212,261,796	\$ 251,232,134	\$ 199,534,274	\$ 169,825,780
Total proportionate share of the net pension liability (asset) associated with the District	\$ 212,261,796	\$ 251,232,134	\$ 199,534,274	\$ 169,825,780
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	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 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

Hopewell Valley Regional School District
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Required Supplementary Information and Notes to Required Supplementary Information

Last Ten Fiscal Years*

	Year Ended June 30,	
	2018	2017
State's proportion of the net OPEB liability (asset)	0.2861653795%	0.2862735887%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 153,498,657	\$ 165,557,124
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 153,498,657</u>	<u>\$ 165,557,124</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>
	<u>2018</u>	<u>2017**</u>
Total OPEB Liability		
Service cost	\$ 6,825,202	
Interest cost	4,864,441	
Changes of assumptions	(20,323,672)	
Member contributions	130,917	
Gross benefit payments	<u>(3,555,355)</u>	
Net change in total OPEB liability	(12,058,467)	
Total OPEB liability - beginning	<u>165,557,124</u>	
Total OPEB liability - ending	<u>\$ 153,498,657</u>	
Covered-employee payroll	<u>\$ 41,315,611</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>371.53%</u>	

* This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

** Information not available

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**Required Supplementary Information
Part III**

Budgetary Comparison Schedules

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 70,710,312		\$ 70,710,312	\$ 70,710,312	
Tuition	180,000		180,000	279,256	\$ 99,256
Interest on investments	25,000		25,000	133,515	108,515
Transportation	110,000		110,000	136,888	26,888
Miscellaneous	602,000		602,000	479,537	(122,463)
Total revenues - local sources	71,627,312		71,627,312	71,739,508	112,196
State sources:					
School choice aid	243,972		243,972	243,972	
Special education categorical aid	2,049,948		2,049,948	2,164,734	114,786
Security categorical aid	62,529		62,529	62,529	
Transportation categorical aid	389,553		389,553	389,553	
Extraordinary aid				486,341	486,341
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	
Additional Non-public transportation aid				102,003	102,003
On-behalf TPAF pension contributions				4,834,194	4,834,194
On-behalf TPAF medical contributions				3,122,303	3,122,303
On-behalf TPAF disability contributions				6,451	6,451
Reimbursed TPAF social security contributions				2,465,312	2,465,312
Total - state sources	2,852,002		2,852,002	13,983,392	11,131,390
Federal sources:					
Medicaid reimbursement	21,593		21,593	10,656	(10,937)
Total - Federal sources	21,593		21,593	10,656	(10,937)
Total revenues	74,500,907		74,500,907	85,733,556	11,232,649
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	876,668	\$ (41,252)	835,416	835,224	192
Grades 1-5	8,538,622	(685,617)	7,853,005	7,846,864	6,141
Grades 6-8	5,625,419	125,542	5,750,961	5,735,985	14,976
Grades 9-12	7,262,088	(99,305)	7,162,783	7,156,712	6,071
Home instruction:					
Salaries of teachers	50,000		50,000	41,750	8,250
Purchased professional-educational services	21,000	17,000	38,000	31,194	6,806
Support services:					
Other salaries for instruction	907,115	(151,374)	755,741	703,294	52,447
Purchased professional-educational services	683,308	17,800	701,108	636,064	65,044
Purchased technical services	38,000	(31,500)	6,500	5,750	750
Other purchased services	1,245,171	(483,658)	761,513	673,809	87,704
General supplies	1,187,308	420,672	1,607,980	1,337,337	270,643
Textbooks	173,669	(9,778)	163,891	111,026	52,865
Other objects	25,261	100	25,361	16,364	8,997
Total instruction - regular programs	26,633,629	(921,370)	25,712,259	25,131,373	580,886
Special education:					
Autism:					
Salaries of teachers		133,831	133,831	131,298	2,533
Other salaries for instruction		136,503	136,503	136,503	
General supplies		3,882	3,882	3,882	
Total autism		274,216	274,216	271,683	2,533
Learning and/or language disabilities:					
Salaries of teachers	60,513	99,989	160,502	153,061	7,441
Other salaries for instruction	25,219	23,737	48,956	48,956	
General supplies			1,500	1,446	54
Total learning and/or language disabilities	87,232	123,726	210,958	203,463	7,495

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education (continued):					
Behavioral disabilities:					
Salaries of teachers	\$ 377,806	\$ (109,177)	\$ 268,629	\$ 239,647	\$ 28,982
Other salaries for instruction	29,545	94,701	124,246	108,505	15,741
Total behavioral disabilities	407,351	(14,476)	392,875	348,152	44,723
Multiple disabilities:					
Salaries of teachers	329,215	15,417	344,632	338,521	6,111
Other salaries for instruction	202,224	82,467	284,691	272,992	11,699
General supplies		250	250	242	8
Total multiple disabilities	531,439	98,134	629,573	611,755	17,818
Resource room/center:					
Salaries of teachers	2,729,480	1,540,458	4,269,938	4,269,409	529
Other salaries for instruction	1,824,481	(1,280,888)	543,593	542,037	1,556
Other purchased services	1,332		1,332	1,076	256
General supplies	24,875	301	25,176	20,644	4,532
Textbooks	4,000		4,000	3,422	578
Total resource room/center	4,584,168	259,871	4,844,039	4,836,588	7,451
Preschool disabilities - part - time:					
Salaries of teachers	121,266	(114,837)	6,429	6,429	
Other salaries for instruction	128,462	(85,371)	43,091	43,091	
Total preschool disabilities - part - time	249,728	(200,208)	49,520	49,520	
Preschool disabilities - full - time:					
Salaries of teachers	470,690	(145,010)	325,680	314,175	11,505
Other salaries for instruction	87,223	55,420	142,643	121,025	21,618
General supplies	6,275	(508)	5,767	3,491	2,276
Total preschool disabilities - full - time	564,188	(90,098)	474,090	438,691	35,399
Home instruction:					
Purchased professional educational services	53,000	41,471	94,471	76,341	18,130
Total home instruction	53,000	41,471	94,471	76,341	18,130
Total special education	6,477,106	492,636	6,969,742	6,836,193	133,549
Bilingual education:					
Salaries of teachers	77,234	91,314	168,548	160,728	7,820
Other salaries for instruction		17,279	17,279	17,279	
General supplies	700		700	576	124
Total bilingual education	77,934	108,593	186,527	178,583	7,944
Basic skills/remedial instruction:					
Salaries of teachers	822,279	540,584	1,362,863	1,356,156	6,707
General supplies	8,500	53	8,553	6,940	1,613
Textbooks	500		500	119	381
Total basic skills/remedial instruction	831,279	540,637	1,371,916	1,363,215	8,701
School-sponsored cocurricular activities:					
Salaries	180,678	17,889	198,567	195,835	2,732
Purchased services	47,750	3,736	51,486	44,545	6,941
Supplies and materials	68,561	(11,521)	57,040	51,567	5,473
Other objects	97,500	(9,948)	87,552	82,920	4,632
Total school-sponsored cocurricular activities	394,489	156	394,645	374,867	19,778

