

**HOPEWELL TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

**Responsibility of the Management of
Hopewell Township School District
Cumberland County, New Jersey**



**HOPEWELL TOWNSHIP
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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HOPEWELL CREST SCHOOL

122 Sewall Road, Bridgeton, New Jersey. 08032
(856) 451-9203

MRS. MEGHAN E. LAMMERSEN
Superintendent/Principal

MR. JOHN OGBIN
Vice Principal/Curriculum Coordinator

MRS. STEPHANIE KUNTZ
School Business Administrator

January 15, 2021

Honorable President and
Members of the Board of Education
Hopewell Township School District
Cumberland County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Hopewell Township District for the fiscal year ended June 30, 2020, 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 Hopewell Township Board of Education. 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 and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the general purpose of the financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, as well as findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Hopewell Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Hopewell Township 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 K through 8. These include regular and special education for handicapped youngsters. The District

completed the - fiscal year with an enrollment of 494.0 students, which is an increase from the previous year's enrollment. The following details the changes in the student enrollment of the district over the last 10 years.

AVERAGE DAILY ENROLLMENT

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2010-2011 | 533.4 | 1.09 |
| 2011-2012 | 517.6 | (2.96) |
| 2012-2013 | 508.4 | (1.78) |
| 2013-2014 | 515.1 | 1.32 |
| 2014-2015 | 490.0 | (4.87) |
| 2015-2016 | 494.1 | .84 |
| 2016-2017 | 484.2 | (2.00) |
| 2017-2018 | 478.3 | (1.22) |
| 2018-2019 | 501.8 | 4.91 |
| 2019-2020 | 500.5 | (.27) |

2. **ECONOMIC CONDITION AND OUTLOOK:** Hopewell Township, Cumberland County, has the potential for controlled economic development and expansion. Improvements to New Jersey Route 49 and the expansion of the public sewer system should invite small business investments. The school system continues to attract families who seek excellent educational experiences for their children.

3. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 management.

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

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

4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. 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.

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-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

5. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
6. **FINANCIAL INFORMATION AT FISCAL YEAR-END:** 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.
7. **DEBT ADMINISTRATION:** At June 30, 2020, the District's outstanding debt issues included \$1,331,000 of general obligation bonds for additions and renovations to the Crest School
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08. The auditor’s report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report. On June 30, 2009 pursuant to P.L. 2007, c.63 and A-4141, signed into law by Governor Corzine on June 30, 2009 the non-operating Shiloh Borough School District was eliminated. Under a plan submitted by the New Jersey Department of Education Assistant Commissioner for Field Services the Shiloh Borough School District was merged into the Hopewell Township School District

11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hopewell Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their 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,

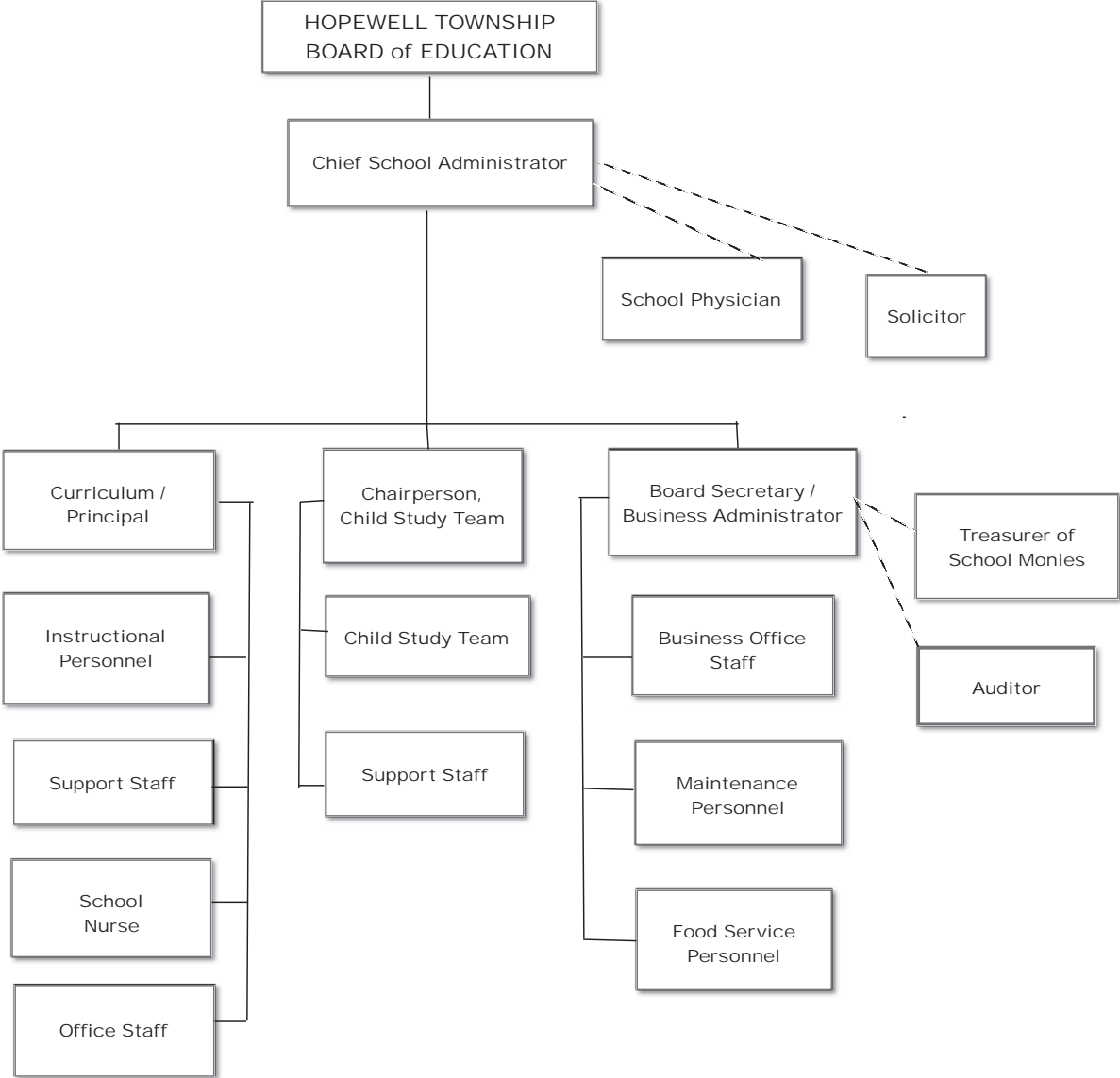


Meghan Lammersen
Superintendent/Principal



Stephanie Kuntz
Business Administrator/Board Secretary

Hopewell Township School District Organizational Chart



**HOPEWELL TOWNSHIP BOARD OF EDUCATION
BOARD OF EDUCATION
Roster of Officials
June 30, 2020**

| Members of the Board of Education | Title | Term Expires |
|--|--|---------------------|
| Kenneth Freitag | President | 2022 |
| Sharon Campbell | | 2020 |
| Michael Gaimari | | 2020 |
| Jeff Kellmyer | | 2020 |
| Karen Johns | | 2021 |
| Edward Kennedy | | 2021 |
| Tony Scafidi | Vice President | 2021 |
| Arthur Marchand | | 2022 |
| Ross Stanger | | 2022 |
| | | |
| Other Officials | Title | |
| Meghan Lammersen | Superintendent/Principal | |
| Stephanie Kuntz | Business Administrator/Board Secretary | |
| Susan Anatasio-Quinones | Treasurer of School Monies | |
| Alicia D.Anella | Solicitor | |

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION
Consultants and Advisors
June 30, 2020**

ARCHITECT

Merighi Portadin Farrell Architects, LLC
1138 East Chestnut Avenue
Vineland, NJ 08360

ATTORNEY

Comegno Law Group
521 Pleasant Valley Ave.
Moorestown, NJ 08057

AUDIT FIRM

BKC, CPAs, PC
39 State Route 12, Suite 2
Flemington, NJ 08822

OFFICIAL DEPOSITORY

Newfield National Bank
Southwest Boulevard
Newfield, NJ 08344



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Hopewell Township School District
County of Cumberland, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hopewell Township School District (the District) in the County of Cumberland, as of and for the year ended June 30, 2020, 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 an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 auditor's 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Hopewell Township School District, as of June 30, 2020, 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 the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, 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* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of 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, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 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.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

January 15, 2021
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The discussion and analysis of Hopewell Township School District's (the District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position increased \$68,042 which represents a 0.80% increase from 2019.
- General revenues accounted for \$10,103,317 in revenue or 91.96% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$882,840 or 8.04% to total revenues of \$10,986,157.
- Total assets of governmental activities increased by \$193,925, as cash and cash equivalents decreased by \$547,582, receivables and other assets increased by \$46,461, and capital assets increased by \$695,046.
- The School District had \$10,918,115 in expenses; only \$882,840 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,103,317 were adequate to provide for these programs.
- Among major funds, the general fund had \$8,546,349 in revenues, \$8,412,353 in expenditures and transferred \$950,000 to the capital projects fund to finance a parking lot project. The general fund's balance decreased \$816,004 from 2019.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hopewell Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Hopewell Township School District, the general fund is by far the most significant fund.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question; "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2020 compared to June 30, 2019.

Table 1
Net Position

| | 06/30/20 | 06/30/19 | Variance | |
|---------------------------------------|--------------|--------------|--------------|---------|
| | | | Dollars | Percent |
| Assets | | | | |
| Current & other assets | \$ 2,304,110 | \$ 2,848,277 | \$ (544,167) | -19.11% |
| Capital assets | 9,491,209 | 8,781,420 | 709,789 | 8.08% |
| Total assets | 11,795,319 | 11,629,697 | 165,622 | 1.42% |
| Deferred outflows of resources | | | | |
| Deferred amount on pension activity | 293,243 | 465,113 | (171,870) | -36.95% |
| Total deferred outflows of resources | 293,243 | 465,113 | (171,870) | -36.95% |
| Liabilities | | | | |
| Long-term liabilities | 2,563,923 | 2,632,783 | (68,860) | -2.62% |
| Other liabilities | 534,067 | 544,439 | (10,372) | -1.91% |
| Total liabilities | 3,097,990 | 3,177,222 | (79,232) | -2.49% |
| Deferred inflows of resources | | | | |
| Deferred amount on pension activity | 387,746 | 382,804 | 4,942 | 1.29% |
| Total deferred inflows of resources | 387,746 | 382,804 | 4,942 | 1.29% |
| Net position | | | | |
| Net investment in capital assets | 8,160,209 | 7,200,420 | 959,789 | 13.33% |
| Restricted | 1,175,262 | 2,523,715 | (1,348,453) | -53.43% |
| Unrestricted | (732,645) | (1,189,351) | 456,706 | -38.40% |
| Total net position | \$ 8,602,826 | \$ 8,534,784 | \$ 68,042 | 0.81% |

Total assets increased \$165,622. Cash and cash equivalents decreased by \$578,155, receivables and other assets increased by \$33,988, and capital assets increased by \$709,789. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$456,706.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 2
Changes in Net Position

| | 06/30/20 | 06/30/19 | Variance | |
|--|-------------------|-------------------|---------------------|----------------|
| | | | Dollars | Percent |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 201,270 | \$ 363,706 | \$ (162,436) | -44.66% |
| Operating grants and contributions | 681,570 | 2,477,440 | (1,795,870) | -72.49% |
| General revenues | | | | |
| Property taxes | 3,766,381 | 3,692,895 | 73,486 | 1.99% |
| Grants and entitlements | 6,205,915 | 4,094,136 | 2,111,779 | 51.58% |
| Other | 131,021 | 95,166 | 35,855 | 37.68% |
| Total revenues | <u>10,986,157</u> | <u>10,723,343</u> | <u>262,814</u> | <u>2.45%</u> |
| Expenses | | | | |
| Instruction | | | | |
| Regular | 5,005,449 | 2,465,114 | 2,540,335 | 103.05% |
| Special | 1,500,377 | 1,122,710 | 377,667 | 33.64% |
| Other | 138,159 | 102,555 | 35,604 | 34.72% |
| Support services | | | | |
| Tuition | 150,586 | 98,227 | 52,359 | 53.30% |
| Student & instructional related services | 1,560,329 | 893,499 | 666,830 | 74.63% |
| General & business administration | 549,304 | 446,322 | 102,982 | 23.07% |
| School administration | 254,188 | 135,934 | 118,254 | 86.99% |
| Maintenance | 828,186 | 763,775 | 64,411 | 8.43% |
| Transportation | 536,518 | 444,958 | 91,560 | 20.58% |
| Employee benefits - allocated for June 30,2020 | - | 3,381,492 | (3,381,492) | -100.00% |
| Charter school | 17,438 | - | 17,438 | * |
| Internal service fund | - | 52,623 | (52,623) | -100.00% |
| Food service | 231,236 | 241,456 | (10,220) | -4.23% |
| Child care | 74,766 | 73,325 | 1,441 | 1.97% |
| Interest on long-term debt | 71,579 | 80,295 | (8,716) | -10.85% |
| Total expenses | <u>10,918,115</u> | <u>10,302,285</u> | <u>615,830</u> | <u>5.98%</u> |
| Special item: Adjustment to fixed assets | <u>-</u> | <u>(5,097)</u> | <u>(5,097)</u> | <u>-100%</u> |
| Increase (decrease) in net position | <u>\$ 68,042</u> | <u>\$ 415,961</u> | <u>\$ (347,919)</u> | <u>-83.64%</u> |

* = undefined

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Governmental Activities

Local property taxes made up 34.28% of revenues for governmental activities for the Hopewell Township School District for fiscal year 2020.

Instruction comprises 60.85% of district expenses. Support services expenses make up 39.15% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2020 compared to June 30, 2019.

Table 3
Cost of Governmental Services

| | Total Cost of Services | | Net Cost of Services | |
|-----------------------------------|------------------------|----------------------|----------------------|---------------------|
| | 06/30/20 | 06/30/19 | 06/30/20 | 06/30/19 |
| Instruction | \$ 6,643,985 | \$ 3,690,379 | \$ 6,253,789 | \$ 3,690,379 |
| Support services | | | | |
| Tuition | 150,586 | 98,227 | 22,582 | 98,227 |
| Student & instructional staff | 1,560,329 | 893,499 | 1,517,390 | 893,499 |
| General & business administration | 549,304 | 446,322 | 549,304 | 426,725 |
| School administration | 254,188 | 135,934 | 254,188 | 155,531 |
| Plant operations & maintenance | 828,186 | 763,775 | 828,186 | 763,775 |
| Pupil transportation | 536,518 | 444,958 | 505,993 | 444,958 |
| Employee benefits | - | 3,381,492 | - | 1,035,451 |
| Charter school | 17,438 | - | 17,438 | - |
| Internal service fund | - | 52,623 | - | (39,377) |
| Food services | 231,236 | 241,456 | 487 | (13,366) |
| Child care | 74,766 | 73,325 | 14,339 | (21,609) |
| Interest on long-term debt | 71,579 | 80,295 | 71,579 | 80,295 |
| Total expenses | <u>\$ 10,918,115</u> | <u>\$ 10,302,285</u> | <u>\$ 10,035,275</u> | <u>\$ 7,514,488</u> |

Instructional expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration, and business administration include expenses associated with administrative and financial supervision of the District.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities, general revenue support is 91.96%. The community, as a whole, is the primary support or funding source for the Hopewell Township School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,371,653 and expenditures of \$10,192,401. The general fund had a decrease in fund balance of \$816,004.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

The School District uses program-based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the general fund, budgetary basis revenue was \$7,278,216, \$118,722 above original budgeted estimates of \$7,159,494. This difference was due primarily to increased interest earnings and other miscellaneous revenues.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Capital Assets

At the end of the fiscal year 2020, the School District had \$9,491,209 invested in land, building, furniture, equipment and vehicles. Table 4 shows June 30, 2020 balances compared to June 30, 2019.

Table 4
Capital Assets at Year End (Net of Depreciation)

| | 06/30/20 | 06/30/19 | Variance | |
|--------------------------|---------------------|---------------------|-------------------|---------|
| | | | Dollars | Percent |
| Land | \$ 257,900 | \$ 252,500 | \$ - | 0.00% |
| Land (site) improvements | 1,294,696 | 372,449 | 922,247 | 247.62% |
| Buildings & improvements | 7,687,492 | 7,938,450 | (250,958) | -3.16% |
| Furniture & equipment | 251,121 | 218,021 | 33,100 | 15.18% |
| | <u>\$ 9,491,209</u> | <u>\$ 8,781,420</u> | <u>\$ 704,389</u> | 8.02% |

Overall capital assets increased \$704,389 from fiscal year 2019 to fiscal year 2020. Increases in capital assets were offset by depreciation expenses for the year. The increase was primarily the result of a parking lot project completed in fiscal year June 30, 2020.

Long-term liabilities

At June 30, 2020, the School District had \$2,563,923 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2020 compared to June 30, 2019.

Table 5
Long-Term Liabilities at Year End

| | 06/30/20 | 06/30/19 | Variance | |
|----------------------------------|---------------------|---------------------|---------------------|---------|
| | | | Dollars | Percent |
| General obligation bonds payable | \$ 1,331,000 | \$ 1,581,000 | \$ (250,000) | -15.81% |
| Compensated absences payable | 197,556 | 195,210 | 2,346 | 1.20% |
| PERS net pension liability | 1,035,367 | 1,113,857 | (78,490) | -7.05% |
| | <u>\$ 2,563,923</u> | <u>\$ 2,890,067</u> | <u>\$ (326,144)</u> | -11.28% |

For the Future

The District has committed itself to financial excellence. The School District plans to continue its sound fiscal management to meet the challenges of the future. The district strives to be fiscally responsible while providing a top-notch education preparing out students for success in the twenty first century. It is the mission of the Hopewell Crest school to ensure that all children have the right to learn in a safe environment, where they will work to their fullest potential to become productive citizens in a technological world. In doing so, they will attain life-long physical, social, academic and emotional skills through the partnership of parents, staff and a supportive community.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Stephanie Kuntz, School Business Administrator/Board Secretary at Hopewell Township School District, 122 Sewall Road, Bridgeton, NJ, 08032.

