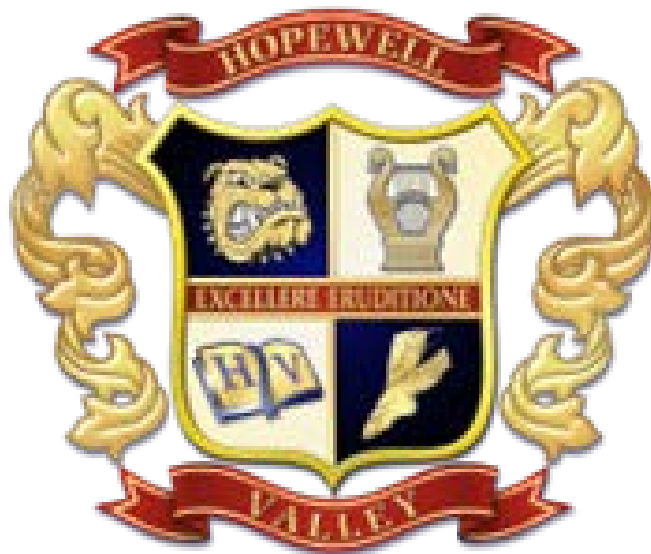


Hopewell Valley

Regional School District

Hopewell Valley Regional Board of Education
Pennington, New Jersey 08534

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019



Hopewell Valley Regional School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

Hopewell Valley Regional School District
Pennington, New Jersey

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

Table of Contents

| | <u>Page</u> |
|--|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1 |
| Organizational Chart | 7 |
| Roster of Officials | 8 |
| Independent Auditors and Advisors | 9 |
| Certificate of Excellence | 10 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 11 |
| Required Supplementary Information – Part I | |
| Management's Discussion and Analysis | 14 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| A-1 Statement of Net Position | 23 |
| A-2 Statement of Activities | 24 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| B-1 Balance Sheet | 25 |
| B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances | 26 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 27 |
| Proprietary Funds: | |
| B-4 Combining Statement of Net Position | 28 |
| B-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position | 29 |
| B-6 Combining Statement of Cash Flows | 30 |
| Fiduciary Funds: | |
| B-7 Statement of Fiduciary Net Position | 31 |
| B-8 Statement of Changes in Fiduciary Net Position | 32 |
| Notes to the Basic Financial Statements | 33 |

Table of Contents (continued)

| | <u>Page</u> |
|--|-------------|
| FINANCIAL SECTION (continued) | |
| Required Supplementary Information – Part II | |
| Schedules and Note Related to Accounting and Reporting for Pensions (GASB 68) | |
| L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS) | 72 |
| L-2 Schedule of District Pension Contributions – Public Employee’s Retirement System (PERS) | 73 |
| L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF) | 74 |
| Schedule Related to Accounting and Reporting for OPEB (GASB 75) | |
| M-1 Schedule of the State’s Proportionate Share of the District’s Net OPEB Liability Associated with the District and Changes in the Total OPEB Liability and Related Ratios – (PERS & TPAF) | 75 |
| Notes to Required Supplementary Information | 76 |
| Required Supplementary Information – Part III | |
| Budgetary Comparison Schedules: | |
| C-1 Budgetary Comparison Schedule – General Fund – Budgetary Basis | 77 |
| C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis - Not Applicable | N/A |
| C-1b Community Development Block Grant – Budget and Actual – Not Applicable | N/A |
| C-2 Budgetary Comparison Schedule – Special Revenue Fund – Budgetary Basis | 83 |
| C-3 Budget to GAAP Reconciliation | 84 |

Table of Contents (continued)

FINANCIAL SECTION (continued)

Supplementary Information

| | <u>Page</u> |
|--|-------------|
| D School Based Budget Schedules - Not Applicable | N/A |
| Special Revenue Fund: | |
| E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis | 85 |
| E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis– Not Applicable | N/A |
| Capital Projects Fund: | |
| F-1 Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis | 87 |
| F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis | 88 |
| F-2 Summary Schedule of Project Expenditures – Not Applicable | N/A |
| Fiduciary Funds: | |
| H-1 Combining Statement of Fiduciary Net Position | 89 |
| H-2 Combining Statement of Changes in Fiduciary Net Position | 90 |
| H-3 Schedule of Receipts and Disbursements – Student Activity Agency Fund | 91 |
| H-4 Schedule of Changes in Assets and Liabilities – Payroll Agency Fund | 92 |
| Long-Term Debt: | |
| I-1 Schedule of Serial Bonds Payable | 93 |
| I-2 Schedule of Obligations Under Capital Leases | 94 |
| I-3 Budgetary Comparison Schedule – Debt Service Fund | 95 |

STATISTICAL SECTION – OTHER INFORMATION

| | |
|---|-----|
| Financial Trends: | |
| J-1 Net Position by Component | 96 |
| J-2 Changes in Net Position | 97 |
| J-3 Fund Balances, Governmental Funds | 98 |
| J-4 Changes in Fund Balances – Governmental Funds | 99 |
| J-5 General Fund Other Local Revenues by Source | 100 |
| Revenue Capacity: | |
| J-6 Assessed Value and Actual Value of Taxable Property | 101 |
| J-7 Property Tax Rates – Direct and Overlapping Governments | 102 |
| J-8 Principal Property Tax Payers | 103 |
| J-9 Property Tax Levies and Collections | 104 |

Table of Contents (continued)

STATISTICAL SECTION – OTHER INFORMATION (continued)

| | <u>Page</u> |
|--|--------------------|
| Debt Capacity: | |
| J-10 Ratios of Outstanding Debt by Type | 105 |
| J-11 Ratios of Net General Bonded Debt Outstanding | 106 |
| J-12 Ratios of Overlapping Governmental Activities Debt | 106 |
| J-13 Legal Debt Margin Information | 107 |
| Demographic and Economic Information: | |
| J-14 Demographic and Economic Statistics | 108 |
| J-15 Principal Employers | 109 |
| Operating Information: | |
| J-16 Full-Time Equivalent District Employees by Function/Program | 110 |
| J-17 Operating Statistics | 111 |
| J-18 School Building Information | 112 |
| J-19 Schedule of Required Maintenance for School Facilities | 113 |
| J-20 Insurance Schedule | 114 |

Table of Contents (continued)

SINGLE AUDIT SECTION

| | | |
|-----|---|-----|
| K-1 | Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 115 |
| K-2 | 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 | 117 |
| K-3 | Schedule A – Schedule of Expenditures of Federal Awards-Supplementary Information | 120 |
| K-4 | Schedule B – Schedule of Expenditures of State Financial Assistance-Supplementary Information | 121 |
| K-5 | Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance | 122 |
| K-6 | Schedule of Findings and Questioned Costs – Part I – Summary of Auditors’ Results | 125 |
| K-7 | Schedule of Findings and Questioned Costs – Parts II and III – Schedule of Financial Statement Findings and Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs | 127 |
| K-8 | Summary Schedule of Prior Year Audit Findings | 129 |

Introductory Section

Hopewell Valley Regional School District

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



December 6, 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, 2019, 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, 2019, 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 2018-19 fiscal year with an average daily enrollment of 3,485 students, which is 31 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 |
|--------------------|---------------------------|-----------------------|
| 2018-19 | 3,485 | (0.88)% |
| 2017-18 | 3,516 | (2.41)% |
| 2016-17 | 3,603 | (1.40)% |
| 2015-16 | 3,654 | (0.51)% |
| 2014-15 | 3,673 | (0.41)% |

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 17 years to 93 years old . Average daily enrollment for the 2018-19 year was 3,485, a slight decline from 2017-18. 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 2018-19 including the installation of emergency generators and secure vestibules at each school. Additional projects are planned for 2019-20 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 was 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 2019, CHS students achieved mean scores on the SAT of 626 in Reading/Writing and 626 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 595 tests taken last year, more than 94 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 18 CHS students as Commended Scholars in 2019.

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.

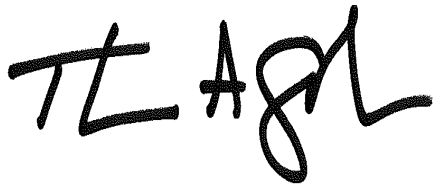
Awards: The District had applied to the Association of School Business Officials (ASBO) International for the "Certificate of Excellence in Financial Reporting" for its comprehensive annual financial report for the fiscal year ended June 30, 2018, and was granted the award. In order to be awarded this 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 seventh 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 2018-19 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,

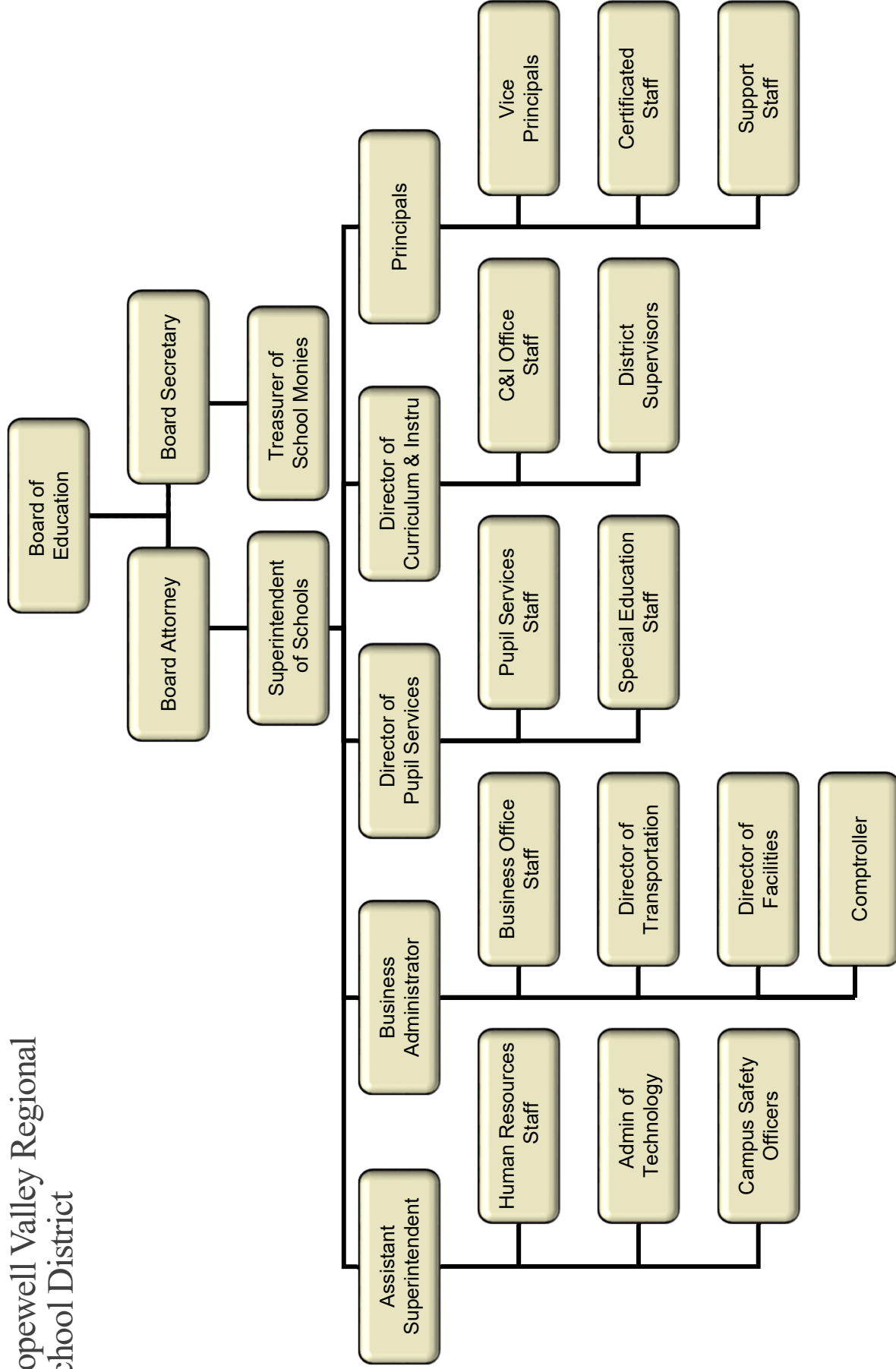


Dr. Thomas A. Smith
Superintendent



Robert Colavita
Business Administrator/Board Secretary

Hopewell Valley Regional School District



Hopewell Valley Regional School District
Pennington, New Jersey

Roster of Officials

June 30, 2019

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| Alyce Murray, President | 2020 |
| Adam Sawicki, Vice President | 2020 |
| Peter DiDonato | 2019 |
| Deborah Linthorst | 2021 |
| Joanna Long | 2021 |
| Michael Markulec | 2019 |
| Debra O'Reilly | 2021 |
| Susan Pollara | 2019 |
| 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
is presented to**

Hopewell Valley Regional School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
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, 2019, 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, 2019, 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

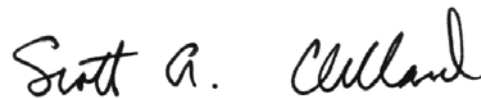
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements, long-term debt schedules and the schedules 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 December 6, 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

December 6, 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, 2019

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, 2019. 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 23-24 of this report.

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

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

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

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

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund 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 25-27 of this report.

Proprietary funds. The District maintains one proprietary fund type as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses 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 28-30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity of the private-purpose scholarship fund and unemployment compensation trust fund. The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33-71 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 71-95 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 \$24,610,097 (net position) at the close of 2019 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, 2019 and 2018:

| | Net Position | | | | | |
|-----------------------------------|----------------------------|-----------------------------|---------------|----------------------------|-----------------------------|--------------|
| | June 30, | | | | | |
| | 2019 | | | 2018 | | |
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$ 17,244,187 | \$ 464,572 | \$ 17,708,759 | \$ 31,674,036 | \$ 448,974 | \$32,123,010 |
| Capital assets, net | 86,435,753 | 114,180 | 86,549,933 | 77,614,835 | 95,525 | 77,710,360 |
| Total assets | 103,679,940 | 578,752 | 104,258,692 | 109,288,871 | 544,499 | 109,833,370 |
| Deferred Outflows of Resources | 6,614,531 | | 6,614,531 | 8,155,245 | | 8,155,245 |
| Current liabilities | 8,852,704 | 59,234 | 8,911,938 | 9,474,910 | 48,066 | 9,522,976 |
| Net pension liability | 22,497,386 | | 22,497,386 | 25,734,206 | | 25,734,206 |
| Long-term liabilities outstanding | 47,081,724 | | 47,081,724 | 52,335,049 | | 52,335,049 |
| Total liabilities | 78,431,814 | 59,234 | 78,491,048 | 87,544,165 | 48,066 | 87,592,231 |
| Deferred Inflows of resources | 7,772,078 | | 7,772,078 | 5,737,561 | | 5,737,561 |
| Net position: | | | | | | |
| Net investment in capital assets | 40,981,049 | 114,180 | 41,095,229 | 38,466,350 | 95,525 | 38,561,875 |
| Restricted | 6,908,406 | | 6,908,406 | 8,624,034 | | 8,624,034 |
| Unrestricted (deficit) | (23,798,876) | 405,338 | (23,393,538) | (22,927,994) | 400,908 | (22,527,086) |
| Total net position | \$ 24,090,579 | \$ 519,518 | \$ 24,610,097 | \$ 24,162,390 | \$ 496,433 | \$24,658,823 |

The decrease in the current and other assets is due to the District utilizing the bond proceeds held as an investment to fund capital projects in fund 30.

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, capital projects and debt service).

The (deficit) unrestricted net position in the governmental funds increased, mainly due to the decrease 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. 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, 2019 and 2018 are as follows:

| | Net Position | | | | | |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|
| | Year Ended June 30, | | | | | |
| | 2019 | | | 2018 | | |
| | Governmental | Business-type | Total | Governmental | Business-type | Total |
| | Activities | Activities | | Activities | Activities | |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 509,018 | \$ 1,375,753 | \$ 1,884,771 | \$ 416,144 | \$ 1,433,926 | \$ 1,850,070 |
| Operating and capital grants and contributions | 1,268,029 | 150,741 | 1,418,770 | 1,176,744 | 156,546 | 1,333,290 |
| Capital grants and contributions | 10,859 | | 10,859 | | | |
| General revenues: | | | | | | |
| Property taxes | 77,386,630 | | 77,386,630 | 76,452,806 | | 76,452,806 |
| Grants and contributions not restricted to specific programs | 31,299,814 | | 31,299,814 | 33,768,539 | | 33,768,539 |
| Investment Earnings | 349,232 | | 349,232 | 445,844 | | 445,844 |
| Other | 566,100 | | 566,100 | 479,537 | | 479,537 |
| Total Revenues | 111,389,682 | 1,526,494 | 112,916,176 | 112,739,614 | 1,590,472 | 114,330,086 |
| Expenses: | | | | | | |
| Instructional services | 67,772,173 | | 67,772,173 | 67,372,705 | | 67,372,705 |
| Support services | 41,829,293 | 1,503,409 | 43,332,702 | 40,240,318 | 1,461,889 | 41,702,207 |
| Special schools | 379,032 | | 379,032 | 386,981 | | 386,981 |
| Interest and other charges on long-term debt | 1,480,995 | | 1,480,995 | 1,639,397 | | 1,639,397 |
| Total Expenses | 111,461,493 | 1,503,409 | 112,964,902 | 109,639,401 | 1,461,889 | 111,101,290 |
| Change in net position | (71,811) | 23,085 | (48,726) | 3,100,213 | 128,583 | 3,228,796 |
| Net position-beginning of year | 24,162,390 | 496,433 | 24,658,823 | 21,062,177 | 367,850 | 21,430,027 |
| Net position-end of year | \$ 24,090,579 | \$ 519,518 | \$ 24,610,097 | \$ 24,162,390 | \$ 496,433 | \$ 24,658,823 |

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

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.

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 \$2,047,589, while total fund balance was \$11,144,006. 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 12.2% of that same amount.

The fund balance of the District's general fund decreased by \$2,042,641 during the current fiscal year. Factors in this decrease include the approximately \$6 million increase in expenditures offset by the approximately \$3 million increase in revenue.