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School-sponsored athletics - instruction:					
Salaries	\$ 715,432	\$ 52,724	\$ 768,156	\$ 761,521	\$ 6,635
Purchased services	166,500	(15,165)	151,335	143,430	7,905
Supplies and materials	119,400	8,832	128,232	126,791	1,441
Other objects	28,570	(2,646)	25,924	25,885	39
Total school-sponsored athletics - instruction	1,029,902	43,745	1,073,647	1,057,627	16,020
Total instruction	35,444,339	264,397	35,708,736	34,941,858	766,878
Support services:					
Instruction:					
Tuition to other LEAs within the state-special		36,989	36,989	36,460	529
Tuition to county voc. school dist.-special	99,100	(12,000)	87,100	84,680	2,420
Tuition to CSSD and regional day schools	553,783	(95,068)	458,715	458,715	
Tuition to private school for the disabled - within state	1,232,872	74,897	1,307,769	1,307,694	75
Tuition to private school for the disabled and other LEAs-special-outside state	350,989	82,735	433,724	429,706	4,018
Tuition - other	146,405	30,220	176,625	162,495	14,130
Total instruction	2,383,149	117,773	2,500,922	2,479,750	21,172
Attendance and social work services:					
Salaries		3,413	3,413	3,413	
Other purchased services	255	422	677	677	
Total attendance and social work service	255	3,835	4,090	4,090	
Health services:					
Salaries	542,542	12,760	555,302	550,703	4,599
Purchased professional and technical services	37,500		37,500	27,500	10,000
Other purchased services	17,500		17,500	2,900	14,600
Rentals	11,893		11,893	11,893	
Supplies and materials	21,600	(2)	21,598	17,609	3,989
Other objects	1,300		1,300		1,300
Total health services	632,335	12,758	645,093	610,605	34,488
Speech, OT, PT & related services:					
Salaries	1,080,308	(684)	1,079,624	1,049,273	30,351
Purchased professional - educational services		(21,027)	88,973	44,428	44,545
Supplies and materials	42,200	(189)	42,011	24,855	17,156
Total speech, OT, PT & related services	1,232,508	(21,900)	1,210,608	1,118,556	92,052
Other support services - students- extraordinary services:					
Salaries	636,231	(144,180)	492,051	484,253	7,798
Purchased professional - educational services	791,000	(142,367)	648,633	375,308	273,325
Supplies and materials	-	5,267	5,267	5,074	193
Total other support services - students - extraordinary services	1,427,231	(281,280)	1,145,951	864,635	281,316

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$ 1,177,225	\$ (910)	\$1,176,315	\$ 1,150,993	\$ 25,322
Salaries of secretarial and clerical assistants	125,928	2,434	128,362	128,362	
Other purchased services	853	(186)	667	490	177
Supplies and materials	3,100	220	3,320	2,304	1,016
Total guidance	1,307,106	1,558	1,308,664	1,282,149	26,515
Child study teams:					
Salaries of other professional staff	1,568,146	(10,450)	1,557,696	1,538,128	19,568
Salaries of secretarial and clerical assistants	196,227	(472)	195,755	194,294	1,461
Purchased professional - educational services	92,500	(47,693)	44,807	17,050	27,757
Other purchased professional and technical services	86,515		86,515	55,920	30,595
Miscellaneous purchased services	15,250	7,301	22,551	22,292	259
Supplies and materials	51,101	(3,331)	47,770	38,599	9,171
Other objects	1,334		1,334	647	687
Total child study teams	2,011,073	(54,645)	1,956,428	1,866,930	89,498
Improvement of instructional services:					
Salaries of supervisors of instruction	963,785		963,785	963,621	164
Salaries of other professional staff	315,964	(8,625)	307,339	305,539	1,800
Salaries of secretarial and clerical assistants	86,325		86,325	81,148	5,177
Salaries of facilitators and coaches		(52,500)	57,980	53,173	4,807
Other purchased services	8,600	18,836	27,436	20,150	7,286
Unused sick and vacation days		695	695	695	
Supplies and materials	9,500		9,500	4,225	5,275
Other objects	25,557	(400)	25,157	21,637	3,520
Total improvement of instructional services	1,520,211	(41,994)	1,478,217	1,450,188	28,029
Educational media services/school library:					
Salaries	466,020		466,020	466,020	
Salaries of technology coordinators	483,055	(1,385)	481,670	473,862	7,808
Unused vacation payments to terminated/retired staff		1,385	1,385	1,385	
Purchased professional and technical services	29,985	(6,091)	23,894	23,394	500
Supplies and materials	72,635	6,279	78,914	68,370	10,544
Other objects	950		950		950
Total educational media services/school library	1,052,645	188	1,052,833	1,033,031	19,802
Instructional staff training services:					
Other purchased services		78,209	78,209	53,381	24,828
Total instructional staff training services		78,209	78,209	53,381	24,828

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Support services-general administration:					
Salaries	\$ 199,886	\$ 8,770	\$ 208,656	\$ 208,656	
Salaries of secretarial and clerical assistants	62,135		62,135	62,135	
Legal	150,000	(8,770)	141,230	45,417	\$ 95,813
Audit fees	65,000	-	65,000	64,960	40
Other purchased professional services	13,501	8,646	22,147	-	22,147
Architectural/engineering services	200,000	(57,419)	142,581	76,145	66,436
Communications/telephone	214,359	(40,000)	174,359	134,608	39,751
Miscellaneous purchased services	153,755		153,755	152,825	930
General supplies	3,000		3,000	2,093	907
Judgments against the district	75,000	210,299	285,299	185,299	100,000
Miscellaneous expenditures	48,144	1	48,145	39,243	8,902
Total support services-general administration	1,184,780	121,527	1,306,307	971,381	334,926
Support services-school administration:					
Salaries of principals/ assistant principals	1,476,325	(62,579)	1,413,746	1,413,745	1
Salaries of secretarial and clerical assistants	716,769	(965)	715,804	714,579	1,225
Unused vacation payments		8,498	8,498	8,287	211
Other purchased services	41,005	(6,000)	35,005	11,293	23,712
Supplies and materials	27,600	2,127	29,727	24,409	5,318
Other objects	30,190	(14,112)	16,078	6,674	9,404
Total support services-school administration	2,291,889	(73,031)	2,218,858	2,178,987	39,871
Central services:					
Salaries	838,943	(79)	838,864	835,842	3,022
Unused vacation payments		107,149	107,149		107,149
Purchased professional services	50,000	5,100	55,100	33,671	21,429
Purchased technical services	37,612	4,012	41,624	41,107	517
Miscellaneous purchased services	83,814	(1,028)	82,786	58,968	23,818
Supplies and materials	30,320		30,320	15,497	14,823
Miscellaneous expenditures	11,600	(2,984)	8,616	5,230	3,386
Total support services-central services	1,052,289	112,170	1,164,459	990,315	174,144
Administration information technology:					
Salaries	201,434	79	201,513	201,513	
Other purchased services	17,800		17,800	15,148	2,652
Total administration information technology	219,234	79	219,313	216,661	2,652
Operation and maintenance of plant services:					
Required maintenance for school facilities:					
Salaries	755,801	(28,743)	727,058	721,956	5,102
Cleaning, repair and maintenance services	580,661	104,328	684,989	540,339	144,650
General supplies	198,950		198,950	169,165	29,785
Total required maintenance for school facilities	1,535,412	75,585	1,610,997	1,431,460	179,537

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	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	\$ 1,982,122	\$ (48,771)	\$ 1,933,351	\$ 1,933,341	\$ 10
Cleaning, repair and maintenance services	220,250	(18,018)	202,232	108,386	93,846
Other purchased property services	279,987		279,987	232,860	47,127
Insurance	308,010		308,010	301,392	6,618
Miscellaneous purchased services	12,750		12,750	1,766	10,984
General supplies	181,000		181,000	145,226	35,774
Energy (electricity)	1,227,519		1,227,519	820,287	407,232
Energy (natural gas)	492,814		492,814	250,515	242,299
Energy (gasoline)	31,600		31,600	26,858	4,742
Other objects	15,799		15,799	9,485	6,314
Total custodial services	4,751,851	(66,789)	4,685,062	3,830,116	854,946
Care and upkeep of grounds:					
Salaries	218,605	(538)	218,067	217,867	200
Cleaning, repair and maintenance services	14,000		14,000	9,600	4,400
General supplies	126,500	(1,786)	124,714	73,313	51,401
Other objects		140	140	140	
Total care and upkeep of grounds	359,105	(2,184)	356,921	300,920	56,001
Security:					
Salaries	193,766	8,540	202,306	199,907	2,399
General supplies		2,094	2,094	2,094	
Total security	193,766	10,634	204,400	202,001	2,399
Total operations and maintenance of plant	6,840,134	17,246	6,857,380	5,764,497	1,092,883
Student transportation services:					
Salaries of non-instructional aides	235,547	46,627	282,174	279,399	2,775
Salaries for pupil transportation:					
Between home and school - regular	385,509	62,602	448,111	447,825	286
Between home and school - special	780,582	(16,070)	764,512	736,960	27,552
Other than between home and school	50,000	13,563	63,563	63,487	76
Management fee - ESC & CTSA trans. program	7,500	4,913	12,413	9,500	2,913
Other purchased professional and technical services	22,599	(3,900)	18,699	15,986	2,713
Cleaning, repair and maintenance services	84,500	(24,000)	60,500	28,127	32,373
Rental payments - school buses	3,000		3,000		3,000
Lease purchase payments - school buses	193,297		193,297	193,297	
Contracted services:					
Between home and school - vendors	1,358,910	(56,471)	1,302,439	1,299,668	2,771
Other than between home and school - vendors	302,755	(1,380)	301,375	202,025	99,350
Between home and school - joint agreements	1,500	6,697	8,197	8,197	
Special ed stds- vendors	110,000	(109,967)	33		33
Special ed stds- joint agreements	5,000	(5,000)			
Special ed stds- ESC & CTSA	94,699	69,815	164,514	157,260	7,254
Aid in lieu of payments - non public students	256,803	78,623	335,426	334,286	1,140
Miscellaneous purchased services	2,750		2,750	1,912	838
Transportation supplies	324,937	11,000	335,937	235,703	100,234
Other objects	1,250		1,250	400	850
Total student transportation services	4,221,138	77,052	4,298,190	4,014,032	284,158