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 868,618 | \$ 141,761 | \$ 1,010,379 |
| Due from other funds, net | 8,127 | - | 8,127 |
| Receivables, net | 144,982 | 26,204 | 171,186 |
| Inventory | - | 4,224 | 4,224 |
| Restricted assets | | | |
| Capital reserve account - cash | 461,730 | - | 461,730 |
| Maintenance reserve - cash | 499,568 | - | 499,568 |
| Capital projects - cash | 148,896 | - | 148,896 |
| Capital assets, net | | | |
| Land | 257,900 | - | 257,900 |
| Other capital assets, net of depreciation | 9,140,957 | 92,352 | 9,233,309 |
| Total assets | <u>11,530,778</u> | <u>264,541</u> | <u>11,795,319</u> |
| Deferred outflows of resources | <u>293,243</u> | <u>-</u> | <u>293,243</u> |
| Liabilities | | | |
| Accounts payable | 115,969 | 108 | 116,077 |
| Accrued interest | 18,253 | - | 18,253 |
| Other current liabilities | 53,182 | - | 53,182 |
| Unearned revenue | 330,084 | 16,471 | 346,555 |
| Long-term liabilities | | | |
| Due within one year | 283,614 | - | 283,614 |
| Due beyond one year | 2,280,309 | - | 2,280,309 |
| Total liabilities | <u>3,081,411</u> | <u>16,579</u> | <u>3,097,990</u> |
| Deferred inflows of resources | <u>387,746</u> | <u>-</u> | <u>387,746</u> |
| Net position | | | |
| Net investment in capital assets | 8,067,857 | 92,352 | 8,160,209 |
| Restricted for | | | |
| Capital reserve | 461,730 | - | 461,730 |
| Maintenance reserve | 499,568 | - | 499,568 |
| Capital projects | 148,896 | - | 148,896 |
| Internal service fund | 65,068 | - | 65,068 |
| Unrestricted | <u>(888,255)</u> | <u>155,610</u> | <u>(732,645)</u> |
| Total net position | <u>\$ 8,354,864</u> | <u>\$ 247,962</u> | <u>\$ 8,602,826</u> |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

| Functions/Programs | Direct Expenses | Indirect Expenses Allocation | Program Revenues | | | Net (Expense) Revenue & Changes in Net Position | | |
|---|---------------------|------------------------------|----------------------|---------------------------------|-------------------------------|---|--------------------------|---------------------|
| | | | Charges for Services | Operating Grants & Contribution | Capital Grants & Contribution | Governmental Activities | Business-Type Activities | Total |
| Governmental activities | | | | | | | | |
| Instruction | | | | | | | | |
| Regular | \$ 2,680,454 | \$ 2,324,995 | \$ 73,491 | \$ 146,562 | \$ - | \$ (4,785,396) | \$ - | \$ (4,785,396) |
| Special education | 642,289 | 615,016 | - | 82,051 | - | (1,175,254) | - | (1,175,254) |
| Other special education | 137,739 | 105,333 | - | 88,092 | - | (154,980) | - | (154,980) |
| Other instruction | 78,975 | 59,184 | - | - | - | (138,159) | - | (138,159) |
| Support services | | | | | | | | |
| Tuition | 150,586 | - | - | 128,004 | - | (22,582) | - | (22,582) |
| Students & instruction related services | 879,106 | 681,223 | - | 42,939 | - | (1,517,390) | - | (1,517,390) |
| General & business administration services | 393,920 | 155,384 | - | - | - | (549,304) | - | (549,304) |
| School administration services | 137,992 | 116,196 | - | - | - | (254,188) | - | (254,188) |
| Plant operations & maintenance | 747,455 | 80,731 | - | - | - | (828,186) | - | (828,186) |
| Pupil transportation | 536,518 | - | - | 30,525 | - | (505,993) | - | (505,993) |
| Charter schools | 17,438 | - | - | - | - | (17,438) | - | (17,438) |
| Interest on long-term debt | 71,579 | - | - | - | - | (71,579) | - | (71,579) |
| Total governmental activities | <u>6,474,051</u> | <u>4,138,062</u> | <u>73,491</u> | <u>518,173</u> | <u>-</u> | <u>(10,020,449)</u> | <u>-</u> | <u>(10,020,449)</u> |
| Business-type activities | | | | | | | | |
| Food service | 231,236 | - | 67,352 | 163,397 | - | - | (487) | (487) |
| Child care | 74,766 | - | 60,427 | - | - | - | (14,339) | (14,339) |
| Total business-type activities | <u>306,002</u> | <u>-</u> | <u>127,779</u> | <u>163,397</u> | <u>-</u> | <u>-</u> | <u>(14,826)</u> | <u>(14,826)</u> |
| Total primary government | <u>\$ 6,780,053</u> | <u>\$ 4,138,062</u> | <u>\$ 201,270</u> | <u>\$ 681,570</u> | <u>\$ -</u> | <u>(10,020,449)</u> | <u>(14,826)</u> | <u>(10,035,275)</u> |
| General revenues, special items and transfers | | | | | | | | |
| Property taxes levied for general purposes | | | | | | 3,571,169 | - | 3,571,169 |
| Property taxes levied for debt service | | | | | | 195,212 | - | 195,212 |
| Federal and state aid not restricted | | | | | | 6,205,915 | - | 6,205,915 |
| Investment earnings | | | | | | 2,540 | - | 2,540 |
| Miscellaneous income | | | | | | 129,332 | - | 129,332 |
| Prior year adjustment | | | | | | (851) | - | (851) |
| Total general revenues, special items and transfers | | | | | | <u>10,103,317</u> | <u>-</u> | <u>10,103,317</u> |
| Change in net position | | | | | | 82,868 | (14,826) | 68,042 |
| Net position - beginning (restated) | | | | | | 8,271,996 | 262,788 | 8,534,784 |
| Net position - ending | | | | | | <u>\$ 8,354,864</u> | <u>\$ 247,962</u> | <u>\$ 8,602,826</u> |

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2020

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--------------------------------------|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 565,146 | \$ 238,404 | \$ - | \$ - | \$ 803,550 |
| Due from other funds | 8,127 | - | - | - | 8,127 |
| Receivables from other governments | | | | | |
| State | 13,095 | - | - | - | 13,095 |
| Federal | - | 69,676 | - | - | 69,676 |
| Local | 38,618 | - | - | - | 38,618 |
| Other accounts receivables | 23,593 | - | - | - | 23,593 |
| Restricted cash and cash equivalents | 961,298 | - | 148,896 | - | 1,110,194 |
| Total assets | \$ 1,609,877 | \$ 308,080 | \$ 148,896 | \$ - | \$ 2,066,853 |
| Liabilities and fund balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 87,329 | \$ 28,640 | \$ - | \$ - | \$ 115,969 |
| Other current liabilities | 53,182 | - | - | - | 53,182 |
| Unearned revenue | 6,493 | 323,591 | - | - | 330,084 |
| Total liabilities | 147,004 | 352,231 | - | - | 499,235 |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2020

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Liabilities and fund balances | | | | | |
| Fund balances | | | | | |
| Restricted fund balance | | | | | |
| Excess surplus - designated for subsequent year's expenditures | \$ 548,168 | \$ - | \$ - | \$ - | \$ 548,168 |
| Excess surplus - current year | 28,034 | - | - | - | 28,034 |
| Capital reserve | 461,730 | - | - | - | 461,730 |
| Maintenance reserve | 499,568 | - | - | - | 499,568 |
| Capital projects | - | - | 48,896 | - | 48,896 |
| Committed fund balance | | | | | |
| Year-end encumbrances | 18,825 | - | - | - | 18,825 |
| Assigned fund balance | | | | | |
| Designated for subsequent year's expenditures | 3,190 | - | 100,000 | - | 103,190 |
| Unassigned fund balance | (96,642) | (44,151) | - | - | (140,793) |
| Total fund balances | <u>1,462,873</u> | <u>(44,151)</u> | <u>148,896</u> | <u>-</u> | <u>1,567,618</u> |
| Total liabilities and fund balances | <u>\$ 1,609,877</u> | <u>\$ 308,080</u> | <u>\$ 148,896</u> | <u>\$ -</u> | |

Statement of Net Position (A-1) are different because:

| | |
|---|---------------------|
| Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,763,852 and the accumulated depreciation is \$7,364,995. | 9,398,857 |
| Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds. | (94,503) |
| Internal service funds are used by the District to charge the costs of shared business services and curriculum coordinator. The assets and liabilities of the internal service funds are included with governmental activities. | 65,068 |
| Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (2,563,923) |
| Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. | <u>(18,253)</u> |
| Total net position of governmental activities | <u>\$ 8,354,864</u> |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Revenues | | | | | |
| Local sources | | | | | |
| Local tax levy | \$ 3,571,169 | \$ - | \$ - | \$ 195,212 | \$ 3,766,381 |
| Tuition | | | | | |
| Individuals | 43,615 | - | - | - | 43,615 |
| Other LEAs within the state | 29,876 | - | - | - | 29,876 |
| Interest | 2,540 | - | - | - | 2,540 |
| Miscellaneous | 129,332 | 1,250 | - | - | 130,582 |
| Total local sources | <u>3,776,532</u> | <u>1,250</u> | <u>-</u> | <u>195,212</u> | <u>3,972,994</u> |
| State sources | 4,751,703 | 212,376 | - | 111,919 | 5,075,998 |
| Federal sources | 18,114 | 304,547 | - | - | 322,661 |
| Total revenues | <u>8,546,349</u> | <u>518,173</u> | <u>-</u> | <u>307,131</u> | <u>9,371,653</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Instructional | | | | | |
| Regular instruction | 2,526,854 | 153,600 | - | - | 2,680,454 |
| Special education instruction | 642,289 | - | - | - | 642,289 |
| Other special instruction | 49,647 | 88,092 | - | - | 137,739 |
| Other instruction | 78,975 | - | - | - | 78,975 |
| Support service & undistributed costs | | | | | |
| Tuition | 22,582 | 128,004 | - | - | 150,586 |
| Student & instruction related services | 836,167 | 42,939 | - | - | 879,106 |
| General & business administrative services | 393,920 | - | - | - | 393,920 |
| School administrative services | 137,992 | - | - | - | 137,992 |
| Plant operations & maintenance | 747,455 | - | - | - | 747,455 |
| Pupil transportation | 505,993 | 30,525 | - | - | 536,518 |
| Unallocated benefits | 2,325,744 | 82,051 | - | - | 2,407,795 |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2020

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|----------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Expenditures (cont'd) | | | | | |
| Capital outlay | \$ 110,115 | \$ - | \$ 947,706 | \$ - | \$ 1,057,821 |
| Charter schools | 17,438 | - | - | - | 17,438 |
| Debt service | | | | | |
| Principal | - | - | - | 250,000 | 250,000 |
| Interest & other charges | 17,182 | - | - | 57,131 | 74,313 |
| Total expenditures | <u>8,412,353</u> | <u>525,211</u> | <u>947,706</u> | <u>307,131</u> | <u>10,192,401</u> |
| Excess (deficit) of revenues over (under) expenditures | <u>133,996</u> | <u>(7,038)</u> | <u>(947,706)</u> | <u>-</u> | <u>(820,748)</u> |
| Other financing sources (uses) | | | | | |
| Operating transfers in (out) | <u>(950,000)</u> | <u>-</u> | <u>950,000</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(950,000)</u> | <u>-</u> | <u>950,000</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (816,004) | (7,038) | 2,294 | - | (820,748) |
| Fund balances, July 1 | <u>2,278,877</u> | <u>(37,113)</u> | <u>146,602</u> | <u>-</u> | <u>2,388,366</u> |
| Fund balances, June 30 | <u><u>\$ 1,462,873</u></u> | <u><u>\$ (44,151)</u></u> | <u><u>\$ 148,896</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,567,618</u></u> |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net changes in fund balances - Governmental fund (from B-2) \$ (820,748)

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 expenses. This is the amount by which capital outlays exceeds depreciation in the period:

| | | |
|----------------------|------------------|---------|
| Capital outlays | \$ 1,057,821 | |
| Depreciation expense | <u>(361,924)</u> | 695,897 |

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

| | |
|-------------------------|---------|
| Debt principal payments | 250,000 |
|-------------------------|---------|

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.

2,734

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(41,818)

Prior year adjustment

(851)

In the Statement of Activities, compensated absences and early retirement benefits 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). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

(2,346)

Change in net position of governmental activities

\$ 82,868

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2020

| | Enterprise Funds | | | Governmental Activities - Internal Service Funds | | |
|------------------------------------|------------------|----------------|----------------|---|---------------------------|---------------|
| | Food Service | Child Care | Total | Shared Business Services | Curriculum Coordinator | Total |
| | | | | | | |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 35,881 | \$ 105,880 | \$ 141,761 | \$ 59,237 | \$ 5,831 | \$ 65,068 |
| Accounts receivable - other | - | 6,934 | 6,934 | - | - | - |
| Receivables from other governments | | | | | | |
| State | 825 | - | 825 | - | - | - |
| Federal | 18,445 | - | 18,445 | - | - | - |
| Inventory | 4,224 | - | 4,224 | - | - | - |
| Total current assets | <u>59,375</u> | <u>112,814</u> | <u>172,189</u> | <u>59,237</u> | <u>5,831</u> | <u>65,068</u> |
| Noncurrent assets | | | | | | |
| Capital assets | 206,279 | - | 206,279 | - | - | - |
| Less: accumulated depreciation | <u>113,927</u> | <u>-</u> | <u>113,927</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total noncurrent assets | <u>92,352</u> | <u>-</u> | <u>92,352</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>151,727</u> | <u>112,814</u> | <u>264,541</u> | <u>59,237</u> | <u>5,831</u> | <u>65,068</u> |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position (continued)
June 30, 2020

| | Enterprise Funds | | | Governmental Activities - Internal Service Funds | | |
|---|-------------------|------------------|-------------------|---|---------------------------|------------------|
| | Food Service | Child Care | Total | Shared Business Services | Curriculum Coordinator | Total |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$ - | \$ 108 | \$ 108 | \$ - | \$ - | \$ - |
| Unearned revenues - commodities | 2,193 | - | 2,193 | - | - | - |
| Unearned revenues - prepaid sales | 790 | 13,488 | 14,278 | - | - | - |
| Total liabilities | <u>2,983</u> | <u>13,596</u> | <u>16,579</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net position | | | | | | |
| Invested in capital assets, net of related debt | 92,352 | - | 92,352 | - | - | - |
| Unrestricted | <u>56,392</u> | <u>99,218</u> | <u>155,610</u> | <u>59,237</u> | <u>5,831</u> | <u>65,068</u> |
| Total net position | <u>\$ 148,744</u> | <u>\$ 99,218</u> | <u>\$ 247,962</u> | <u>\$ 59,237</u> | <u>\$ 5,831</u> | <u>\$ 65,068</u> |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

| | Enterprise Funds | | | Governmental Activities - Internal Service Funds | | |
|---|------------------|-----------------|------------------|---|---------------------------|----------|
| | Food Service | Child Care | Total | Shared Business Services | Curriculum Coordinator | Total |
| Operating revenues | | | | | | |
| Charges for services | | | | | | |
| Daily sales - reimbursable programs | \$ 48,254 | \$ - | \$ 48,254 | \$ - | \$ - | \$ - |
| Daily sales - non-reimbursable programs | 19,098 | - | 19,098 | - | - | - |
| Fees for services | - | 60,427 | 60,427 | - | - | - |
| Total operating revenues | <u>67,352</u> | <u>60,427</u> | <u>127,779</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Operating expenses | | | | | | |
| Cost of sales - reimbursable programs | 85,515 | - | 85,515 | - | - | - |
| Cost of sales - non-reimbursable programs | 1,689 | - | 1,689 | - | - | - |
| Commodity food costs | 12,578 | - | 12,578 | - | - | - |
| Salaries | 62,843 | 65,130 | 127,973 | - | - | - |
| Supports services - employee benefits | 9,306 | - | 9,306 | - | - | - |
| Purchased property services | 2,947 | - | 2,947 | - | - | - |
| Other purchased services | | | | | | |
| Insurance | 5,007 | - | 5,007 | - | - | - |
| Management fee | 30,000 | - | 30,000 | - | - | - |
| Supplies and materials | 10,229 | 5,690 | 15,919 | - | - | - |
| Depreciation | 10,007 | - | 10,007 | - | - | - |
| Miscellaneous expenditures | 1,115 | 3,946 | 5,061 | - | - | - |
| Total operating expenses | <u>231,236</u> | <u>74,766</u> | <u>306,002</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Operating income (loss) | <u>(163,884)</u> | <u>(14,339)</u> | <u>(178,223)</u> | <u>-</u> | <u>-</u> | <u>-</u> |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position (continued)
For the Fiscal Year Ended June 30, 2020

| | Enterprise Funds | | | Governmental Activities - Internal Service Funds | | |
|---|--------------------------|-------------------------|--------------------------|---|---------------------------|-------------------------|
| | Food Service | Child Care | Total | Shared Business Services | Curriculum Coordinator | Total |
| Non-operating revenues (expenses) | | | | | | |
| State sources | | | | | | |
| State school lunch program | \$ 2,940 | \$ - | \$ 2,940 | \$ - | \$ - | \$ - |
| Federal sources | | | | | | |
| National school breakfast program | | | | | | |
| Cash assistance | 45,129 | - | 45,129 | - | - | - |
| National school lunch program | | | | | | |
| Cash assistance | 102,750 | - | 102,750 | - | - | - |
| Non-cash assistance (commodities) | 12,578 | - | 12,578 | - | - | - |
| Total non-operating revenues (expenses) | <u>163,397</u> | <u>-</u> | <u>163,397</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net position | (487) | (14,339) | (14,826) | - | - | - |
| Net position, beginning | <u>149,231</u> | <u>113,557</u> | <u>262,788</u> | <u>59,237</u> | <u>5,831</u> | <u>65,068</u> |
| Net position, ending | <u><u>\$ 148,744</u></u> | <u><u>\$ 99,218</u></u> | <u><u>\$ 247,962</u></u> | <u><u>\$ 59,237</u></u> | <u><u>\$ 5,831</u></u> | <u><u>\$ 65,068</u></u> |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

| | Enterprise Funds | | | Governmental Activities - Internal Service Funds | | |
|---|------------------|---------------|------------|---|---------------------------|-----------|
| | Food Service | Child Care | Total | Shared Business Services | Curriculum Coordinator | Total |
| Cash flows from operating activities | | | | | | |
| Receipts from customers | \$ 71,442 | \$ 65,068 | \$ 136,510 | \$ - | \$ - | \$ - |
| Payments to Food Service Management Co. | (213,667) | - | (213,667) | - | - | - |
| Payments to employees | - | (65,130) | (65,130) | - | - | - |
| Payments to vendors (net) | (11,586) | (9,528) | (21,114) | - | - | - |
| Net cash provided by (used for) operating activities | (153,811) | (9,590) | (163,401) | - | - | - |
| Cash flows from non-capital financing activities | | | | | | |
| State sources | 2,513 | - | 2,513 | - | - | - |
| Federal sources | 150,342 | - | 150,342 | - | - | - |
| Interfund activity | 4,723 | - | 4,723 | - | - | - |
| Net cash provided by (used for) non-capital financing activities | 157,578 | - | 157,578 | - | - | - |
| Cash flows from capital financing activities | | | | | | |
| Acquisition of equipment | (24,750) | - | (24,750) | - | - | - |
| Net cash provided by (used for) capital financing activities | (24,750) | - | (24,750) | - | - | - |
| Net increase (decrease) in cash and cash equivalents | (20,983) | (9,590) | (30,573) | - | - | - |
| Cash and cash equivalents, beginning | 56,864 | 115,470 | 172,334 | 59,237 | 5,831 | 65,068 |
| Cash and cash equivalents, ending | \$ 35,881 | \$ 105,880 | \$ 141,761 | \$ 59,237 | \$ 5,831 | \$ 65,068 |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows (continued)
For the Fiscal Year Ended June 30, 2020