The Capital Projects Fund was active once again during the fiscal year. Fund balance restricted for capital projects decreased by \$11,035,383 to \$4,475,068 which represents the unspent 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 \$512,297, all of which is restricted for the payment of debt service and \$312,329 of which has been anticipated in the District's 2019-20 budget. The net decrease in fund balance during the current year was \$131,107, which is mainly attributable to the principal and interest payments incurred during the year. The District received \$5,438,888 from the local tax levy and \$345,037 in state aid and paid \$4,230,000 and \$1,885,000 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, 2019, and the increases in relation to the prior year.

| Revenue | Amount | Percent of Total | Increase from 2018 | Percent of Increase |
|-----------------|----------------------|-------------------------|---------------------------|----------------------------|
| Local sources | \$ 78,664,431 | 81.9% | \$ 1,145,431 | 1.5% |
| State sources | 16,397,271 | 17.1 | 1,902,018 | 13.1 |
| Federal sources | 1,034,107 | 1.0 | 48,206 | 4.5 |
| Total | \$ 96,095,809 | 100.0% | \$ 3,095,655 | 3.3% |

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, 2019, and the increases and decreases in relation to the prior year.

| Expenditures | Amount | Percent of Total | Increase (Decrease) from 2018 | Percent of Increase (Decrease) |
|-----------------------|----------------------|-------------------------|--------------------------------------|---------------------------------------|
| Current expenditures: | | | | |
| Instruction | \$ 37,171,298 | 37.6% | \$ 1,260,367 | 3.5% |
| Support services | 53,729,811 | 54.3 | 4,334,590 | 8.8 |
| Capital outlay | 1,746,531 | 1.7 | 1,005,614 | 135.7 |
| Special schools | 201,555 | 0.2 | 5,149 | 2.6 |
| Debt service: | | | | |
| Principal | 4,230,000 | 4.3 | 270,000 | 6.8 |
| Interest and costs | 1,885,000 | 1.9 | (246,589) | (11.6) |
| Total | \$ 98,964,195 | 100.0% | \$ 6,629,131 | 7.2% |

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

The increase in support services is mainly attributable 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 increase in capital outlay is due to more construction and maintenance projects and an increase in capital lease activity during the current year.

The decrease in debt service interest and costs is due to this year's interest expenditure as less principal was outstanding.

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 \$158,228 as a result of an increase in student enrollment. State sources exceeded anticipated revenues by \$12,632,315 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:

- Resource Room – special education – an increase of \$239,853 occurred in the budget mainly due to increases in salaries of teachers due to increased enrollment of resource room students.
- Undistributed expenditures – instruction – a decrease of \$300,000 occurred in the budget mainly due to decreases in tuition to private schools for the disabled within state due to decreases in enrollment for private schools for the disabled.
- Unallocated benefits – a decrease of \$224,501 occurred in the budget mainly due to a decrease in health benefits due to actual premium increases being less than anticipated.
- Undistributed Expenditures – equipment – an increase of \$208,812 in the budget mainly due to an increase in instruction due to the construction of a TV studio.
- Facilities acquisition and construction services – an increase of \$1,536,166 in the budget mainly due to an increase in construction services due to projects occurring that were not budgeted for initially.

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

- Instruction – regular programs – a remaining balance of \$287,358. Fiscal restraint with respect to general supplies resulted in a favorable balance.
- Undistributed expenditures – instruction – a remaining balance of \$154,642. Decrease was mainly attributable to fewer students enrolled resulting in a favorable balance.
- Undistributed expenditures – other support services – extra services – a remaining balance of \$470,017. Decrease was mainly attributable to fewer needs due to less students resulting in a favorable balance.
- Undistributed expenditures – custodial services – a remaining balance of \$522,777. Decrease is mainly attributable due to less needs of natural gas and electricity due to weather resulting in a favorable balance.
- Undistributed expenditures – student transportation services – a remaining balance of \$202,752. Decrease was due to fewer students requiring transportation services resulting in a favorable balance.

- Capital Outlay – facilities acquisition and construction services – a remaining balance of \$603,193. Decrease is due to the District budgeting for projects that were not spent in the current year as some parts of the projects were encumbered at year end resulting in a favorable balance.

Capital Assets

At the end of the fiscal years ended June 30, 2019 and 2018, the District had \$86,549,933 and \$77,710,360, 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 | |
| | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 2,546,691 | \$2,546,691 | | |
| Construction in progress | 23,458,274 | 20,344,550 | | |
| Land improvements | 2,593,144 | 2,805,485 | | |
| Building and building improvements | 53,279,440 | 50,544,000 | | |
| Machinery and equipment | 4,558,204 | 1,374,109 | \$114,180 | \$95,525 |
| Total | \$ 86,435,753 | \$77,614,835 | \$114,180 | \$95,525 |

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

Debt Administration

At June 30, 2019, the District had \$75,408,576 of outstanding long-term liabilities. Of this amount, \$22,497,386 represents the District's net pension liability, \$2,453,699 is for compensated absences; \$1,535,750 for capital leases; \$46,905,000 of serial bonds; \$366,515 has been accrued to pay for legal settlements and \$1,650,226 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 aid related to the tax levy has increased approximately \$3 million.
- State aid has increased approximately \$350,000.
- The cost of providing employee health benefits are expected to continue to increase.
- The District budgeted \$2,431,442 of its 2019 fund balance to partially fund the 2019-20 operations, a decrease of \$2,125,802 from the prior year.

All of the above factors were considered in preparing the District's 2019-20 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, 2019.

Hopewell Valley Regional School District

Statement of Net Position

June 30, 2019

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 10,865,511 | \$ 444,379 | \$ 11,309,890 |
| Accounts receivable | 874,929 | 11,042 | 885,971 |
| Inventories | | 9,151 | 9,151 |
| Restricted assets: | | | |
| Cash and cash equivalents | 5,503,747 | | 5,503,747 |
| Capital assets, non-depreciable | 26,004,965 | | 26,004,965 |
| Capital assets, depreciable, net | 60,430,788 | 114,180 | 60,544,968 |
| Total assets | <u>103,679,940</u> | <u>578,752</u> | <u>104,258,692</u> |
| Deferred Outflows of Resources | | | |
| Pension deferrals | 6,397,661 | | 6,397,661 |
| Deferred loss on refunding of debt | 216,870 | | 216,870 |
| Total deferred outflows of resources | <u>6,614,531</u> | | <u>6,614,531</u> |
| Liabilities | | | |
| Accounts payable | 2,116,539 | 8,083 | 2,124,622 |
| Accrued interest payable | 780,601 | | 780,601 |
| Intergovernmental payables: | | | |
| State | 17,529 | | 17,529 |
| Unearned revenue | 108,569 | 51,151 | 159,720 |
| Net pension liability | 22,497,386 | | 22,497,386 |
| Current portion of long-term obligations | 5,829,466 | | 5,829,466 |
| Noncurrent portion of long-term obligations | 47,081,724 | | 47,081,724 |
| Total liabilities | <u>78,431,814</u> | <u>59,234</u> | <u>78,491,048</u> |
| Deferred Inflows of Resources | | | |
| Pension deferrals | 7,716,412 | | 7,716,412 |
| Deferred gain on refunding of debt | 55,666 | | 55,666 |
| Total deferred inflows of resources | <u>7,772,078</u> | | <u>7,772,078</u> |
| Net position | | | |
| Net investment in capital assets | 40,981,049 | 114,180 | 41,095,229 |
| Restricted for: | | | |
| Capital reserve | 5,413,159 | | 5,413,159 |
| Maintenance reserve | 90,588 | | 90,588 |
| Excess surplus - designated for subsequent years | 1,404,659 | | 1,404,659 |
| Unrestricted (deficit) | (23,798,876) | 405,338 | (23,393,538) |
| Total net position | <u>\$ 24,090,579</u> | <u>\$ 519,518</u> | <u>\$ 24,610,097</u> |

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District

Statement of Activities

Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | Total |
|--|----------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental activities | | | | | | | |
| Instruction | \$ 67,772,174 | \$ 418,228 | \$ 1,018,214 | \$ 10,859 | \$ (66,324,873) | | \$ (66,324,873) |
| Support services: | | | | | | | |
| Instruction | 2,786,758 | | | | (2,786,758) | | (2,786,758) |
| Health services | 1,121,961 | | | | (1,121,961) | | (1,121,961) |
| Other support services | 7,424,940 | | 249,815 | | (7,175,125) | | (7,175,125) |
| Improvement of instruction | 5,436,013 | | | | (5,436,013) | | (5,436,013) |
| School library | 2,016,165 | | | | (2,016,165) | | (2,016,165) |
| General administration | 1,625,487 | | | | (1,625,487) | | (1,625,487) |
| School administration | 3,914,389 | | | | (3,914,389) | | (3,914,389) |
| Central services | 1,801,572 | | | | (1,801,572) | | (1,801,572) |
| Admin info technology | 414,258 | | | | (414,258) | | (414,258) |
| Instructional staff training services | 106,524 | | | | (106,524) | | (106,524) |
| Required maintenance of plant services | 2,103,388 | | | - | (2,103,388) | | (2,103,388) |
| Operation of plant | 5,845,129 | | | | (5,845,129) | | (5,845,129) |
| Care and upkeep of grounds | 627,439 | | | | (627,439) | | (627,439) |
| Security | 606,049 | | | | (606,049) | | (606,049) |
| Student transportation | 5,999,221 | 90,790 | | | (5,908,431) | | (5,908,431) |
| Special Schools | 379,032 | | | | (379,032) | | (379,032) |
| Interest and other charges on long-term debt | 1,480,995 | | | | (1,480,995) | | (1,480,995) |
| Total governmental activities | 111,461,494 | 509,018 | 1,268,029 | 10,859 | (109,673,588) | | (109,673,588) |
| Business-type activities | | | | | | | |
| Food service | 1,381,210 | 1,254,653 | 150,741 | | | \$ 24,184 | 24,184 |
| Driver education | 19,879 | 23,785 | | | | 3,906 | 3,906 |
| After school | 102,320 | 97,315 | | | | (5,005) | (5,005) |
| Total business-type activities | 1,503,409 | 1,375,753 | 150,741 | | | 23,085 | 23,085 |
| Total primary government | \$ 112,964,903 | \$ 1,884,771 | \$ 1,418,770 | \$ 10,859 | (109,673,588) | 23,085 | (109,650,503) |
| General revenues: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 71,947,742 | | 71,947,742 |
| Property taxes, levied for debt service | | | | | 5,438,888 | | 5,438,888 |
| State and federal sources | | | | | 31,299,815 | | 31,299,815 |
| Investment earnings | | | | | 349,232 | | 349,232 |
| Miscellaneous income | | | | | 566,100 | | 566,100 |
| Total general revenues | | | | | 109,601,777 | - | 109,601,777 |
| Change in net position | | | | | (71,811) | 23,085 | (48,726) |
| Net position—beginning | | | | | 24,162,390 | 496,433 | 24,658,823 |
| Net position—ending | | | | | \$ 24,090,579 | \$ 519,518 | \$ 24,610,097 |

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Hopewell Valley Regional School District
Governmental Funds

Balance Sheet

June 30, 2019

| | Major Funds | | | | Total Governmental Funds |
|--|----------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 5,382,771 | \$ 281,100 | \$ 4,889,311 | \$ 312,329 | \$ 10,865,511 |
| Accounts receivable: | | | | | |
| Intergovernmental: | | | | | |
| State | 840,941 | | | | 840,941 |
| Federal | | 2,911 | | | 2,911 |
| Other | 22,128 | 8,949 | | | 31,077 |
| Interfund receivable | | | | 199,968 | 199,968 |
| Restricted cash and cash equivalents | 5,503,747 | | | | 5,503,747 |
| Total assets | <u>\$ 11,749,587</u> | <u>\$ 292,960</u> | <u>\$ 4,889,311</u> | <u>\$ 512,297</u> | <u>\$ 17,444,155</u> |
| Liabilities and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 558,754 | \$ 213,688 | \$ 214,275 | | \$ 986,717 |
| Intergovernmental payables: | | | | | |
| State | | 17,530 | | | 17,530 |
| Interfunds payable | | | 199,968 | | 199,968 |
| Unearned revenue | 46,827 | 61,742 | | | 108,569 |
| Total liabilities | <u>605,581</u> | <u>292,960</u> | <u>414,243</u> | | <u>1,312,784</u> |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Capital reserve | 5,413,159 | | | | 5,413,159 |
| Maintenance reserve | 90,588 | | | | 90,588 |
| Capital projects | | | 4,475,068 | | 4,475,068 |
| Debt service | | | | \$ 512,297 | 512,297 |
| Excess surplus-prior year | 1,404,659 | | | | 1,404,659 |
| Assigned to: | | | | | |
| Designated for subsequent year expenditures | 1,026,783 | | | | 1,026,783 |
| Other purposes | 1,161,228 | | | | 1,161,228 |
| Unassigned | 2,047,589 | | | | 2,047,589 |
| Total fund balances | <u>11,144,006</u> | <u>-</u> | <u>4,475,068</u> | <u>512,297</u> | <u>16,131,371</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 11,749,587</u> | <u>\$ 292,960</u> | <u>\$ 4,889,311</u> | <u>\$ 512,297</u> | |

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 \$129,348,182 and the accumulated depreciation is \$42,912,429. \$ 86,435,753

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. (780,601)

Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds. (1,318,751)

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. 161,204

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (22,497,386)

Accrued pension contributions for the June 30, 2019 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. (1,129,821)

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. (52,911,190)

Net position of governmental activities \$ 24,090,579

Hopewell Valley Regional School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2019

| | Major Funds | | | | Total Governmental Funds |
|---|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | |
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 71,947,742 | | | \$ 5,438,888 | \$ 77,386,630 |
| Tuition | 418,228 | | | | 418,228 |
| Interest on investments | 149,264 | | \$ 199,968 | | 349,232 |
| Transportation | 90,790 | | | | 90,790 |
| Miscellaneous | 566,100 | \$ 53,419 | | | 619,519 |
| Total local sources | 73,172,124 | 53,419 | 199,968 | 5,438,888 | 78,864,399 |
| State sources | 15,842,392 | 209,842 | | 345,037 | 16,397,271 |
| Federal sources | 18,480 | 1,015,627 | | | 1,034,107 |
| Total revenues | 89,032,996 | 1,278,888 | 199,968 | 5,783,925 | 96,295,777 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 36,153,084 | 1,018,214 | | | 37,171,298 |
| Support services: | | | | | |
| Instruction | 2,671,665 | | | | 2,671,665 |
| Health services | 616,606 | | | | 616,606 |
| Support services | 5,385,655 | 249,815 | | | 5,635,470 |
| Improvement of instruction | 1,477,795 | | | | 1,477,795 |
| School library | 1,086,124 | | | | 1,086,124 |
| General administration | 1,320,447 | | | | 1,320,447 |
| School administration | 2,169,621 | | | | 2,169,621 |
| Central services | 997,125 | | | | 997,125 |
| Administration information technology | 221,227 | | | | 221,227 |
| Instructional staff training services | 102,125 | | | | 102,125 |
| Required maintenance of plant services | 1,455,482 | | | | 1,455,482 |
| Operation of plant-custodial services | 3,902,767 | | | | 3,902,767 |
| Care & upkeep of grounds | 411,494 | | | | 411,494 |
| Security | 390,502 | | | | 390,502 |
| Student transportation | 4,297,393 | | | | 4,297,393 |
| Employee benefits | 15,060,861 | | | | 15,060,861 |
| On-behalf pension, medical and disability contributions | 9,384,524 | | | | 9,384,524 |
| On-behalf TPAF social security contributions | 2,528,583 | | | | 2,528,583 |
| Special Schools | 201,555 | | | | 201,555 |
| Capital outlay | 1,735,672 | 10,859 | 11,035,383 | | 12,781,914 |
| Debt Service: | | | | | |
| Principal | | | | 4,230,000 | 4,230,000 |
| Interest | | | | 1,885,000 | 1,885,000 |
| Total expenditures | 91,570,307 | 1,278,888 | 11,035,383 | 6,115,000 | 109,999,578 |
| (Deficiency) of revenues (under) expenditures | (2,537,311) | - | (10,835,415) | (331,075) | (13,703,801) |
| Other financing sources (uses): | | | | | |
| Transfers in | | | | 199,968 | 199,968 |
| Transfers out | | | (199,968) | | (199,968) |
| Capital leases (non-budgeted) | 494,670 | | | | 494,670 |
| Total other financing sources (uses) | 494,670 | | (199,968) | 199,968 | 494,670 |
| Net change in fund balances | (2,042,641) | - | (11,035,383) | (131,107) | (13,209,131) |
| Fund balances, July 1 | 13,186,647 | | 15,510,451 | 643,404 | 29,340,502 |
| Fund balances, June 30 | \$ 11,144,006 | \$ - | \$ 4,475,068 | \$ 512,297 | \$ 16,131,371 |

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

Hopewell Valley Regional School District
Governmental Funds

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

Year Ended June 30, 2019

Total net change in fund balances - governmental funds (from B-2) \$ (13,209,131)

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 | \$ 11,583,970 | |
| Depreciation expense | <u>(2,762,601)</u> | 8,821,369 |

Loss on disposal of assets (450)

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 (496,000)

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 | 4,230,000 | |
| Obligations Under Capital Leases | <u>658,450</u> | 4,888,450 |

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 (472,922)

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.

208,485

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.

67,292

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).