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule

(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Unallocated benefits - employee benefits:					
Social security contributions	\$ 1,015,437		\$ 1,015,437	\$ 962,458	\$ 52,979
Other retirement contributions - PERS	1,069,456	\$ (945)	1,068,511	1,046,725	21,786
Other retirement contributions - regular	30,000		30,000	20,562	9,438
Unemployment compensation	176,881		176,881	166,402	10,479
Workers' compensation	329,674	945	330,619	330,619	
Health benefits	11,489,235	(247,681)	11,241,554	11,087,827	153,727
Tuition reimbursement	165,000	25,304	190,304	187,962	2,342
Other employee benefits	90,000	(12,453)	77,547	77,547	
Total unallocated benefits	14,365,683	(234,830)	14,130,853	13,880,102	250,751
On-behalf TPAF pension contributions (non-budgeted)				4,834,194	(4,834,194)
On-behalf TPAF post-retirement medical contributions(non-budgeted)				3,122,303	(3,122,303)
On-behalf TPAF long-term disability contributions (non-budgeted)				6,451	(6,451)
Reimbursed TPAF social security contributions (non-budgeted)				2,465,312	(2,465,312)
Total on-behalf payments				10,428,260	(10,428,260)
Total support services	41,741,660	(165,285)	41,576,375	49,207,550	(7,631,175)
Total expenditures - current	77,185,999	99,112	77,285,111	84,149,408	(6,864,297)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Undistributed expenditures - instruction		6,951	6,951	6,951	
Undistributed expenditures -required maintenance		8,000	8,000	8,000	
Total equipment		14,951	14,951	14,951	
Facilities acquisition and construction services:					
Construction services		149,898	149,898	149,898	
Other objects - debt service assessment	101,068		101,068	101,068	
Total facilities acquisition and construction services	101,068	149,898	250,966	250,966	
Assets acquired under capital leases (Non-budgeted)				475,000	(475,000)
Total expenditures - capital outlay	101,068	164,849	265,917	740,917	(475,000)

Hopewell Valley Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Special schools:					
Summer school - instruction:					
Salaries of teachers	\$ 172,500	\$ 30,471	\$ 202,971	\$ 187,982	\$ 14,989
Purchased professional educational services	29,230		29,230	7,200	22,030
General supplies	1,500		1,500	1,224	276
Total summer school - instruction	203,230	30,471	233,701	196,406	37,295
Total expenditures	77,490,297	294,432	77,784,729	85,086,731	(7,302,002)
(Deficiency) excess of revenues (under) over expenditures	(2,989,390)	(294,432)	(3,283,822)	646,825	3,930,647
Other financing sources:					
Capital leases - (non-budgeted)				475,000	475,000
Total other financing sources				475,000	475,000
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(2,989,390)	(294,432)	(3,283,822)	1,121,825	4,405,647
Fund balances, July 1	12,289,995		12,289,995	12,289,995	
Fund balances, June 30	\$ 9,300,605	\$ (294,432)	\$ 9,006,173	\$ 13,411,820	\$ 4,405,647
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 4,906,680	
Maintenance reserve account - restricted				90,003	
Excess surplus - current year - restricted				1,404,659	
Excess surplus designated for subsequent years - restricted				2,222,692	
Designated for subsequent year's expenditures - assigned				2,334,552	
Year end encumbrances - assigned				381,221	
Unassigned				2,072,013	
				13,411,820	
Reconciliation to Government Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(225,173)	
Fund balance per Governmental Funds (GAAP)				\$ 13,186,647	

**Hopewell Valley Regional School District
Special Revenue Fund**

**Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources		\$ 170,040	\$ 170,040	\$ 164,501	\$ (5,539)
Federal sources	\$ 833,856	216,811	1,050,667	975,245	(75,422)
Local sources		89,004	89,004	45,393	(43,611)
Total revenues	833,856	475,855	1,309,711	1,185,139	(124,572)
Expenditures					
Current expenditures:					
Instruction:					
Salaries of teachers	73,619	9,957	83,576	75,829	7,747
Purchased professional services		13,782	13,782	12,454	1,328
Other purchased services	728,034	169,088	897,122	841,519	55,603
General supplies		32,500	32,500	26,591	5,909
Textbooks		24,322	24,322	21,075	3,247
Total instruction	801,653	249,649	1,051,302	977,468	73,834
Support services:					
Salaries		11,206	11,206	1,880	9,326
Personal services—employee benefits		7,447	7,447	6,133	1,314
Purchased professional services	32,203	16,596	48,799	45,318	3,481
Other purchased professional services		183,029	183,029	153,900	29,129
Supplies and materials		7,178	7,178	440	6,738
Other objects		750	750		750
Total support services	32,203	226,206	258,409	207,671	50,738
Total expenditures	833,856	475,855	1,309,711	1,185,139	124,572
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, 2018

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 85,733,556	\$ 1,185,139
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Current year		(8,395)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements. Prior year	232,247	
Current year	(225,173)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 85,740,630</u>	<u>\$ 1,176,744</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 85,086,731	\$ 1,185,139
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. Current year		(8,395)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 85,086,731</u>	<u>\$ 1,176,744</u>

Supplementary Information

Special Revenue Fund

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

June 30, 2018

	Nonpublic Aid					
	Textbooks	Nursing	Technology	Home Instruction	Examination & Classification	Security
Revenues:						
State sources	\$ 21,075	\$ 58,437	\$ 16,373	\$ 2,248	\$ 19,112	\$ 47,256
Federal sources						
Local sources						
Total revenues	<u>21,075</u>	<u>58,437</u>	<u>16,373</u>	<u>2,248</u>	<u>19,112</u>	<u>47,256</u>
Expenditures:						
Instruction:						
Salaries of teachers						
Purchased professional services						
Other purchased services						
General supplies						
Textbooks	\$ 21,075					
Total instruction	<u>21,075</u>					
Support services:						
Salaries						
Personal services—employee benefits						
Purchased professional services		\$ 58,437	\$ 16,373	\$ 2,248	\$ 19,112	\$ 47,256
Other purchased professional						
Supplies and materials						
Total support services	<u>-</u>	<u>58,437</u>	<u>16,373</u>	<u>2,248</u>	<u>19,112</u>	<u>47,256</u>
Total expenditures	<u>\$ 21,075</u>	<u>\$ 58,437</u>	<u>\$ 16,373</u>	<u>\$ 2,248</u>	<u>\$ 19,112</u>	<u>\$ 47,256</u>