| | Enterprise Funds | | | Governmental Activities - Internal Service Funds | | |
|--|---------------------|-------------------|---------------------|---|---------------------------|-------------|
| | Food Service | Child Care | Total | Shared Business Services | Curriculum Coordinator | Total |
| Reconciliation of operating income (loss) to net cash provided by (used for) | | | | | | |
| operating activities | | | | | | |
| Operating activities | | | | | | |
| Operating income (loss) | \$ (163,884) | \$ (14,339) | \$ (178,223) | \$ - | \$ - | \$ - |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) | | | | | | |
| operating activities | | | | | | |
| Depreciation | 10,007 | - | 10,007 | - | - | - |
| Federal food donation program | 12,578 | - | 12,578 | - | - | - |
| Increase (decrease) in accounts receivable | 6,550 | 22 | 6,572 | - | - | - |
| Increase (decrease) in accounts payable | (18,331) | 108 | (18,223) | - | - | - |
| (Increase) decrease in inventory | (858) | - | (858) | - | - | - |
| Increase (decrease) in unearned revenue | 127 | 4,619 | 4,746 | - | - | - |
| Net cash provided by (used for) operating activities | <u>\$ (153,811)</u> | <u>\$ (9,590)</u> | <u>\$ (163,401)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

| | Unemployment Compensation Fund | Student Activity Agency Fund | Payroll Agency Fund |
|---|--------------------------------------|------------------------------------|------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 200,905 | \$ 28,296 | \$ 24,196 |
| Due from other funds | 11,654 | - | - |
| Total assets | \$ 212,559 | \$ 28,296 | \$ 24,196 |
| Liabilities | | | |
| Payroll deductions and withholdings | \$ - | \$ - | \$ 10,198 |
| Due to other funds | 5,783 | - | 13,998 |
| Accounts payable | 8,898 | - | - |
| Due to student groups | - | 28,296 | - |
| Total liabilities | 14,681 | \$ 28,296 | \$ 24,196 |
| Net position | | | |
| Held in trust for unemployment claims and other purposes | \$ 197,878 | | |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

| | Unemployment Compensation Fund |
|-------------------------------------|--------------------------------------|
| | |
| Additions | |
| Contributions | |
| Employee withholdings | \$ 7,766 |
| Investment earnings - interest | 205 |
| Total additions | 7,971 |
| Deductions | |
| Unemployment claims | 19,963 |
| Total deductions | 19,963 |
| Change in net position | (11,992) |
| Net position, beginning of the year | 209,870 |
| Net position, end of the year | \$ 197,878 |

NOTES TO THE FINANCIAL STATEMENTS

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Hopewell Township School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local 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 accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Cumberland, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District serves the Township of Hopewell and Borough of Shiloh. The District had an approximate enrollment at June 30, 2020 of 494 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students 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. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

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 revenues 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, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest 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 period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, 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 accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, 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 property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports 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 sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds 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 is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

Enterprise Fund - The enterprise fund is 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 or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund and the school-aged childcare (SACC) fund.

Internal Service Fund – The internal service fund is utilized to charge costs for certain activities to individual funds or other governmental entities.

The District's internal service fund is comprised of the shared business services and curriculum coordinator. The curriculum coordinator and business services were inactive during the year.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|-----------|---------------|
| Equipment | 12 - 20 years |
|-----------|---------------|

Fiduciary fund types

Trust and Agency Funds - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District:

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment 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.

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal year 2019-2020 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

Short-term interfund receivables and 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.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

| <u>Assets</u> | <u>Years</u> |
|--|--------------|
| Buildings | 50 |
| Building improvements & portable classroom | 20 - 50 |
| Land improvements | 20 |
| Furniture | 20 |
| Maintenance equipment | 15 |
| Musical instruments | 10 |
| Athletic equipment | 10 |
| Audio visual equipment | 10 |
| Office equipment | 5 - 10 |
| Computer equipment | 5 - 10 |

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement Number 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and 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.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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.

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 issuance are reported as other financing uses.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. 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 statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has three items that qualify for reporting in this category, deferred amount on pension activity, bond premium, and loss on refunding long-term debt. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement 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, deferred amount on pension activity and gain on refunding long-term debt.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2020, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

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.

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 saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2020, the District's bank balances were exposed to custodial credit risk as follows:

| | |
|---------------------|--------------|
| Insured by the FDIC | \$ 250,000 |
| Insured by GUDPA | 2,481,644 |
| Total bank balances | \$ 2,731,644 |

Deposits at June 30, 2020 appear in the financial statements as summarized below:

| | | |
|---|--------------------|--------------|
| Cash | | \$ 2,373,970 |
| Unrestricted cash | | |
| Governmental funds, Balance Sheet | <u>Ref.</u> B-1 | \$ 803,550 |
| Enterprise funds, Statement of Net Position | B-4 | 141,761 |
| Internal service funds, Statement of Net Position | B-4 | 65,068 |
| Fiduciary funds, Statement of Net Position | B-7 | 253,397 |
| Restricted cash | | |
| Governmental funds, Balance Sheet | B-1 | 1,110,194 |
| Total cash | | \$ 2,373,970 |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

| | Beginning Balance (Restated) | Increases | Decreases | Ending Balance |
|---|------------------------------------|-------------------|-------------|---------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 252,500 | \$ 5,400 | \$ - | \$ 257,900 |
| Total | <u>252,500</u> | <u>5,400</u> | <u>-</u> | <u>257,900</u> |
| Capital assets, being Depreciated | | | | |
| Land improvements | 752,356 | 967,481 | - | 1,719,837 |
| Building & improvements | 14,168,946 | 40,783 | - | 14,209,729 |
| Furniture & equipment | 532,229 | 44,157 | - | 576,386 |
| Total | <u>15,453,531</u> | <u>1,052,421</u> | <u>-</u> | <u>16,505,952</u> |
| Accumulated depreciation | | | | |
| Land improvements | 379,907 | 45,234 | - | 425,141 |
| Building & improvements | 6,231,347 | 290,890 | - | 6,522,237 |
| Furniture & equipment | 391,817 | 25,800 | - | 417,617 |
| Total | <u>7,003,071</u> | <u>361,924</u> | <u>-</u> | <u>7,364,995</u> |
| Total capital assets, being depreciated, net | <u>8,450,460</u> | <u>690,497</u> | <u>-</u> | <u>9,140,957</u> |
| Governmental activities capital assets, net | <u>\$ 8,702,960</u> | <u>\$ 695,897</u> | <u>\$ -</u> | <u>\$ 9,398,857</u> |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business type activities | | | | |
| Furniture & equipment | \$ 181,529 | \$ 24,750 | \$ - | \$ 206,279 |
| Less: accumulated depreciation | <u>103,920</u> | <u>10,007</u> | <u>-</u> | <u>113,927</u> |
| Business type activities capital assets, net | <u>\$ 77,609</u> | <u>\$ 14,743</u> | <u>\$ -</u> | <u>\$ 92,352</u> |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

| | | |
|---|----|----------------|
| Instruction | | |
| Regular | \$ | 195,333 |
| Special education | | 46,806 |
| Other special instruction | | 10,037 |
| Other instruction | | 5,755 |
| Support services | | |
| Student & instruction | | 64,063 |
| General & business administration | | 28,706 |
| School administration | | 10,056 |
| Plant maintenance | | 1,168 |
| Total depreciation expense, governmental activities | \$ | <u>361,924</u> |

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2020 is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|------------------|-------------------|---------------------|------------------------|
| Governmental activities | | | | | |
| General obligation bonds payable | \$ 1,581,000 | \$ - | \$ 250,000 | \$ 1,331,000 | \$ 275,000 |
| Compensated absences payable | 195,210 | 13,661 | 11,315 | 197,556 | 8,614 |
| PERS net pension liability | <u>1,113,857</u> | <u>-</u> | <u>78,490</u> | <u>1,035,367</u> | <u>-</u> |
| Total governmental activities long-term liabilities | <u>\$ 2,890,067</u> | <u>\$ 13,661</u> | <u>\$ 339,805</u> | <u>\$ 2,563,923</u> | <u>\$ 283,614</u> |

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020, including interest payments are listed as follows:

| Fiscal Year Ended June 30, | Principal | Interest | Total |
|-------------------------------|---------------------|-------------------|---------------------|
| 2021 | \$ 275,000 | \$ 47,518 | \$ 322,518 |
| 2022 | 280,000 | 37,393 | 317,393 |
| 2023 | 285,000 | 26,940 | 311,940 |
| 2024 | 250,000 | 15,676 | 265,676 |
| 2025 | <u>241,000</u> | <u>5,182</u> | <u>246,182</u> |
| Total | <u>\$ 1,331,000</u> | <u>\$ 132,709</u> | <u>\$ 1,463,709</u> |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)
General Obligation Bonds - General obligation school building bonds payable at June 30, 2020, with their outstanding balances are comprised of the following individual issues:

| | |
|---|--------------|
| \$2,821,000 - 2009 refunding school bonds, interest at 3.00% to 4.30%, due in annual installments beginning September 1, 2010 to September 1, 2024. | \$ 1,171,000 |
| \$375,000 - 2015 refunding school bonds, interest at 2.25%, due in annual installments beginning July 1, 2015 to July 1, 2023. | 160,000 |
| Total | \$ 1,331,000 |

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2020 is \$11,014,317. General obligation debt at June 30, 2020 is \$1,331,000, resulting in a legal debt margin of \$9,683,317.

Note 6 - Pension plans
Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.

A. Public employees' retirement systems (PERS)
Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

| Tier | Definition |
|------|---|
| 1 | Members enrolled prior to July 1, 2007 |
| 2 | Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25-years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2019 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15-years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions (continued)

The District's contractually required contribution rate for the year ended June 30, 2020 was 14.93% of the Municipality's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The components of the District's allocable share of the net pension liability for PERS as of measurement date June 30, 2020:

| | |
|-----------------------|---------------|
| Net pension liability | \$ 1,035,367 |
| Proportionate share | 0.0057461383% |

| | |
|--|--------|
| Plan fiduciary net position as a percentage of the total pension liability | 56.27% |
|--|--------|

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

| | |
|----------------|-------|
| Inflation rate | |
| Price | 2.75% |
| Wage | 3.25% |

| | |
|--|---------------|
| Salary increases (based on years of service) | |
| Through 2026 | 1.65% - 4.15% |
| Thereafter | 2.65% - 5.15% |

| | |
|---------------------------|-------|
| Investment rate of return | 7.00% |
|---------------------------|-------|

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2019.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocations</u> | <u>Long-Term Expected Rate of Return</u> |
|-----------------------------------|---------------------------|--|
| Risk mitigation strategies | 3.00% | 4.67% |
| Cash equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment grade credit | 10.00% | 4.25% |
| High yield | 2.00% | 5.37% |
| Private credit | 6.00% | 7.92% |
| Real assets | 2.50% | 9.31% |
| Real estate | 7.50% | 8.33% |
| U.S. equity | 28.00% | 8.26% |
| Non-U.S. developed markets equity | 12.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.37% |
| Private equity | 12.00% | 10.85% |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019, measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

| | | |
|----------------------------------|----|-----------|
| At current discount rate (6.28%) | \$ | 1,035,367 |
| At a 1% lower rate (5.28%) | | 1,316,935 |
| At a 1% higher rate (7.28%) | | 811,378 |

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2019 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 18,583 | \$ 4,574 |
| Changes of assumptions | 103,385 | 359,373 |
| Net difference between projected and actual earnings on pension plan investments | - | 16,344 |
| Changes in proportion and differences between district contributions and proportionate share of contributions | 115,382 | 7,455 |
| District contributions subsequent to the measurement date | 55,893 | - |
| Total | <u>\$ 293,243</u> | <u>\$ 387,746</u> |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2020, the plan measurement date is June 30, 2019) of \$55,893 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2019 measurement date:

| | Beginning Balance | Net Change in Activity | Ending Balance |
|--|----------------------|---------------------------|----------------|
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | \$ 21,241 | \$ (2,658) | \$ 18,583 |
| Changes of assumptions | 183,545 | (80,160) | 103,385 |
| Changes in proportion | 147,971 | (147,971) | - |
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | (5,743) | 1,169 | (4,574) |
| Changes of assumptions | (356,152) | (3,221) | (359,373) |
| Changes in proportion | (10,461) | 10,461 | - |
| Difference between projected and actual earnings on pension plan investments | (10,448) | (5,896) | (16,344) |
| Net of deferred outflows | \$ (30,047) | \$ (228,276) | \$ (258,323) |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Fiscal Year Ended June 30,

| | |
|-------|--------------|
| 2020 | \$ (29,897) |
| 2021 | (96,985) |
| 2022 | (86,602) |
| 2023 | (40,664) |
| 2024 | (4,175) |
| Total | \$ (258,323) |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense

For the fiscal year ended June 30, 2020, the District recognized net pension expense of \$98,345, which represents the District's proportionate share of allocable plan pension expense of \$48,002, plus the net amortization of deferred amounts from changes in proportion of \$49,749, plus pension expense related to specific liabilities of individual employers of \$217, plus other adjustments to the net pension liability of \$377. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

| | | |
|---|----|----------|
| Service cost | \$ | 39,875 |
| Interest on total pension liability | | 118,189 |
| Member contributions | | (27,466) |
| Administrative expense | | 728 |
| Expected investment return net of investment expense | | (73,335) |
| Pension expense related to specific liabilities of individual employers | | (343) |
| Recognition of deferred inflows/outflows of resources | | |
| Amortization of assumption changes or inputs | | 8,898 |
| Amortization of expected versus actual experience | | (27,196) |
| Amortization of projected versus actual investment earnings on pension plan investments | | 8,652 |
| Pension expense | \$ | 48,002 |

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher’s pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership tiers for TPAF:

| Tier | Definition |
|------|---|
| 1 | Members enrolled prior to July 1, 2007 |
| 2 | Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2019, the State’s pension contribution was less than the actuarial determined amount.

Special funding situation

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 non-employer 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 non-employer contributing entities’ total proportionate share of the net pension liability that is associated with the local participating employer.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2019, the State of New Jersey contributed \$700,000 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2019 measurement date is as follows:

| | | |
|--|----|------------|
| District proportionate share of net pension liability | \$ | 29,248,898 |
| Less: State proportionate share of net pension liability | | 7,882,774 |
| Net pension liability | \$ | 21,366,124 |

| | | |
|---------------------|--|---------------|
| Proportionate share | | 0.0348147233% |
|---------------------|--|---------------|

| | | |
|--|--|--------|
| Plan fiduciary net position as a percentage of the total pension liability | | 26.95% |
|--|--|--------|

Actuarial assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | | |
|---------------------------------|--|--------------|
| Inflation rate | | |
| Price | | 2.75% |
| Wage | | 3.25% |
| Salary increases (based on age) | | |
| 2011 - 2026 | | 1.55 - 4.45% |
| Thereafter | | 2.75 - 5.65% |
| Investment rate of return | | 7.00% |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Actuarial assumptions (continued)

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 TPAF's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocations</u> | <u>Long-Term Expected Rate of Return</u> |
|-----------------------------------|---------------------------|--|
| Risk mitigation strategies | 3.00% | 4.67% |
| Cash equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment grade credit | 10.00% | 4.25% |
| High yield | 2.00% | 5.37% |
| Private credit | 6.00% | 7.92% |
| Real assets | 2.50% | 9.31% |
| Real estate | 7.50% | 8.33% |
| U.S. equity | 28.00% | 8.26% |
| Non-U.S. developed markets equity | 12.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.37% |
| Private equity | 12.00% | 10.85% |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

| | |
|----------------------------------|---------------|
| At current discount rate (5.60%) | \$ 21,366,124 |
| At a 1% lower rate (4.60%) | 25,195,390 |
| At a 1% higher rate (6.60%) | 18,189,043 |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Pension expense

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

| | | |
|---|----|-----------|
| Service cost | \$ | 653,664 |
| Interest on total pension liability | | 1,459,277 |
| Member contributions | | (293,881) |
| Administrative expense | | 4,835 |
| Expected investment return net of investment expense | | (535,857) |
| Pension expense related to specific liabilities of individual employers | | (104) |
| Recognition of deferred inflows/outflows of resources | | |
| Amortization of assumption changes or inputs | | 61,900 |
| Amortization of expected versus actual experience | | (207,229) |
| Amortization of projected versus actual investment earnings on pension plan investments | | 117,626 |
| Pension expense | \$ | 1,260,231 |

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2020) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District’s contribution to the DCRP for fiscal year ended 2020 was \$8,087.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

D. Other pension plan information

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$266,576 to the TPAF for postretirement medical benefits, \$12,653 for non-contributory insurance premiums, \$293 for long-term disability insurance, and \$705,916 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$272,511 during the year ended June 30, 2020 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds postretirement 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 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated 1.612 billion in fiscal year 2020 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. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB liability

The State, a non-employer 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 GASB Statement 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. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2019 measurement date is as follows:

| | |
|--|-------------------|
| State's proportionate share of the OPEB liability | \$ 41,729,081,045 |
| District's proportionate share of the State's OPEB liability | 17,444,824 |
| Employer OPEB expense and related revenue | 63,948 |
| Allocable proportionate percentage | 0.0418049561% |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability

| | Total OPEB Liability |
|---|-------------------------|
| Total OPEB liability at June 30, 2018 | \$ 19,440,326 |
| Service cost | 532,053 |
| Interest cost | 762,972 |
| Change of benefit terms | - |
| Differences between expected and actual experiences | (3,031,001) |
| Changes of assumptions | 260,104 |
| Member contributions | 15,874 |
| Gross benefit payments | (535,504) |
| Total OPEB liability at June 30, 2019 | \$ 17,444,824 |

There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:

| | | |
|------------------|--------------------------------|---------------------------------|
| Inflation rate | 2.50% | |
| | TPAF | PERS |
| | (based on years of service) | (based on years of services) |
| Salary increases | | |
| Through 2026 | 1.55% - 3.05% | 2.00% - 6.00% |
| Thereafter | 1.55% - 3.05% | 3.00% - 7.00% |

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2019 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as 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% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

| | |
|----------------------------------|---------------|
| At current discount rate (3.50%) | \$ 17,444,824 |
| At a 1% lower rate (2.50%) | 20,609,231 |
| At a 1% higher rate (4.50%) | 14,931,193 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates (continued)
Total OPEB Liability (school retirees)

| | | |
|-----------------------------------|----|------------|
| Healthcare cost trend rate | \$ | 17,444,824 |
| At a 1% lower rate (1% decrease) | | 14,373,757 |
| At a 1% higher rate (1% increase) | | 21,510,286 |

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$63,948 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District’s proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation
The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

| | |
|-----------------------------|----------------|
| Lincoln Investment Planning | AIG/Sunamerica |
| Valic | Prudential |
| FTJ Fund Choice | ING |
| GWN Marketing, Inc. | New York Life |
| American Funds | |

Note 9 - Inventory
Inventory in the food service fund as of June 30, 2020 consisted of the following:

| | | |
|----------|----|-------|
| Food | \$ | 1,624 |
| Supplies | | 2,600 |
| Total | \$ | 4,224 |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Operating lease

At June 30, 2020, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

| | | | |
|-------|--|----|--------|
| 2021 | | \$ | 14,227 |
| 2022 | | | 14,085 |
| 2023 | | | 12,523 |
| 2024 | | | 12,523 |
| 2025 | | | 7,305 |
| Total | | | 60,663 |

Note 11 - Contingent liabilities

Litigation

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the District.