(215,617)

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

\$ (71,811)

Proprietary Funds

Hopewell Valley Regional School District
 Proprietary Funds

Combining Statement of Net Position

Year Ended June 30, 2019

| | Major Funds | | | Totals |
|------------------------------|--|---------------------|-----------------|------------|
| | Business Type Activities - Enterprise Funds | | | |
| | Food Service | Driver Education | After School | |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 362,468 | \$ 67,970 | \$ 13,941 | \$ 444,379 |
| Accounts receivable: | | | | |
| State | 531 | | | 531 |
| Federal | 5,325 | | | 5,325 |
| Other | 5,186 | | | 5,186 |
| Inventories | 9,151 | | | 9,151 |
| Total current assets | 382,661 | 67,970 | 13,941 | 464,572 |
| Non-current assets: | | | | |
| Capital assets: | | | | |
| Equipment | 636,261 | 24,792 | | 661,053 |
| Accumulated depreciation | (544,394) | (2,479) | | (546,873) |
| Total capital assets, net | 91,867 | 22,313 | | 114,180 |
| Total assets | 474,528 | 90,283 | 13,941 | 578,752 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 4,299 | 3,784 | | 8,083 |
| Unearned revenue | 51,151 | | | 51,151 |
| Total current liabilities | 55,450 | 3,784 | | 59,234 |
| Net position | | | | |
| Investment in capital assets | 91,867 | 22,313 | | 114,180 |
| Unrestricted | 327,211 | 64,186 | 13,941 | 405,338 |
| Total net position | \$ 419,078 | \$ 86,499 | \$ 13,941 | \$ 519,518 |

Hopewell Valley Regional School District
Proprietary Funds

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

Year Ended June 30, 2019

| | Major Funds | | | Totals |
|---|--|---------------------|-----------------|------------|
| | Business Type Activities - Enterprise Funds | | | |
| | Food Service | Driver Education | After School | |
| Operating revenues: | | | | |
| Local sources: | | | | |
| Daily food sales-reimbursable programs | \$ 490,644 | | | \$ 490,644 |
| Daily food sales- non reimbursable programs | 764,009 | | | 764,009 |
| Fees | | \$ 23,785 | \$ 97,315 | 121,100 |
| Total operating revenues | 1,254,653 | 23,785 | 97,315 | 1,375,753 |
| Operating expenses: | | | | |
| Salaries | 421,045 | 13,860 | 19,488 | 454,393 |
| Employee benefits | 112,323 | 1,043 | 1,491 | 114,857 |
| Supplies and materials | 57,566 | | | 57,566 |
| Purchased services | | | 81,341 | 81,341 |
| Depreciation | 24,417 | 2,479 | | 26,896 |
| Insurance | 39,202 | | | 39,202 |
| Cost of sales - reimbursable programs | 450,720 | | | 450,720 |
| Cost of sales - non reimbursable programs | 193,861 | | | 193,861 |
| Management and administrative fees | 70,814 | | | 70,814 |
| Other | 11,262 | 2,497 | | 13,759 |
| Total operating expenses | 1,381,210 | 19,879 | 102,320 | 1,503,409 |
| Operating (loss) income | (126,557) | 3,906 | (5,005) | (127,656) |
| Nonoperating revenues: | | | | |
| State sources: | | | | |
| State school lunch program | 7,747 | | | 7,747 |
| Federal sources: | | | | |
| National school lunch program | 78,619 | | | 78,619 |
| Food donation program | 64,375 | | | 64,375 |
| Total nonoperating revenues | 150,741 | | | 150,741 |
| Change in net position | 24,184 | 3,906 | (5,005) | 23,085 |
| Total net position-beginning | 394,894 | 82,593 | 18,946 | 496,433 |
| Total net position-ending | \$ 419,078 | \$ 86,499 | \$ 13,941 | \$ 519,518 |

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Proprietary Funds

Combining Statement of Cash Flows

Year Ended June 30, 2019

| | Major Funds Business Type Activities - Enterprise Funds | | | |
|---|---|---------------------|-------------------|--------------------|
| | Food Service | Driver Education | After School | Totals |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 1,258,825 | \$ 23,785 | \$ 97,315 | \$ 1,379,925 |
| Payments to employees | (421,045) | (11,319) | (19,488) | (451,852) |
| Payments for employee benefits | (112,323) | (955) | (1,491) | (114,769) |
| Payments to suppliers | (815,929) | (3,652) | (81,341) | (900,922) |
| Net cash (used in) provided by operating activities | (90,472) | 7,859 | (5,005) | (87,618) |
| Cash flows from noncapital financing activities: | | | | |
| Cash received from state and federal reimbursements | 87,328 | | | 87,328 |
| Cash received from food donation program | 64,375 | | | 64,375 |
| Net cash provided by noncapital financing activities | 151,703 | | | 151,703 |
| Cash flows from capital and related financing activity: | | | | |
| Acquisition of capital assets | (20,759) | (24,792) | | (45,551) |
| Net cash (used in) capital financing activity | (20,759) | (24,792) | - | (45,551) |
| Net increase (decrease) in cash and cash equivalents | 40,472 | (16,933) | (5,005) | 18,534 |
| Cash and cash equivalents, beginning of year | 321,996 | 84,903 | 18,946 | 425,845 |
| Cash and cash equivalents, end of year | <u>\$ 362,468</u> | <u>\$ 67,970</u> | <u>\$ 13,941</u> | <u>\$ 444,379</u> |
| Reconciliation of operating (loss) income to net cash (used in) provided by operating activities | | | | |
| Operating (loss) income | \$ (126,557) | \$ 3,906 | \$ (5,005) | \$ (127,656) |
| Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities: | | | | |
| Depreciation | 24,417 | 2,479 | | 26,896 |
| Change in assets and liabilities: | | | | |
| (Increase) in accounts receivable | (1,223) | | | (1,223) |
| Decrease in inventory | 3,197 | | | 3,197 |
| Increase in accounts payable | 4,299 | 1,474 | | 5,773 |
| Increase in unearned revenue | 5,395 | | | 5,395 |
| Net cash (used in) provided by operating activities | <u>\$ (90,472)</u> | <u>\$ 7,859</u> | <u>\$ (5,005)</u> | <u>\$ (87,618)</u> |

Noncash noncapital financing activities:

The District received \$64,375 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2019.

Fiduciary Funds

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2019

| | Private- Purpose Scholarship Trust Funds | Agency Funds |
|---|---|-------------------------|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and cash equivalents | \$ 18,717 | \$ 1,885,902 |
| Total assets | <u>18,717</u> | <u>1,885,902</u> |
| Liabilities | | |
| Payroll deductions and withholdings payable | | \$ 1,486,480 |
| Due to student groups | | <u>399,422</u> |
| Total liabilities | | <u>1,885,902</u> |
| Net position | | |
| Held in trust for scholarships | <u>\$ 18,717</u> | |

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2019

| | Private- Purpose Scholarship Trust Funds | Unemployment Compensation Trust Fund |
|-------------------------------|---|---|
| Additions | | |
| Contributions: | | |
| Board contributions | | \$ 174,515 |
| Plan member contributions | | 126,268 |
| Scholarship donations | \$ 10,794 | |
| Total additions | 10,794 | 300,783 |
| Deductions | | |
| Unemployment benefit payments | | 300,783 |
| Scholarship payments | 15,275 | |
| Total deductions | 15,275 | 300,783 |
| Change in net position | (4,481) | - |
| Net position-beginning | 23,198 | - |
| Net position-ending | \$ 18,717 | \$ - |

Hopewell Valley Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

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.

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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.

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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.

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:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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.

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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.

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, 2019

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 are stated at fair value in accordance with the GASB. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments including United States Treasury Bonds and Notes which are stated at fair value.

F. Interfund Receivables/Payables

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

G. Inventories

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

The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2019, 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 performed by an independent appraisal company. 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

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

I. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

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

The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$2,453,699 at June 30, 2019. 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. Unearned revenue in the general fund represents cash which has been received but not yet earned.

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 loss on refunding of debt and deferred amounts related to pensions.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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, 2019 amounted to \$79,245. As of June 30, 2019, the District has recorded an unamortized deferred loss and deferred gain of \$216,870 and \$55,666 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:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances (continued)

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 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 \$11,144,006 of fund balance in the General Fund, \$5,413,159 has been restricted in the capital reserve account, \$90,588 has been restricted in the maintenance reserve account, \$1,404,659 has been restricted for excess surplus – prior year and will be utilized in the 2019-20 budget, \$1,161,228 of encumbrances are assigned to other purposes, \$1,026,783 has been assigned as designated for subsequent years expenditures and \$2,047,589 is unassigned. All of the \$4,475,068 fund balance in the Capital Projects Fund is restricted for capital projects. Of the \$512,297 fund balance in the Debt Service Fund, \$312,329 has been budgeted for use in the 2019-20 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, 2019

1. 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, 2019 was \$1,404,659. The entire amount has been 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 and fund 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

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.

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The requirements of this Statement are effective for periods beginning after June 15, 2018. Management has adopted this statement in the 2019 fiscal year and it was determined that it did not have an impact on its financial statements or disclosures.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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 \$5,433,882 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, 2019 and December 6, 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.

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 \$52,911,190 difference is as follows:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

2. Reconciliation of Government-wide and Fund Financial Statements (continued)

| | | |
|--|----|-------------------|
| Bonds payable | \$ | 46,905,000 |
| Premium on bonds | | 1,650,226 |
| Litigation payable | | 366,515 |
| Capital leases payable | | 1,535,750 |
| Compensated absences payable | | 2,453,699 |
| Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities | \$ | <u>52,911,190</u> |

3. Deposits and Investments

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”) GUDPA was enacted in 1970 to protect 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 least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

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.

At June 30, 2019, the District's carrying value of its deposits was \$13,732,800 and the bank balance was \$15,889,235. Of the bank balance, \$250,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$13,359,999. \$2,279,236 held in the District agency accounts are not covered by GUDPA.

GASB Statement No. 40, *Deposits and Investment Risk Disclosures* ("GASB 40") requires that the District disclose whether its deposits are exposed 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 deposit or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

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

Investments

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

- a. Bonds 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

- 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.

The District had no investments at June 30, 2019.

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, 2019, the District’s balance was \$4,986,456 with NJARM. The NJARM Joint Account portfolio is rated AAA by Standard & Poor’s.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2019:

| | Beginning Balance | | Increases | | Transfers/ Dispositions | | Ending Balance |
|---|------------------------------|---------------|------------------|----------------|------------------------------------|--|---------------------------|
| Governmental activities | | | | | | | |
| Capital assets, not being depreciated | | | | | | | |
| Land | \$ 2,546,691 | | | | | | \$ 2,546,691 |
| Construction in progress | 20,344,550 | \$ 11,035,383 | | \$ (7,921,659) | | | 23,458,274 |
| Total capital assets, not being depreciated | 22,891,241 | 11,035,383 | | (7,921,659) | | | 26,004,965 |
| Capital assets, being depreciated | | | | | | | |
| Land improvements | 4,373,610 | | | | | | 4,373,610 |
| Buildings and building improvements | 82,725,160 | | | | 4,529,308 | | 87,254,468 |
| Machinery, equipment, and vehicles | 8,026,634 | 548,586 | | 3,139,919 | | | 11,715,139 |
| Total capital assets being depreciated | 95,125,404 | 548,586 | | 7,669,227 | | | 103,343,217 |
| Less accumulated depreciation for: | | | | | | | |
| Land improvements | 1,568,125 | | 212,341 | | | | 1,780,466 |
| Buildings and building improvements | 32,181,160 | | 1,793,868 | | | | 33,975,028 |
| Machinery, equipment, and vehicles | 6,652,525 | | 756,392 | | (251,982) | | 7,156,935 |
| Total accumulated depreciation | 40,401,810 | | 2,762,601 | | (251,982) | | 42,912,429 |
| Total capital assets being depreciated, net | 54,723,594 | | (2,214,015) | | 7,921,209 | | 60,430,788 |
| Governmental activities capital assets, net | \$ 77,614,835 | \$ 8,821,368 | | \$ (450) | | | \$ 86,435,753 |

Depreciation expense on assets acquired with capital lease proceeds is included above.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2019 as follows:

| | | |
|--|----|-----------|
| Regular Instruction | \$ | 1,601,304 |
| Undistributed Instruction | | 115,093 |
| Health services | | 26,563 |
| Other support services | | 242,770 |
| Improvement of instruction | | 63,662 |
| School library | | 46,789 |
| General administration | | 56,884 |
| School administration | | 93,465 |
| Central services | | 42,955 |
| Information technology | | 9,530 |
| Instructional staff training services | | 4,399 |
| Required maintenance of plant services | | 62,701 |
| Operation of plant | | 168,127 |
| Care & upkeep of grounds | | 17,727 |
| Security | | 16,822 |
| Student transportation | | 185,127 |
| Special schools | | 8,683 |
| | \$ | 2,762,601 |

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2019:

| | Beginning Balance | Increases | Ending Balance |
|--|------------------------------|------------------|---------------------------|
| Business-type activities | | | |
| Capital assets, being depreciated: | | | |
| Equipment | \$ 615,502 | \$ 45,551 | \$ 661,053 |
| Less accumulated depreciation for: | | | |
| Equipment | 519,977 | 26,896 | 546,873 |
| Total business-type activities capital assets, net | \$ 95,525 | \$ 18,655 | \$ 114,180 |

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

5. Long-Term Liabilities

During the fiscal year ended June 30, 2019, the following changes occurred in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Bonds payable | \$51,135,000 | | \$ 4,230,000 | \$46,905,000 | \$4,430,000 |
| Premium on bonds | 2,066,184 | | 415,958 | 1,650,226 | 380,708 |
| Litigation payable | 575,000 | | 208,485 | 366,515 | 252,515 |
| Capital leases | 1,698,200 | \$ 496,000 | 658,450 | 1,535,750 | 591,310 |
| Compensated absences | 2,238,082 | 385,099 | 169,482 | 2,453,699 | 174,933 |
| Subtotal | 57,712,466 | 881,099 | 5,682,375 | 52,911,190 | 5,829,466 |
| Net pension liability | 25,734,206 | | 3,236,820 | 22,497,386 | |
| Total governmental activities long-term liabilities | \$83,446,672 | \$ 881,099 | \$ 8,919,195 | \$75,408,576 | \$5,829,466 |

The District expects to liquidate the balance in compensated absences with payments made from the District's general fund. Obligations under capital leases will be liquidated with payments from the general fund. Bonds payable will be liquidated with payments from the debt service fund. The litigation payable will be liquidated with payments from the general fund. The net pension liability will be liquidated with payments from the general fund.

Bonds Payable

Bonds are authorized in accordance with State law or 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. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

Bonds payable at June 30, 2019 are comprised of the following issues:

\$5,665,000, 2012 refunding bonds, due in a final annual installment of \$1,015,000 on January 15, 2020 at an interest rate of 4.00%. These bonds were issued to provide resources to refund \$4,755,000 of the District's 2004 bonds. As of June 30, 2019, no defeased debt remains outstanding.

\$16,290,000, 2016 refunding bonds, due in annual installments ranging from \$3,240,000 to \$3,540,000 through August 15, 2021 at interest rates ranging from 4.00% to 5.00%. These bonds were issued to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2019, no defeased debt remains outstanding.

\$35,855,000, 2016 school bonds, due in annual installments ranging from \$175,000 to \$3,815,000 through January 15, 2032 at interest rates ranging from 3.00% to 4.00%.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

Principal and interest due on all bonds outstanding at June 30, 2019 are as follows:

| Fiscal year ending June 30: | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|---------------------|----------------------|
| 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 | 3,070,000 | 1,112,288 | 4,182,288 |
| 2025-2029 | 16,660,000 | 3,983,713 | 20,643,713 |
| 2030-2032 | 11,135,000 | 899,000 | 12,034,000 |
| | <u>\$46,905,000</u> | <u>\$12,306,503</u> | <u>\$ 59,211,503</u> |

Bonds Authorized But Not Issued

As of June 30, 2019, the District had no authorized but not issued bonds.

Capital Leases Payable

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%.

In April, 2019, the District entered into a capital lease for the acquisition of buses in the amount of \$191,000. The buses are being leased with an interest rate of 3.71%.

In May, 2019 the District entered into a capital lease for the acquisition of buses in the amount of \$305,000. The buses are being leased with an interest rate of 2.92%.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

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, 2019:

| <u>Fiscal Year</u> | <u>Amounts</u> |
|--|---------------------|
| Year Ending June 30: | |
| 2020 | \$ 623,033 |
| 2021 | 624,458 |
| 2022 | 244,503 |
| 2023 | 106,586 |
| Total minimum lease payment | <u>1,598,580</u> |
| Less amount representing interest | <u>(62,830)</u> |
| Present value of net future minimum lease payments | <u>\$ 1,535,750</u> |

The assets acquired through capital leases are as follows at June 30, 2019:

| | |
|------------------------------------|-------------------|
| Assets: | |
| Machinery, equipment, and vehicles | \$ 1,347,272 |
| Less accumulated depreciation | <u>(364,186)</u> |
| Total | <u>\$ 983,086</u> |

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,

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full 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. In July, 2018 that total pension contribution rate was increased to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2019, the State of New Jersey contributed \$9,384,524 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 \$2,528,583 during the year ended June 30, 2019 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, 2019, 2018 and 2017 were \$1,142,038, \$1,039,948 and \$987,125, respectively, equal to the required contributions for each year.

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

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

Public Employee's Retirement System (PERS)

At June 30, 2019, the District reported a liability of \$22,497,386 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.1142608200 percent, which was an increase of 0.0037111097 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$472,922 in the government-wide financial statements. At June 30, 2019, 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, 2019

6. Pension Plans (continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Changes of assumptions | \$ 3,707,197 | \$ 7,193,468 |
| Difference between expected and actual experience | 429,029 | 116,004 |
| Net difference between projected and actual earnings on pension plan investments | | 211,026 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 1,131,614 | 195,914 |
| District contributions subsequent to the measurement date | 1,129,821 | |
| | <u>\$ 6,397,661</u> | <u>\$ 7,716,412</u> |

\$1,129,821 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: | |
|---------------------|-----------------------|
| 2020 | \$ 459,772 |
| 2021 | (17,482) |
| 2022 | (1,265,762) |
| 2023 | (1,278,059) |
| 2024 | (347,041) |
| | <u>\$ (2,448,572)</u> |

Additional Information

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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

The actuarial assumptions used in the July 1, 2017 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 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 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, 2018) 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, 2018 are summarized in the following table:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| Risk mitigation strategies | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| 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% | |

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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, 2018 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

| | At 1% decrease (4.66%) | At current discount rate (5.66%) | At 1% increase (6.66%) |
|---|------------------------------|--|------------------------------|
| State's proportionate share of the net pension liability associated with the District | \$ 28,287,871 | \$ 22,497,386 | \$ 17,639,540 |

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.

Additional Information

Collective balances of the Local Group at June 30, 2018 are as follows:

| | |
|--------------------------------|------------------|
| Deferred outflows of resources | \$ 4,684,852,302 |
| Deferred inflows of resources | \$ 7,646,736,226 |
| Net pension liability | \$19,689,501,539 |
| District's Proportion | 0.1142608200% |

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

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, 2018, 2017, 2016, 2015 and 2014 is 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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, 2019 was \$203,887,685. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3204881619 percent, which was an increase of 0.0056699412 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$11,885,939 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: 2011-2026 | Varies based on experience |
| Thereafter | 2.00 - 5.45% |
| Investment rate of return | 7.00% |

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|----------------------|---|
| Risk mitigation strategies | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| 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% | |

Discount Rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018 and 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 3.87% as of June 30, 2018 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 50% 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 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

| | At 1% decrease (3.86%) | At current discount rate (4.86%) | At 1% increase (5.86%) |
|---|------------------------------|--|------------------------------|
| State's proportionate share of the net pension liability associated with the District | \$ 240,991,372 | \$ 203,887,685 | \$ 173,129,633 |

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, 2018 are as follows:

| | |
|--------------------------------|------------------|
| Deferred outflows of resources | \$12,599,296,329 |
| Deferred inflows of resources | \$16,171,861,734 |
| Net pension liability | \$63,617,852,031 |
| District's Proportion | 0.3204881619% |

Collective pension expense for the plan for the measurement period ended June 30, 2018 is \$3,726,181,598.

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, 2018, 2017, 2016, 2015 and 2014 is 8.29, 8.3, 8.3, 8.3, and 8.5 years.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health benefits) for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State's contributions to the Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2019, 2018 and 2017 were \$2,926,642, \$3,122,303, and \$2,950,531 respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the state is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$46,110,832,982.