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

June 30, 2018

	<u>I.D.E.A.</u>							Totals	
	Title I A	Title II A	Title III	Title IV	Perkins	Part B	Preschool		Other Local
Revenues:									
State sources									\$ 164,501
Federal sources	\$ 67,488	\$ 45,318	\$ 4,389	\$ 8,672	\$ 16,187	\$ 808,687	\$ 24,504		975,245
Local sources								\$ 45,393	45,393
Total revenues	<u>67,488</u>	<u>45,318</u>	<u>4,389</u>	<u>8,672</u>	<u>16,187</u>	<u>808,687</u>	<u>24,504</u>	<u>45,393</u>	<u>1,185,139</u>
Expenditures:									
Instruction:									
Salaries of teachers	\$ 61,377		\$ 2,000		\$ 12,452				\$ 75,829
Purchased professional services			1,000	\$ 8,672	2,782				12,454
Other purchased services						\$ 808,687	\$ 24,504	\$ 8,328	841,519
General supplies								26,591	26,591
Textbooks									21,075
Total instruction	<u>61,377</u>		<u>3,000</u>	<u>8,672</u>	<u>15,234</u>	<u>808,687</u>	<u>24,504</u>	<u>34,919</u>	<u>977,468</u>
Support services:									
Salaries	914		966						1,880
Personal services—employee benefits	4,757		423		953				6,133
Purchased professional services		\$ 45,318							45,318
Other purchased professional								10,474	153,900
Supplies and materials	440								440
Total support services	<u>6,111</u>	<u>45,318</u>	<u>1,389</u>	<u>-</u>	<u>953</u>	<u>-</u>	<u>-</u>	<u>10,474</u>	<u>207,671</u>
Total expenditures	<u>\$ 67,488</u>	<u>\$ 45,318</u>	<u>\$ 4,389</u>	<u>\$ 8,672</u>	<u>\$ 16,187</u>	<u>\$ 808,687</u>	<u>\$ 24,504</u>	<u>\$ 45,393</u>	<u>\$ 1,185,139</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, 2018

Revenues	
Interest income	\$ 312,329
Total revenues	<u>312,329</u>
Expenditures	
Legal services	
Architectural services	988,730
Other purchased professional and technical services	61,774
Construction services	15,842,044
Equipment	
Total expenditures	<u>16,892,548</u>
(Deficiency) of revenues (under) expenditures	(16,580,219)
Other financing (uses)	
Transfer out	<u>(312,329)</u>
Total other financing (uses):	(312,329)
(Deficiency) of revenues (under) expenditures and Other financing (uses):	(16,892,548)
Fund Balance, July 1	32,402,999
Fund Balance, June 30	<u>\$ 15,510,451</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, 2018

	<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		\$ 312,329	312,329	
Total revenues	<u>35,855,000</u>	<u>312,329</u>	<u>36,167,329</u>	<u>35,855,000</u>
Expenditures				
Legal services	42,072		42,072	
Architectural services	1,335,143	988,730	2,323,873	
Other purchased professional and technical services	83,968	61,774	145,742	
Construction services	1,535,757	15,842,044	17,377,801	
Equipment	455,061		455,061	
Total expenditures	<u>3,452,001</u>	<u>16,892,548</u>	<u>20,344,549</u>	<u>35,855,000</u>
(Deficiency) of revenues (under) expenditures	32,402,999	(16,580,219)	15,822,780	-
Other financing sources (uses):				
Transfer out		(312,329)	(312,329)	
Total other financing (uses):		(312,329)	(312,329)	-
(Deficiency) of revenues (under) expenditures and other financing sources	<u>\$ 32,402,999</u>	<u>\$ (16,892,548)</u>	<u>\$ 15,510,451</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		56.25%		
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, 2018

	Private- Purpose Scholarship Trust Funds	Agency		Total Agency
		Student Activity	Payroll	
Assets				
Cash and cash equivalents	\$ 23,198	\$ 348,604	\$ 1,436,400	\$ 1,785,004
Total assets	<u>23,198</u>	<u>\$ 348,604</u>	<u>\$ 1,436,400</u>	<u>\$ 1,785,004</u>
Liabilities				
Payroll deductions and withholdings payable			\$ 1,436,400	\$ 1,436,400
Due to student groups		\$ 348,604		348,604
Total liabilities		<u>\$ 348,604</u>	<u>\$ 1,436,400</u>	<u>\$ 1,785,004</u>
Net position				
Held in trust for scholarship funds	<u>23,198</u>			
Total net position	<u>\$ 23,198</u>			

Hopewell Valley Regional School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

June 30, 2018

	Private- Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust
Additions:			
Contributions:			
Board contributions		\$ 166,402	\$ 166,402
Plan member contributions		122,767	122,767
Scholarship donations	\$ 12,109		12,109
Total additions	12,109	289,169	301,278
Deductions:			
Unemployment benefit payments		289,169	289,169
Scholarship payments	18,700		18,700
Total deductions	18,700	289,169	307,869
Change in net position	(6,591)	-	(6,591)
Net position, beginning	29,789	-	29,789
Net position, ending	\$ 23,198	\$ -	\$ 23,198

**Hopewell Valley Regional School District
Student Activity Agency Fund**

Schedule of Receipts and Disbursements

June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Elementary Schools:				
Bear Tavern	\$ 1,849	\$ 3,221	\$ 2,820	\$ 2,250
Hopewell	7,624	18,859	19,600	6,883
Stony Brook	82	1		83
Toll Gate	14,999	7,819	8,818	14,000
Junior High School:				
Timberlane	45,470	146,398	140,704	51,164
High School:				
Student Fund	281,666	569,157	576,599	274,224
Total all schools	\$ 351,690	\$ 745,455	\$ 748,541	\$ 348,604

**Hopewell Valley Regional School District
Payroll Agency Fund**

Schedule of Changes in Assets and Liabilities

June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Assets				
Cash and equivalents	<u>\$ 1,318,692</u>	<u>\$ 80,406,558</u>	<u>\$ 80,288,850</u>	<u>\$ 1,436,400</u>
Total assets	<u><u>\$ 1,318,692</u></u>	<u><u>\$ 80,406,558</u></u>	<u><u>\$ 80,288,850</u></u>	<u><u>\$ 1,436,400</u></u>
Liabilities				
Payroll deductions and withholdings payable	<u>\$ 1,318,692</u>	<u>\$ 80,406,558</u>	<u>\$ 80,288,850</u>	<u>\$ 1,436,400</u>
Total liabilities	<u><u>\$ 1,318,692</u></u>	<u><u>\$ 80,406,558</u></u>	<u><u>\$ 80,288,850</u></u>	<u><u>\$ 1,436,400</u></u>

Long-Term Debt

**Hopewell Valley Regional School District
Long-Term Debt**

Schedule of Serial Bonds Payable

Year ended June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Retired	Balance
			Date	Amount		July 1, 2017		June 30, 2018
2012 Refunding of December 2004 and January 2005 Bonds	3/15/12	\$ 5,665,000	1/15/2019	\$ 985,000	3.750%	\$ 2,950,000	\$ 950,000	\$ 2,000,000
			1/15/2020	1,015,000	4.000%			
2016 Refunding of 2005 Refunding Bonds	5/20/16	16,290,000	8/15/2018	3,120,000	4.000%	16,290,000	3,010,000	13,280,000
			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>\$55,095,000</u>	<u>\$ 3,960,000</u>	<u>\$ 51,135,000</u>

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2018

	Interest Rate	Amount of Original Issue	Balance July 1, 2017	Additions	Retired	Balance June 30, 2018
Various Equipment	1.52%	\$ 665,000	\$ 176,261		\$ 117,063	\$ 59,198
Cardiac Equipment	3.33%	48,610	20,403		10,035	10,368
Buses	2.93%	180,000	147,131		34,365	112,766
Computer Equipment	1.69%	1,190,000	1,190,000		290,136	899,864
Vehicles	1.905%	295,000	267,280		56,590	210,690
Buses, Vehicle and Equipment	1.931%	475,000		\$ 475,000	69,686	405,314
			<u>\$ 1,801,075</u>	<u>\$ 475,000</u>	<u>\$ 577,875</u>	<u>\$ 1,698,200</u>

Hopewell Valley Regional School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 5,742,494		\$ 5,742,494	\$ 5,742,494	
State sources:					
Debt service aid	340,286		340,286	340,286	
Total revenues	<u>6,082,780</u>		<u>6,082,780</u>	<u>6,082,780</u>	
Expenditures:					
Principal on bonds	3,960,000		3,960,000	3,960,000	
Interest on bonds	2,131,589		2,131,589	2,131,589	
Total expenditures	<u>6,091,589</u>		<u>6,091,589</u>	<u>6,091,589</u>	
(Deficiency) of revenues (under) expenditures	(8,809)		(8,809)	(8,809)	
Other financing sources:					
Transfer in			312,329	\$ 312,329	
Total other financing sources			<u>312,329</u>	<u>312,329</u>	
Net change in fund balance	(8,809)		(8,809)	303,520	312,329
Fund balance, July 1	<u>339,884</u>	-	<u>339,884</u>	<u>339,884</u>	-
Fund balance, June 30	<u>\$ 331,075</u>	<u>\$ -</u>	<u>\$ 331,075</u>	<u>\$ 643,404</u>	<u>\$ 312,329</u>