Grantor agencies

Amounts received, or receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for Benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fund for the current and previous two years:

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management - continued

| <u>Fiscal Year</u> | <u>Board Contrib.</u> | <u>Interest Earnings</u> | <u>Employee Contrib.</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|---------------------------|------------------------------|------------------------------|------------------------------|---------------------------|
| 2019 - 2020 | \$ - | \$ 205 | \$ 7,766 | \$ 19,963 | \$ 197,878 |
| 2018 - 2019 | - | 210 | 6,220 | 6,588 | 209,870 |
| 2017 - 2018 | - | 221 | 6,191 | 13,198 | 210,028 |

Note 13 - Legal reserve accounts

A capital reserve account was established by the District 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) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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 NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$400,000 to their capital reserve account and \$100,000 to their maintenance reserve account by Board Resolution in June 2020 as summarized in the following schedule. The following schedule is a summarization of the legal reserve accounts for the current year:

| <u>Reserve Type</u> | <u>Beginning Balance</u> | <u>District Contrib.</u> | <u>Interest Earnings</u> | <u>Return Unused Withdrawal</u> | <u>Withdrawal</u> | <u>Ending Balance</u> |
|-------------------------|------------------------------|------------------------------|------------------------------|---|---------------------|---------------------------|
| Capital | \$ 1,011,138 | \$ 400,000 | \$ 592 | \$ - | \$ 950,000 | \$ 461,730 |
| Maintenance | 499,568 | 100,000 | - | - | 100,000 | 499,568 |
| Total | <u>\$ 1,510,706</u> | <u>\$ 500,000</u> | <u>\$ 592</u> | <u>\$ -</u> | <u>\$ 1,050,000</u> | <u>\$ 961,298</u> |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2020 is as follows:

Restricted

| | |
|--|------------|
| Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements | \$ 548,168 |
| Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets. | 28,034 |
| Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan. | 461,730 |
| Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9). | 499,568 |

Committed

| | |
|---|--------|
| Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30. | 18,825 |
|---|--------|

Assigned

| | |
|--|-------|
| Designated for subsequent year's expenditures - represents amount appropriated in the succeeding year's budget to reduce tax requirements. | 3,190 |
|--|-------|

Unassigned

| | |
|---|-----------|
| Undesignated - Represents fund balance which has not been restricted or designated. | 250,000 |
| Total fund balance - Budgetary basis (Exhibit C-1) | 1,809,515 |

| | |
|--|---------------------|
| Last state aid payments not recognized on GAAP basis | (346,642) |
| Total fund balance - GAAP basis (Exhibit B-1) | <u>\$ 1,462,873</u> |

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$28,034.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2020 is as follows:

| | Receivable | Payable |
|--------------------------------|------------|-----------|
| General fund | \$ 8,127 | \$ - |
| Payroll agency fund | - | 13,998 |
| Unemployment compensation fund | 11,654 | 5,783 |
| Total | \$ 19,781 | \$ 19,781 |

As of June 30, 2020, the following interfund balances were on the District’s records. The amount due of \$5,783 from the unemployment compensation fund to the general fund represents a prior year balance due back to the general fund. The balance due from the payroll agency fund to the general fund of \$2,344 represents interest and an imprest balance. The balance due from payroll agency to unemployment compensation of \$11,654 is unemployment withholdings not yet transferred at year end.

Note 17 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 *Leases*. This statement, which is effective for reporting periods beginning after December 15, 2019, is not expected to have a material impact on the District’s financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement, which is effective for reporting periods beginning after December 15, 2018, is not expected to have a material impact on the District’s financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2020 of (\$888,255) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State’s net pension liability for PERS to each contributing entity throughout the state.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 19 - Deficit fund balance in the general fund

The District has a deficit fund balance of \$96,642 in the general fund as of June 30, 2020 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the general fund balance deficit does not alone indicate that the district is facing financial difficulties.

Note 20 - Deficit fund balance in the special revenue fund

The District has a deficit fund balance of \$44,151 in the special revenue fund as of June 30, 2020 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 21 - Risks and uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The “COVID-19 outbreak”) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations.

Note 22 - Subsequent events

The District has evaluated subsequent events through January 15, 2021, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HOPEWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | Final Budget | Actual | Variance Final to Actual |
|--|---------------------|---------------------|---------------------|---------------------|--------------------------------|
| | Original Budget | Budget Transfers | | | |
| Revenue | | | | | |
| Local sources | | | | | |
| Local tax levy | \$ 3,571,169 | \$ - | \$ 3,571,169 | \$ 3,571,169 | \$ - |
| Tuition from individuals | 21,042 | - | 21,042 | 43,615 | 22,573 |
| Tuition from other LEAs within the state | - | - | - | 29,876 | 29,876 |
| Unrestricted miscellaneous revenues | 63,777 | - | 63,777 | 125,880 | 62,103 |
| Interest earned on maintenance reserve | 250 | - | 250 | - | (250) |
| Interest earned on capital reserve funds | 250 | - | 250 | 592 | 342 |
| Total | <u>3,656,488</u> | <u>-</u> | <u>3,656,488</u> | <u>3,771,132</u> | <u>114,644</u> |
| State sources | | | | | |
| Categorical transportation aid | 197,184 | - | 197,184 | 197,184 | - |
| Categorical special education aid | 279,437 | - | 279,437 | 279,437 | - |
| Equalization aid | 2,720,941 | - | 2,720,941 | 2,720,941 | - |
| Categorical security aid | 89,617 | - | 89,617 | 89,617 | - |
| Adjustment aid | 201,791 | - | 201,791 | 201,791 | - |
| TPAF Pension (on-behalf) | - | - | - | 718,569 | 718,569 |
| TPAF Social Security (reimbursed) | - | - | - | 272,511 | 272,511 |
| TPAF Postretirement benefits | - | - | - | 266,576 | 266,576 |
| TPAF Long-term disability insurance | - | - | - | 293 | 293 |
| Total | <u>3,488,970</u> | <u>-</u> | <u>3,488,970</u> | <u>4,746,919</u> | <u>1,257,949</u> |
| Federal Sources | | | | | |
| Medicaid reimbursement | 14,036 | - | 14,036 | 18,114 | 4,078 |
| Total | <u>14,036</u> | <u>-</u> | <u>14,036</u> | <u>18,114</u> | <u>4,078</u> |
| Total revenues | <u>\$ 7,159,494</u> | <u>\$ -</u> | <u>\$ 7,159,494</u> | <u>\$ 8,536,165</u> | <u>\$ 1,376,671</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Instruction - regular program | | | | | |
| Salaries of teachers | | | | | |
| Kindergarten | \$ 213,313 | \$ 26,809 | \$ 240,122 | \$ 239,202 | \$ 920 |
| Grades 1-5 | 1,293,421 | (129,785) | 1,163,636 | 1,131,035 | 32,601 |
| Grades 6-8 | 843,919 | - | 843,919 | 811,380 | 32,539 |
| Home instruction | | | | | |
| Salaries of teacher | 5,210 | - | 5,210 | 2,745 | 2,465 |
| Other purchased services | - | 2,335 | 2,335 | 2,165 | 170 |
| Regular programs - undistributed instruction | | | | | |
| Other salaries for instruction | 22,010 | 50,130 | 72,140 | 70,056 | 2,084 |
| Other purchased services | 17,000 | 6,807 | 23,807 | 23,345 | 462 |
| General supplies | 211,641 | 33,490 | 245,131 | 240,806 | 4,325 |
| Textbooks | 5,000 | (3,191) | 1,809 | 1,809 | - |
| Other objects | 14,000 | (6,530) | 7,470 | 4,311 | 3,159 |
| Total | <u>2,625,514</u> | <u>(19,935)</u> | <u>2,605,579</u> | <u>2,526,854</u> | <u>78,725</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | | Actual | Variance Final to Actual |
|---|---------------------|---------------------|---------------------|---------------------|--------------------------------|
| | Original Budget | Budget Transfers | Final Budget | | |
| Expenditures (cont'd) | | | | | |
| Special education | | | | | |
| Learning and/or language disabilities | | | | | |
| Salaries of teachers | \$ 139,349 | \$ (69,034) | \$ 70,315 | \$ 61,616 | \$ 8,699 |
| Other salaries for instruction | 165,406 | - | 165,406 | 163,278 | 2,128 |
| General supplies | 5,800 | (2,360) | 3,440 | 3,440 | - |
| Textbooks | 1,000 | - | 1,000 | - | 1,000 |
| Total | <u>311,555</u> | <u>(71,394)</u> | <u>240,161</u> | <u>228,334</u> | <u>11,827</u> |
| Resource room/resource center | | | | | |
| Salaries of teachers | 279,249 | 134,236 | 413,485 | 413,485 | - |
| General supplies | 2,000 | (1,530) | 470 | 470 | - |
| Textbooks | 500 | - | 500 | - | 500 |
| Total | <u>281,749</u> | <u>132,706</u> | <u>414,455</u> | <u>413,955</u> | <u>500</u> |
| Total special education | <u>593,304</u> | <u>61,312</u> | <u>654,616</u> | <u>642,289</u> | <u>12,327</u> |
| Basic skills/remedial | | | | | |
| Salaries of teachers | 40,082 | 8,961 | 49,043 | 49,043 | - |
| General supplies | 2,000 | (1,735) | 265 | 265 | - |
| Total | <u>42,082</u> | <u>7,226</u> | <u>49,308</u> | <u>49,308</u> | <u>-</u> |
| Bilingual education - instruction | | | | | |
| Salaries of teachers | 14,860 | 4,700 | 19,560 | - | 19,560 |
| General supplies | 800 | - | 800 | 339 | 461 |
| Total | <u>15,660</u> | <u>4,700</u> | <u>20,360</u> | <u>339</u> | <u>20,021</u> |
| School-sponsored co/extra curricular activities - instruction | | | | | |
| Salaries | 33,000 | - | 33,000 | 25,346 | 7,654 |
| Total | <u>33,000</u> | <u>-</u> | <u>33,000</u> | <u>25,346</u> | <u>7,654</u> |
| School-sponsored athletics - instruction | | | | | |
| Salaries | - | 66,546 | 66,546 | 53,629 | 12,917 |
| Total | <u>-</u> | <u>66,546</u> | <u>66,546</u> | <u>53,629</u> | <u>12,917</u> |
| Other instructional programs - instruction | | | | | |
| Salaries | 66,546 | (66,546) | - | - | - |
| Total | <u>66,546</u> | <u>(66,546)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total instruction regular | <u>\$ 3,376,106</u> | <u>\$ 53,303</u> | <u>\$ 3,429,409</u> | <u>\$ 3,297,765</u> | <u>\$ 131,644</u> |
| Undistributed expenditures | | | | | |
| Undistributed expenditures - instruction | | | | | |
| Tuition to other LEAs within the state - special | \$ 55,648 | \$ (7,863) | \$ 47,785 | \$ 372 | \$ 47,413 |
| Tuition to cssd & regional day schools | 5,369 | - | 5,369 | - | 5,369 |
| Tuition to priv. school for the disabled w/i state | 50,130 | (38,438) | 11,692 | - | 11,692 |
| Tuition - other | - | 22,210 | 22,210 | 22,210 | - |
| Total | <u>111,147</u> | <u>(24,091)</u> | <u>87,056</u> | <u>22,582</u> | <u>64,474</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|--------------------------------|
| | Original Budget | Budget Transfers | Final Budget | | |
| Expenditures (cont'd) | | | | | |
| Undistributed expenditures - attendance & social work | | | | | |
| salaries | \$ 3,505 | \$ - | \$ 3,505 | \$ 2,405 | \$ 1,100 |
| Other purchased services | 100 | - | 100 | - | 100 |
| Supplies and materials | 100 | - | 100 | - | 100 |
| Total | <u>3,705</u> | <u>-</u> | <u>3,705</u> | <u>2,405</u> | <u>1,300</u> |
| Undistributed expenditures - health services | | | | | |
| Salaries | 79,959 | 1,676 | 81,635 | 81,635 | - |
| Purchased professional and technical services | 4,000 | 4,395 | 8,395 | 6,988 | 1,407 |
| Other purchased services | 100 | 5 | 105 | - | 105 |
| Supplies and materials | 3,800 | (2,000) | 1,800 | 1,783 | 17 |
| Other objects | 1,000 | - | 1,000 | - | 1,000 |
| Total | <u>88,859</u> | <u>4,076</u> | <u>92,935</u> | <u>90,406</u> | <u>2,529</u> |
| Undistributed expenditures - speech, ot, pt & related services | | | | | |
| Salaries | 81,071 | (11,594) | 69,477 | 61,957 | 7,520 |
| Purchased professional - educational services | 85,000 | (11,897) | 73,103 | 60,409 | 12,694 |
| Supplies and materials | 1,100 | - | 1,100 | 486 | 614 |
| Total | <u>167,171</u> | <u>(23,491)</u> | <u>143,680</u> | <u>122,852</u> | <u>20,828</u> |
| Undistributed expenditures - guidance | | | | | |
| Salaries of other professional staff | 90,558 | - | 90,558 | 62,428 | 28,130 |
| Other purchased services | 50 | 200 | 250 | 220 | 30 |
| Supplies and materials | 1,500 | 208 | 1,708 | 1,708 | - |
| Total | <u>92,108</u> | <u>408</u> | <u>92,516</u> | <u>64,356</u> | <u>28,160</u> |
| Undistributed expenditures - child study teams | | | | | |
| Salaries of other professional staff | 258,895 | 1,404 | 260,299 | 260,299 | - |
| Salaries of secretarial and clerical assistants | 47,480 | - | 47,480 | 47,137 | 343 |
| Other purchased professional & technical services | 1,500 | 1,925 | 3,425 | 3,425 | - |
| Other purchased services | 9,000 | 15,142 | 24,142 | 21,656 | 2,486 |
| Supplies and materials | 3,000 | (261) | 2,739 | 1,413 | 1,326 |
| Other objects | 600 | 661 | 1,261 | 1,261 | - |
| Total | <u>320,475</u> | <u>18,871</u> | <u>339,346</u> | <u>335,191</u> | <u>4,155</u> |
| Undistributed expenditures - improvement of inst. service | | | | | |
| Salaries of supervisor of instruction | 79,735 | - | 79,735 | 78,494 | 1,241 |
| Salaries of secretarial & clerical assist | 67,180 | - | 67,180 | 49,911 | 17,269 |
| Purchased professional - educational services | 3,000 | - | 3,000 | 2,000 | 1,000 |
| Other purchased services | 3,000 | - | 3,000 | 1,451 | 1,549 |
| Supplies and materials | 1,500 | - | 1,500 | 1,002 | 498 |
| Total | <u>154,415</u> | <u>-</u> | <u>154,415</u> | <u>132,858</u> | <u>21,557</u> |
| Undistributed expenditures - edu. media service/sch. library | | | | | |
| Salaries | 65,699 | - | 65,699 | 65,385 | 314 |
| Other purchased services | 20,000 | - | 20,000 | 19,325 | 675 |
| Supplies and materials | 4,000 | - | 4,000 | 3,389 | 611 |
| Total | <u>89,699</u> | <u>-</u> | <u>89,699</u> | <u>88,099</u> | <u>1,600</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|--------------------------------|
| | Original Budget | Budget Transfers | Final Budget | | |
| Expenditures (cont'd) | | | | | |
| Undistributed expend. - support service - general admin. | | | | | |
| Salaries | \$ 63,065 | \$ - | \$ 63,065 | \$ 63,065 | \$ - |
| Legal services | 35,000 | 9,332 | 44,332 | 44,332 | - |
| Audit fees | 21,000 | 168 | 21,168 | 21,000 | 168 |
| Architectural/engineering services | - | 1,000 | 1,000 | 990 | 10 |
| Communications/telephone | 28,000 | 4,015 | 32,015 | 30,575 | 1,440 |
| BOE other purchased services | 600 | - | 600 | 149 | 451 |
| Miscellaneous purch services | 11,000 | 1,985 | 12,985 | 9,399 | 3,586 |
| General supplies | 4,000 | 2,500 | 6,500 | 2,024 | 4,476 |
| BOE in-house training/meeting supplies | 500 | - | 500 | 128 | 372 |
| Miscellaneous expenditures | 4,000 | (1,516) | 2,484 | 1,417 | 1,067 |
| BOE membership dues and fees | 6,500 | (866) | 5,634 | 5,634 | - |
| Total | <u>173,665</u> | <u>16,618</u> | <u>190,283</u> | <u>178,713</u> | <u>11,570</u> |
| Undistributed expend. - support service - school admin. | | | | | |
| Salaries of principals/assistant principals | 77,136 | - | 77,136 | 76,214 | 922 |
| Salaries of secretarial and clerical assistants | 28,180 | - | 28,180 | 22,706 | 5,474 |
| Other purchased services | 4,000 | 6,714 | 10,714 | 5,394 | 5,320 |
| Supplies and materials | 4,000 | (400) | 3,600 | 2,669 | 931 |
| Other objects | 3,200 | (2,287) | 913 | 845 | 68 |
| Total | <u>116,516</u> | <u>4,027</u> | <u>120,543</u> | <u>107,828</u> | <u>12,715</u> |
| Undistributed expenditures - central services | | | | | |
| Salaries | 176,832 | 6,770 | 183,602 | 183,602 | - |
| Miscellaneous purchased services | 21,500 | 4,469 | 25,969 | 25,951 | 18 |
| Supplies and materials | 4,000 | 1,234 | 5,234 | 4,589 | 645 |
| Other objects | 1,065 | - | 1,065 | 1,065 | - |
| Total | <u>203,397</u> | <u>12,473</u> | <u>215,870</u> | <u>215,207</u> | <u>663</u> |
| Undistributed expenditures - admin. info. technology | | | | | |
| Purchased technical services | 20,282 | 9,882 | 30,164 | 30,164 | - |
| Total | <u>20,282</u> | <u>9,882</u> | <u>30,164</u> | <u>30,164</u> | <u>-</u> |
| Undistributed expenditures - required maint. for school facilities | | | | | |
| Cleaning, repair, and maintenance services | 131,969 | 15,528 | 147,497 | 137,547 | 9,950 |
| General supplies | 38,822 | (22,284) | 16,538 | 16,466 | 72 |
| Other objects | 38,000 | - | 38,000 | - | 38,000 |
| Total | <u>208,791</u> | <u>(6,756)</u> | <u>202,035</u> | <u>154,013</u> | <u>48,022</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|--------------------------------|
| | Original Budget | Budget Transfers | Final Budget | | |
| Expenditures (cont'd) | | | | | |
| Undistributed expenditures - custodial services | | | | | |
| Salaries | \$ 215,477 | \$ (18,899) | \$ 196,578 | \$ 196,578 | \$ - |
| Purchased professional and technical services | 3,900 | (3,900) | - | - | - |
| Cleaning, repair, and maintenance service | 164,904 | (92,878) | 72,026 | 63,863 | 8,163 |
| Other purchased property services | - | 36,752 | 36,752 | 36,752 | - |
| Insurance | 46,947 | (2,448) | 44,499 | 44,499 | - |
| Miscellaneous purchased services | 520 | - | 520 | - | 520 |
| General supplies | 31,233 | 24,040 | 55,273 | 53,165 | 2,108 |
| Energy (natural gas) | 18,000 | 10,000 | 28,000 | 24,553 | 3,447 |
| Energy (electricity) | 161,000 | (11,338) | 149,662 | 149,662 | - |
| Other objects | 500 | - | 500 | - | 500 |
| Total | 642,481 | (58,671) | 583,810 | 569,072 | 14,738 |
| Undistributed expenditures - care and upkeep of grounds | | | | | |
| Salaries | 9,785 | - | 9,785 | 7,584 | 2,201 |
| Cleaning, repair, and maintenance service | 15,000 | 2,164 | 17,164 | 15,289 | 1,875 |
| General supplies | 2,000 | (79) | 1,921 | 1,497 | 424 |
| Total | 26,785 | 2,085 | 28,870 | 24,370 | 4,500 |
| Undistributed expenditures - student transportation service | | | | | |
| Contract service-aid in lieu pymts. - non-public schools | 9,000 | 2,360 | 11,360 | 11,360 | - |
| Contract serv-aid in lieu pymts.-choice school students | 5,000 | (360) | 4,640 | 4,000 | 640 |
| Contr service (oth. than between home & school) - vend. | 19,000 | (3,080) | 15,920 | 15,127 | 793 |
| Contract service (between home & school) - joint agreements | 297,219 | 7,207 | 304,426 | 304,426 | - |
| Contract service (sp ed stds) - joint agreements | 170,000 | 1,080 | 171,080 | 171,080 | - |
| Total | 500,219 | 7,207 | 507,426 | 505,993 | 1,433 |
| Unallocated benefits - employee benefits | | | | | |
| Social Security contributions | 70,973 | (2,067) | 68,906 | 68,906 | - |
| Other retirement contributions - PERS | 57,210 | 5,604 | 62,814 | 62,465 | 349 |
| Other retirement contributions - regular | - | 7,651 | 7,651 | 7,651 | - |
| Workmen's compensation | 50,456 | 21,750 | 72,206 | 72,206 | - |
| Health benefits | 1,013,434 | (130,109) | 883,325 | 826,383 | 56,942 |
| Tuition reimbursement | 12,000 | (4,000) | 8,000 | 7,351 | 649 |
| Other employee benefits | 15,782 | 7,051 | 22,833 | 22,833 | - |
| Total | 1,219,855 | (94,120) | 1,125,735 | 1,067,795 | 57,940 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|--------------------------------|
| | Original Budget | Budget Transfers | | | |
| Expenditures (cont'd) | | | | | |
| On-behalf TPAF Pension contribution | \$ - | \$ - | \$ - | \$ 718,569 | \$ (718,569) |
| On-behalf TPAF Postretirement medical benefits | - | - | - | 266,576 | (266,576) |
| On-behalf TPAF Long-term disability insurance | - | - | - | 293 | (293) |
| Reimbursed TPAF Social Security contribution | - | - | - | 272,511 | (272,511) |
| Total | - | - | - | 1,257,949 | (1,257,949) |
| Total undistributed expenditures | \$ 4,139,570 | \$ (131,482) | \$ 4,008,088 | \$ 4,969,853 | \$ (961,765) |
| Total current | \$ 7,515,676 | \$ (78,179) | \$ 7,437,497 | \$ 8,267,618 | \$ (830,121) |
| Capital outlay | | | | | |
| Equipment | | | | | |
| Grades 1-5 | \$ - | \$ 4,008 | \$ 4,008 | \$ 4,008 | \$ - |
| Grades 6-8 | - | 4,008 | 4,008 | 4,008 | - |
| Undistributed | | | | | |
| Undistributed expenditures - school admin. | - | 4,450 | 4,450 | 4,450 | - |
| Undistributed expenditures - admin. info. technology | - | 6,879 | 6,879 | 6,879 | - |
| Undistributed expend. - required maint. for school facilities | 22,165 | 38,393 | 60,558 | 60,558 | - |
| Undistributed expenditures - custodial services | - | 23,043 | 23,043 | 22,642 | 401 |
| Undistributed expenditures - care and upkeep of grounds | - | 2,170 | 2,170 | 2,170 | - |
| Total equipment | 22,165 | 82,951 | 105,116 | 104,715 | 401 |
| Facilities acquisition and construction service | | | | | |
| Assessment for debt service on SDA funding | 17,182 | - | 17,182 | 17,182 | - |
| Total facilities acquisition and construction service | 17,182 | - | 17,182 | 17,182 | - |
| Total capital outlay | \$ 39,347 | \$ 82,951 | \$ 122,298 | \$ 121,897 | \$ 401 |
| Transfer of funds to charter schools | \$ 22,210 | \$ (4,772) | \$ 17,438 | \$ 17,438 | \$ - |
| Total expenditures | \$ 7,577,233 | \$ - | \$ 7,577,233 | \$ 8,406,953 | \$ (829,720) |
| Excess (deficiency) of revenues over (under) expenditures | \$ (417,739) | \$ - | \$ (417,739) | \$ 129,212 | \$ 546,951 |
| Other financing sources (uses) | | | | | |
| Capital reserve - transfer to capital projects fund | (950,000) | - | (950,000) | (950,000) | - |
| Total other financing sources (uses) | (950,000) | - | (950,000) | (950,000) | - |
| Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses | (1,367,739) | - | (1,367,739) | (820,788) | 546,951 |
| Fund balances, July 1 | 2,630,303 | - | 2,630,303 | 2,630,303 | - |
| Fund balances, June 30 | \$ 1,262,564 | \$ - | \$ 1,262,564 | \$ 1,809,515 | \$ 546,951 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | | Actual | Variance Final to Actual |
|--|-----------------------|---------------------|-----------------------|---------------------|--------------------------------|
| | Original Budget | Budget Transfers | Final Budget | | |
| Recapitulation of excess (deficiency) of revenues over (under) expenditures | | | | | |
| Adjustment for prior year encumbrances | \$ (36,303) | \$ - | \$ (36,303) | \$ (36,303) | \$ - |
| Increase in capital reserve | - | 400,000 | 400,000 | 400,000 | - |
| Interest deposit to capital reserve | 250 | - | 250 | 592 | 342 |
| Withdrawal from capital reserve | (950,000) | - | (950,000) | (950,000) | - |
| Increase in maintenance reserve | - | 100,000 | 100,000 | 100,000 | - |
| Interest earned on maintenance reserve | 250 | - | 250 | - | (250) |
| Withdrawal from maintenance reserve | (100,000) | - | (100,000) | (100,000) | - |
| Budgeted fund balance | (281,936) | (500,000) | (781,936) | (235,077) | 546,859 |
| Total | \$ (1,367,739) | \$ - | \$ (1,367,739) | \$ (820,788) | \$ 546,951 |
| Recapitulation of fund balance | | | | | |
| Restricted fund balance | | | | | |
| Excess surplus - designated for subsequent year's expenditures | | | | \$ 548,168 | |
| Excess surplus - current year | | | | 28,034 | |
| Capital reserve | | | | 461,730 | |
| Maintenance reserve | | | | 499,568 | |
| Committed fund balance | | | | | |
| Year-end encumbrances | | | | 18,825 | |
| Assigned fund balance | | | | | |
| Designated for subsequent year's expenditures | | | | 3,190 | |
| Unassigned fund balance | | | | <u>250,000</u> | |
| Fund balance per budgetary basis | | | | 1,809,515 | |
| Reconciliation to governmental statements (GAAP) | | | | | |
| Last state aid payments not recognized on GAAP basis | | | | <u>(346,642)</u> | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ 1,462,873</u> | |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| | Original Budget | Budget Transfers | Final Budget | | |
| Revenues | | | | | |
| Federal sources | \$ 418,408 | \$ - | \$ 418,408 | \$ 304,547 | \$ (113,861) |
| State sources | 441,510 | - | 441,510 | 227,498 | (214,012) |
| Local sources | 4,548 | - | 4,548 | 1,250 | (3,298) |
| Total revenues | <u>\$ 864,466</u> | <u>\$ -</u> | <u>\$ 864,466</u> | <u>\$ 533,295</u> | <u>\$ (331,171)</u> |
| Expenditures | | | | | |
| Instruction | | | | | |
| Salaries | \$ 279,118 | \$ (5,600) | \$ 273,518 | \$ 210,960 | \$ 62,558 |
| Purchased professional & technical services | 118,601 | - | 118,601 | - | 118,601 |
| Supplies | 101,160 | - | 101,160 | 38,816 | 62,344 |
| Total | <u>498,879</u> | <u>(5,600)</u> | <u>493,279</u> | <u>249,776</u> | <u>243,503</u> |
| Support services | | | | | |
| Tuition | 145,548 | - | 145,548 | 128,004 | 17,544 |
| Salaries | 43,039 | - | 43,039 | 21,532 | 21,507 |
| Employee benefits | 82,051 | - | 82,051 | 82,051 | - |
| Purchased professional & technical services | 10,293 | - | 10,293 | 6,500 | 3,793 |
| Cleaning, repair & maintenace | 5,000 | - | 5,000 | - | 5,000 |
| Transportation | 33,000 | - | 33,000 | 30,525 | 2,475 |
| Other purchased services | 17,108 | 5,600 | 22,708 | 13,657 | 9,051 |
| Supplies | 29,548 | - | 29,548 | 1,250 | 28,298 |
| Total | <u>365,587</u> | <u>5,600</u> | <u>371,187</u> | <u>283,519</u> | <u>87,668</u> |
| Total expenditures | <u>\$ 864,466</u> | <u>\$ -</u> | <u>\$ 864,466</u> | <u>\$ 533,295</u> | <u>\$ 331,171</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