Changes in Total OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2018:

| | <u>Total OPEB Liability</u> |
|---|-----------------------------|
| Beginning Total OPEB Liability, June 30, 2017 | \$ 153,498,657 |
| Changes for the year: | |
| Service cost | 5,664,106 |
| Interest | 5,637,383 |
| Differences between expected and actual experiences | (13,787,674) |
| Changes in assumptions or other inputs | (15,193,657) |
| Member contributions | 122,360 |
| Benefit payments | (3,540,351) |
| Net changes | <u>(21,097,833)</u> |
| Ending Total OPEB Liability, June 30, 2018 | <u>\$ 132,400,824</u> |

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

Employees covered by benefit terms

The following employees were covered by the benefit terms:

| Local Education Group | June 30, 2018 |
|---|---------------|
| Active Plan Members | 217,131 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 145,050 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefits | - |
| Total Plan Members | 362,181 |

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, 2018 was \$132,400,824. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Actuarial assumptions and other inputs

The total nonemployer OPEB liability in the June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Mortality Rates

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year based on MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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.

100% of all retirees who currently have health care coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, 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.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO 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 8% decreasing to a 5.0% long-term trend rate after seven 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 total non-employer OPEB liability to changes in the discount rate and healthcare cost trend rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2018 calculated using a discount rate disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

| | At 1% decrease (2.87%) | At Current discount rate (3.87%) | At 1% increase (4.87%) |
|--|------------------------------|--|------------------------------|
| Total OPEB Liability (Allocable to the District and the responsibility of the State) | \$ 156,524,726 | \$ 132,400,824 | \$ 113,224,813 |

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2018 calculated using the healthcare cost trend rate as disclosed above as well as what the total non-employ OPEB liability would be if it was 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 Healthcare Cost Trend Rate | At 1% increase |
|--|-------------------|-------------------------------------|-------------------|
| Total OPEB Liability (Allocable to the District and the responsibility of the State) | \$ 109,436,992 | \$ 132,400,824 | \$ 162,771,371 |

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$3,209,296 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2018 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 | 0.29% |

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

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, 2019, 2018 and 2017 were \$1,217,243, \$1,244,365 and \$1,177,561 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, 2019

10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2019 are as follows:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------------|---------------------------------|------------------------------|
| Capital Projects Fund | | \$ 199,968 |
| Debt Service Fund | \$ 199,968 | |
| | <u>\$ 199,968</u> | <u>\$ 199,968</u> |

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, 2019 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 \$366,515 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, 2019

13. 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.

14. Capital Reserve Account

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The June 30, 2019 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, 2018 to June 30, 2019 fiscal year is as follows:

| | |
|---|---------------------|
| Beginning balance July 1, 2018 | \$ 4,906,680 |
| Withdrawals: | |
| Capital Outlay – Withdrawal | (1,508,464) |
| Deposits: | |
| Interest earned on capital reserve funds | 29,185 |
| Deposit into Capital Reserve (June 2019 Board Resolution) | 1,985,758 |
| Ending balance, June 30, 2019 | <u>\$ 5,413,159</u> |

15. Maintenance Reserve Account

A maintenance reserve account was established by the District by way of a Board approved resolution in prior years for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Comprehensive Management Plan (CMP).

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

15. Maintenance Reserve Account (continued)

Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance 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 amount, or both. The 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-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

| | | |
|--|----|---------------|
| Beginning balance July 1, 2018 | \$ | 90,003 |
| Deposits: | | |
| Interest earned on maintenance reserve funds | | 585 |
| Ending balance, June 30, 2019 | \$ | <u>90,588</u> |

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2019. The District did not budget any of the June 30, 2019 maintenance reserve balance in its 2019-20 fiscal year budget.

16. Commitments

The District has contractual commitments at June 30, 2019 for various purposes, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$1,161,228 and in the capital projects fund \$2,712,288, which are recorded as part of fund balance restricted for capital projects.

17. Transfers

The District transferred \$199,968 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

18. Net Position – Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, 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. The net investment in capital assets of \$40,967,495 indicated as part of the Governmental Activities net position is calculated as follows:

| | |
|---|----------------------|
| Capital assets, net of depreciation | \$ 86,435,753 |
| Bonds payable (used to build or acquire capital assets) | (42,429,932) |
| Unamortized premium | (1,650,226) |
| Deferred loss on defeasance of debt | 161,204 |
| Capital leases | (1,535,750) |
| Total net investment in capital assets | <u>\$ 40,981,049</u> |

19. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Hopewell Township provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by Hopewell Township are for affordable housing projects and other permitted purposes. Taxes abated include municipal, local school, and county taxes.

Hopewell Township recognized revenue of \$99,387 from the annual service charge in lieu of payment of taxes in 2018 and taxes in 2018 that otherwise would have been due on these long-term tax exemptions amount to \$685,900, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$586,513 abatement would have been allocated to the District. Hopewell Borough and Pennington Borough do not currently have any such long-term tax exemptions in place.

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability (asset) - Local Group | 0.1142608200% | 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) | \$ 22,497,386 | \$ 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 | \$ 8,255,182 | \$ 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 | 272.52% | 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 | 53.60% | 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.

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

Last Ten Fiscal Years

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 1,142,038 | \$ 1,039,948 | \$ 987,125 | \$ 735,000 | \$ 709,412 | \$ 710,507 | \$ 662,255 | \$ 583,482 | \$ 527,005 | \$ 537,886 |
| Contributions in relation to the contractually required contribution | (1,142,038) | (1,039,948) | (987,125) | (735,000) | (709,412) | (710,507) | (662,255) | (583,482) | (527,005) | (537,886) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 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 |
| Contributions as a percentage of covered-employee payroll | 14.20% | 13.46% | 13.04% | 9.65% | 9.20% | 9.60% | 9.40% | 8.10% | 6.82% | 7.20% |

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*

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| State's proportion of the net pension liability (asset) associated with the District - Local Group | 0.3204881619% | 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 | \$ 203,887,685 | \$ 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 | <u>\$ 203,887,685</u> | <u>\$ 212,261,796</u> | <u>\$ 251,232,134</u> | <u>\$ 199,534,274</u> | <u>\$ 169,825,780</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 26.49% | 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.

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, | | |
|--|-----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2017 |
| State's proportion of the net OPEB liability (asset) | 0.2871360490% | 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 | \$ 132,400,824 | \$ 153,498,657 | \$ 165,557,124 |
| Total proportionate share of the net OPEB liability (asset) associated with the District | <u>\$ 132,400,824</u> | <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>0.00%</u> |
| | <u>2019</u> | <u>2018</u> | <u>2017**</u> |
| Total OPEB Liability | | | |
| Service cost | \$ 5,664,106 | \$ 6,825,202 | |
| Interest cost | 5,637,383 | 4,864,441 | |
| Differences between expected and actual experiences | (13,787,674) | - | |
| Changes of assumptions | (15,193,657) | (20,323,672) | |
| Member contributions | 122,360 | 130,917 | |
| Gross benefit payments | <u>(3,540,351)</u> | <u>(3,555,355)</u> | |
| Net change in total OPEB liability | (21,097,833) | (12,058,467) | |
| Total OPEB liability - beginning | <u>153,498,657</u> | <u>165,557,124</u> | |
| Total OPEB liability - ending | <u>\$ 132,400,824</u> | <u>\$ 153,498,657</u> | |
| Covered-employee payroll | <u>\$ 42,878,604</u> | <u>\$ 41,315,611</u> | |
| Total OPEB liability as a percentage of covered-employee payroll | <u>308.78%</u> | <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

Hopewell Valley Board of Education
Notes to Required Supplementary Information
Year Ended June 30, 2019

1. PENSION - PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

2. PENSION – TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018.

3. OTHER POST-RETIREMENT BENEFIT PLAN - PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 71,947,742 | | \$ 71,947,742 | \$ 71,947,742 | |
| Tuition | 260,000 | | 260,000 | 418,228 | \$ 158,228 |
| Transportation - Hazardous Routes | 80,000 | | 80,000 | 90,790 | 10,790 |
| Interest Earned on Investments | 128,000 | | 128,000 | 149,264 | 21,264 |
| Miscellaneous | 427,787 | | 427,787 | 566,097 | 138,310 |
| Total - Local Sources | 72,843,529 | | 72,843,529 | 73,172,121 | 328,592 |
| State Sources: | | | | | |
| Categorical Special Education Aid | 2,164,734 | | 2,164,734 | 2,164,734 | |
| Transportation Aid | 760,010 | | 760,010 | 760,010 | |
| Security Aid | 62,529 | | 62,529 | 62,529 | |
| School Choice Aid | 252,504 | | 252,504 | 252,504 | |
| Non-Public Transportation Aid | | | | 73,080 | 73,080 |
| Extraordinary Aid | | | | 646,128 | 646,128 |
| TPAF Pension (On-Behalf - Non-Budgeted) | | | | 6,452,057 | 6,452,057 |
| TPAF Post Retirement Medical (On-behalf - Non-Budgeted) | | | | 2,926,642 | 2,926,642 |
| TPAF Non-contributory Insurance (On-behalf - Non-Budgeted) | | | | 5,825 | 5,825 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 2,528,583 | 2,528,583 |
| Total State Sources | 3,239,777 | | 3,239,777 | 15,872,092 | 12,632,315 |
| Federal Sources: | | | | | |
| Medical Assistance Program | 18,665 | | 18,665 | 18,480 | (185) |
| Total - Federal Sources | 18,665 | | 18,665 | 18,480 | (185) |
| Total Revenues | 76,101,971 | | 76,101,971 | 89,062,693 | 12,960,722 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Regular Programs - Instruction | | | | | |
| Kindergarten - Salaries of Teachers | 853,047 | \$ (37,110) | 815,937 | 815,937 | |
| Grades 1-5 - Salaries of Teachers | 7,909,712 | 19,023 | 7,928,735 | 7,928,735 | |
| Grades 6-8 - Salaries of Teachers | 5,928,037 | (154,297) | 5,773,740 | 5,773,740 | |
| Grades 9-12 - Salaries of Teachers | 7,365,764 | 40,790 | 7,406,554 | 7,406,554 | |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 50,000 | 26,140 | 76,140 | 76,140 | |
| Purchased Professional-Educational Services | 21,000 | (4,200) | 16,800 | 14,927 | 1,873 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 710,893 | 56,829 | 767,722 | 767,722 | |
| Purchased Professional-Educational Services | 752,619 | 28,726 | 781,345 | 716,807 | 64,538 |
| Purchased Technical Services | 6,500 | 40,242 | 46,742 | 20,096 | 26,646 |
| Other Purchased Services | 840,116 | (14,041) | 826,075 | 754,210 | 71,865 |
| General Supplies | 1,713,363 | (52,075) | 1,661,288 | 1,552,416 | 108,872 |
| Textbooks | 157,440 | 5,400 | 162,840 | 156,867 | 5,973 |
| Other Objects | 23,324 | (6,550) | 16,774 | 9,183 | 7,591 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 26,331,815 | (51,123) | 26,280,692 | 25,993,334 | 287,358 |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | 157,671 | | 157,671 | 149,770 | 7,901 |
| Other Salaries for Instruction | 50,180 | (15,683) | 34,497 | 34,497 | |
| General Supplies | 1,500 | 395 | 1,895 | 1,892 | 3 |
| Total Learning and/or Language Disabilities | 209,351 | (15,288) | 194,063 | 186,159 | 7,904 |
| Behavioral Disabilities | | | | | |
| Salaries of Teachers | 212,037 | (3,516) | 208,521 | 208,476 | 45 |
| Other Salaries for Instruction | 95,046 | 16,697 | 111,743 | 108,226 | 3,517 |
| Total Behavioral Disabilities | 307,083 | 13,181 | 320,264 | 316,702 | 3,562 |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 343,156 | 27,810 | 370,966 | 367,500 | 3,466 |
| Other Salaries for Instruction | 267,468 | 79,723 | 347,191 | 344,920 | 2,271 |
| General Supplies | | 1,251 | 1,251 | 1,224 | 27 |
| Total Multiple Disabilities | 610,624 | 108,784 | 719,408 | 713,644 | 5,764 |

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | \$ 4,341,834 | \$ 315,233 | \$ 4,657,067 | \$ 4,577,593 | \$ 79,474 |
| Other Salaries for Instruction | 557,798 | (75,347) | 482,451 | 480,796 | 1,655 |
| Other Purchased Services | 300 | | 300 | 200 | 100 |
| Travel | 1,032 | | 1,032 | 1,020 | 12 |
| General Supplies | 24,875 | (33) | 24,842 | 20,705 | 4,137 |
| Textbooks | 4,000 | | 4,000 | 3,742 | 258 |
| Total Resource Room/Resource Center | 4,929,839 | 239,853 | 5,169,692 | 5,084,056 | 85,636 |
| Autism: | | | | | |
| Salaries of Teachers | 131,214 | 2,341 | 133,555 | 133,555 | |
| Other Salaries for Instruction | 170,610 | (9,173) | 161,437 | 161,437 | |
| Total Autism | 301,824 | (6,832) | 294,992 | 294,992 | |
| Preschool Disabilities - Part-Time | | | | | |
| Other Salaries for Instruction | 60,522 | (60,522) | | | |
| Total Preschool Disabilities - Part-Time | 60,522 | (60,522) | | | |
| Preschool Disabilities - Full-Time | | | | | |
| Salaries of Teachers | 306,615 | 5,332 | 311,947 | 307,923 | 4,024 |
| Other Salaries for Instruction | 109,432 | 93,493 | 202,925 | 192,817 | 10,108 |
| General Supplies | 6,275 | | 6,275 | 2,421 | 3,854 |
| Total Preschool Disabilities - Full-Time | 422,322 | 98,825 | 521,147 | 503,161 | 17,986 |
| Home Instruction | | | | | |
| Purchased Prof. - Ed. Services | 81,000 | | 81,000 | 8,442 | 72,558 |
| Total Home Instruction | 81,000 | | 81,000 | 8,442 | 72,558 |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 6,922,565 | 378,001 | 7,300,566 | 7,107,156 | 193,410 |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of Teachers | 1,571,709 | (152,552) | 1,419,157 | 1,400,668 | 18,489 |
| General Supplies | 8,500 | | 8,500 | 5,770 | 2,730 |
| Textbooks | 500 | | 500 | 127 | 373 |
| Total Basic Skills/Remedial - Instruction | 1,580,709 | (152,552) | 1,428,157 | 1,406,565 | 21,592 |
| Bilingual Education - Instruction | | | | | |
| Salaries of Teachers | 177,108 | 2,448 | 179,556 | 175,712 | 3,844 |
| Other Salaries for Instruction | 20,836 | | 20,836 | 20,836 | |
| General Supplies | 700 | | 700 | 50 | 650 |
| Total Bilingual Education - Instruction | 198,644 | 2,448 | 201,092 | 196,598 | 4,494 |
| School-Spon. Cocurricular Actvts. - Inst. | | | | | |
| Salaries | 180,678 | 23,275 | 203,953 | 203,953 | |
| Purchased Services | 47,750 | 400 | 48,150 | 46,536 | 1,614 |
| Supplies and Materials | 67,461 | (16,009) | 51,452 | 50,717 | 735 |
| Other Objects | 103,955 | (30,098) | 73,857 | 69,222 | 4,635 |
| Total School-Spon. Cocurricular Actvts. - Inst. | 399,844 | (22,432) | 377,412 | 370,428 | 6,984 |
| School-Spon. Athletics | | | | | |
| Salaries | 728,834 | 43,637 | 772,471 | 772,471 | |
| Purchased Services | 162,000 | (2,935) | 159,065 | 151,217 | 7,848 |
| Supplies and Materials | 128,900 | (2,186) | 126,714 | 126,416 | 298 |
| Other Objects | 28,570 | 1,302 | 29,872 | 28,899 | 973 |
| Total School-Spon. Athletics | 1,048,304 | 39,818 | 1,088,122 | 1,079,003 | 9,119 |
| TOTAL INSTRUCTION | 36,481,881 | 194,160 | 36,676,041 | 36,153,084 | 522,957 |

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| Undistributed Expenditures - Instruction | | | | | |
| Tuition to County Voc. School Dist. - Special | \$ 123,577 | \$ (51,454) | \$ 72,123 | \$ 72,123 | |
| Tuition to CSSD & Regional Day Schools | 540,172 | 13,773 | 553,945 | 553,945 | |
| Tuition to Private Schools for the Disabled - Within State | 1,343,951 | (302,433) | 1,041,518 | 1,041,518 | |
| Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S | 690,193 | (64,762) | 625,431 | 470,789 | \$ 154,642 |
| Tuition - Other | 428,414 | 104,876 | 533,290 | 533,290 | |
| Total Undistributed Expenditures - Instruction | <u>3,126,307</u> | <u>(300,000)</u> | <u>2,826,307</u> | <u>2,671,665</u> | <u>154,642</u> |
| Undistributed Expend. - Attend. & Social Work | | | | | |
| Salaries | 255 | | 255 | | 255 |
| Other Purchased Services | 255 | | 255 | | 255 |
| Total Undistributed Expend. - Attend. & Social Work | <u>510</u> | | <u>510</u> | | <u>510</u> |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 569,004 | | 569,004 | 538,932 | 30,072 |
| Purchased Professional and Technical Services | 37,500 | 5,613 | 43,113 | 42,335 | 778 |
| Other Purchased Services | 17,750 | (4,493) | 13,257 | 9,556 | 3,701 |
| Rentals | 11,893 | | 11,893 | 11,893 | |
| Supplies and Materials | 15,915 | (825) | 15,090 | 13,890 | 1,200 |
| Other Objects | 1,300 | | 1,300 | | 1,300 |
| Total Undistributed Expenditures - Health Services | <u>653,362</u> | <u>295</u> | <u>653,657</u> | <u>616,606</u> | <u>37,051</u> |
| Undist. Expend. - Other Supp. Serv. Students - OT, PT, ReL Serv. | | | | | |
| Salaries | 1,091,556 | 88,654 | 1,180,210 | 1,162,430 | 17,780 |
| Purchased Professional - Educational Services | 110,000 | (11,224) | 98,776 | 47,670 | 51,106 |
| Supplies and Materials | 40,585 | (10,563) | 30,022 | 29,148 | 874 |
| Total Undist. Expend. - Other Supp. Serv. Students - OT, PT, ReL Serv. | <u>1,242,141</u> | <u>66,867</u> | <u>1,309,008</u> | <u>1,239,248</u> | <u>69,760</u> |
| Undist. Expend. - Other Supp. Serv. Students - Extra Serv. | | | | | |
| Other Salaries for Instruction | 515,183 | 71,307 | 586,490 | 578,042 | 8,448 |
| Purchased Professional - Educational Services | 849,000 | (34,200) | 814,800 | 353,774 | 461,026 |
| Supplies and Materials | 6,000 | 2,000 | 8,000 | 7,457 | 543 |
| Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv. | <u>1,370,183</u> | <u>39,107</u> | <u>1,409,290</u> | <u>939,273</u> | <u>470,017</u> |
| Undist. Expend. - Guidance | | | | | |
| Salaries of Other Professional Staff | 1,207,626 | 29,011 | 1,236,637 | 1,219,825 | 16,812 |
| Salaries of Secretarial and Clerical Assistants | 128,381 | 13,575 | 141,956 | 141,956 | |
| Other Purchased Services | 853 | 3,227 | 4,080 | 4,080 | |
| Supplies and Materials | 3,100 | 378 | 3,478 | 2,486 | 992 |
| Total Undist. Expend. - Guidance | <u>1,339,960</u> | <u>46,191</u> | <u>1,386,151</u> | <u>1,368,347</u> | <u>17,804</u> |
| Undist. Expend. - Child Study Team | | | | | |
| Salaries of Other Professional Staff | 1,609,348 | (51,345) | 1,558,003 | 1,520,287 | 37,716 |
| Salaries of Secretarial and Clerical Assistants | 199,978 | | 199,978 | 199,380 | 598 |
| Purchased Prof. - Educational Services | 92,500 | (54,162) | 38,338 | 2,025 | 36,313 |
| Other Purchased Prof. and Tech. Services | 79,000 | 2,183 | 81,183 | 56,823 | 24,360 |
| Miscellaneous Purchased Services | 50,116 | (9,872) | 40,244 | 16,627 | 23,617 |
| Supplies and Materials | 64,400 | | 64,400 | 36,181 | 28,219 |
| Other Objects | 4,894 | 2,617 | 7,511 | 7,464 | 47 |
| Total Undist. Expend. - Child Study Team | <u>2,100,236</u> | <u>(110,579)</u> | <u>1,989,657</u> | <u>1,838,787</u> | <u>150,870</u> |
| Undist. Expend. - Improvement of Inst. Serv. | | | | | |
| Salaries of Supervisors of Instruction | 1,280,163 | 17,580 | 1,297,743 | 1,297,743 | |
| Other Salaries | 184,296 | (42,647) | 141,649 | 139,787 | 1,862 |
| Purchased Prof. - Educational Services | 1,650 | (1,650) | | | |
| Other Purchased Services | 8,600 | 24,553 | 33,153 | 15,755 | 17,398 |
| Supplies and Materials | 11,150 | | 11,150 | 3,748 | 7,402 |
| Other Objects | 27,349 | | 27,349 | 20,761 | 6,588 |
| Total Undist. Expend. - Improvement of Inst. Serv. | <u>1,513,208</u> | <u>(2,164)</u> | <u>1,511,044</u> | <u>1,477,794</u> | <u>33,250</u> |