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 38,466,350
Restricted	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	8,624,034
Unrestricted (deficit)	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)	(22,927,994)
Total governmental activities net position	<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>	<u>\$ 24,162,390</u>
Business-type activities										
Investment in capital assets			\$ 297,117	\$ 249,788	\$ 217,906	\$ 186,399	\$ 162,155	\$ 138,336	\$ 116,213	\$ 95,525
Restricted				6,000						
Unrestricted	\$ 570,404	\$ 774,727	\$ 524,775	\$ 378,323	\$ 212,550	\$ 368,537	\$ 465,305	\$ 158,898	\$ 251,637	\$ 400,908
Total business-type activities net position	<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>	<u>\$ 496,433</u>
Government-wide										
Net investment in capital assets	\$ 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	\$ 38,561,875
Restricted	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	8,624,034
Unrestricted (deficit)	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)	(22,527,086)
Total government-wide net position	<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>	<u>\$ 24,658,823</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
 Charges in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)

Unaudited

	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 25,649,031	\$ 25,369,974	\$ 38,474,095	\$ 38,348,315	\$ 40,154,834	\$ 38,474,839	\$ 46,028,795	\$ 50,156,927	\$ 57,262,636	\$ 57,562,220
Special Education	3,849,351	3,937,730	4,099,629	3,896,521	4,327,908	4,509,729	4,805,029	5,113,362	6,126,291	6,836,193
Other Special Education	642,476	865,459	1,176,851	1,255,196	1,314,999	1,251,839	1,175,825	1,465,060	1,231,670	1,918,665
Other Instruction	1,088,269	1,015,542	992,547	1,023,751	1,094,548	1,093,794	1,174,151	962,696	1,082,813	1,057,627
Support Services										
Tuition	3,315,547	3,051,668	2,363,435	3,156,898	2,860,047	3,039,226	2,193,302	2,469,773	2,102,274	2,371,100
Student Instruction Related Services	6,674,157	7,051,312	11,734,782	9,640,544	9,895,406	9,642,213	11,834,791	12,178,641	15,737,350	15,499,896
School Administrative Services	2,154,697	2,276,639	2,307,037	3,077,089	3,044,680	3,056,317	3,501,032	3,529,509	4,649,801	4,279,998
General & Business Administrative Services	2,269,402	1,829,313	1,817,561	2,691,751	2,579,362	2,539,152	2,872,114	3,724,309	3,329,580	3,535,112
Plant Operations & Maintenance	3,804,510	5,503,697	5,625,781	7,092,165	7,229,580	7,512,004	7,900,372	8,631,722	8,870,237	8,881,269
Pupil Transportation	3,857,662	3,621,101	3,574,367	4,315,962	4,443,311	4,575,819	4,885,981	4,854,622	5,105,753	5,468,943
Unallocated Benefits	13,668,236	14,880,721								
Special Schools	225,068	223,387	204,354	275,885	257,396	306,639	299,101	281,701	337,955	380,981
Amortization of Debt Issuance Costs	84,828	74,282								
Transfer to Charter schools	22,907									
Interest on long-term debt	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	1,639,397
Unallocated Loss on Revaluation of Fixed Assets	(9,649)									
Unallocated Depreciation	2,135,291	2,216,991								
Total governmental activities expenses	\$ 73,583,628	\$ 73,931,813	\$ 73,982,819	\$ 76,328,994	\$ 78,639,629	\$ 77,537,621	\$ 87,877,456	\$ 94,297,741	\$ 107,873,466	\$ 109,639,401
Business-type activities										
Enterprise Funds	1,432,034	1,438,932	1,545,845	1,673,819	1,870,915	1,899,054	1,787,924	1,515,587	1,603,642	1,461,889
Total business-type activities expense	1,432,034	1,438,932	1,545,845	1,673,819	1,870,915	1,899,054	1,787,924	1,515,587	1,603,642	1,461,889
Total district expenses	\$ 75,015,662	\$ 75,370,795	\$ 75,528,664	\$ 78,002,813	\$ 80,510,544	\$ 79,436,675	\$ 89,665,380	\$ 95,813,330	\$ 109,477,108	\$ 111,101,290
Program Revenues										
Governmental activities										
Charges for services	\$ 290,043	\$ 313,796	\$ 255,912	\$ 375,680	\$ 406,890	\$ 477,057	\$ 393,004	\$ 348,231	\$ 425,238	\$ 416,144
Operating grants and contributions	1,623,915	1,160,899	1,975,135	1,046,906	1,119,582	1,107,751	1,174,991	1,167,990	1,175,450	1,176,744
Capital grants and contributions			195,681	251,944	313,935	137,586	222,058			
Total governmental activities program revenues	\$ 1,913,958	\$ 1,474,695	\$ 2,426,730	\$ 1,674,530	\$ 1,558,827	\$ 1,722,394	\$ 1,790,051	\$ 1,515,821	\$ 1,600,683	\$ 1,592,888
Business-type activities										
Charges for services	\$ 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	\$ 1,433,926
Operating grants and contributions	146,790	101,341	169,568	176,099	150,312	148,331	140,305	153,185	152,467	156,546
Total business-type activities program revenues	\$ 1,363,804	\$ 1,378,766	\$ 1,720,984	\$ 1,677,985	\$ 1,687,357	\$ 1,823,534	\$ 1,860,448	\$ 1,547,794	\$ 1,679,258	\$ 1,590,472
Total district program revenues	\$ 3,277,762	\$ 2,853,461	\$ 4,147,714	\$ 3,352,515	\$ 3,246,184	\$ 3,545,928	\$ 3,650,501	\$ 3,063,615	\$ 3,279,941	\$ 3,183,360
Net (Expense)/Revenue										
Governmental activities	\$ (72,209,670)	\$ (72,457,204)	\$ (71,556,089)	\$ (74,654,464)	\$ (77,080,822)	\$ (75,815,227)	\$ (86,087,403)	\$ (92,781,922)	\$ (106,272,808)	\$ (108,046,513)
Business-type activities	(68,230)	29,784	175,139	4,166	(183,538)	(75,520)	72,526	32,297	70,616	128,583
Total government-wide net expense	\$ (72,277,900)	\$ (72,427,424)	\$ (71,380,950)	\$ (74,650,298)	\$ (77,264,360)	\$ (75,890,747)	\$ (86,009,879)	\$ (92,749,715)	\$ (106,202,192)	\$ (107,917,930)
General Revenues and Other Changes in Net Position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 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	\$ 70,710,312
Property taxes levied for debt service	4,814,862	3,940,662	4,266,500	4,788,911	4,538,625	4,746,743	3,847,443	4,760,126	4,758,384	5,742,494
Governmental grants and contributions					500,000					
Unrestricted grants and contributions	8,412,237	8,322,621	5,692,215	7,568,775	9,579,242	8,700,418	17,294,614	21,308,429	30,370,815	33,768,539
Investment earnings				13,583	28,284	27,369	28,112	32,998	109,524	445,844
Miscellaneous income	834,590	1,364,258	798,845	2,303,346	872,927	871,820	605,313	607,722	629,236	479,537
Transfers				(5,149)	(97,664)	(200,000)				
Gain/(Loss) on revaluation of fixed assets								362,433		
Total governmental activities	\$ 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	\$ 111,146,726
Business-type activities										
Interest earnings	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	\$ 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	\$ 111,146,726
Change in Net Position										
Governmental activities	\$ 1,406,986	\$ 2,502,499	\$ 1,562,028	\$ 3,310,967	\$ 2,893,884	\$ 4,284,924	\$ 3,920,173	\$ 3,130,924	\$ (812,941)	\$ 3,100,213
Business-type activities	33,373	311,183	175,139	9,315	(85,894)	124,480	72,526	(330,275)	70,616	(28,583)
Total district	\$ 1,440,359	\$ 2,813,682	\$ 1,737,167	\$ 3,320,282	\$ 2,807,990	\$ 4,411,404	\$ 4,000,000	\$ 2,800,649	\$ (742,325)	\$ 3,071,630

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.