| Sources/Inflows of Resources | General Fund | Special Revenue Fund |
|---|--------------|----------------------|
| Actual amounts (budgetary) “revenues” from the budgetary comparison schedules | \$ 8,536,165 | \$ 533,295 |
| Difference - Budget to GAAP | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized: | | |
| Outstanding encumbrances current year | - | (8,084) |
| Difference - Budget to GAAP | | |
| The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33): | | |
| State aid receivable prior year | 351,426 | 37,113 |
| State aid receivable current year | (346,642) | (44,151) |
| Donations of capital assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes | 5,400 | - |
| Total revenues (GAAP basis) | \$ 8,546,349 | \$ 518,173 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation (continued)
For the Fiscal Year Ended June 30, 2020

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

| Uses/Outflows of Resources | General Fund | Special Revenue Fund |
|---|--------------|----------------------|
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | \$ 8,406,953 | \$ 533,295 |
| 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: | | |
| Outstanding encumbrances current year | - | (8,084) |
| Donations of capital assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes | 5,400 | - |
| Total expenditures (GAAP basis) | \$ 8,412,353 | \$ 525,211 |

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------|------|
| District's proportion of the net pension liability (asset) - percentage | N/A | 0.0057461383% | 0.0056571100% | 0.0051338900% | 0.0052094550% | 0.0050921700% | 0.0044570100% | 0.0043772900% | N/A | N/A |
| District's proportion of the net pension liability (asset) - value | \$ - | \$ 1,035,367 | \$ 1,113,857 | \$ 1,195,087 | \$ 1,542,889 | \$ 1,143,090 | \$ 834,475 | \$ 836,587 | N/A | N/A |
| District's covered employee payroll | 374,274 | 439,765 | 393,070 | 390,582 | 342,827 | 357,938 | N/A | N/A | N/A | N/A |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | N/A | 235.44% | 283.37% | 305.98% | 450.05% | 319.35% | N/A | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | N/A | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% | 48.72% | N/A | N/A |

N/A = Information Not Available

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------|------------|------------|------------|------------|------------|-----------|------|------|------|
| Contractually required contribution | \$ 55,893 | \$ 56,504 | \$ 47,560 | \$ 46,280 | \$ 43,779 | \$ 36,743 | \$ 32,982 | N/A | N/A | N/A |
| Contributions in relation to the contractually required contribution | (55,893) | (56,504) | (47,560) | (46,280) | (43,779) | (36,743) | (32,982) | N/A | N/A | N/A |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered employee payroll | \$ 374,274 | \$ 439,765 | \$ 393,070 | \$ 390,582 | \$ 342,827 | \$ 357,938 | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered employee payroll | 14.93% | 12.85% | 12.10% | 11.85% | 12.77% | 10.27% | N/A | N/A | N/A | N/A |

N/A = Information Not Available

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------|------|
| District's proportion of the net pension liability (asset) - percentage | N/A | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | N/A | N/A |
| District's proportion of the net pension liability (asset) - value | N/A | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | N/A | N/A |
| State's proportionate share of the net pension liability (asset) associated with the District | \$ - | 21,366,124 | 21,894,173 | 23,299,063 | 27,729,244 | 22,240,528 | 16,154,778 | 17,137,375 | \$ - | \$ - |
| Total | \$ - | \$ 21,366,124 | \$ 21,894,173 | \$ 23,299,063 | \$ 27,729,244 | \$ 22,240,528 | \$ 16,154,778 | \$ 17,137,375 | \$ - | \$ - |
| District's covered employee payroll | \$ 3,659,917 | \$ 3,491,841 | \$ 3,460,481 | \$ 3,649,797 | \$ 3,490,672 | \$ 3,495,758 | \$ - | \$ - | \$ - | \$ - |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | N/A | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | N/A | 26.95% | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% | N/A | N/A |

N/A = Information Not Available

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------|
| Contractually required contribution | \$ 718,569 | \$ 684,722 | \$ 506,814 | \$ 375,099 | \$ 268,827 | \$ 177,473 | \$ 139,317 | \$ 208,153 | \$ 104,863 | N/A |
| Contributions in relation to the contractually required contribution | (718,569) | (684,722) | (506,814) | (375,099) | (268,827) | (177,473) | (139,317) | (208,153) | (104,863) | N/A |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered employee payroll | \$ 3,659,917 | \$ 3,491,841 | \$ 3,460,481 | \$ 3,649,797 | \$ 3,490,672 | \$ 3,495,758 | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered employee payroll | 19.63% | 19.61% | 14.65% | 10.28% | 7.70% | 5.08% | N/A | N/A | N/A | N/A |

N/A = Information Not Available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|-------------|----------------------|----------------------|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District's proportionate share of the other postemployment employee benefits liability (asset) - percentage | N/A | 0.00% | 0.00% | 0.00% | N/A | N/A | N/A | N/A | N/A | N/A |
| District's proportionate share of the other postemployment employee benefits liability (asset) - value | N/A | \$ - | \$ - | \$ - | N/A | N/A | N/A | N/A | N/A | N/A |
| State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District | N/A | 17,444,824 | 19,440,326 | 23,646,195 | N/A | N/A | N/A | N/A | N/A | N/A |
| Total | \$ - | \$ 17,444,824 | \$ 19,440,326 | \$ 23,646,195 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered employee payroll | N/A | \$ 3,931,606 | \$ 3,853,551 | \$ 4,040,379 | \$ - | N/A | N/A | N/A | N/A | N/A |
| District's proportionate share of the other postemployment employee liability (asset) as a percentage of its covered employee payroll | N/A | 0.00% | 0.00% | 0.00% | N/A | N/A | N/A | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total other post employment employee benefits liability | N/A | 0.00% | 0.00% | 0.00% | N/A | N/A | N/A | N/A | N/A | N/A |

N/A = Information Not Available

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2020

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 4.86% in State fiscal year 2018 and 5.60% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal years 2018 and 2.75% in State fiscal year 2019.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.66% in State fiscal year 2018 and 6.28% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal year 2018 and 2.75% for State fiscal year 2019.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.87% in State fiscal year 2018 to 3.50% in State fiscal year 2019. The inflation rate was 2.50% for State fiscal year 2018 and 2019.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

| | IDEA Basic | IDEA Preschool | ESSA Title IA | ESSA Title IIA | ESSA Title IV | REAP | Preschool Education | Local | Total |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------------|-----------------|-------------------|
| Revenues | | | | | | | | | |
| Federal sources | \$ 124,933 | \$ 3,071 | \$ 119,800 | \$ 17,089 | \$ 10,104 | \$ 29,550 | \$ - | \$ - | \$ 304,547 |
| State sources | - | - | - | - | - | - | 227,498 | - | 227,498 |
| Local sources | - | - | - | - | - | - | - | 1,250 | 1,250 |
| Total revenues | \$ 124,933 | \$ 3,071 | \$ 119,800 | \$ 17,089 | \$ 10,104 | \$ 29,550 | \$ 227,498 | \$ 1,250 | \$ 533,295 |
| Expenditures | | | | | | | | | |
| Instruction | | | | | | | | | |
| Salaries | \$ - | \$ - | \$ 81,695 | \$ - | \$ - | \$ 29,550 | \$ 99,715 | \$ - | \$ 210,960 |
| Supplies | - | - | 6,397 | - | 10,104 | - | 22,315 | - | 38,816 |
| Total | - | - | 88,092 | - | 10,104 | 29,550 | 122,030 | - | 249,776 |
| Support services | | | | | | | | | |
| Tuition | 124,933 | 3,071 | - | - | - | - | - | - | 128,004 |
| Salaries | - | - | - | - | - | - | 21,532 | - | 21,532 |
| Employee benefits | - | - | 28,640 | - | - | - | 53,411 | - | 82,051 |
| Purchased professional & technical services | - | - | - | 6,500 | - | - | - | - | 6,500 |
| Transportation | - | - | - | - | - | - | 30,525 | - | 30,525 |
| Other purchased services | - | - | 3,068 | 10,589 | - | - | - | - | 13,657 |
| Supplies | - | - | - | - | - | - | - | 1,250 | 1,250 |
| Total | 124,933 | 3,071 | 31,708 | 17,089 | - | - | 105,468 | 1,250 | 283,519 |
| Total expenditures | \$ 124,933 | \$ 3,071 | \$ 119,800 | \$ 17,089 | \$ 10,104 | \$ 29,550 | \$ 227,498 | \$ 1,250 | \$ 533,295 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

| | Final Budget | Actual | Variance Final to Actual |
|--|-------------------|-------------------|--------------------------------|
| Expenditures | | | |
| Instruction | | | |
| Salaries | \$ 120,278 | \$ 62,234 | \$ 58,044 |
| Other salaries | 38,181 | 37,481 | 700 |
| Purchased professional & educational services | 118,601 | - | 118,601 |
| Supplies | 30,000 | 22,315 | 7,685 |
| Total instruction | <u>307,060</u> | <u>122,030</u> | <u>185,030</u> |
| Support services | | | |
| Salaries | 11,606 | 7,879 | 3,727 |
| Other salaries | 31,433 | 13,653 | 17,780 |
| Employee benefits | 53,411 | 53,411 | - |
| Cleaning, repair & maintenance | 5,000 | - | 5,000 |
| Transportation - between home & school | 30,000 | 30,000 | - |
| Transportation - field trips | 3,000 | 525 | 2,475 |
| Total support services | <u>134,450</u> | <u>105,468</u> | <u>28,982</u> |
| Total expenditures | <u>\$ 441,510</u> | <u>\$ 227,498</u> | <u>\$ 214,012</u> |