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| Undist. Expend. - Edu. Media Serv./Sch. Library | | | | | |
| Salaries | \$ 984,235 | \$ 11,902 | \$ 996,137 | \$ 994,196 | \$ 1,941 |
| Purchased Professional & Technical Services | 29,985 | (1,469) | 28,516 | 24,160 | 4,356 |
| Supplies and Materials | 72,635 | 368 | 73,003 | 67,278 | 5,725 |
| Other Objects | 950 | | 950 | 490 | 460 |
| Total Undist. Expend. - Edu. Media Serv./Sch. Library | 1,087,805 | 10,801 | 1,098,606 | 1,086,124 | 12,482 |
| Undist. Expend. - Instructional Staff Training Serv. | | | | | |
| Other Salaries | | 6,711 | 6,711 | 6,711 | |
| Purchased Professional - Educational Services | | 54,376 | 54,376 | 36,132 | 18,244 |
| Other Purchased Services | 99,818 | (24,813) | 75,005 | 55,440 | 19,565 |
| Supplies and Materials | | 5,970 | 5,970 | 3,842 | 2,128 |
| Total Undist. Expend. - Instructional Staff Training Serv. | 99,818 | 42,244 | 142,062 | 102,125 | 39,937 |
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | 276,316 | 3,075 | 279,391 | 279,327 | 64 |
| Legal Services | 150,000 | (13,259) | 136,741 | 77,520 | 59,221 |
| Audit Fees | 66,500 | | 66,500 | 66,250 | 250 |
| Architectural/Engineering Services | 200,000 | (130,674) | 69,326 | 64,476 | 4,850 |
| Other Purchased Professional Services | 13,500 | (12,026) | 1,474 | | 1,474 |
| Communications/Telephone | 214,359 | (90,856) | 123,503 | 105,664 | 17,839 |
| Miscellaneous Purchased Services | 165,289 | (12,862) | 152,427 | 149,904 | 2,523 |
| General Supplies | 3,000 | 5,500 | 8,500 | 7,167 | 1,333 |
| Judgements Against the School District | 100,000 | 429,279 | 529,279 | 529,279 | |
| Miscellaneous Expenditures | 58,300 | (9,398) | 48,902 | 40,860 | 8,042 |
| Total Undist. Expend. - Supp. Serv. - General Admin. | 1,247,264 | 168,779 | 1,416,043 | 1,320,447 | 95,596 |
| Undist. Expend. - Support Serv. - School Admin. | | | | | |
| Salaries of Principals/Assistant Principals | 1,455,198 | (18,417) | 1,436,781 | 1,424,732 | 12,049 |
| Salaries of Secretarial and Clerical Assistants | 732,103 | (14,106) | 717,997 | 668,661 | 49,336 |
| Unused Vacation Payment to Term/Ret Staff | | 18,417 | 18,417 | 18,417 | |
| Other Purchased Services | 42,969 | (241) | 42,728 | 18,158 | 24,570 |
| Supplies and Materials | 33,087 | 11,680 | 44,767 | 31,120 | 13,647 |
| Other Objects | 18,190 | (1,592) | 16,598 | 8,533 | 8,065 |
| Total Undist. Expend. - Support Serv. - School Admin. | 2,281,547 | (4,259) | 2,277,288 | 2,169,621 | 107,667 |
| Undist. Expend. - Central Services | | | | | |
| Salaries | 859,250 | 21,371 | 880,621 | 857,142 | 23,479 |
| Purchased Professional Services | 50,000 | (4,438) | 45,562 | 35,455 | 10,107 |
| Purchased Technical Services | 37,612 | 16,281 | 53,893 | 48,268 | 5,625 |
| Miscellaneous Purchased Services | 86,849 | (11,843) | 75,006 | 39,381 | 35,625 |
| Supplies and Materials | 30,320 | 941 | 31,261 | 12,066 | 19,195 |
| Miscellaneous Expenditures | 11,600 | | 11,600 | 4,813 | 6,787 |
| Total Undist. Expend. - Central Services | 1,075,631 | 22,312 | 1,097,943 | 997,125 | 100,818 |
| Undist. Expend. - Technology Admin. | | | | | |
| Salaries | 206,671 | | 206,671 | 206,551 | 120 |
| Travel | 16,730 | | 16,730 | 14,676 | 2,054 |
| Total Undist. Expend. - Technology Admin. | 223,401 | | 223,401 | 221,227 | 2,174 |
| Undist. Expend. - Required Maint. for Sch. Facil. | | | | | |
| Salaries | 690,381 | (6,171) | 684,210 | 658,712 | 25,498 |
| Unused Vacation Payment to Term/Ret Staff | | 6,171 | 6,171 | 3,765 | 2,406 |
| Cleaning, Repair and Maintenance Services | 582,621 | 40,838 | 623,459 | 583,988 | 39,471 |
| General Supplies | 210,000 | 7,333 | 217,333 | 209,017 | 8,316 |
| Total Undist. Expend. - Required Maint. for Sch. Facil. | 1,483,002 | 48,171 | 1,531,173 | 1,455,482 | 75,691 |

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| Undist. Expend. - Custodial Services | | | | | |
| Salaries | \$ 1,973,044 | \$ 24,050 | \$ 1,997,094 | \$ 1,997,094 | |
| Unused Vacation Payment to Term/Ret Staff | | 2,816 | 2,816 | 2,816 | |
| Cleaning, Repair and Maintenance Services | 86,250 | (4,673) | 81,577 | 69,547 | \$ 12,030 |
| Other Purchased Property Services | 280,046 | (44,421) | 235,625 | 202,332 | 33,293 |
| Insurance | 291,765 | | 291,765 | 276,445 | 15,320 |
| General Supplies | 181,000 | | 181,000 | 163,110 | 17,890 |
| Travel | 12,750 | | 12,750 | 2,190 | 10,560 |
| Natural Gas | 445,082 | 14,362 | 459,444 | 247,890 | 211,554 |
| Electricity | 1,146,135 | (30,060) | 1,116,075 | 911,474 | 204,601 |
| Energy | 31,600 | | 31,600 | 21,706 | 9,894 |
| Other Objects | 15,799 | | 15,799 | 8,164 | 7,635 |
| Total Undist. Expend. - Custodial Services | 4,463,471 | (37,926) | 4,425,545 | 3,902,768 | 522,777 |
| Undist. Expend. - Care and Upkeep of Grounds | | | | | |
| Salaries | 223,115 | | 223,115 | 223,115 | |
| Cleaning, Repair and Maintenance Services | 126,000 | | 126,000 | 99,529 | 26,471 |
| General Supplies | 131,525 | (7,307) | 124,218 | 88,850 | 35,368 |
| Total Undist. Expend. - Care and Upkeep of Grounds | 480,640 | (7,307) | 473,333 | 411,494 | 61,839 |
| Undist. Expend. - Security | | | | | |
| Salaries | 198,674 | 25,012 | 223,686 | 223,686 | |
| Cleaning, Repair and Maintenance Services | | 168,672 | 168,672 | 163,641 | 5,031 |
| General Supplies | 5,000 | (1,825) | 3,175 | 3,175 | |
| Total Undist. Expend. - Security | 203,674 | 191,859 | 395,533 | 390,502 | 5,031 |
| Undist. Expend. - Student Transportation Serv. | | | | | |
| Salaries for Non-Instructional Aids | 247,580 | 23,868 | 271,448 | 271,448 | |
| Salaries for Pupil Trans. (Between Home & School) - Regular | 497,076 | 92,852 | 589,928 | 589,928 | |
| Salaries for Pupil Trans. (Between Home & School) - Sp. Ed. | 790,561 | (12,566) | 777,995 | 775,926 | 2,069 |
| Salaries for Pupil Trans. Other than Between Home & School | 50,000 | | 69,910 | 69,910 | |
| Management Fees - ESC & CTSA Transportation Programs | 7,500 | 6,516 | 14,016 | 7,476 | 6,540 |
| Other Purchased Professional and Technical Services | 22,599 | (3,144) | 19,455 | 18,461 | 994 |
| Cleaning, Repair & Maintenance Services | 84,500 | | 84,500 | 69,199 | 15,301 |
| Rental Payments - School Buses | 3,000 | | 3,000 | | 3,000 |
| Lease Purchase Payments-School Buses | 227,908 | 56,586 | 284,494 | 284,494 | |
| Contracted Services Aid In Lieu of Payment for Non-public School Students | 256,803 | | 256,803 | 246,817 | 9,986 |
| Contracted Services (Between Home and School) - Vendors | 1,436,879 | (231,438) | 1,205,441 | 1,205,361 | 80 |
| Contracted Services (Other than Between Home and School) - Vendors | 307,155 | (7,095) | 300,060 | 214,038 | 86,022 |
| Contracted Services (Between Home and School) - Joint Agreements | 1,500 | (824) | 676 | | 676 |
| Contracted Services (Sp. Ed.) - Vendors | 110,000 | 37,048 | 147,048 | 147,048 | |
| Contracted Services (Sp. Ed.) - Joint Agreements | 5,000 | (4,600) | 400 | | 400 |
| Contracted Services (Special Education Students) - ESCs | 94,699 | 54,610 | 149,309 | 149,309 | |
| Travel | 2,750 | | 2,750 | 922 | 1,828 |
| General Supplies | | 2,716 | 2,716 | 693 | 2,023 |
| Transportation Supplies | 324,937 | (5,991) | 318,946 | 245,963 | 72,983 |
| Other Objects | 1,250 | | 1,250 | 400 | 850 |
| Total Undist. Expend. - Student Transportation Serv. | 4,471,697 | 28,448 | 4,500,145 | 4,297,393 | 202,752 |
| Unallocated Benefits | | | | | |
| Social Security Contributions | 1,015,437 | (24,793) | 990,644 | 990,644 | |
| Other Retirement Contributions - PERS | 1,210,052 | (35,706) | 1,174,346 | 1,174,346 | |
| Other Retirement Contributions - Regular | 30,000 | 2,166 | 32,166 | 32,166 | |
| Unemployment Compensation | 176,881 | (2,366) | 174,515 | 174,515 | |
| Workmen's Compensation | 368,961 | 13,774 | 382,735 | 382,735 | |
| Health Benefits | 12,179,416 | (227,330) | 11,952,086 | 11,952,086 | |
| Tuition Reimbursement | 165,000 | 96,207 | 261,207 | 238,822 | 22,385 |
| Other Employee Benefits | 35,000 | (33,420) | 1,580 | 1,580 | |
| Unused Vac. Payment to Term/Ret. Staff | 127,000 | (13,033) | 113,967 | 113,967 | |
| Total Unallocated Benefits | 15,307,747 | (224,501) | 15,083,246 | 15,060,861 | 22,385 |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 6,452,057 | (6,452,057) |
| TPAF Post Retirement Medical (On-behalf - Non-Budgeted) | | | | 2,926,642 | (2,926,642) |
| TPAF Non-contributory Insurance (On-behalf - Non-Budgeted) | | | | 5,825 | (5,825) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 2,528,583 | (2,528,583) |
| Total On-behalf Contributions | | | | 11,913,107 | (11,913,107) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 43,771,604 | (21,662) | 43,749,942 | 53,479,996 | (9,730,054) |
| TOTAL GENERAL | 80,253,485 | 172,498 | 80,425,983 | 89,633,080 | (9,207,097) |

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------------|---|
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Undistributed Expenditures: | | | | | |
| Instruction | \$ 101,432 | \$ 184,397 | \$ 285,829 | \$ 182,546 | \$ 103,283 |
| Support Services - Related & Extraord. | | 17,732 | 17,732 | 17,732 | |
| Undistributed Exp.-Req. Maint. of School Facilities | | 6,683 | 6,683 | 6,683 | |
| Undist. Exp. - Non-instructional Services | | | | 494,670 | (494,670) |
| Non-budgeted capital leases | | | | 494,670 | (494,670) |
| Total Equipment | <u>101,432</u> | <u>208,812</u> | <u>310,244</u> | <u>701,631</u> | <u>(391,387)</u> |
| Facilities Acquisition and Construction Services | | | | | |
| Construction Services | | 1,536,166 | 1,536,166 | 932,973 | 603,193 |
| Other Objects - Debt Service Assessment | 101,068 | | 101,068 | 101,068 | |
| Total Facilities Acquisition and Construction Services | <u>101,068</u> | <u>1,536,166</u> | <u>1,637,234</u> | <u>1,034,041</u> | <u>603,193</u> |
| TOTAL CAPITAL OUTLAY | <u>202,500</u> | <u>1,744,978</u> | <u>1,947,478</u> | <u>1,735,672</u> | <u>211,806</u> |
| SPECIAL SCHOOLS | | | | | |
| Summer School - Instruction | | | | | |
| Salaries of Teachers | 172,500 | 17,498 | 189,998 | 189,998 | |
| Purchased Prof. - Educational Services | 29,230 | (17,523) | 11,707 | 10,225 | 1,482 |
| General Supplies | 1,500 | 25 | 1,525 | 1,332 | 193 |
| Total Summer School - Instruction | <u>203,230</u> | | <u>203,230</u> | <u>201,555</u> | <u>1,675</u> |
| TOTAL SPECIAL SCHOOLS | <u>203,230</u> | <u>-</u> | <u>203,230</u> | <u>201,555</u> | <u>1,675</u> |
| TOTAL EXPENDITURES | <u>80,659,215</u> | <u>1,917,476</u> | <u>82,576,691</u> | <u>91,570,307</u> | <u>(8,993,616)</u> |
| (Deficiency) Excess of Revenues (Under) Over Expenditures | <u>(4,557,244)</u> | <u>(1,917,476)</u> | <u>(6,474,720)</u> | <u>(2,507,614)</u> | <u>3,967,106</u> |
| Other Financing Sources: | | | | | |
| Assets aquired under capital leases - (non-budgeted) | | | | 494,670 | (494,670) |
| Total Other Financing Sources | | | | <u>494,670</u> | <u>(494,670)</u> |
| (Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses) | <u>(4,557,244)</u> | <u>(1,917,476)</u> | <u>(6,474,720)</u> | <u>(2,012,944)</u> | <u>3,472,436</u> |
| Fund Balance, July 1 | <u>13,411,820</u> | | <u>13,411,820</u> | <u>13,411,820</u> | |
| Fund Balance, June 30 | <u>\$ 8,854,576</u> | <u>\$ (1,917,476)</u> | <u>\$ 6,937,100</u> | <u>\$ 11,398,876</u> | <u>\$ 3,472,436</u> |
| Recapitulation of Fund Balance: | | | | | |
| Restricted Fund Balance: | | | | | |
| Excess Surplus Designated for Subsequent Year's Expenditures | | | | \$ 1,404,659 | |
| Capital Reserve | | | | 5,413,159 | |
| Maintenance Reserve | | | | 90,588 | |
| Assigned to: | | | | | |
| Designated for Subsequent Year's Expenditures | | | | 1,026,783 | |
| Year End Encumbrances | | | | 1,161,228 | |
| Unassigned Fund Balance | | | | <u>2,302,459</u> | |
| | | | | 11,398,876 | |
| Reconciliation of Budgetary Fund Balance to GAAP Fund Balance: | | | | | |
| Final State Aid Payments Not Realized on GAAP Basis | | | | (254,870) | |
| Fund balance per Government Funds (GAAP) | | | | <u>\$ 11,144,006</u> | |

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

**Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2019**

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| Revenues | | | | | |
| State sources | | \$ 227,372 | \$ 227,372 | \$ 209,842 | \$ (17,530) |
| Federal sources | \$ 825,326 | 271,045 | 1,096,371 | 1,015,627 | (80,744) |
| Local sources | | 104,051 | 104,051 | 49,840 | (54,211) |
| Total revenues | <u>825,326</u> | <u>602,468</u> | <u>1,427,794</u> | <u>1,275,309</u> | <u>(152,485)</u> |
| Expenditures | | | | | |
| Current expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries: | | | | | |
| Salaries of teachers | 73,626 | 21,933 | 95,559 | 91,951 | 3,608 |
| Purchased professional services | 12,361 | 3,533 | 15,894 | 14,218 | 1,676 |
| Other purchased services | 697,860 | 214,501 | 912,361 | 852,887 | 59,474 |
| General supplies | | 42,070 | 42,070 | 30,925 | 11,145 |
| Textbooks | | 25,526 | 25,526 | 24,654 | 872 |
| Total instruction | <u>783,847</u> | <u>307,563</u> | <u>1,091,410</u> | <u>1,014,635</u> | <u>76,775</u> |
| Support services: | | | | | |
| Salaries | | 7,807 | 7,807 | 1,579 | 6,228 |
| Personal services—employee benefits | | 8,359 | 8,359 | 7,524 | 835 |
| Purchased professional services | 41,479 | 6,898 | 48,377 | 41,846 | 6,531 |
| | | 29,580 | 29,580 | | 29,580 |
| Other purchased professional services | | 204,121 | 204,121 | 187,463 | 16,658 |
| Supplies and materials | | 19,507 | 19,507 | 4,179 | 15,328 |
| Other objects | | 7,774 | 7,774 | 7,224 | 550 |
| Total support services | <u>41,479</u> | <u>284,046</u> | <u>325,525</u> | <u>249,815</u> | <u>75,710</u> |
| Capital outlay: | | | | | |
| Noninstructional equipment | - | 10,859 | 10,859 | 10,859 | - |
| Total capital outlay | <u>-</u> | <u>10,859</u> | <u>10,859</u> | <u>10,859</u> | <u>-</u> |
| Total expenditures | <u>825,326</u> | <u>602,468</u> | <u>1,427,794</u> | <u>1,275,309</u> | <u>152,485</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Hopewell Valley Regional School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2019