GA82 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.
 GA82 73 was implemented in the 2018 fiscal year, which increased the unrestricted grants and contributions and various expense lines from the previous year.

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

Unaudited

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 3,950,291	\$ 4,957,858								
Unreserved	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	\$ 8,624,034
Assigned			796,063	2,017,979	2,235,500	1,649,292	1,465,284	2,490,634	3,283,823	2,715,773
Unassigned			1,618,340	1,478,156	1,683,208	1,601,661	1,625,670	1,764,050	1,636,855	1,846,840
Total general fund	<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>	<u>\$ 13,186,647</u>
All Other Governmental Funds										
Reserved	\$ 10,000	\$ 13,000								
Reserved, reported in:										
Capital projects fund	928,766	1,017,780								
Debt service fund	30,405	3,554								
Restricted for										
Capital Projects			\$ 1,811,952	\$ 1,003,774	\$ 948,863	\$ 221,434	\$ 254,134		\$ 32,402,999	\$ 15,510,451
Debt service			250,398	211,600	12,333	918,482	3,066	\$ 10,563	339,884	643,404
Total all other governmental funds	<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>	<u>\$ 16,153,855</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 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	\$ 76,452,806
Governmental units other than LEAs					500,000					
Tuition charges	290,043	313,796	255,912	301,560	289,469	355,645	312,585	267,681	266,509	279,256
Miscellaneous	1,064,590	1,380,964	837,861	2,397,424	1,024,762	1,042,211	723,114	747,770	951,365	1,099,267
State sources	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	14,495,253
Federal sources	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	985,901
Total revenue	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	93,312,483
Expenditures										
Instruction										
Regular Instruction	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	26,100,446
Special Education Instruction	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	6,836,193
Other Special Instruction	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	1,916,665
Other Instruction	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	1,057,627
Support Services:										
Tuition	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	2,479,750
Student Instruction Related Services	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	8,437,855
School Administration	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	2,232,368
General & Business Admin. Services	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	2,178,357
Plant Operations & Maintenance	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	5,764,497
Pupil Transportation	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	4,014,032
Other Support Services	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	24,308,362
Special Schools	225,068	223,387	204,354	197,188	188,702	230,581	187,323	165,711	167,311	196,405
Capital outlay	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	17,633,466
Debt service:										
Principal	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	3,960,000
Interest and other charges	2,190,615	2,073,269	1,614,285	1,714,197	1,443,267	1,353,700	1,250,629	1,116,438	1,365,961	2,131,589
Total expenditures	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	109,247,612
Excess (Deficiency) of revenues over (under) expenditures	(3,040,186)	1,031,442	(332,872)	1,155,346	(1,394,720)	(587,134)	991,881	842,982	(2,619,046)	(15,935,129)
Other financing sources (uses)										
Transfer to cover deficits:										
Food Services					(97,664)	(200,000)				
Performing Arts Center				(5,149)						
Transfer to Charter School	(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	475,000
Transfers in	2,798	1,201,928	1,587,517	191,279			8,587	616,567		312,329
Transfers out	(2,798)	(1,201,928)	(1,587,517)	(191,279)			(8,587)	(254,134)		(312,329)
Total other financing sources (uses)	965,327	-	293,808	91,113	(97,664)	463,763	48,610	975,158	38,194,542	475,000
Net change in fund balances	\$ (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	\$ (15,460,129)
Debt service as a percentage of noncapital expenditures	6.7%	6.6%	6.4%	6.3%	6.0%	5.9%	6.1%	5.6%	6.4%	6.6%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Tuition	Summer School Program Fees	Transportation Fees	Interest Earned	Other Refunds	Refunded Prior Year Expenditures	Refund of Health Insurance Premium	Rental Of Facilities	Health Insurance Cobra	Scholastic Fees and Parking	E-Rate	Misc.	Total
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
2018	279,256		136,888	133,515		50,447		220,367	117,297			91,426	1,029,196

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													
2018	\$ 4,766,400	\$ 268,623,000	\$ 1,748,100	\$ 27,700	\$ 37,998,900	\$ 1,270,100	\$ 1,503,200	\$ 315,937,400	\$ 22,758,600	\$ 1,897,655	\$ 317,835,055	\$ 1.56	\$ 336,958,721
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	344,780,610	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	352,130,310	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
Borough of Pennington													
2018	\$ 1,645,800	\$ 430,324,400			\$ 51,537,300	\$ 6,283,800	\$ 818,400	\$ 490,609,700	\$ 59,685,400	\$ 1,817,400	\$ 492,427,100	\$ 1.53	\$ 500,977,234
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	499,654,400	59,355,200	1,884,914	501,539,314	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
Township of Hopewell													
2018	\$ 34,598,700	\$ 2,737,363,400	\$ 266,229,500	\$ 5,390,800	\$ 505,623,000	\$ 407,534,400	\$ 4,551,600	\$ 3,961,291,400	\$ 535,946,000	\$ 5,092,983	\$ 3,966,384,383	\$ 1.62	\$ 4,303,529,599
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	3,953,367,200	534,355,700	5,364,053	3,958,731,253	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	3,988,204,768	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	4,176,264,100	351,462,600	7,188,189	4,183,452,289	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

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									
2018	\$ 1.56	\$ 1.56	\$ 0.59	\$ 0.62	\$ 0.04	\$ 0.07	\$ 0.03	\$ 0.01	\$ 2.92
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
Borough of Pennington									
2018	\$ 1.53	\$ 1.53	\$ 0.43	\$ 0.60	\$ 0.03	\$ 0.05	\$ 0.03	\$ 0.01	\$ 2.68
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
Township of Hopewell									
2018	\$ 1.62	\$ 1.62	\$ 0.38	\$ 0.64	\$ 0.07	\$ 0.09	\$ 0.03	\$ 0.03	\$ 2.86
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

Source: County Tax Administrator

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

Taxpayer	2018		2009	
	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	1,897,655	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%
Llort, Frank	1,254,900	0.39%	1,155,200	0.32%
Magliacano, Maria	1,057,100	0.33%	1,131,700	0.31%
PNC Bank	1,029,600	0.32%	1,120,000	0.31%
Total	\$ 16,701,955	5.25%	\$ 16,245,950	4.47%
Borough of Pennington				
143 West Franklin Ave., LLC	\$ 7,600,000	1.53%	\$ 5,323,800	1.03%
American Properties	4,500,000	0.91%	5,319,500	1.03%
Pennington Square Shop. Cntr.	3,900,000	0.78%	4,538,000	0.88%
Pennington Investments	3,700,000	0.74%	4,142,900	0.80%
Straube Regional Center	3,531,800	0.71%	4,000,000	0.77%
Mercer Mutual	3,441,900	0.69%	3,602,000	0.70%
Straube Center	3,300,000	0.66%	3,235,108	0.62%
ECS Holding LLC	3,000,000	0.60%	3,126,300	0.60%
NJ Bell	2,542,400	0.51%	3,038,300	0.59%
Pennington Court, Inc.	2,078,200	0.42%	2,000,000	0.39%
Total	\$ 37,594,300	7.57%	\$ 38,325,908	7.41%
Township of Hopewell				
Bristol Myers Squibb	\$ 233,797,800	5.89%	\$ 386,071,600	8.40%
CCI-Hopewell VI LLC	108,762,504	2.74%	233,926,196	9.87%
Cole Hopewell Twp	92,400,000	2.33%	90,856,600	3.92%
Janssen Pharmaceutical	91,230,100	2.30%	27,646,100	1.23%
AREP Hopewell LLC	74,025,000	1.87%	22,092,800	1.04%
One Talent	42,433,200	1.07%	16,794,900	0.88%
Hopewell TC Associates	24,646,100	0.62%	14,050,000	0.80%
Trap Rock Industries Inc	22,280,300	0.56%	13,992,100	0.85%
Carter Road III LLC	16,000,000	0.40%	10,611,000	0.64%
Transco Gas Pipeline	13,842,100	0.35%	10,123,400	0.53%
Total	\$ 719,417,104	18.14%	\$ 826,164,696	28.17%