Calculation of Budget & Carryover

| | |
|--|-------------------|
| Total revised 2019 - 2020 Preschool education aid allocation | \$ 441,510 |
| Add: actual ECPA/PEA carryover (June 30, 2019) | - |
| Add: budgeted transfer from general fund | - |
| Total preschool education aid funds available for 2019 - 2020 budget | <u>441,510</u> |
| Less: 2019 - 2020 budgeted preschool education aid | <u>(441,510)</u> |
| Available and unbudgeted preschool education funds as of June 30, 2020 | - |
| Add: 2019 - 2020 unexpended preschool education aid | 214,012 |
| 2019 - 2020 Actual carryover preschool education aid | <u>\$ 214,012</u> |
| 2019 - 2020 Preschool education aid carryover budgeted for 2020 - 2021 | <u>\$ -</u> |

See independent auditors' report.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2020

| Description | Approval Date | Revised Budgetary Appropriations | GAAP Expenditures to Date | | Unexpended Appropriations 06/30/20 |
|---------------------------|------------------|--|------------------------------|-------------------|--|
| | | | Prior Years | Current Year | |
| Solar heat & HVAC project | | \$ 2,821,375 | \$ 2,679,050 | \$ - | \$ 142,325 |
| Site improvements | | 339,595 | 335,318 | - | 4,277 |
| Parking lot | | 950,000 | - | 947,706 | 2,294 |
| | | <u>\$ 4,110,970</u> | <u>\$ 3,014,368</u> | <u>\$ 947,706</u> | <u>\$ 148,896</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2020

| | |
|---|------------|
| Revenues | |
| Local sources | |
| Transfer from capital reserve | \$ 950,000 |
| Total revenues | 950,000 |
| Expenditures and other financing uses | |
| Purchased professional & technical services | 22,194 |
| Construction | 925,512 |
| Total expenditures | 947,706 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures & other financing uses | 2,294 |
| Fund balance - beginning | 146,602 |
| Fund balance - ending | \$ 148,896 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Solar Heat & HVAC
For the Fiscal Year Ended June 30, 2020

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|-------------------|-----------------|-------------------|-------------------------------|
| Revenues and other financing sources | | | | |
| Local sources | | | | |
| Bond proceeds | \$ 2,821,000 | \$ - | \$ 2,821,000 | \$ 2,821,000 |
| Transfers in from capital reserve | 375 | - | 375 | 375 |
| Total revenues | <u>2,821,375</u> | <u>-</u> | <u>2,821,375</u> | <u>2,821,375</u> |
| Expenditures and other financing uses | | | | |
| Purchased professional & technical services | 276,701 | | 276,701 | 217,875 |
| Construction | 2,218,766 | - | 2,218,766 | 2,513,500 |
| Other | 53,583 | - | 53,583 | 90,000 |
| Transfer to debt service fund | 130,000 | - | 130,000 | - |
| Total expenditures | <u>2,679,050</u> | <u>-</u> | <u>2,679,050</u> | <u>2,821,375</u> |
| Excess (deficiency) of revenues over (under) Expenditures | <u>\$ 142,325</u> | <u>\$ -</u> | <u>\$ 142,325</u> | <u>\$ -</u> |

Additional Project Information

| | |
|----------------------------|------------------|
| Project number | 2270-060-09-1000 |
| Authorization date | 2/9/2009 |
| Bond authorized | \$ 2,821,000 |
| Bonds issued | 2,821,000 |
| Original authorized cost | 2,821,375 |
| Additional authorized cost | - |
| Revised authorized cost | 2,821,375 |
| Percentage completion | 94.96% |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Site Improvements
For the Fiscal Year Ended June 30, 2020

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|------------------|-----------------|-----------------|-------------------------------|
| Revenues and other financing sources | | | | |
| Local sources | | | | |
| Transfers in from capital reserve | \$ 339,595 | \$ - | \$ 339,595 | \$ 339,595 |
| Total revenues | <u>339,595</u> | <u>-</u> | <u>339,595</u> | <u>339,595</u> |
| Expenditures and other financing uses | | | | |
| Purchased professional & technical services | 74,958 | - | 74,958 | 79,235 |
| Construction | 260,360 | - | 260,360 | 260,360 |
| Total expenditures | <u>335,318</u> | <u>-</u> | <u>335,318</u> | <u>339,595</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 4,277</u> | <u>\$ -</u> | <u>\$ 4,277</u> | <u>\$ -</u> |

Additional Project Information

| | |
|----------------------------|------------|
| Project number | N/A |
| Authorization date | N/A |
| Bond authorized | N/A |
| Bonds issued | N/A |
| Original authorized cost | \$ 339,595 |
| Additional authorized cost | - |
| Revised authorized cost | 339,595 |
| Percentage completion | 98.74% |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Parking Lot
For the Fiscal Year Ended June 30, 2020

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|------------------|-----------------|------------|-------------------------------|
| Revenues and other financing sources | | | | |
| Local sources | | | | |
| Transfers in from capital reserve | \$ - | \$ 950,000 | \$ 950,000 | \$ 950,000 |
| Total revenues | - | 950,000 | 950,000 | 950,000 |
| Expenditures and other financing uses | | | | |
| Purchased professional & technical services | - | 22,194 | 22,194 | 24,488 |
| Construction | - | 925,512 | 925,512 | 925,512 |
| Total expenditures | - | 947,706 | 947,706 | 950,000 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ 2,294 | \$ 2,294 | \$ - |

Additional Project Information

| | |
|----------------------------|------------|
| Project number | N/A |
| Authorization date | N/A |
| Bond authorized | N/A |
| Bonds issued | N/A |
| Original authorized cost | \$ 950,000 |
| Additional authorized cost | - |
| Revised authorized cost | 950,000 |
| Percentage completion | 99.76% |

See independent auditors' report.

PROPRIETARY FUND

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2020

| | Unemployment Compensation Fund | Student Activity Agency Fund | Payroll Agency Fund | Total |
|---|--------------------------------------|------------------------------------|---------------------------|-------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 200,905 | \$ 28,296 | \$ 24,196 | \$ 253,397 |
| Due from ther funds | 11,654 | - | - | 11,654 |
| Total assets | \$ 212,559 | \$ 28,296 | \$ 24,196 | \$ 265,051 |
| Liabilities | | | | |
| Payroll deductions and withholdings | \$ - | \$ - | \$ 10,198 | \$ 10,198 |
| Due to students groups | - | 28,296 | - | 28,296 |
| Due to other funds | 5,783 | - | 13,998 | 19,781 |
| Accounts payable | 8,898 | - | - | 8,898 |
| Total liabilities | 14,681 | \$ 28,296 | \$ 24,196 | 67,173 |
| Net position | | | | |
| Held in trust for unemployment claims & other purposes | \$ 197,878 | | | \$ 197,878 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

| | <u>Unemployment Compensation Fund</u> |
|-------------------------------------|---|
| Additions | |
| Contributions | |
| Employee withholdings | \$ 7,766 |
| Investment earnings - interest | <u>205</u> |
| Total additions | <u>7,971</u> |
| | |
| Deductions | |
| Unemployment claims | <u>19,963</u> |
| Total deductions | <u>19,963</u> |
| | |
| Change in net position | (11,992) |
| | |
| Net position, beginning of the year | <u>209,870</u> |
| | |
| Net position, end of the year | <u><u>\$ 197,878</u></u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

| | Balance 07/01/19 | Additions | Reductions | Balance 06/30/20 |
|---------------------------|---------------------|------------------|------------------|---------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 22,868 | \$ 32,679 | \$ 27,251 | \$ 28,296 |
| Total assets | <u>\$ 22,868</u> | <u>\$ 32,679</u> | <u>\$ 27,251</u> | <u>\$ 28,296</u> |
| Liabilities | | | | |
| Due to student groups | \$ 22,868 | \$ 32,679 | \$ 27,251 | \$ 28,296 |
| Total liabilities | <u>\$ 22,868</u> | <u>\$ 32,679</u> | <u>\$ 27,251</u> | <u>\$ 28,296</u> |

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HOPEWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

| | Balance 07/01/19 | Additions | Reductions | Balance 06/30/20 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 16,346 | \$ 5,152,042 | \$ 5,144,192 | \$ 24,196 |
| Total assets | <u>\$ 16,346</u> | <u>\$ 5,152,042</u> | <u>\$ 5,144,192</u> | <u>\$ 24,196</u> |
| Liabilities | | | | |
| Payroll deductions and withholdings | \$ 1,025 | \$ 2,529,920 | \$ 2,520,747 | \$ 10,198 |
| Net payroll | - | 2,612,595 | 2,612,595 | - |
| Due to other funds | 15,321 | 9,527 | 10,850 | 13,998 |
| Total liabilities | <u>\$ 16,346</u> | <u>\$ 5,152,042</u> | <u>\$ 5,144,192</u> | <u>\$ 24,196</u> |

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2020

| Issue | Date of Issue | Amount of Issue | Annual Maturities | | Interest Rate | Balance 07/01/19 | Issued | Retired | Balance 06/30/20 |
|--|---------------|-----------------|-------------------|------------|---------------|---------------------|-------------|-------------------|---------------------|
| | | | Date | Amount | | | | | |
| Hopewell Crest School alterations and improvements | 07/02/09 | \$ 2,821,000 | 09/01/20 | \$ 225,000 | 4.00% | \$ 1,376,000 | \$ - | \$ 205,000 | \$ 1,171,000 |
| | | | 09/01/21 | 225,000 | 4.00% | - | - | - | - |
| | | | 09/01/22 | 230,000 | 4.10% | - | - | - | - |
| | | | 09/01/23 | 250,000 | 4.25% | - | - | - | - |
| | | | 09/01/24 | 241,000 | 4.30% | - | - | - | - |
| Land acquisition | 12/15/14 | 375,000 | 01/15/21 | 50,000 | 2.25% | 205,000 | - | 45,000 | 160,000 |
| | | | 01/15/22 | 55,000 | 2.25% | - | - | - | - |
| | | | 01/15/23 | 55,000 | 2.25% | - | - | - | - |
| | | | | | | <u>\$ 1,581,000</u> | <u>\$ -</u> | <u>\$ 250,000</u> | <u>\$ 1,331,000</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

| | Unaudited | | Actual | Variance Final to Actual |
|---|--------------------|---------------------|----------------|--------------------------------|
| | Original Budget | Budget Transfers | | |
| Revenues | | | | |
| Local sources | | | | |
| Local tax levy | \$ 195,212 | \$ - | \$ 195,212 | \$ 195,212 |
| State sources | | | | |
| Debt service aid | 111,919 | - | 111,919 | 111,919 |
| Total revenues | <u>307,131</u> | <u>-</u> | <u>307,131</u> | <u>-</u> |
| Expenditures | | | | |
| Regular debt service | | | | |
| Interest on bonds | 57,131 | - | 57,131 | 57,131 |
| Redemption of principal | 250,000 | - | 250,000 | 250,000 |
| Total expenditures | <u>307,131</u> | <u>-</u> | <u>307,131</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Fund balance, July 1 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See independent auditors' report.

STATISTICAL SECTION

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

| Contents | Page |
|--|--------------|
| 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. | J-1 to J-5 |
| REVENUE CAPACITY | |
| These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax. | J-6 to J-9 |
| DEBT CAPACITY | |
| These schedules contain trend 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. | J-10 to J-13 |
| 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. | J-14 to J-15 |
| 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 | J-16 to J-20 |
| Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year. | |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|----------------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Government activities | | | | | | | | | | |
| Net investment in capital assets | \$ 5,952,901 | \$ 6,444,402 | \$ 6,468,101 | \$ 6,438,497 | \$ 6,296,403 | \$ 6,177,012 | \$ 6,536,521 | \$ 6,736,119 | \$ 7,121,960 | \$ 8,067,857 |
| Restricted | 1,090,463 | 1,194,323 | 1,476,497 | 1,568,752 | 2,439,897 | 2,803,080 | 2,642,017 | 2,504,289 | 2,523,715 | 1,175,262 |
| Unrestricted | (109,087) | (194,769) | (265,813) | (84,478) | (255,798) | (1,139,309) | (1,338,549) | (1,354,008) | (1,374,530) | (888,255) |
| Total governmental activities | <u>\$ 6,934,277</u> | <u>\$ 7,443,956</u> | <u>\$ 7,678,785</u> | <u>\$ 7,922,771</u> | <u>\$ 8,480,502</u> | <u>\$ 7,840,783</u> | <u>\$ 7,839,989</u> | <u>\$ 7,886,400</u> | <u>\$ 8,271,145</u> | <u>\$ 8,354,864</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 47,872 | \$ 54,799 | \$ 53,744 | \$ 53,109 | \$ 77,764 | \$ 66,755 | \$ 63,724 | \$ 71,642 | \$ 77,609 | \$ 92,352 |
| Unrestricted | 68,515 | 63,641 | 75,625 | 96,327 | 66,436 | 126,655 | 157,631 | 160,781 | 185,179 | 155,610 |
| Total business-type activities | <u>\$ 116,387</u> | <u>\$ 118,440</u> | <u>\$ 129,369</u> | <u>\$ 149,436</u> | <u>\$ 144,200</u> | <u>\$ 193,410</u> | <u>\$ 221,355</u> | <u>\$ 232,423</u> | <u>\$ 262,788</u> | <u>\$ 247,962</u> |
| District-wide | | | | | | | | | | |
| Net investment in capital assets | \$ 6,000,773 | \$ 6,499,201 | \$ 6,521,845 | \$ 6,491,606 | \$ 6,374,167 | \$ 6,243,767 | \$ 6,600,245 | \$ 6,807,761 | \$ 7,199,569 | \$ 8,160,209 |
| Restricted | 1,090,463 | 1,194,323 | 1,476,497 | 1,568,752 | 2,439,897 | 2,803,080 | 2,642,017 | 2,504,289 | 2,523,715 | 1,175,262 |
| Unrestricted | (40,572) | (131,128) | (190,188) | 11,849 | (189,362) | (1,012,654) | (1,180,918) | (1,193,227) | (1,189,351) | (732,645) |
| Total district-wide | <u>\$ 7,050,664</u> | <u>\$ 7,562,396</u> | <u>\$ 7,808,154</u> | <u>\$ 8,072,207</u> | <u>\$ 8,624,702</u> | <u>\$ 8,034,193</u> | <u>\$ 8,061,344</u> | <u>\$ 8,118,823</u> | <u>\$ 8,533,933</u> | <u>\$ 8,602,826</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 2,567,611 | \$ 2,498,408 | \$ 2,576,806 | \$ 2,678,503 | \$ 2,554,514 | \$ 2,577,743 | \$ 2,576,906 | \$ 2,640,790 | \$ 2,465,114 | \$ 5,005,449 |
| Special education | 547,145 | 792,994 | 843,754 | 895,195 | 838,490 | 874,128 | 910,526 | 945,751 | 1,099,114 | 1,257,305 |
| Other special education | 62,851 | 62,580 | 59,956 | 13,706 | 38,082 | 18,204 | 14,878 | 26,325 | 23,596 | 243,072 |
| Other instruction | 67,763 | 67,442 | 66,421 | 88,869 | 83,026 | 94,302 | 91,260 | 92,701 | 102,555 | 138,159 |
| Support services | | | | | | | | | | |
| Tuition | 323,931 | 68,093 | 98,519 | 63,750 | 60,647 | 183,681 | 92,058 | 55,085 | 98,227 | 150,586 |
| Student & instruction related services | 714,806 | 732,084 | 707,910 | 676,662 | 691,540 | 733,725 | 778,456 | 838,513 | 893,499 | 1,560,329 |
| General & business administrative services | 373,655 | 338,614 | 343,044 | 339,146 | 356,042 | 335,315 | 372,243 | 403,930 | 446,322 | 549,304 |
| School administration | 178,087 | 168,375 | 167,214 | 152,571 | 159,916 | 154,631 | 138,793 | 132,546 | 135,934 | 254,188 |
| Plant operations & maintenance | 649,069 | 596,599 | 663,959 | 693,012 | 689,352 | 731,179 | 703,984 | 778,729 | 763,775 | 828,186 |
| Pupil transportation | 472,070 | 429,168 | 394,344 | 431,103 | 425,661 | 520,748 | 440,541 | 538,917 | 444,958 | 536,518 |
| Employee benefits* | 1,521,983 | 1,595,067 | 1,790,339 | 1,684,436 | 1,770,005 | 2,956,700 | 3,968,116 | 4,426,182 | 3,381,492 | - |
| Transfer to charter schools | - | - | - | - | - | - | - | 887 | - | 17,438 |
| Interest on long-term debt | 189,017 | 185,510 | 130,469 | 127,336 | 119,834 | 111,735 | 103,193 | 89,239 | 80,295 | 71,579 |
| Internal service | 6,175 | 170,096 | 176,561 | 164,028 | 63,530 | 45,108 | - | - | 52,623 | - |
| Total governmental activities expenses | <u>7,674,163</u> | <u>7,705,030</u> | <u>8,019,296</u> | <u>8,008,317</u> | <u>7,850,639</u> | <u>9,337,199</u> | <u>10,190,954</u> | <u>10,969,595</u> | <u>9,987,504</u> | <u>10,612,113</u> |
| Business-type activities | | | | | | | | | | |
| Food services | 213,265 | 224,308 | 212,326 | 205,788 | 229,139 | 203,240 | 223,253 | 235,609 | 241,456 | 231,236 |
| Child care | 9,206 | 1,509 | - | - | 24,166 | 43,802 | 53,417 | 66,184 | 73,325 | 74,766 |
| Total business-type activities | <u>222,471</u> | <u>225,817</u> | <u>212,326</u> | <u>205,788</u> | <u>253,305</u> | <u>247,042</u> | <u>276,670</u> | <u>301,793</u> | <u>314,781</u> | <u>306,002</u> |
| Total district expenses | <u>\$ 7,896,634</u> | <u>\$ 7,930,847</u> | <u>\$ 8,231,622</u> | <u>\$ 8,214,105</u> | <u>\$ 8,103,944</u> | <u>\$ 9,584,241</u> | <u>\$ 10,467,624</u> | <u>\$ 11,271,388</u> | <u>\$ 10,302,285</u> | <u>\$ 10,918,115</u> |