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

| | General Fund | Special Revenue Fund |
|---|-------------------------|-------------------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2) | \$ 89,062,693 | \$ 1,275,309 |
| Differences - Budgetary to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| Prior year | | 8,395 |
| Current year | | (4,816) |
| State aid payments recognized for budgetary purposes, not recognized for GAAP statements. | | |
| Prior year | 225,173 | |
| Current year | (254,870) | |
| | | |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2) | \$ 89,032,996 | \$ 1,278,888 |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2) | \$ 91,570,307 | \$ 1,275,309 |
| Differences - Budgetary to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | |
| Prior year | | 8,395 |
| Current year | | (4,816) |
| | | |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2) | \$ 91,570,307 | \$ 1,278,888 |

Supplementary Information

Special Revenue Fund

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year Ended June 30, 2019

| | <u>Nonpublic Aid</u> | | | | |
|---------------------------------|----------------------|------------------|-------------------|---|-------------------|
| | <u>Textbooks</u> | <u>Nursing</u> | <u>Technology</u> | <u>Examination & Classification</u> | <u>Security</u> |
| Revenues: | | | | | |
| State sources | \$ 24,654 | \$ 60,768 | \$ 17,037 | \$ 6,187 | \$ 101,196 |
| Federal sources | | | | | |
| Local sources | | | | | |
| Total revenues | <u>24,654</u> | <u>60,768</u> | <u>17,037</u> | <u>6,187</u> | <u>101,196</u> |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | | | | | |
| Purchased professional services | | | | | |
| Other purchased services | | | | | |
| General supplies | | | | | |
| Textbooks | \$ 24,654 | | | | |
| Total instruction | <u>24,654</u> | | | | |
| Support services: | | | | | |
| Salaries | | | | | |
| Personal services-employee | | | | | |
| Purchased professional services | | | | | |
| Other purchased professional | | \$ 60,768 | \$ 17,037 | \$ 6,187 | \$ 101,196 |
| Supplies and materials | | | | | |
| Other objects | | | | | |
| Total support services | | <u>60,768</u> | <u>17,037</u> | <u>6,187</u> | <u>101,196</u> |
| Capital outlay: | | | | | |
| Non instructional equipment | | | | | |
| Total capital outlay | | | | | |
| Total expenditures | <u>\$ 24,654</u> | <u>\$ 60,768</u> | <u>\$ 17,037</u> | <u>\$ 6,187</u> | <u>\$ 101,196</u> |

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year Ended June 30, 2019

| | <u>I.D.E.A.</u> | | | | | | | | |
|---------------------------------|------------------|-------------------|-----------------------------|-----------------|------------------|-------------------|------------------|--------------------|---------------------|
| | <u>Title I A</u> | <u>Title II A</u> | <u>Title III, Immigrant</u> | <u>Title IV</u> | <u>Perkins</u> | <u>Part B</u> | <u>Preschool</u> | <u>Other Local</u> | <u>Totals</u> |
| Revenues: | | | | | | | | | |
| State sources | | | | | | | | | \$ 209,842 |
| Federal sources | \$ 93,629 | \$ 44,209 | \$ 4,410 | \$ 9,826 | \$ 16,146 | \$ 822,139 | \$ 25,268 | | 1,015,627 |
| Local sources | | | | | | | | \$ 49,840 | 49,840 |
| Total revenues | <u>93,629</u> | <u>44,209</u> | <u>4,410</u> | <u>9,826</u> | <u>16,146</u> | <u>822,139</u> | <u>25,268</u> | <u>49,840</u> | <u>1,275,309</u> |
| Expenditures: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Salaries of teachers | \$ 79,499 | | | | \$ 12,452 | | | | \$ 91,951 |
| Purchased professional services | 826 | | \$ 1,025 | \$ 9,626 | 2,741 | | | | 14,218 |
| Other purchased services | | | | | | \$ 822,139 | \$ 25,268 | \$ 5,480 | 852,887 |
| General supplies | | | 1,065 | | | | | 29,860 | 30,925 |
| Textbooks | | | | | | | | | 24,654 |
| Total instruction | <u>80,325</u> | | <u>2,090</u> | <u>9,626</u> | <u>15,193</u> | <u>822,139</u> | <u>25,268</u> | <u>35,340</u> | <u>1,014,635</u> |
| Support services: | | | | | | | | | |
| Salaries | | | 1,579 | | | | | | 1,579 |
| Personal services—employee | 6,082 | | 489 | | 953 | | | | 7,524 |
| Purchased professional services | | \$ 41,846 | | | | | | | 41,846 |
| Other purchased professional | | | | | | | | 2,275 | 187,463 |
| Supplies and materials | 2,859 | | 154 | | | | | 1,166 | 4,179 |
| Other objects | 4,363 | 2,363 | 98 | 200 | | | | 200 | 7,224 |
| Total support services | <u>13,304</u> | <u>44,209</u> | <u>2,320</u> | <u>200</u> | <u>953</u> | | | <u>3,641</u> | <u>249,815</u> |
| Capital outlay: | | | | | | | | | |
| Non instructional equipment | | | | | | | | 10,859 | 10,859 |
| Total capital outlay | | | | | | | | <u>10,859</u> | <u>10,859</u> |
| Total expenditures | <u>\$ 93,629</u> | <u>\$ 44,209</u> | <u>\$ 4,410</u> | <u>\$ 9,826</u> | <u>\$ 16,146</u> | <u>\$ 822,139</u> | <u>\$ 25,268</u> | <u>\$ 49,840</u> | <u>\$ 1,275,309</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, 2019

| | |
|--|---------------------|
| Revenues | |
| Interest income | \$ 199,968 |
| Total revenues | <u>199,968</u> |
| Expenditures | |
| Legal services | |
| Architectural services | 138,614 |
| Other purchased professional and technical services | 101,222 |
| Construction services | 9,903,208 |
| Equipment | 137,872 |
| Supplies | 754,467 |
| Total expenditures | <u>11,035,383</u> |
| (Deficiency) of revenues (under) expenditures | (10,835,415) |
| Other financing (uses) | |
| Transfer out to debt service fund | <u>(199,968)</u> |
| Total other financing (uses) | (199,968) |
| (Deficiency) of revenues (under) expenditures and Other financing (uses): | (11,035,383) |
| Fund Balance, July 1 | 15,510,451 |
| Fund Balance, June 30 | <u>\$ 4,475,068</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, 2019

| | <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 | 384,685 | \$ 199,968 | 584,653 | |
| Total revenues | <u>36,239,685</u> | <u>199,968</u> | <u>36,439,653</u> | <u>35,855,000</u> |
| Expenditures | | | | |
| Legal services | 42,072 | | 42,072 | |
| Architectural services | 2,323,873 | 138,614 | 2,462,487 | |
| Other purchased professional and technical services | 145,742 | 101,222 | 246,964 | |
| Construction services | 17,377,801 | 9,903,208 | 27,281,009 | |
| Equipment | 455,061 | 137,872 | 592,933 | |
| Supplies | | 754,467 | 754,467 | |
| Total expenditures | <u>20,344,549</u> | <u>11,035,383</u> | <u>31,379,932</u> | <u>35,855,000</u> |
| (Deficiency) of revenues (under) expenditures | 15,895,136 | (10,835,415) | 5,059,721 | - |
| Other financing (uses): | | | | |
| Transfer out to debt service fund | <u>(384,685)</u> | <u>(199,968)</u> | <u>(584,653)</u> | |
| Total other financing (uses): | (384,685) | (199,968) | (584,653) | - |
| (Deficiency) of revenues (under) expenditures and other financing sources | <u>\$ 15,510,451</u> | <u>\$ (11,035,383)</u> | <u>\$ 4,475,068</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 | | 86.11% | | |
| Original target completion date | | 9/1/2019 | | |
| Revised target completion date | | 12/1/2019 | | |

Fiduciary Funds
Detail Statements

Hopewell Valley Regional School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2019

| | Private- Purpose Scholarship Trust Funds | Agency | | |
|--|---|-----------------------------|----------------|-------------------------|
| | | Student Activity | Payroll | Total Agency |
| Assets | | | | |
| Cash and cash equivalents | \$ 18,717 | \$ 399,422 | \$ 1,486,480 | \$ 1,885,902 |
| Total assets | 18,717 | \$ 399,422 | \$ 1,486,480 | \$ 1,885,902 |
| Liabilities | | | | |
| Payroll deductions and withholdings payable | | | \$ 1,486,480 | \$ 1,486,480 |
| Due to student groups | | \$ 399,422 | | 399,422 |
| Total liabilities | | \$ 399,422 | \$ 1,486,480 | \$ 1,885,902 |
| Net position | | | | |
| Held in trust for scholarship funds | 18,717 | | | |
| Total net position | \$ 18,717 | | | |

Hopewell Valley Regional School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2019

| | Private- Purpose Scholarship Fund | Unemployment Compensation Fund | Total Trust |
|-------------------------------|--|--------------------------------------|----------------|
| Additions: | | | |
| Contributions: | | | |
| Board contributions | | \$ 174,515 | \$ 174,515 |
| Plan member contributions | | 126,268 | 126,268 |
| Scholarship donations | \$ 10,794 | | 10,794 |
| Total additions | 10,794 | 300,783 | 311,577 |
| Deductions: | | | |
| Unemployment benefit payments | | 300,783 | 300,783 |
| Scholarship payments | 15,275 | | 15,275 |
| Total deductions | 15,275 | 300,783 | 316,058 |
| Change in net position | (4,481) | - | (4,481) |
| Net position, beginning | 23,198 | - | 23,198 |
| Net position, ending | \$ 18,717 | \$ - | \$ 18,717 |

Hopewell Valley Regional School District
Student Activity Agency Fund

Schedule of Receipts and Disbursements

Year Ended June 30, 2019

| | Balance July 1, 2018 | Cash Receipts | Cash Disbursements | Balance June 30, 2019 |
|---------------------|-------------------------------------|--------------------------|-------------------------------|--------------------------------------|
| Elementary Schools: | | | | |
| Bear Tavern | \$ 2,250 | \$ 2,317 | \$ 3,803 | \$ 764 |
| Hopewell | 6,883 | 11,072 | 12,234 | 5,721 |
| Stony Brook | 83 | | | 83 |
| Toll Gate | 14,000 | 9,334 | 7,608 | 15,726 |
| Junior High School: | | | | |
| Timberlane | 51,164 | 119,823 | 112,478 | 58,509 |
| High School: | | | | |
| Student Fund | 274,224 | 617,420 | 573,025 | 318,619 |
| Total all schools | <u>\$ 348,604</u> | <u>\$ 759,966</u> | <u>\$ 709,148</u> | <u>\$ 399,422</u> |

Hopewell Valley Regional School District
Payroll Agency Fund

Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2019

| | Balance July 1, 2018 | Cash Receipts | Cash Disbursements | Balance June 30, 2019 |
|---|----------------------------|----------------------|-----------------------|-----------------------------|
| Assets | | | | |
| Cash and equivalents | \$ 1,436,400 | \$ 84,468,231 | \$ 84,418,151 | \$ 1,486,480 |
| Total assets | <u>\$ 1,436,400</u> | <u>\$ 84,468,231</u> | <u>\$ 84,418,151</u> | <u>\$ 1,486,480</u> |
| Liabilities | | | | |
| Payroll deductions and withholdings payable | \$ 1,436,400 | \$ 84,468,231 | \$ 84,418,151 | \$ 1,486,480 |
| Total liabilities | <u>\$ 1,436,400</u> | <u>\$ 84,468,231</u> | <u>\$ 84,418,151</u> | <u>\$ 1,486,480</u> |

Long-Term Debt

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2019

| Issue | Date of Issue | Amount of Issue | Annual Maturities | | Interest Rate | Balance July 1, 2018 | Retired | Balance June 30, 2019 |
|---|---------------|-----------------|-------------------|--------------|---------------|----------------------|--------------------|-----------------------|
| | | | Date | Amount | | | | |
| 2012 Refunding of December 2004 and January 2005 Bonds | 3/15/12 | \$ 5,665,000 | 1/15/2020 | \$ 1,015,000 | 4.000% | \$ 2,000,000 | \$ 985,000 | \$ 1,015,000 |
| 2016 Refunding of 2005 Refunding Bonds | 5/20/16 | 16,290,000 | 8/15/2019 | 3,240,000 | 4.000% | 13,280,000 | 3,120,000 | 10,160,000 |
| | | | 8/15/2020 | 3,380,000 | 5.000% | | | |
| | | | 8/15/2021 | 3,540,000 | 5.000% | | | |
| 2016 School Bonds | 12/15/16 | 35,855,000 | 1/15/2020 | 175,000 | 3.000% | 35,855,000 | 125,000 | 35,730,000 |
| Renovations, alterations and improvements at Hopewell, Stony Brook, Toll Gate and Bear Tavern Elementary Schools, Timberlane Middle School and Central High School. | | | 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>\$51,135,000</u> | <u>\$4,230,000</u> | <u>\$46,905,000</u> |

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2019

| | Interest Rate | Amount of Original Issue | Balance July 1, 2018 | Additions | Retired | Balance June 30, 2019 |
|------------------------------|--------------------------|---|---------------------------------|-------------------|-------------------|----------------------------------|
| Various Equipment | 1.52% | \$ 665,000 | \$ 59,198 | | \$ 59,198 | |
| Cardiac Equipment | 3.33% | 48,610 | 10,368 | | 10,368 | |
| Buses | 2.93% | 180,000 | 112,766 | | 35,929 | \$ 76,837 |
| Computer Equipment | 1.69% | 1,190,000 | 899,864 | | 294,921 | 604,943 |
| Vehicles | 1.905% | 295,000 | 210,690 | | 58,157 | 152,533 |
| Buses, Vehicle and Equipment | 1.931% | 475,000 | 405,314 | | 97,954 | 307,360 |
| Buses | 3.710% | 191,000 | | \$ 191,000 | 39,410 | 151,590 |
| Buses | 2.920% | 305,000 | | 305,000 | 62,513 | 242,487 |
| | | | <u>\$ 1,698,200</u> | <u>\$ 496,000</u> | <u>\$ 658,450</u> | <u>\$ 1,535,750</u> |

Hopewell Valley Regional School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 5,438,888 | | \$ 5,438,888 | \$ 5,438,888 | |
| State sources: | | | | | |
| Debt service aid | 345,037 | | 345,037 | 345,037 | |
| Total revenues | <u>5,783,925</u> | | <u>5,783,925</u> | <u>5,783,925</u> | |
| Expenditures: | | | | | |
| Principal on bonds | 4,230,000 | | 4,230,000 | 4,230,000 | |
| Interest on bonds | 1,885,000 | | 1,885,000 | 1,885,000 | |
| Total expenditures | <u>6,115,000</u> | | <u>6,115,000</u> | <u>6,115,000</u> | |
| (Deficiency) of revenues (under expenditures | (331,075) | | (331,075) | (331,075) | |
| Other financing sources: | | | | | |
| Transfer in | | | | 199,968 | \$ 199,968 |
| Total other financing sources | | | | <u>199,968</u> | <u>199,968</u> |
| Net change in fund balance | (331,075) | | (331,075) | (131,107) | 199,968 |
| Fund balance, July 1 | 643,404 | - | 643,404 | 643,404 | - |
| Fund balance, June 30 | <u>\$ 312,329</u> | <u>\$ -</u> | <u>\$ 312,329</u> | <u>\$ 512,297</u> | <u>\$ 199,968</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, | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 40,981,049 |
| Restricted | 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 | 6,908,406 |
| Unrestricted (deficit) | 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) | (23,798,876) |
| Total governmental activities net position | <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> | <u>\$ 24,090,579</u> |
| Business-type activities | | | | | | | | | | |
| Investment in capital assets | | \$ 297,117 | \$ 249,788 | \$ 217,906 | \$ 186,399 | \$ 162,155 | \$ 138,336 | \$ 116,213 | \$ 95,525 | \$ 114,180 |
| Restricted | | | 6,000 | | | | | | | |
| Unrestricted | \$ 774,727 | 524,775 | 378,323 | 212,550 | 368,537 | 465,305 | 158,898 | 251,637 | 400,908 | 405,338 |
| Total business-type activities net position | <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> | <u>\$ 519,518</u> |
| Government-wide | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 41,095,229 |
| Restricted | 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 | 6,908,406 |
| Unrestricted (deficit) | 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) | (23,393,538) |
| Total government-wide net position | <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> | <u>\$ 24,610,097</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
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Unaudited