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	
2018	\$ 76,452,806	\$ 76,452,806	100.00%	\$ -
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%	-

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				
2018	\$ 51,135,000	\$ 1,698,200	\$	52,833,200	3.72%	\$ 2,299
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

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		
2018	\$ 51,135,000	\$ 643,404	\$ 50,491,596	1.056%	\$ 2,197
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

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Hopewell	\$ 3,263,263	100.000%	\$ 3,263,263
Borough of Pennington	5,129,401	100.000%	5,129,401
Township of Hopewell	42,742,336	100.000%	42,742,336
Total	\$ 51,135,000		
County of Mercer - Regional Share (Total Debt \$527,959,760)			
Borough of Hopewell		0.780%	\$ 4,117,403
Borough of Pennington		1.217%	6,425,611
Township of Hopewell		9.730%	51,352,047
Subtotal, Overlapping Debt			113,030,061
Hopewell Valley Regional School District Direct Debt			51,135,000
Total Direct & Overlapping Debt			\$ 164,165,061

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**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 200,555,410	\$ 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
Total Net Debt Applicable to Limit	50,491,596	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
Legal Debt Margin	\$ 150,063,814	\$ 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
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.18%	28.10%	11.97%	14.67%	16.50%	18.80%	19.42%	20.34%	15.16%	23.22%

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis	
2018	\$ 5,141,465,554
2017	5,012,151,222
2016	4,888,039,011
	<u>\$ 15,041,655,787</u>
Average Equalized Valuation of Taxable Property	<u>\$ 5,013,885,262</u>
Debt Limit (4% of Average Equalization Value)	\$ 200,555,410
Net Bonded School Debt	<u>50,491,596</u>
Legal Debt Margin	<u>\$ 150,063,814</u>

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

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

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

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
Borough of Hopewell			
2018	1,948	\$ 52,180	2.7%
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%
Borough of Pennington			
2018	2,589	\$ 60,545	2.9%
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%
Township of Hopewell			
2018	18,440	\$ 62,979	3.3%
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%

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	2018		2009	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Borough of Hopewell				
Hopewell Elementary	76	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	12	N/A	13	N/A
Baxter Construction Inc	14	N/A	8	N/A
Semandex Networks Inc	14	N/A	8	N/A
Total	246	N/A	220	N/A
Borough of Pennington				
Pennington School	121	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
Toll Gate Grammar	55	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	478	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
Hopewell Valley Central High	174	N/A	Not available	N/A
Wakenem 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
Total	13,334	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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	338.94	338.83	337.30	340.87	336.34	338.33	339.50	346.40	331.06	342.97
Special Education	72.14	69.85	68.38	66.39	63.64	59.14	57.90	50.20	55.04	55.04
Support Services:										
Student & Instruction Related Services	121.57	113.52	113.83	110.38	109.06	107.92	94.60	94.90	102.08	116.95
School Administrative Services	25.00	24.60	24.60	24.60	24.55	23.55	27.70	24.20	25.20	25.80
General & Business Administrative Services	23.49	22.49	23.09	22.49	22.49	18.48	12.40	12.00	13.78	16.03
Plant Operations & Maintenance	48.00	47.00	47.00	48.00	47.00	53.00	52.20	52.00	52.45	54.45
Pupil Transportation	56.00	54.00	55.00	54.00	54.00	54.00	51.70	52.00	52.36	53.00
Total	685.14	670.29	669.20	666.73	657.08	654.42	636.00	631.70	631.97	664.24

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				
2018	3,536	\$ 85,522,557	\$ 24,186	8.54%	416	12.5:1	9.4:1	10.4:1	3,516	3,338	-2.41%	94.94%
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%	95.21%
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	-2.35%	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	-1.03%	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%

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	407	420	407	407	407	439	475	541	576
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	297	286	287	287	287	297	305	306	324
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	441	447	468	468	468	479	475	452	470
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	427	442	428	428	428	412	452	460	488
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	851	847	928	928	928	952	961	964	960
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	1,202	1,243	1,217	1,217	1,217	1,215	1,194	1,226	1,200
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, 2018:

- 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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Bear Tavern	N/A	\$ 186,531	\$ 234,130	\$ 159,698	\$ 229,992	\$ 172,689	\$ 245,415	\$ 179,623	\$ 300,476	\$ 73,630	\$ 161,763
Toll Gate	N/A	118,141	160,608	142,304	158,284	197,767	256,768	142,431	117,584	379,750	184,323
Central High School	N/A	390,250	403,335	673,453	415,330	373,789	449,019	311,861	309,514	248,792	339,625
Stony Brook	N/A	173,896	148,008	239,628	140,485	161,157	134,442	127,291	137,528	73,424	150,694
Hopewell	N/A	220,452	204,924	145,013	164,353	268,391	141,445	160,686	150,490	206,951	203,496
Timberlane	N/A	342,190	344,815	322,463	443,771	410,626	325,010	637,001	580,134	524,345	285,890
Total School Facilities		\$ 1,431,460	\$ 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

Source: District records

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	COVERAGE	DEDUCTIBLE
Property- NJSIG:		
Blanket Building & Contents	\$ 184,754,215	\$ 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	184,754,215	
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		100,000
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	

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2019.

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.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 4, 2019
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, 2018. 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, 2018.

Report on Internal Control Over Compliance

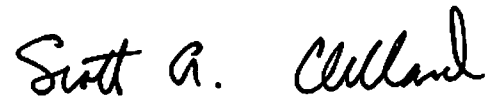
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 4, 2019
Livingston, New Jersey

Hopewell Valley Regional School District

Schedule of Expenditures of Federal Awards

June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2017	Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2018			
									Unearned Revenue	(Accounts Receivable)	Due to Grantor	
U.S. Department of Homeland Security--Passed-Through Township of Hopewell												
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 - Passed-Through State												
Department of Education												
Medical Assistance Program - SEMI	93.778	1805NJMAP	7/1/17-6/30/18	10,656		10,656	\$ (10,656)					
Total General Fund					(104,388)	115,044	(10,656)					
U.S. Department of Education--Passed-Through State												
Department of Education												
Special Revenue Fund:												
Title I, Part A	84.010A	S010A170030	7/1/17-6/30/18	86,619		61,815	(67,488)			\$ (5,673)		
Title I, Part A, Carryover	84.010A	S010A160030	7/1/16-6/30/17	92,752	(12,488)	12,488						
Title II A	84.367A	S367A170029	7/1/17-6/30/18	45,318		45,318	(45,318)					
Title II A, Carryover	84.367A	S367A160029	7/1/16-6/30/17	40,254	(3,200)	3,200						
Title II A, Carryover	84.367A	S367A140029	7/1/14-6/30/15	45,086	1,895			\$ (1,895)				
Title III Immigrant	84.365A	S365A170030	7/1/17-6/30/18	4,543		4,122	(4,389)				(267)	
Title III Immigrant, Carryover	84.365A	S365A160030	7/1/16-6/30/17	8,454	(892)	397		495				
Title IV, Student Support Academic Enrichment	84.424	S424A170031	7/1/17-6/30/18	10,000		8,672	(8,672)					
Carl D. Perkins	84.048A	V048A170114	7/1/17-6/30/18	16,187		14,438	(16,187)				(1,749)	
Carl D. Perkins	84.048A	S048A130030	7/1/13-6/30/14	18,132	506			(506)				
Special Education Cluster:												
I.D.E.A., Part B	84.027A	H027A170100	7/1/17-6/30/18	808,687		751,785	(808,687)				(56,902)	
I.D.E.A., Part B, Carryover	84.027A	H027A160100	7/1/16-6/30/17	831,887	(209,036)	209,036						
I.D.E.A. Preschool	84.173A	H173A170114	7/1/17-6/30/18	24,504		24,504	(24,504)					
I.D.E.A. Preschool, Carryover	84.173A	H173A120114	9/1/12-8/31/13	23,385	(924)			924				
Total Special Education Cluster					(209,960)	985,325	(833,191)	924			(56,902)	
Total Special Revenue Fund					(224,139)	1,135,775	(975,245)	(982)			(64,591)	
U.S. Department of Agriculture--Passed-Through State												
Department of Agriculture												
Enterprise Fund:												
Child Nutrition Program Cluster:												
Food Donation Program (NC)	10.555	181NJ304N109	7/1/17-6/30/18	66,499		66,499	(66,499)					
National School Lunch Program	10.555	181NJ304N109	7/1/17-6/30/18	82,323		76,100	(82,323)				(6,223)	
National School Lunch Program	10.555	171NJ304N109	7/1/16-6/30/17	84,875	(6,593)	6,593						
Total Child Nutrition Program Cluster					(6,593)	149,192	(148,822)				(6,223)	
Total Enterprise Fund					(6,593)	149,192	(148,822)				(6,223)	
Total Expenditures of Federal Awards					\$ (335,120)	\$ 1,400,011	\$ (1,134,723)	\$ (982)	\$ -	\$ (70,814)	\$ -	

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.