* Employee benefits allocated to functions starting in fiscal year June 30, 2020

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Program revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | \$ 125,089 | \$ 311,073 | \$ 330,867 | \$ 282,807 | \$ 222,068 | \$ 208,973 | \$ 69,689 | \$ 58,630 | \$ 145,349 | \$ 73,491 |
| Operating grants & contributions | 504,850 | 610,799 | 723,185 | 656,433 | 742,269 | 1,951,636 | 2,672,938 | 3,318,397 | 2,346,041 | 518,173 |
| Total governmental activities | 629,939 | 921,872 | 1,054,052 | 939,240 | 964,337 | 2,160,609 | 2,742,627 | 3,377,027 | 2,491,390 | 591,664 |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food services | 119,024 | 116,172 | 108,741 | 114,329 | 100,078 | 113,270 | 89,194 | 100,423 | 123,423 | 127,779 |
| Child care | - | - | - | - | 36,315 | 74,004 | 85,942 | 83,256 | 94,934 | - |
| Operating grants & contributions | 108,274 | 114,905 | 114,514 | 111,526 | 111,676 | 113,659 | 132,952 | 129,182 | 131,399 | 163,397 |
| Total business-type activities | 227,298 | 231,077 | 223,255 | 225,855 | 248,069 | 300,933 | 308,088 | 312,861 | 349,756 | 291,176 |
| Total district-program | \$ 857,237 | \$ 1,152,949 | \$ 1,277,307 | \$ 1,165,095 | \$ 1,212,406 | \$ 2,461,542 | \$ 3,050,715 | \$ 3,689,888 | \$ 2,841,146 | \$ 882,840 |
| Net (expense) revenues | | | | | | | | | | |
| Governmental activities | \$ (7,044,224) | \$ (6,783,158) | \$ (6,965,244) | \$ (7,069,077) | \$ (6,886,302) | \$ (7,176,590) | \$ (7,448,327) | \$ (7,592,568) | \$ (7,496,114) | \$ (10,020,449) |
| Business-type activities | 4,827 | 5,260 | 10,929 | 20,067 | (5,236) | 53,891 | 31,418 | 11,068 | 34,975 | (14,826) |
| Total district-wide net expenses | \$ (7,039,397) | \$ (6,777,898) | \$ (6,954,315) | \$ (7,049,010) | \$ (6,891,538) | \$ (7,122,699) | \$ (7,416,909) | \$ (7,581,500) | \$ (7,461,139) | \$ (10,035,275) |
| General revenues & other changes in net position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes levied for | | | | | | | | | | |
| general purposes | \$ 2,962,827 | \$ 3,052,927 | \$ 3,156,810 | \$ 3,156,810 | \$ 3,274,440 | \$ 3,322,725 | \$ 3,389,179 | \$ 3,456,963 | \$ 3,522,875 | \$ 3,571,169 |
| Taxes levied for debt service | 675,548 | 493,211 | 266,529 | 275,873 | 279,699 | 321,586 | 202,163 | 198,842 | 170,020 | 195,212 |
| Unrestricted grants & contributions | 4,099,663 | 4,095,044 | 3,719,258 | 3,837,076 | 3,818,517 | 3,882,550 | 3,771,975 | 3,889,976 | 4,094,136 | 6,205,915 |
| Investment earnings | 14,581 | 17,891 | 15,527 | 7,816 | 10,086 | 5,688 | 3,225 | 2,990 | 2,882 | 2,540 |
| Miscellaneous income | 294,837 | 122,229 | 49,700 | 59,280 | 61,291 | 119,356 | 86,615 | 90,208 | 92,284 | 128,481 |
| Special item | | | | | | | | | | |
| Adjustment to carrying value of fixed assets per appraisal | - | - | (7,751) | - | - | (308,859) | - | - | - | - |
| Transfers | - | (2,140) | - | - | - | - | - | - | - | - |
| Total governmental activities | 8,047,456 | 7,779,162 | 7,200,073 | 7,336,855 | 7,444,033 | 7,343,046 | 7,453,157 | 7,638,979 | 7,882,197 | 10,103,317 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General revenues & other changes in net position (cont'd) | | | | | | | | | | |
| Business-type activities | | | | | | | | | | |
| Investment earnings | \$ 259 | \$ 9 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Adjustment to carrying value of fixed assets per appraisal | - | - | - | - | - | (4,681) | - | - | - | - |
| Transfer in (out) | - | 2,140 | - | - | - | - | - | - | - | - |
| Total business-type activities | 259 | 2,149 | - | - | - | (4,681) | - | - | - | - |
| Total district-wide | <u>\$ 8,047,715</u> | <u>\$ 7,781,311</u> | <u>\$ 7,200,073</u> | <u>\$ 7,336,855</u> | <u>\$ 7,444,033</u> | <u>\$ 7,338,365</u> | <u>\$ 7,453,157</u> | <u>\$ 7,638,979</u> | <u>\$ 7,882,197</u> | <u>\$ 10,103,317</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ 1,003,232 | \$ 996,004 | \$ 234,829 | \$ 267,778 | \$ 557,731 | \$ 166,456 | \$ 4,830 | \$ 46,411 | \$ 386,083 | \$ 82,868 |
| Business-type activities | 5,086 | 7,409 | 10,929 | 20,067 | (5,236) | 49,210 | 31,418 | 11,068 | 34,975 | (14,826) |
| Total district | <u>\$ 1,008,318</u> | <u>\$ 1,003,413</u> | <u>\$ 245,758</u> | <u>\$ 287,845</u> | <u>\$ 552,495</u> | <u>\$ 215,666</u> | <u>\$ 36,248</u> | <u>\$ 57,479</u> | <u>\$ 421,058</u> | <u>\$ 68,042</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------------------|----------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General fund | | | | | | | | | | |
| Restricted | \$ 244,043 | \$ 858,756 | \$ 1,191,268 | \$ 1,296,375 | \$ 2,057,251 | \$ 2,152,346 | \$ 2,266,140 | \$ 1,667,781 | \$ 2,288,490 | \$ 1,537,500 |
| Committed | 2,331 | 8,925 | 1,898 | 3,806 | 15,184 | 24,549 | 45,019 | 16,444 | 36,303 | 18,825 |
| Assigned | 65,000 | 40,000 | 10,954 | 161,628 | 34,739 | 308,661 | 119,114 | 1,215 | 52,320 | 3,190 |
| Unassigned | (21,502) | (61,004) | (60,408) | (50,881) | (82,591) | (64,078) | (89,369) | (83,636) | (98,236) | (96,642) |
| Total general fund | <u>\$ 289,872</u> | <u>\$ 846,677</u> | <u>\$ 1,143,712</u> | <u>\$ 1,410,928</u> | <u>\$ 2,024,583</u> | <u>\$ 2,421,478</u> | <u>\$ 2,340,904</u> | <u>\$ 1,601,804</u> | <u>\$ 2,278,877</u> | <u>\$ 1,462,873</u> |
| All other governmental funds | | | | | | | | | | |
| Restricted | | | | | | | | | | |
| Special revenue fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (37,113) | \$ (44,151) |
| Capital projects fund | 844,089 | 335,567 | 272,377 | 272,377 | 384,822 | 318,621 | 212,841 | 818,849 | 146,602 | 148,896 |
| Debt service fund | - | - | - | - | - | (1,097) | (1,097) | - | - | - |
| Total all other governmental funds | <u>\$ 844,089</u> | <u>\$ 335,567</u> | <u>\$ 272,377</u> | <u>\$ 272,377</u> | <u>\$ 384,822</u> | <u>\$ 317,524</u> | <u>\$ 211,744</u> | <u>\$ 818,849</u> | <u>\$ 109,489</u> | <u>\$ 104,745</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | | | | | | |
| Tax levy | \$ 3,638,375 | \$ 3,546,138 | \$ 3,423,339 | \$ 3,432,683 | \$ 3,554,139 | \$ 3,644,311 | \$ 3,591,342 | \$ 3,655,805 | \$ 3,692,895 | \$ 3,766,381 |
| Tuition charges | 118,914 | 128,998 | 153,485 | 113,307 | 155,818 | 159,165 | 69,689 | 58,630 | 53,349 | 73,491 |
| Interest earnings | 14,581 | 17,891 | 15,527 | 7,816 | 10,086 | 5,688 | 3,225 | 2,990 | 2,882 | 2,540 |
| Miscellaneous | 294,837 | 122,229 | 49,700 | 59,280 | 436,291 | 119,356 | 86,615 | 90,208 | 92,284 | 130,582 |
| State sources | 4,159,519 | 4,268,781 | 4,147,525 | 4,188,112 | 4,261,945 | 4,421,253 | 4,501,894 | 4,658,791 | 5,070,136 | 5,075,998 |
| Federal sources | 444,994 | 437,062 | 294,919 | 305,397 | 298,841 | 337,167 | 245,242 | 345,619 | 291,387 | 322,661 |
| Total revenues | 8,671,220 | 8,521,099 | 8,084,495 | 8,106,595 | 8,717,120 | 8,686,940 | 8,498,007 | 8,812,043 | 9,202,933 | 9,371,653 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 2,247,340 | 2,352,216 | 2,423,718 | 2,518,041 | 2,392,986 | 2,436,269 | 2,432,329 | 2,494,417 | 2,303,931 | 2,526,854 |
| Special education instruction | 515,355 | 569,842 | 607,420 | 588,335 | 599,105 | 569,245 | 685,920 | 632,348 | 665,009 | 642,289 |
| Other special instruction | 62,851 | 62,580 | 59,956 | 13,706 | 38,082 | 18,204 | 14,878 | 26,325 | 23,596 | 49,647 |
| Other instruction | 67,763 | 67,442 | 66,421 | 88,869 | 83,026 | 94,302 | 91,260 | 92,701 | 102,555 | 78,975 |
| Support services | | | | | | | | | | |
| Tuition | 208,109 | 68,093 | 98,519 | 63,750 | 60,647 | 183,681 | 92,058 | 55,085 | 98,227 | 22,582 |
| Student & instructional related services | 541,975 | 583,140 | 593,909 | 614,619 | 631,265 | 675,603 | 732,990 | 774,359 | 752,579 | 836,167 |
| General administration | 175,816 | 150,181 | 160,025 | 120,478 | 127,610 | 134,870 | 145,237 | 158,730 | 182,205 | 178,713 |
| School administration services | 146,297 | 139,137 | 136,597 | 143,647 | 149,983 | 126,336 | 109,877 | 103,271 | 103,697 | 137,992 |
| Central services | 166,049 | 159,195 | 152,401 | 163,406 | 173,753 | 172,150 | 198,090 | 215,925 | 231,880 | 215,207 |
| Plant operations & maintenance | 633,174 | 581,979 | 648,650 | 676,966 | 673,199 | 717,031 | 689,526 | 764,091 | 747,658 | 747,455 |
| Pupil transportation | 472,070 | 429,168 | 394,344 | 431,103 | 425,661 | 520,748 | 440,541 | 538,917 | 444,958 | 505,993 |
| Employee benefits | 1,043,598 | 948,096 | 1,030,392 | 1,038,833 | 986,011 | 930,499 | 1,099,260 | 1,061,032 | 976,137 | 1,067,795 |
| On-behalf TPAF Pension & Social Security contributions | 504,850 | 610,799 | 723,185 | 656,433 | 742,269 | 875,870 | 975,161 | 1,114,434 | 1,267,387 | 1,257,949 |
| Transfer to charter schools | - | - | - | - | - | - | - | 887 | - | 17,438 |
| Capital outlay | 26,831 | 36,928 | 35,579 | 38,504 | 25,591 | 22,451 | 40,691 | 97,112 | 146,409 | 110,115 |
| Special revenue funds | 435,780 | 318,521 | 286,545 | 301,090 | 233,703 | 311,376 | 217,420 | 326,933 | 542,431 | 525,211 |
| Capital projects | 16,697 | 366,570 | 63,190 | - | 262,555 | 136,149 | 275,780 | 177,416 | 335,318 | 947,706 |
| Debt service | | | | | | | | | | |
| Principal | 840,000 | 870,000 | 250,000 | 270,000 | 285,000 | 331,000 | 355,000 | 235,000 | 245,000 | 250,000 |
| Interest & other charges | 263,482 | 156,789 | 119,799 | 111,599 | 102,750 | 101,559 | 88,343 | 75,055 | 66,243 | 74,313 |
| Total expenditures | 8,368,037 | 8,470,676 | 7,850,650 | 7,839,379 | 7,993,196 | 8,357,343 | 8,684,361 | 8,944,038 | 9,235,220 | 10,192,401 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-----------|------------|------------|------------|------------|--------------|--------------|-------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 303,183 | \$ 50,423 | \$ 233,845 | \$ 267,216 | \$ 723,924 | \$ 329,597 | \$ (186,354) | \$ (131,995) | \$ (32,287) | \$ (820,748) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers out | - | (2,140) | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | (2,140) | - | - | - | - | - | - | - | - |
| Net change in fund balances | \$ 303,183 | \$ 48,283 | \$ 233,845 | \$ 267,216 | \$ 723,924 | \$ 329,597 | \$ (186,354) | \$ (131,995) | \$ (32,287) | \$ (820,748) |
| Debt service as a percentage of non-capital expenditures | 15.28% | 14.58% | 5.01% | 5.14% | 5.30% | 5.57% | 5.59% | 3.71% | 3.69% | 3.68% |

Source: District Records

Note: Non-capital expenditures are total expenditures less capital outlay.

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Tuition | \$ 118,914 | \$ 128,998 | \$ 153,485 | \$ 113,307 | \$ 155,818 | \$ 159,165 | \$ 69,689 | \$ 58,630 | \$ 53,349 | \$ 73,491 |
| Interest income | 14,581 | 17,891 | 15,527 | 7,816 | 10,086 | 5,688 | 3,225 | 2,990 | 2,882 | 2,540 |
| E-rate | - | - | - | - | - | - | - | 13,424 | 11,113 | 12,124 |
| SREC | 236,667 | 107,285 | 36,894 | 46,969 | 53,118 | 101,694 | 75,135 | 54,054 | 52,937 | 76,817 |
| Prior year refunds | - | - | - | - | - | - | - | 1,149 | 1,174 | - |
| Donation | - | - | - | - | - | - | - | - | - | 5,400 |
| Miscellaneous | 58,170 | 9,405 | 9,782 | 12,311 | 4,876 | 16,764 | 11,480 | 19,803 | 25,874 | 34,991 |
| Annual totals | <u>\$ 428,332</u> | <u>\$ 263,579</u> | <u>\$ 215,688</u> | <u>\$ 180,403</u> | <u>\$ 223,898</u> | <u>\$ 283,311</u> | <u>\$ 159,529</u> | <u>\$ 150,050</u> | <u>\$ 147,329</u> | <u>\$ 205,363</u> |

Source: District Records

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
All Constituent Districts Combined
Last Ten Fiscal Years

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Vacant land | N/A | N/A | N/A | \$ 4,131,700 | \$ 4,157,500 | \$ 4,150,400 | \$ 4,664,700 | \$ 4,630,500 | \$ 4,743,000 | \$ 4,644,800 |
| Residential | N/A | N/A | N/A | 206,092,100 | 206,186,600 | 206,378,300 | 252,836,500 | 252,789,300 | 252,082,500 | 252,731,300 |
| Farm regular | N/A | N/A | N/A | 33,147,000 | 32,917,800 | 32,506,900 | 37,765,300 | 37,680,000 | 37,457,600 | 36,958,100 |
| Q farm | N/A | N/A | N/A | 7,131,000 | 7,129,100 | 7,127,100 | 8,537,900 | 8,430,000 | 8,399,100 | 8,397,800 |
| Commercial | N/A | N/A | N/A | 28,425,800 | 28,287,100 | 28,100,400 | 34,709,800 | 36,072,200 | 32,249,420 | 32,469,300 |
| Apartment | N/A | N/A | N/A | 415,400 | 415,400 | 415,400 | 450,900 | 450,900 | 450,900 | 450,900 |
| Total assessed value | \$ 269,424,600 | \$ 269,989,200 | \$ 279,692,800 | \$ 279,343,000 | \$ 279,093,500 | \$ 278,678,500 | \$ 338,965,100 | \$ 340,052,900 | \$ 335,382,520 | \$ 335,652,200 |
| Public utilities (a) | 788,942 | 768,584 | 740,024 | 717,920 | 728,072 | 733,943 | 866,404 | 814,904 | 810,662 | 846,969 |
| Net valuation taxable | \$ 270,213,542 | \$ 270,757,784 | \$ 280,432,824 | \$ 280,060,920 | \$ 279,821,572 | \$ 279,412,443 | \$ 339,831,504 | \$ 340,867,804 | \$ 336,193,182 | \$ 336,499,169 |
| Estimated actual county equalized value | \$ 384,595,303 | \$ 371,591,686 | \$ 376,664,250 | \$ 369,603,569 | \$ 335,257,507 | \$ 335,841,267 | \$ 346,747,944 | \$ 368,117,634 | \$ 368,832,112 | \$ 363,464,163 |
| Percentage of net valuation to estimated actual equalized value | 70.26% | 72.86% | 74.45% | 75.77% | 83.46% | 83.20% | 98.01% | 92.60% | 91.15% | 92.58% |

Source: Municipal Tax Assessor

Note: 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 the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property (continued)
By Constituent District - Township of Hopewell
Last Ten Fiscal Years

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Vacant land | N/A | N/A | N/A | \$ 4,008,400 | \$ 4,034,200 | \$ 4,027,100 | \$ 4,541,400 | \$ 4,507,200 | \$ 4,619,700 | \$ 4,561,500 |
| Residential | N/A | N/A | N/A | 178,219,100 | 178,361,300 | 178,700,600 | 225,241,500 | 225,213,100 | 224,506,300 | 225,320,700 |
| Farm regular | N/A | N/A | N/A | 30,445,800 | 30,216,600 | 29,805,700 | 35,064,100 | 34,998,800 | 34,776,400 | 34,276,900 |
| Q farm | N/A | N/A | N/A | 6,708,100 | 6,706,200 | 6,704,200 | 8,115,000 | 8,008,100 | 7,977,200 | 7,974,700 |
| Commercial | N/A | N/A | N/A | 26,497,800 | 26,359,100 | 26,172,400 | 32,781,800 | 34,169,900 | 30,247,120 | 30,474,600 |
| Apartment | N/A | N/A | N/A | 415,400 | 415,400 | 415,400 | 450,900 | 450,900 | 450,900 | 450,900 |
| Total assessed value | 236,002,400 | 236,645,400 | 246,566,800 | 246,294,600 | 246,092,800 | 245,825,400 | 306,194,700 | 307,348,000 | 302,577,620 | 303,059,300 |
| Public utilities (a) | 621,609 | 608,158 | 590,924 | 593,061 | 603,420 | 597,575 | 730,385 | 678,641 | 674,399 | 710,689 |
| Net valuation taxable | \$ 236,624,009 | \$ 237,253,558 | \$ 247,157,724 | \$ 246,887,661 | \$ 246,696,220 | \$ 246,422,975 | \$ 306,925,085 | \$ 308,026,641 | \$ 303,252,019 | \$ 303,769,989 |
| Estimated actual county equalized value | \$ 352,382,212 | \$ 342,556,122 | \$ 340,672,259 | \$ 335,217,462 | \$ 304,525,639 | \$ 307,720,998 | \$ 316,232,394 | \$ 336,714,736 | \$ 336,684,822 | \$ 330,472,137 |
| Percentage of net valuation to estimated actual equalized value | 67.15% | 69.26% | 72.55% | 73.65% | 81.01% | 80.08% | 97.06% | 91.48% | 90.07% | 91.92% |
| Total direct school tax rates (b) | \$ 1.421 | \$ 1.353 | \$ 1.286 | \$ 1.338 | \$ 1.366 | \$ 1.327 | \$ 1.094 | \$ 1.096 | \$ 1.127 | \$ 1.106 |

*

Source: Municipal Tax Assessor

Note: 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 the County Board of Taxation requests Treasury to order a reassessment.