| | June 30, | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 4,957,858 | | | | | | | | | |
| Unreserved | 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 | \$ 7,422,648 |
| Assigned | | 796,063 | 2,017,979 | 2,235,500 | 1,649,292 | 1,465,284 | 2,490,634 | 3,283,823 | 2,715,773 | 2,188,011 |
| 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 | 1,533,347 |
| Total general fund | <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> | <u>\$ 11,144,006</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 13,000 | | | | | | | | | |
| Reserved, reported in: | | | | | | | | | | |
| Capital projects fund | 1,017,780 | | | | | | | | | |
| Debt service fund | 3,554 | | | | | | | | | |
| Restricted for | | | | | | | | | | |
| Capital Projects | | \$ 1,811,952 | \$ 1,003,774 | \$ 948,863 | \$ 221,434 | \$ 254,134 | | \$ 32,402,999 | \$ 15,510,451 | \$ 4,475,068 |
| Debt service | | 250,398 | 211,600 | 12,333 | 918,482 | 3,066 | \$ 10,563 | 339,884 | 643,404 | 512,297 |
| Total all other governmental funds | <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> | <u>\$ 4,987,365</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, | | | | | | | | | |
|---|---------------------|--------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|------------------------|------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | | | | | | |
| Tax levy | \$ 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 | \$ 77,386,630 |
| Governmental units other than LEAs | | | | 500,000 | | | | | | |
| Tuition charges | 313,796 | 255,912 | 301,560 | 289,469 | 355,645 | 312,585 | 267,681 | 266,509 | 279,256 | 418,228 |
| Miscellaneous | 1,380,964 | 837,861 | 2,397,424 | 1,024,762 | 1,042,211 | 723,114 | 747,770 | 951,365 | 1,099,267 | 1,063,375 |
| State sources | 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 | 16,397,271 |
| Federal sources | 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 | 1,030,273 |
| Total revenue | 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 | 96,295,777 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 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 | 27,011,548 |
| Special Education Instruction | 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 | 7,107,156 |
| Other Special Instruction | 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 | 1,973,591 |
| Other Instruction | 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 | 1,079,003 |
| Support Services: | | | | | | | | | | |
| Tuition | 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 | 2,671,665 |
| Student Instruction Related Services | 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 | 7,729,871 |
| School Administration | 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 | 3,490,068 |
| General & Business Admin. Services | 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 | 2,406,601 |
| Plant Operations & Maintenance | 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 | 6,160,245 |
| Pupil Transportation | 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 | 4,297,393 |
| Other Support Services | 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 | 26,973,968 |
| Special Schools | 223,387 | 204,354 | 197,188 | 188,702 | 230,581 | 187,323 | 165,711 | 167,311 | 196,405 | 201,555 |
| Capital outlay | 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 | 12,781,914 |
| Debt service: | | | | | | | | | | |
| Principal | 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 | 4,230,000 |
| Interest and other charges | 2,073,269 | 1,614,285 | 1,714,197 | 1,443,267 | 1,353,700 | 1,250,629 | 1,116,438 | 1,565,961 | 2,131,589 | 1,885,000 |
| Total expenditures | 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 | 109,999,578 |
| Excess (Deficiency) of revenues over (under) expenditures | 1,031,442 | (332,872) | 1,155,346 | (1,394,720) | (587,134) | 991,881 | 842,982 | (2,619,046) | (15,935,129) | (13,703,801) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfer to cover deficits: | | | | | | | | | | |
| Food Services | | | | (97,664) | (200,000) | | | | | |
| Performing Arts Center | | | (5,149) | | | | | | | |
| 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) | | 293,808 | | | 663,763 | 48,610 | 451,635 | 1,485,000 | 475,000 | 494,670 |
| Transfers in | 1,201,928 | 1,587,517 | 191,279 | | | 8,587 | 616,567 | | 312,329 | 199,968 |
| Transfers out | (1,201,928) | (1,587,517) | (191,279) | | | (8,587) | (254,134) | | (312,329) | (199,968) |
| Total other financing sources (uses) | - | 293,808 | 91,113 | (97,664) | 463,763 | 48,610 | 975,158 | 38,194,542 | 475,000 | 494,670 |
| Net change in fund balances | \$ 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) | \$ (13,209,131) |
| Debt service as a percentage of noncapital expenditures | 6.6% | 6.4% | 6.3% | 6.0% | 5.9% | 6.1% | 5.6% | 6.4% | 6.6% | 6.3% |

Source: CAFR Schedule B-2

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

| Fiscal Year Ended June 30, | Tuition | Summer School Program Fees | Transportation Fees | Interest Earned | Other Refunds | Refunded Prior Year Expenditures | Refund of Health Insurance Premium | Rental Of Facilities | Health Insurance Cobra | Scholastic Fees and Parking | E-Rate | Misc. | Total |
|-------------------------------|------------|----------------------------------|------------------------|--------------------|------------------|--|---|----------------------------|------------------------------|-----------------------------------|------------|------------|--------------|
| 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 |
| 2019 | 418,228 | | 90,790 | 149,264 | | 62,537 | | 224,718 | 107,953 | | 21,375 | 153,351 | 1,228,216 |

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 | | | | | | | | | | | | | |
| 2019 | \$ 4,846,200 | \$ 269,508,200 | \$ 1,748,100 | \$ 27,600 | \$ 37,998,900 | \$ 1,270,100 | \$ 1,503,200 | \$ 316,902,300 | \$ 22,758,600 | | \$ 316,902,300 | \$ 1.65 | \$ 337,813,895 |
| 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 |
| Borough of Pennington | | | | | | | | | | | | | |
| 2019 | \$ 7,363,400 | \$ 435,499,400 | | | \$ 52,069,300 | \$ 6,283,800 | \$ 818,400 | \$ 502,034,300 | \$ 59,685,400 | \$ 1,838,457 | \$ 503,872,757 | \$ 1.56 | \$ 519,786,832 |
| 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 |
| Township of Hopewell | | | | | | | | | | | | | |
| 2019 | \$ 36,478,900 | \$ 2,737,886,300 | \$ 267,866,600 | \$ 5,347,870 | \$ 502,452,700 | \$ 404,962,100 | \$ 4,551,600 | \$ 3,959,546,070 | \$ 535,383,900 | \$ 5,228,162 | \$ 3,964,774,232 | \$ 1.67 | \$ 4,232,414,307 |
| 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 |

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 | | | | | | | | | |
| 2019 | \$ 1.65 | \$ 1.65 | \$ 0.63 | \$ 0.63 | \$ 0.04 | \$ 0.07 | \$ 0.03 | \$ 0.01 | \$ 3.06 |
| 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 |
| Borough of Pennington | | | | | | | | | |
| 2019 | \$ 1.56 | \$ 1.56 | \$ 0.46 | \$ 0.61 | \$ 0.03 | \$ 0.04 | \$ 0.03 | \$ 0.01 | \$ 2.74 |
| 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 |
| Township of Hopewell | | | | | | | | | |
| 2019 | \$ 1.67 | \$ 1.67 | \$ 0.40 | \$ 0.63 | \$ 0.06 | \$ 0.10 | \$ 0.03 | \$ 0.03 | \$ 2.92 |
| 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 |

Source: County Tax Administrator

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

| Taxpayer | 2019 | | 2010 | | |
|-------------------------------|------------------------|--|-------------------------------------|--|-------|
| | TAXABLE ASSESSED VALUE | % OF TOTAL DISTRICT NET ASSESSED VALUE | TAXABLE ASSESSED VALUE | % OF TOTAL DISTRICT NET ASSESSED VALUE | |
| Borough of Hopewell | | | | | |
| Freedman, Gerald | \$ 2,200,000 | 0.69% | \$ 3,692,500 | 1.03% | |
| Brick Farm Market,LLC | 2,088,800 | 0.66% | 2,431,800 | 0.68% | |
| Hopewell Village Square | 2,048,900 | 0.65% | 1,897,655 | 0.53% | |
| Verizon | 1,897,655 | 0.60% | PNC Bank | 1,748,400 | 0.49% |
| Rockwell Automation | 1,444,100 | 0.46% | Taxpayer #2 | 1,377,100 | 0.38% |
| Ranpd LLC | 1,340,600 | 0.42% | Taxpayer #3 | 1,234,100 | 0.34% |
| Bregenzer, Charles | 1,332,100 | 0.42% | Prewitt Incorporated | 1,208,700 | 0.34% |
| Llort, Frank | 1,254,900 | 0.40% | Lance Roberts, LLC | 1,155,200 | 0.32% |
| Magliacano, Maria | 1,057,100 | 0.33% | MLN LLC | 1,131,700 | 0.31% |
| PNC Bank | 1,029,600 | 0.32% | The Gowerling Group, LLC | 1,120,000 | 0.31% |
| Total | \$ 15,693,755 | 4.95% | \$ 16,997,155 | 4.73% | |
| Borough of Pennington | | | | | |
| 143 West Franklin Ave., LLC | \$ 7,600,000 | 1.51% | Mercer Mutual | \$ 5,319,500 | 1.06% |
| Mercer Insurance | 3,973,900 | 0.79% | Pennington Inv. Lic/C/O Lorenzetti | 4,698,900 | 0.94% |
| Pennington Square Shop. Cntr. | 3,900,000 | 0.77% | Taxpayer #1 | 4,538,000 | 0.91% |
| Pennington, LLC | 3,700,000 | 0.73% | Straube Center | 3,649,500 | 0.73% |
| Straube Regional Center | 3,531,800 | 0.70% | ECS Holding LLC | 3,250,000 | 0.65% |
| Straube Center | 3,300,000 | 0.65% | Pennington Court Co Inc | 3,126,300 | 0.62% |
| ECS Holding LLC | 3,000,000 | 0.60% | Straube Regional Center | 2,983,800 | 0.60% |
| American Properties | 2,718,700 | 0.54% | NJ Bell | 2,537,032 | 0.51% |
| Pennington Court, Inc. | 2,078,200 | 0.41% | Helene Fuld Medical Center | 2,231,800 | 0.45% |
| Chill Properties, LLC | 2,000,000 | 0.40% | Chill Properties LLC | 2,000,000 | 0.40% |
| Total | \$ 35,802,600 | 7.11% | \$ 34,334,832 | 6.87% | |
| Township of Hopewell | | | | | |
| Bristol Myers Squibb | \$ 233,797,800 | 5.90% | Merrill Lynch | \$ 366,906,600 | 8.45% |
| CCI-Hopewell VI LLC | 108,762,504 | 2.74% | Bristol Myers Squibb | 233,798,100 | 5.38% |
| Cole Hopewell Twp | 92,400,000 | 2.33% | Janssen Pharmaceutical | 90,815,600 | 2.09% |
| Janssen Pharmaceutical | 91,230,100 | 2.30% | Hopewell TC Associates & Investment | 27,646,100 | 0.64% |
| AREP Hopewell LLC | 74,025,000 | 1.87% | Trap Rock Industries | 22,092,800 | 0.51% |
| One Talent | 42,433,200 | 1.07% | 350 Carter Rd LLC C/O D&T K Farey | 16,794,900 | 0.42% |
| Hopewell TC Associates | 24,646,100 | 0.62% | Transco Gas Pipeline/AD Valorem Tax | 13,992,100 | 0.32% |
| Trap Rock Industries Inc | 22,168,000 | 0.56% | Montpen SC LLC | 13,036,500 | 0.30% |
| Transco Gas Pipeline | 13,842,100 | 0.35% | Pennwell Holding LLC C/O B Freedman | 10,123,400 | 0.23% |
| Carter Road III LLC | 13,500,000 | 0.34% | NJ Bell | 9,703,188 | 0.22% |
| Total | \$ 716,804,804 | 18.08% | \$ 804,909,288 | 18.56% | |

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 | TOTAL TAX LEVY COLLECTED |
|-------------------------------------|---|---|-----------------------|--|-----------------------------------|
| | | AMOUNT | PERCENTAGE OF LEVY | | |
| 2019 | \$ 77,386,630 | \$ 77,386,630 | 100.00% | | \$77,386,630 |
| 2018 | 76,452,806 | 76,452,806 | 100.00% | | 76,452,806 |
| 2017 | 74,150,252 | 73,769,504 | 99.49% | \$ 380,748 | 74,150,252 |
| 2016 | 73,601,264 | 74,366,411 | 101.04% | | 74,366,411 |
| 2015 | 72,074,537 | 72,074,537 | 100.00% | | 72,074,537 |
| 2014 | 70,702,544 | 70,702,544 | 100.00% | | 70,702,544 |
| 2013 | 68,993,917 | 68,993,917 | 100.00% | | 68,993,917 |
| 2012 | 68,084,876 | 68,084,876 | 100.00% | | 68,084,876 |
| 2011 | 66,627,057 | 66,627,057 | 100.00% | | 66,627,057 |
| 2010 | 65,272,828 | 65,272,828 | 100.00% | | 65,272,828 |

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 | UNAMORTIZED BOND (PREMIUM) DISCOUNT | CAPITAL LEASES | | | | |
| 2019 | \$ 46,905,000 | \$ 1,650,226 | \$ 1,535,750 | \$ 50,090,976 | 3.62% | \$ 2,234 | |
| 2018 | 51,135,000 | 2,066,184 | 1,698,200 | 54,899,384 | 3.87% | 2,389 | |
| 2017 | 55,095,000 | 2,482,142 | 1,801,075 | 59,378,217 | 4.17% | 2,580 | |
| 2016 | 23,030,000 | 2,060,212 | 501,680 | 25,591,892 | 1.79% | 1,106 | |
| 2015 | 27,920,000 | 846,530 | 444,650 | 29,211,180 | 2.18% | 1,342 | |
| 2014 | 31,445,000 | 1,142,110 | 608,249 | 33,195,359 | 2.65% | 1,455 | |
| 2013 | 34,850,000 | 1,437,690 | 154,691 | 36,442,381 | 3.62% | 1,671 | |
| 2012 | 38,165,000 | 1,733,270 | 208,731 | 40,107,001 | 3.88% | 1,820 | |
| 2011 | 41,419,000 | 1,986,086 | 286,781 | 43,691,867 | 4.22% | 1,983 | |
| 2010 | 44,589,000 | 2,238,902 | 484,533 | 47,312,435 | 4.88% | 2,279 | |

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 | | |
| 2019 | \$ 46,905,000 | \$ 512,297 | \$ 46,392,703 | 1.071% | \$ 2,069 |
| 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 |

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019**

| GOVERNMENTAL UNIT | DEBT OUTSTANDING | ESTIMATED PERCENTAGE APPLICABLE | SHARE OF OVERLAPPING DEBT |
|--|---------------------|---------------------------------------|---------------------------------|
| Debt Repaid With Property Taxes: | \$ 588,949,762 | | |
| Borough of Hopewell | | 0.7483% | \$ 4,407,351 |
| Borough of Pennington | | 1.1126% | 6,552,679 |
| Township of Hopewell | | 9.5576% | 56,289,285 |
| Other Debt: M.C.I.A. | 74,928,935 | | |
| Borough of Hopewell | | 0.7483% | 560,724 |
| Borough of Pennington | | 1.1130% | 833,662 |
| Township of Hopewell | | 9.5580% | 7,161,385 |
| Subtotal, Overlapping Debt | | | 75,805,086 |
| Hopewell Valley Regional School District Direct Debt | | | 46,905,000 |
| Total Direct & Overlapping Debt | | | <u>\$ 122,710,086</u> |

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

- a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt Limit | \$ 203,248,424 | \$ 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 |
| Total Net Debt Applicable to Limit | 46,392,703 | 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 |
| Legal Debt Margin | \$ 156,855,721 | \$ 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 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 22.83% | 25.18% | 28.10% | 11.97% | 14.67% | 16.50% | 18.80% | 19.42% | 20.34% | 15.16% |

Legal Debt Margin Calculation for Fiscal Year 2019

| | |
|---|---------------------------|
| | Equalized Valuation Basis |
| | 2019 \$ 5,090,015,034 |
| | 2018 5,141,465,554 |
| | 2017 <u>5,012,151,222</u> |
| | <u>\$ 15,243,631,810</u> |
| Average Equalized Valuation of Taxable Property | <u>\$ 5,081,210,603</u> |
| Debt Limit (4% of Average Equalization Value) | \$ 203,248,424 |
| Net Bonded School Debt | <u>46,392,703</u> |
| Legal Debt Margin | <u>\$ 156,855,721</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 | | | |
| 2019 | 1,916 | \$ 52,180 | 2.3% |
| 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% |
| Borough of Pennington | | | |
| 2019 | 2,531 | \$ 60,545 | 2.6% |
| 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% |
| Township of Hopewell | | | |
| 2019 | 17,978 | \$ 62,979 | 2.3% |
| 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% |

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 | 2019 | | 2010 | | |
|------------------------------|---------------|--------------------------------|------------------------|--------------------------------|-----|
| | Employees | Percentage of Total Employment | Employees | Percentage of Total Employment | |
| Borough of Hopewell | | | | | |
| Hopewell Elementary | 73 | N/A | Hopewell Elementary | 62 | N/A |
| Dana Communications | 42 | N/A | The Prisco Group | 50 | N/A |
| Tomato Factory Antique | 34 | N/A | Brothers Moon | 20 | N/A |
| Borough of Hopewell | 23 | N/A | Dana Communications | 20 | N/A |
| Brick Farm Market | 20 | N/A | Valley Oil Inc. | 20 | N/A |
| Valley Oil Inc. | 15 | N/A | Hopewell Pharmacy | 19 | N/A |
| Baxter Construction Inc | 14 | N/A | USPC | 13 | N/A |
| Semandex Networks Inc | 14 | N/A | JB Hill & Sons | 8 | N/A |
| Mobile Physician Group | 12 | N/A | Saums Interiors | 8 | N/A |
| Total | 247 | N/A | 220 | N/A | |
| Borough of Pennington | | | | | |
| Pennington School | 121 | N/A | Not available | | N/A |
| Hopewell Valley Regional | 76 | 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 | 54 | 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 | 12 | N/A | Not available | | N/A |
| Total | 502 | N/A | - | N/A | |
| Township of Hopewell | | | | | |
| Merrill Lynch | 6,000 | N/A | Merrill Lynch | 6,000 | N/A |
| Capital Health at Hopewell | 3,000 | N/A | Bristol Myers Squibb | 1,765 | N/A |
| Bristol Myers Squibb | 1,765 | N/A | Janssen Pharmaceutical | 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 | 173 | 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 | 120 | N/A | Not available | | N/A |
| Township of Hopewell | 112 | N/A | Not available | | N/A |
| Total | 13,335 | 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, | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Instruction: | | | | | | | | | | |
| Regular | 338.44 | 338.94 | 338.83 | 337.30 | 340.87 | 336.34 | 338.33 | 339.50 | 346.40 | 331.06 |
| Special Education | 72.38 | 72.14 | 69.85 | 68.38 | 66.39 | 63.64 | 59.14 | 57.90 | 50.20 | 55.04 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 122.07 | 121.57 | 113.52 | 113.83 | 110.38 | 109.06 | 107.92 | 94.60 | 94.90 | 102.08 |
| School Administrative Services | 25.00 | 25.00 | 24.60 | 24.60 | 24.60 | 24.55 | 23.55 | 27.70 | 24.20 | 25.20 |
| General & Business Administrative Services | 23.49 | 23.49 | 22.49 | 23.09 | 22.49 | 22.49 | 18.48 | 12.40 | 12.00 | 13.78 |
| Plant Operations & Maintenance | 48.00 | 48.00 | 47.00 | 47.00 | 48.00 | 47.00 | 53.00 | 52.20 | 52.00 | 52.45 |
| Pupil Transportation | 56.00 | 56.00 | 54.00 | 55.00 | 54.00 | 54.00 | 54.00 | 51.70 | 52.00 | 52.36 |
| Total | 685.38 | 685.14 | 670.29 | 669.20 | 666.73 | 657.08 | 654.42 | 636.00 | 631.70 | 631.97 |

Source: District Personnel Records

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

| FISCAL YEAR | ENROLLMENT | OPERATING EXPENDITURES | | 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 |
|-------------|------------|------------------------|----------------|-------------------|--------------------|---------------------|---------------|--------------------|------------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| | | (a) | COST PER PUPIL | | | ELEMENTARY | MIDDLE SCHOOL | SENIOR HIGH SCHOOL | | | | |
| 2019 | 3,458 | \$ 91,102,664 | \$ 26,345 | 8.93% | 411 | 8.4:1 | 8.2:1 | 9.1:1 | 3,485 | 3,315 | -0.88% | 95.12% |
| 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% |

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 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 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 | 452 | 407 | 407 | 420 | 407 | 407 | 407 | 439 | 475 | 541 |
| 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) | 294 | 297 | 297 | 286 | 287 | 287 | 287 | 297 | 305 | 306 |
| 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 | 442 | 441 | 441 | 447 | 468 | 468 | 468 | 479 | 475 | 452 |
| 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 | 391 | 427 | 427 | 442 | 428 | 428 | 428 | 412 | 452 | 460 |
| 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 | 808 | 851 | 851 | 847 | 928 | 928 | 928 | 952 | 961 | 964 |
| High School: | | | | | | | | | | |
| Central High School (1958): | | | | | | | | | | |
| Square Feet | 236,011 | 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 | 1,119 | 1,202 | 1,202 | 1,243 | 1,217 | 1,217 | 1,217 | 1,215 | 1,194 | 1,226 |
| 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, 2019: | | | | | | | | | | |
| 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 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| Bear Tavern | N/A | \$ 142,041 | \$ 186,531 | \$ 234,130 | \$ 159,698 | \$ 229,992 | \$ 172,689 | \$ 245,415 | \$ 179,623 | \$ 300,476 | \$ 73,630 |
| Toll Gate | N/A | 160,198 | 118,141 | 160,608 | 142,304 | 158,284 | 197,767 | 256,768 | 142,431 | 117,584 | 379,750 |
| Central High School | N/A | 464,937 | 390,250 | 403,335 | 673,453 | 415,330 | 373,789 | 449,019 | 311,861 | 309,514 | 248,792 |
| Stony Brook | N/A | 145,618 | 173,896 | 148,008 | 239,628 | 140,485 | 161,157 | 134,442 | 127,291 | 137,528 | 73,424 |
| Hopewell | N/A | 178,678 | 220,452 | 204,924 | 145,013 | 164,353 | 268,391 | 141,445 | 160,686 | 150,490 | 206,951 |
| Timberlane | N/A | 364,010 | 342,190 | 344,815 | 322,463 | 443,771 | 410,626 | 325,010 | 637,001 | 580,134 | 524,345 |
| Total School Facilities | | \$ 1,455,482 | \$ 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 |

Source: District records

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

| | <u>COVERAGE</u> | <u>DEDUCTIBLE</u> |
|---------------------------------------|-----------------|-------------------|
| Property- NJSIG: | | |
| Blanket Building & Contents | \$ 194,211,691 | \$ 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 | 194,211,691 | |
| 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 | |
| Builders Risk - Selective | | |
| Property | 10,000,000 | 5,000 |

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 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.