Haywood Valley Regional School District

Schedule of Expenditures of State Financial Assistance

June 30, 2018

State Grants/Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		Miscellaneous Expenditures
			Unexpended Rev. (Acctg. Bal)	Due to Grantee				Unexpended	(Accounts Receivable)	
State Department of Education										
General Fund										
Special Education Contractual Aid	495-034-5120-089	7/1/17-6/30/18	\$ 2,164,734		\$ 2,000,435	\$ (2,164,734)		\$ (164,299)	\$ (2,164,734)	
Special Education Contractual Aid	495-034-5120-089	7/1/16-6/30/17	2,049,948		167,731					
Transposition Aid	495-034-5120-014	7/1/17-6/30/18	389,533		359,987	(389,533)		(99,566)	(389,533)	
Transposition Aid	495-034-5120-014	7/1/16-6/30/17	389,533		31,873			(4,766)	(62,529)	
Security Aid	495-034-5120-084	7/1/17-6/30/18	62,529		5,116					
Security Aid	495-034-5120-084	7/1/16-6/30/17	62,529		223,655	(243,972)		(18,517)	(243,972)	
School Choice Aid	495-034-5120-068	7/1/17-6/30/18	243,972		18,853			(486,341)	(486,341)	
School Choice Aid	495-034-5120-068	7/1/16-6/30/17	243,972							
Extracurricular Aid	100-034-5120-473	7/1/17-6/30/18	486,241							
Extracurricular Aid	100-034-5120-473	7/1/16-6/30/17	388,284							
Non-Public Transportation Aid	495-034-5120-014	7/1/17-6/30/18	102,003					(102,003)	(102,003)	
Non-Public Transportation Aid	495-034-5120-014	7/1/16-6/30/17	60,432							
PAFCC Readiness Aid	495-034-5120-098	7/1/17-6/30/18	33,060							
PAFCC Readiness Aid	495-034-5120-098	7/1/16-6/30/17	33,060							
Per Fund Growth Aid	495-034-5120-097	7/1/17-6/30/18	33,060							
Per Fund Growth Aid	495-034-5120-097	7/1/16-6/30/17	33,060							
Professional Learning Communities Aid	495-034-5120-101	7/1/17-6/30/18	35,880							
Professional Learning Communities Aid	495-034-5120-101	7/1/16-6/30/17	35,880							
One-Behalf TPAP - Post-Secondary	495-034-5094-003	7/1/17-6/30/18	4,834,194							
One-Behalf TPAP - Post-Secondary	495-034-5094-003	7/1/16-6/30/17	3,122,303							
One-Behalf TPAP - Post-Secondary	495-034-5094-004	7/1/17-6/30/18	6,451							
One-Behalf TPAP - Post-Secondary	495-034-5094-004	7/1/16-6/30/17	2,463,312							
Reimbursed TPAP - Social Security	495-034-5094-000	7/1/17-6/30/18	2,402,109							
Reimbursed TPAP - Social Security	495-034-5094-000	7/1/16-6/30/17								
Total General Fund			(80,153)	(122,190)	11,971,028	(13,981,932)	(18,344)	(223,173)	(13,903,392)	
Special Revenue Fund										
New Army Non-Public Aid	100-034-5120-064	7/1/17-6/30/18	24,322							
Feedback Aid	100-034-5120-064	7/1/16-6/30/17	21,230							
Naming Services	100-034-5120-070	7/1/17-6/30/18	54,450							
Naming Services	100-034-5120-070	7/1/16-6/30/17	50,850							
Security	100-034-5120-509	7/1/17-6/30/18	47,550							
Security	100-034-5120-509	7/1/16-6/30/17	30,250							
Non Public Auxiliary Services (Ch. 192)	100-034-5120-067	7/1/17-6/30/18	2,248							
Home Instruction	7/1/16-6/30/17	1,395								
Home Instruction	7/1/17-6/30/18	1,130								
Transportation	7/1/16-6/30/17	16,428								
Technology	7/1/16-6/30/17	10,478								
Non Public Handicapped Services (Ch. 193)	100-034-5120-066	7/1/16-6/30/17	3,534							
Supplemental Instruction	7/1/17-6/30/18	743								
Examination and Classification	7/1/17-6/30/18	19,112								
Examination and Classification	7/1/16-6/30/17	16,938								
Total Special Revenue Fund			(1,395)	8,917	170,040	(164,901)	(4,917)	1,395	(2,248)	
Debt Service Fund										
Type II Aid	100-034-5120-075	7/1/17-6/30/18	340,246							
Total Debt Service Fund			340,246		340,246	(340,246)			(340,246)	
State Department of Agriculture										
Enterprise Fund	100-010-3160-023	7/1/17-6/30/18	7,724							
State School Lunch Program (State share)	100-010-3160-023	7/1/16-6/30/17	6,465							
Total Enterprise Fund			(807)	8,917	14,906,980	(14,405,600)	(6,917)	1,395	(7,241)	
Total State Financial Assistance			(805,033)	8,917	14,906,980	(14,405,600)	(6,917)	1,395	(7,241)	
State Financial Assistance Not Subject to Single Audit Determination:										
On-Behalf TPAP Pension, Medical and Disability Insurance	495-034-5094-001	7/1/17-6/30/18	7,963,948							
Total State Financial Assistance Not Subject to Single Audit Determination			(805,033)	8,917	6,531,042	(6,532,955)	(6,917)	1,395	(7,241)	
Total			(1,610,066)	17,834	31,813,000	(31,811,200)	(13,834)	2,790	(11,142)	

The accompanying notes to a schedule 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, 2018

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. The District is defined in Note 1, to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards 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, 2018

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 \$7,074 for the general fund and \$8,395 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	\$ 10,656	\$ 13,990,465	\$ 14,001,122
Special Revenue Fund	975,245	164,501	1,139,746
Debt Service Fund		340,286	340,286
Food Service Enterprise Fund	148,822	7,724	156,546
Total financial award revenues	<u>\$ 1,134,723</u>	<u>\$ 14,502,977</u>	<u>\$ 15,637,700</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, 2018

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, 2018.

The post retirement pension, medical, and long-term disability benefits received on-behalf of the District for the year ended June 30, 2018 amounted to \$7,962,948. 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.

7. Adjustments

The adjustments presented on exhibits K-3 and K-4 represent cancellations of prior year receivables, encumbrances and unearned revenue.

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2018

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 weakness (es) identified?	_____ Yes	_____ <u>X</u> _____	No
Are any significant deficiency (ies) identified?	_____ Yes	_____ <u>X</u> _____	None Reported
Noncompliance material to the basic financial statements noted?	_____ Yes	_____ <u>X</u> _____	No

Federal Awards

Internal control over major federal programs:

Are any material weakness (es) identified?	_____ Yes	_____ <u>X</u> _____	No
Are any significant deficiency (ies) identified?	_____ Yes	_____ <u>X</u> _____	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	_____ <u>X</u> _____	No

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027A	H027A170100	IDEA, Part B, Basic (Special Education Cluster)
84.173A	H173A170114	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?	_____ <u>X</u> _____	Yes	_____ No

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2018

Part II – Schedule of Financial Statement Findings

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

Hopewell Valley Regional School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

**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 NJ OMB Circular Letter 15-08.

Hopewell Valley Regional School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2018

No prior year findings were noted.