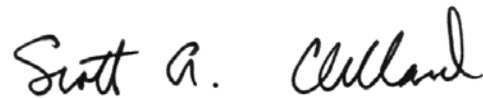
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

December 6, 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, 2019. 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, 2019.

Report on Internal Control Over Compliance

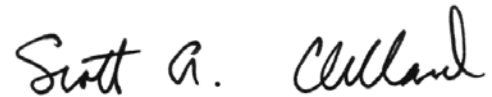
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

December 6, 2019
Livingston, New Jersey

Hopewell Valley Regional School District
Schedule of Expenditures of Federal Awards
June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Federal FAIN Number | Grant Period | Award Amount | Balance at June 30, 2018 | Carryover/Walkover Amount | Cash Received | Budgetary Expenditures | Adjustments | Balance June 30, 2019 | | |
|---|---------------------|---------------------|----------------|--------------|--------------------------|---------------------------|---------------------|------------------------|-------------|-----------------------|-----------------------|----------------|
| | | | | | | | | | | Unearned Revenue | (Accounts Receivable) | Due to Grantor |
| U.S. Department of Health and Human Services - Passed-Through State | | | | | | | | | | | | |
| Department of Education | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| Medical Assistance Program - SEMI | 93.778 | 1905NJ5MAP | 7/1/18-6/30/19 | \$ 18,480 | | | \$ 18,480 | \$ (18,480) | | | | |
| Total U.S. Department of Health and Human Services - Passed - Through State Department of Education | | | | | | | <u>18,480</u> | <u>(18,480)</u> | | | | |
| Total General Fund | | | | | | | <u>18,480</u> | <u>(18,480)</u> | | | | |
| U.S. Department of Education-Passed-Through State | | | | | | | | | | | | |
| Department of Education | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | |
| Title I, Part A | 84.010A | S010A180030 | 7/1/18-6/30/19 | 87,262 | | | 90,718 | (93,629) | | | \$ (2,911) | |
| Title I, Part A, Carryover | 84.010A | S010A170030 | 7/1/17-6/30/18 | 86,619 | \$ (5,673) | | 5,673 | | | | | |
| Title II A | 84.367A | S367A180029 | 7/1/18-6/30/19 | 47,259 | | | 44,209 | (44,209) | | | | |
| Language Instruction for English Learners and Immigrant Students: | | | | | | | | | | | | |
| Title III Immigrant | 84.365A | S365A180030 | 7/1/18-6/30/19 | 4,902 | | | 4,410 | (4,410) | | | | |
| Title III Immigrant, Carryover | 84.365A | S365A170030 | 7/1/17-6/30/18 | 4,543 | (267) | | 267 | | | | | |
| Subtotal Language Instruction for English Learners and Immigrant Students | | | | | | | | | | | | |
| Title IV, Student Support Academic Enrichment | 84.424 | S424A180031 | 7/1/18-6/30/19 | 11,328 | | | 10,026 | (9,826) | | \$ 200 | | |
| Carl D. Perkins | 84.048A | V048A180030 | 7/1/18-6/30/19 | 16,146 | | | 16,146 | (16,146) | | | | |
| Carl D. Perkins, Carryover | 84.048A | V048A170030 | 7/1/17-6/30/18 | 16,187 | (1,749) | | 1,749 | | | | | |
| Special Education Cluster: | | | | | | | | | | | | |
| I.D.E.A., Part B | 84.027A | H027A180100 | 7/1/18-6/30/19 | 830,510 | | | 822,139 | (822,139) | | | | |
| I.D.E.A., Part B, Carryover | 84.027A | H027A170100 | 7/1/17-6/30/18 | 808,687 | (56,902) | | 56,902 | | | | | |
| I.D.E.A. Preschool | 84.173A | H173A180114 | 7/1/18-6/30/19 | 25,268 | | | 25,268 | (25,268) | | | | |
| Total Special Education Cluster | | | | | <u>(56,902)</u> | | <u>904,309</u> | <u>(847,407)</u> | | | | |
| Total Special Revenue Fund | | | | | <u>(64,591)</u> | | <u>1,077,507</u> | <u>(1,015,627)</u> | | <u>200</u> | <u>(2,911)</u> | |
| U.S. Department of Agriculture-Passed-Through State | | | | | | | | | | | | |
| Department of Agriculture | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | |
| Child Nutrition Program Cluster: | | | | | | | | | | | | |
| Food Donation Program (NC) | 10.555 | 191NJ304N109 | 7/1/18-6/30/19 | 64,375 | | | 64,375 | (64,375) | | | | |
| National School Lunch Program | 10.555 | 191NJ304N109 | 7/1/18-6/30/19 | 78,619 | | | 73,294 | (78,619) | | | (5,325) | |
| National School Lunch Program | 10.555 | 181NJ304N109 | 7/1/17-6/30/18 | 82,323 | (6,223) | | 6,223 | | | | | |
| Total Child Nutrition Program Cluster | | | | | <u>(6,223)</u> | | <u>143,892</u> | <u>(142,994)</u> | | | <u>(5,325)</u> | |
| Total Enterprise Fund | | | | | <u>(6,223)</u> | | <u>143,892</u> | <u>(142,994)</u> | | | <u>(5,325)</u> | |
| Total Expenditures of Federal Awards | | | | | <u>\$ (70,814)</u> | <u>\$ -</u> | <u>\$ 1,239,879</u> | <u>\$ (1,177,101)</u> | <u>\$ -</u> | <u>\$ 200</u> | <u>\$ (8,236)</u> | <u>\$ -</u> |

NC-non cash expenditures

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

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

June 30, 2019

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2018 | | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Adjustments | Balance at June 30, 2019 | | | Memo | |
|---|-------------------------------|----------------|--------------|---------------------------|-----------------|----------------------|------------------------|------------------------------------|-------------|--------------------------|-----------------------|------------------|----------------------|-------------------------|
| | | | | Unearned Rev. (Accts Rec) | Due to Grantor | | | | | Unearned Revenue | (Accounts Receivable) | Due to Grantor | Budgetary Receivable | Cumulative Expenditures |
| State Department of Education | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | |
| Special Education Categorical Aid | 495-034-5120-089 | 7/1/18-6/30/19 | \$ 2,164,734 | | | \$ 1,994,436 | \$ (2,164,734) | | | | | | \$ (170,298) | \$ (2,164,734) |
| Special Education Categorical Aid | 495-034-5120-089 | 7/1/17-6/30/18 | | \$ (164,299) | | 164,299 | | | | | | | | |
| Transportation Aid | 495-034-5120-014 | 7/1/18-6/30/19 | 760,010 | | | 700,221 | (760,010) | | | | | | (59,789) | (760,010) |
| Transportation Aid | 495-034-5120-014 | 7/1/17-6/30/18 | | (29,566) | | 29,566 | | | | | | | | |
| Security Aid | 495-034-5120-084 | 7/1/18-6/30/19 | 62,529 | | | 57,610 | (62,529) | | | | | | (4,919) | (62,529) |
| Security Aid | 495-034-5120-084 | 7/1/17-6/30/18 | | (4,746) | | 4,746 | | | | | | | | |
| School Choice Aid | 495-034-5120-068 | 7/1/18-6/30/19 | 252,504 | | | 232,640 | (252,504) | | | | | | (19,864) | (252,504) |
| School Choice Aid | 495-034-5120-068 | 7/1/17-6/30/18 | | (18,517) | | 18,517 | | | | | | | | |
| Extraordinary Aid | 100-034-5120-473 | 7/1/18-6/30/19 | 646,128 | | | | (646,128) | | | \$ (646,128) | | | | (646,128) |
| Extraordinary Aid | 100-034-5120-473 | 7/1/17-6/30/18 | | (486,341) | | 486,341 | | | | | | | | |
| Non-Public Transportation Aid | 495-034-5120-014 | 7/1/18-6/30/19 | 73,080 | | | | (73,080) | | | | (73,080) | | | (73,080) |
| Non-Public Transportation Aid | 495-034-5120-014 | 7/1/17-6/30/18 | | (102,003) | | 102,003 | | | | | | | | |
| PARCC Readiness Aid | 495-034-5120-098 | 7/1/17-6/30/18 | 35,060 | | | 2,661 | | | | | | | | |
| Per Pupil Growth Aid | 495-034-5120-097 | 7/1/17-6/30/18 | 35,060 | | | 2,661 | | | | | | | | |
| Professional Learning Community Aid | 495-034-5120-101 | 7/1/17-6/30/18 | 35,880 | | | 2,723 | | | | | | | | |
| On-Behalf TPAF - Pension Contributions | 495-034-5094-002 | 7/1/18-6/30/19 | 6,452,057 | | | 6,452,057 | (6,452,057) | | | | | | | (6,452,057) |
| On-Behalf TPAF - Post-Retirement Medical | 495-034-5094-001 | 7/1/18-6/30/19 | 2,926,642 | | | 2,926,642 | (2,926,642) | | | | | | | (2,926,642) |
| On-Behalf TPAF - Long-Term Disability Insurance | 495-034-5094-004 | 7/1/18-6/30/19 | 5,825 | | | 5,825 | (5,825) | | | | | | | (5,825) |
| Reimbursed TPAF - Social Security | 495-034-5094-003 | 7/1/18-6/30/19 | 2,528,583 | | | 2,406,850 | (2,528,583) | | | | (121,733) | | | (2,528,583) |
| Total General Fund | | | | (813,517) | | 15,589,798 | (15,872,092) | | | | (840,941) | | (254,870) | (15,872,092) |
| Special Revenue Fund: | | | | | | | | | | | | | | |
| New Jersey Non-Public Aid: | | | | | | | | | | | | | | |
| Textbook Aid | 100-034-5120-064 | 7/1/18-6/30/19 | 25,526 | | | 25,526 | (24,654) | | | | \$ 872 | | | (24,654) |
| Textbook Aid | 100-034-5120-064 | 7/1/17-6/30/18 | 24,322 | \$ 3,247 | | | \$ (3,247) | | | | | | | |
| Nursing Services | 100-034-5120-070 | 7/1/18-6/30/19 | 65,572 | | | 65,572 | (60,768) | | | | 4,804 | | | (60,768) |
| Nursing Services | 100-034-5120-070 | 7/1/17-6/30/18 | 61,498 | | 3,061 | | (3,061) | | | | | | | |
| Security | 100-034-5120-509 | 7/1/18-6/30/19 | 101,400 | | | 101,400 | (101,196) | | | | 204 | | | (101,196) |
| Security | 100-034-5120-509 | 7/1/17-6/30/18 | 47,550 | | 294 | | (294) | | | | | | | |
| Technology | 100-035-5120-373 | 7/1/18-6/30/19 | 17,208 | | | 17,208 | (17,037) | | | | 171 | | | (17,037) |
| Technology | 100-035-5120-373 | 7/1/17-6/30/18 | 16,428 | | 55 | | (55) | | | | | | | |
| Non Public Auxillary Services (Ch. 192): | | | | | | | | | | | | | | |
| Home Instruction | 100-034-5120-067 | 7/1/17-6/30/18 | 2,248 | (2,248) | | 2,248 | | | | | | | | |
| Transportation | | 7/1/18-6/30/19 | 1,279 | | | 1,279 | | | | | 1,279 | | | |
| Transportation | | 7/1/17-6/30/18 | 1,130 | | 1,130 | | (1,130) | | | | | | | |
| Non Public Handicapped Services (Ch. 193): | | | | | | | | | | | | | | |
| Examination and Classification | 100-034-5120-066 | 7/1/18-6/30/19 | 16,387 | | | 16,387 | (6,187) | | | | 10,200 | | | (6,187) |
| Total Special Revenue Fund | | | | (2,248) | 7,787 | 229,620 | (209,842) | (7,787) | - | - | - | 17,530 | - | (209,842) |
| Debt Service Fund: | | | | | | | | | | | | | | |
| Type II Aid | 100-034-5120-075 | 7/1/18-6/30/19 | 345,037 | | | 345,037 | (345,037) | | | | | | | (345,037) |
| Total Debt Service Fund | | | | | | 345,037 | (345,037) | | | | | | | (345,037) |
| State Department of Agriculture | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | |
| State School Lunch Program (State share) | 100-010-3360-023 | 7/1/18-6/30/19 | 7,747 | | | 7,216 | (7,747) | | | | (531) | | | (7,747) |
| State School Lunch Program (State share) | 100-010-3360-023 | 7/1/17-6/30/18 | 7,724 | (595) | | 595 | | | | | | | | |
| Total Enterprise Fund | | | | (595) | | 7,811 | (7,747) | | | | (531) | | | (7,747) |
| Total State Financial Assistance | | | | \$ (816,360) | \$ 7,787 | \$ 16,172,266 | \$ (16,434,718) | \$ (7,787) | \$ - | \$ - | \$ (841,472) | \$ 17,530 | \$ (254,870) | \$ (16,434,718) |
| State Financial Assistance Not Subject to Single Audit Determination: | | | | | | | | | | | | | | |
| On-Behalf TPAF - Pension Contributions | 495-034-5094-002 | 7/1/18-6/30/19 | 6,452,057 | | | 6,452,057 | (6,452,057) | | | | | | | (6,452,057) |
| On-Behalf TPAF - Post-Retirement Medical | 495-034-5094-001 | 7/1/18-6/30/19 | 2,926,642 | | | 2,926,642 | (2,926,642) | | | | | | | (2,926,642) |
| On-Behalf TPAF - Long-Term Disability Insurance | 495-034-5094-004 | 7/1/18-6/30/19 | 5,825 | | | 5,825 | (5,825) | | | | | | | (5,825) |
| Total State Financial Assistance Subject to Single Audit Determination | | | | \$ (816,360) | \$ 7,787 | \$ 6,787,742 | \$ (7,050,194) | \$ (7,787) | \$ - | \$ - | \$ (841,472) | \$ 17,530 | \$ (254,870) | \$ (7,050,194) |

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

Hopewell Valley Regional School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2019

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 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

Hopewell Valley Regional School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2019

3. Relationship to Basic Financial Statements (continued)

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 \$29,697 for the general fund and \$3,579 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:

| | Federal | State | Total |
|--------------------------------|----------------|---------------|---------------|
| General Fund | \$ 18,480 | \$ 15,842,392 | \$ 15,860,872 |
| Special Revenue Fund | 1,015,627 | 209,842 | 1,225,469 |
| Debt Service Fund | | 345,037 | 345,037 |
| Food Service Enterprise Fund | 142,994 | 7,747 | 150,741 |
| Total financial award revenues | \$ 1,177,101 | \$ 16,405,018 | \$ 17,582,119 |

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.

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, 2019.

Hopewell Valley Regional School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2019

5. Other (continued)

The post retirement pension, medical, and long-term disability benefits received on-behalf of the District for the year ended June 30, 2019 amounted to \$9,384,524. 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 elected not to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2019

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 X No

Are any significant deficiency (ies) identified?

_____ Yes X None Reported

Noncompliance material to the basic financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Are any material weakness (es) identified?

_____ Yes X No

Are any significant deficiency (ies) identified?

_____ Yes X None Reported

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

Unmodified

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

_____ Yes X No

Identification of major federal programs:

| CFDA Number(s) | FAIN Number | Name of Federal Program or Cluster |
|----------------|-------------|---|
| 84.027A | H027A180100 | IDEA, Part B, Basic (Special Education Cluster) |
| 84.173A | H173A180114 | IDEA, Part B, Preschool (Special Education Cluster) |

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Hopewell Valley Regional School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

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

State Awards

Internal control over major state programs:

Are any material weakness (es) identified? _____ Yes X No

Are any significant deficiency (ies) identified? _____ Yes X None reported

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

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

Identification of major state programs:

| <u>GMIS/Program Number</u> | <u>Name of State Program or Cluster</u> |
|----------------------------|---|
| 495-034-5094-003 | Reimbursed TPAF Social Security contributions |
| 495-034-5120-014 | Transportation Aid |

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

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

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs (continued)
Year ended June 30, 2019

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, 2019

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

No federal award or state financial assistance program internal control over compliance or internal control findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 Section 516(a) and New Jersey State OMB Circular 15-08.

Hopewell Valley Regional School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2019

No prior year findings were noted.