(a) Taxable value of machinery, implements and equipment of telephone and messenger system companies

(b) Tax rates are per \$100

* Revalued/Reassessed

N/A Information not available

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property (continued)
By Constituent District - Borough of Shiloh
Last Ten Fiscal Years

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Vacant land | N/A | N/A | N/A | \$ 123,300 | \$ 123,300 | \$ 123,300 | \$ 123,300 | \$ 123,300 | \$ 123,300 | \$ 83,300 |
| Residential | N/A | N/A | N/A | 27,873,000 | 27,825,300 | 27,677,700 | 27,595,000 | 27,576,200 | 27,576,200 | 27,410,600 |
| Farm regular | N/A | N/A | N/A | 2,701,200 | 2,701,200 | 2,701,200 | 2,701,200 | 2,681,200 | 2,681,200 | 2,681,200 |
| Q farm | N/A | N/A | N/A | 422,900 | 422,900 | 422,900 | 422,900 | 421,900 | 421,900 | 423,100 |
| Commercial | N/A | N/A | N/A | 1,928,000 | 1,928,000 | 1,928,000 | 1,928,000 | 1,902,300 | 2,002,300 | 1,994,700 |
| Total assessed value | \$ 33,422,200 | \$ 33,343,800 | \$ 33,126,000 | \$ 33,048,400 | \$ 33,000,700 | \$ 32,853,100 | \$ 32,770,400 | \$ 32,704,900 | \$ 32,804,900 | \$ 32,592,900 |
| Public utilities (a) | 167,333 | 160,426 | 149,100 | 124,859 | 124,652 | 136,368 | 136,019 | 136,263 | 136,263 | 136,280 |
| Net valuation taxable | \$ 33,589,533 | \$ 33,504,226 | \$ 33,275,100 | \$ 33,173,259 | \$ 33,125,352 | \$ 32,989,468 | \$ 32,906,419 | \$ 32,841,163 | \$ 32,941,163 | \$ 32,729,180 |
| Estimated actual county equalized value | \$ 32,213,091 | \$ 29,035,564 | \$ 35,991,991 | \$ 34,386,107 | \$ 30,731,868 | \$ 28,120,269 | \$ 30,515,550 | \$ 31,402,898 | \$ 32,147,290 | \$ 32,992,026 |
| Percentage of net valuation to estimated actual equalized value | 104.27% | 115.39% | 92.45% | 96.47% | 107.79% | 117.32% | 107.83% | 104.58% | 102.47% | 99.20% |
| Total direct school tax rates (b) | \$ 0.552 | \$ 0.639 | \$ 0.770 | \$ 0.761 | \$ 0.835 | \$ 0.977 | \$ 0.915 | \$ 0.970 | \$ 1.062 | \$ 1.095 |

Source: Municipal Tax Assessor

Note: 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 the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

N/A Information not available

See independent auditors' report.

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
By Constituent District - Township of Hopewell
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)**

| Assessment Year | School District Direct Rate | | | | Regional School Rate | Overlapping Rates | | Total Direct & Overlapping Tax Rate | | |
|--------------------|-----------------------------|--------------------------------|---------------------------------|-------|----------------------------|-------------------|--------|--|----|-------|
| | Basic Rate (a) | Obligation Debt Service (b) | (From J-6) | | | Municipality | County | | | |
| | | | Total Direct School Tax Rate | | | | | | | |
| 2011 | N/A | N/A | \$ | 1.421 | \$ | 0.217 | \$ | 1.429 | \$ | 3.802 |
| 2012 | N/A | N/A | | 1.353 | | 0.240 | | 1.374 | | 3.612 |
| 2013 | N/A | N/A | | 1.286 | | 0.241 | | 1.364 | | 3.479 |
| 2014 | N/A | N/A | | 1.338 | | 0.248 | | 1.421 | | 3.678 |
| 2015 | N/A | N/A | | 1.366 | | 0.274 | | 1.372 | | 3.664 |
| 2016 | 1.258 | 0.069 | | 1.327 | | 0.302 | | 1.408 | | 3.735 |
| 2017 | * 1.037 | 0.057 | | 1.094 | | 0.248 | | 1.201 | | 3.140 |
| 2018 | 1.039 | 0.057 | | 1.096 | | 0.258 | | 1.282 | | 3.240 |
| 2019 | 1.069 | 0.058 | | 1.127 | | 0.281 | | 1.339 | | 3.352 |
| 2020 | 1.049 | 0.057 | | 1.106 | | 0.297 | | 1.354 | | 3.402 |

Sources: Municipal Tax Collector

Note: N.J.S.A.18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.

(b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

N/A Information not available

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates (continued)
By Constituent District - Borough of Shiloh
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

| Assessment Year | School District Direct Rate | | | Regional School Rate | Overlapping Rates | | Total Direct & Overlapping Tax Rate |
|--------------------|-----------------------------|---|---|----------------------------|-------------------|----------|--|
| | Basic Rate (a) | General Obligation Debt Service (b) | (From J-6) Total Direct School Tax Rate | | Municipality | County | |
| | | | | | | | |
| 2011 | N/A | N/A | \$ 0.552 | \$ 0.488 | \$ 0.318 | \$ 0.922 | \$ 2.280 |
| 2012 | N/A | N/A | 0.639 | 0.487 | 0.317 | 0.825 | 2.268 |
| 2013 | N/A | N/A | 0.770 | 0.570 | 0.317 | 1.068 | 2.725 |
| 2014 | N/A | N/A | 0.761 | 0.586 | 0.318 | 1.086 | 2.751 |
| 2015 | N/A | N/A | 0.835 | 0.506 | 0.318 | 1.032 | 2.691 |
| 2016 | 0.926 | 0.051 | 0.977 | 0.347 | 0.318 | 0.958 | 2.600 |
| 2017 | 0.868 | 0.047 | 0.915 | 0.363 | 0.318 | 1.080 | 2.676 |
| 2018 | 0.920 | 0.050 | 0.970 | 0.289 | 0.319 | 1.132 | 2.710 |
| 2019 | 1.007 | 0.055 | 1.062 | 0.283 | 0.320 | 1.177 | 2.842 |
| 2020 | 1.038 | 0.057 | 1.095 | 0.424 | 0.320 | 1.253 | 3.092 |

Sources: Municipal Tax Collector

Note: N.J.S.A.18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation
- (b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

N/A Information not available

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
By Constituent District - Township of Hopewell
Current Year and Nine Years Ago

| | 2020 | | | 2011 | | |
|-------------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| | | | | | | |
| Cumberland Mutual Fire Insurance Co | \$ 6,377,400 | 1 | 2.10% | \$ 5,486,700 | 1 | 2.32% |
| LTC Management LLC | 5,900,000 | 2 | 1.95% | - | - | - |
| Green Olive Properties LLC | 3,568,400 | 3 | 1.18% | - | - | - |
| Sunny Slope Farms of NJ | 2,005,100 | 4 | 0.67% | 1,758,300 | 2 | 0.74% |
| Bridgeton Shiloh Pike DG LLC | 1,745,700 | 5 | 0.58% | - | - | - |
| FD Retail Properties. Dollar Tree | 1,685,800 | 6 | 0.56% | - | - | - |
| ACM Realty LLC | 1,496,400 | 7 | 0.50% | 1,218,000 | 4 | 0.51% |
| Rosypal | 1,442,600 | 8 | 0.48% | - | - | - |
| McCormick Clarence JR | 1,189,300 | 9 | 0.40% | - | - | - |
| Individual Property Owner | 1,181,800 | 10 | 0.39% | 1,014,200 | 5 | 0.43% |
| Solovista LLC | - | - | - | 1,256,200 | 3 | 0.53% |
| Individual Property Owner | - | - | - | 924,200 | 6 | 0.39% |
| Blue Sterling Nursery LLC | - | - | - | 835,200 | 7 | 0.35% |
| Cottages at Dutch Neck | - | - | - | 759,500 | 8 | 0.32% |
| Verizon | - | - | - | 621,609 | 9 | 0.26% |
| Individual Property Owner | - | - | - | 611,700 | 10 | 0.26% |
| | <u>\$ 26,592,500</u> | | <u>8.81%</u> | <u>\$ 14,485,609</u> | | <u>6.11%</u> |

Source: Municipal Tax Assessor

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers (continued)
By Constituent District - Borough of Shiloh
Current Year and Nine Years Ago

| | 2020 | | | 2011 | | |
|----------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| | | | | | | |
| Clamar LLC | \$ 628,500 | 1 | 1.92% | \$ - | | - |
| Individual Property Owner | 617,600 | 2 | 1.89% | - | | - |
| Sarju Realty LLC | 495,200 | 3 | 1.51% | - | | - |
| Purple Dragon Holdings LLC | 403,600 | 4 | 1.23% | - | | - |
| Dewilde Farm Associates | 375,700 | 5 | 1.15% | 375,700 | 6 | 1.12% |
| Individual Property Owner | 419,600 | 6 | 1.28% | - | | - |
| Individual Property Owner | 357,400 | 7 | 1.09% | - | | - |
| Individual Property Owner | 341,100 | 8 | 1.04% | 341,100 | 8 | 1.02% |
| Individual Property Owner | 289,800 | 9 | 0.89% | - | | - |
| Individual Property Owner | 283,300 | 10 | 0.87% | - | | - |
| Individual Property Owner | - | | - | 756,400 | 1 | 2.25% |
| Solavista LLC | - | | - | 639,500 | 2 | 1.90% |
| Individual Property Owner | - | | - | 617,600 | 3 | 1.84% |
| Rima Neha Realty LLC | - | | - | 495,200 | 4 | 1.47% |
| Individual Property Owner | - | | - | 398,400 | 5 | 1.19% |
| Individual Property Owner | - | | - | 356,200 | 7 | 1.06% |
| Dr. John Gould | - | | - | 296,500 | 9 | 0.88% |
| Individual Property Owner | - | | - | 274,100 | 10 | 0.82% |
| | <u>\$ 4,211,800</u> | | <u>12.87%</u> | <u>\$ 4,550,700</u> | | <u>13.55%</u> |

Source: Municipal Tax Assessor

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
By Constituent District
Last Ten Years

| Fiscal Year Ending June 30, | Taxes Levied for the Year | | Collected within the Year of the Levy (a) | |
|--------------------------------|---------------------------|----------------------|--|-----------------------|
| | Township of Hopewell | Borough of Shiloh | Total Amount | Percentage of Levy |
| 2011 | \$ 3,483,532 | \$ 154,843 | \$ 3,638,375 | 100.00% |
| 2012 | 3,360,866 | 185,272 | 3,546,138 | 100.00% |
| 2013 | 3,209,576 | 213,763 | 3,423,339 | 100.00% |
| 2014 | 3,176,756 | 255,927 | 3,432,683 | 100.00% |
| 2015 | 3,301,761 | 252,378 | 3,554,139 | 100.00% |
| 2016 | 3,367,862 | 276,449 | 3,644,311 | 100.00% |
| 2017 | 3,269,341 | 322,001 | 3,591,342 | 100.00% |
| 2018 | 3,354,764 | 301,041 | 3,655,805 | 100.00% |
| 2019 | 3,374,610 | 318,285 | 3,692,895 | 100.00% |
| 2020 | 3,416,669 | 349,712 | 3,766,381 | 100.00% |

Source: District records including the Certificate and Report of School Taxes (A4F Form)

- (a) School taxes are collected by the Municipal tax collector. Under New Jersey State Statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ending June 30, | Governmental Activities | | | | Business-Type Activities | | Total District | % of Personal Income (a) | Per Capita (a) |
|-----------------------------------|--------------------------------|-------------------------------------|-------------------|--------------------------------------|-----------------------------|------|-------------------|--------------------------------|-------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | | |
| 2011 | \$ 4,047,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,047,000 | 2.36% | \$ 791 |
| 2012 | 3,177,000 | - | - | - | - | - | 3,177,000 | 1.81% | 623 |
| 2013 | 2,927,000 | - | - | - | - | - | 2,927,000 | 1.69% | 579 |
| 2014 | 2,657,000 | - | - | - | - | - | 2,657,000 | 1.53% | 527 |
| 2015 | 2,747,000 | - | - | - | - | - | 2,747,000 | 1.54% | 547 |
| 2016 | 2,416,000 | - | - | - | - | - | 2,416,000 | 1.32% | 485 |
| 2017 | 2,061,000 | - | - | - | - | - | 2,061,000 | 1.12% | 419 |
| 2018 | 1,826,000 | - | - | - | - | - | 1,826,000 | 0.97% | 374 |
| 2019 | 1,581,000 | - | - | - | - | - | 1,581,000 | 0.81% | 326 |
| 2020 | 1,331,000 | - | - | - | - | - | 1,331,000 | N/A | 275 |

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-14 for personal income and population data.
 These ratios are calculated using personal income and population for the prior calendar year.

N/A Information is not available

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year Ending June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | % of Actual Taxable Value of Property (a) | Per Capita (b) |
|-----------------------------------|---------------------------------|------------|---|--|-------------------|
| | General Obligation Bonds | Deductions | | | |
| 2011 | \$ 4,047,000 | \$ - | \$ 4,047,000 | 1.50% | \$ 791 |
| 2012 | 3,177,000 | - | 3,177,000 | 1.17% | 623 |
| 2013 | 2,927,000 | - | 2,927,000 | 1.04% | 579 |
| 2014 | 2,657,000 | - | 2,657,000 | 0.95% | 527 |
| 2015 | 2,747,000 | - | 2,747,000 | 0.98% | 547 |
| 2016 | 2,416,000 | - | 2,416,000 | 0.86% | 485 |
| 2017 | 2,061,000 | - | 2,061,000 | 0.61% | 419 |
| 2018 | 1,826,000 | - | 1,826,000 | 0.54% | 374 |
| 2019 | 1,581,000 | - | 1,581,000 | 0.47% | 326 |
| 2020 | 1,331,000 | - | 1,331,000 | 0.40% | 275 |

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

(a) See Exhibit J-6 for property tax data.

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

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

| Governmental Unit | <u>Debt Outstanding</u> | <u>Estimated % Applicable (a)</u> | <u>Estimated Share of Debt</u> |
|-----------------------------------|-----------------------------|---------------------------------------|--|
| Debt repaid with property taxes | | | |
| Municipality | | | |
| Township of Hopewell | \$ 1,252,475 | 100.00% | \$ 1,252,475 |
| Borough of Shiloh | - | 100.00% | - |
| Regional High School | | | |
| Township of Hopewell | 5,350,000 | 20.30% | 1,086,228 |
| Borough of Shiloh | 5,350,000 | 1.95% | 104,084 |
| County general obligation debt | 97,136,508 | 4.23% | <u>4,111,054</u> |
| Subtotal, overlapping debt | | | 6,553,841 |
| School District direct debt | | | <u>1,376,000</u> |
| Total direct and overlapping debt | | | <u><u>\$ 7,929,841</u></u> |

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. 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 municipality. 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.

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020

| | Equalized Valuation Basis |
|---|-------------------------------------|
| | 2019 \$ 362,244,412 |
| | 2018 373,145,822 |
| | 2017 366,041,432 |
| | \$ 1,101,431,666 |
| Average equalized valuation of taxable property | \$ 367,143,889 |
| Debt limit (3.0% of average equalization value) | (a) \$ 11,014,317 |
| Total net debt applicable to limit | 1,331,000 |
| Legal debt margin | \$ 9,683,317 |

| | Fiscal Year | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Debt limit | \$ 10,392,231 | \$ 10,243,938 | \$ 10,557,539 | \$ 10,934,814 | \$ 11,014,317 |
| Total net debt applicable | 2,416,000 | 2,061,000 | 1,826,000 | 1,581,000 | 1,331,000 |
| Legal debt margin | \$ 7,976,231 | \$ 8,182,938 | \$ 8,731,539 | \$ 9,353,814 | \$ 9,683,317 |
| Total net debt applicable to the limit as a percentage of debt limit | 23.25% | 20.12% | 17.30% | 14.46% | 12.08% |

| | Fiscal Year | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Debt limit | \$ 11,984,096 | \$ 11,522,417 | \$ 11,170,801 | \$ 10,997,066 | \$ 10,660,659 |
| Total net debt applicable | 4,047,000 | 3,177,000 | 2,927,000 | 2,657,000 | 2,747,000 |
| Legal debt margin | \$ 7,937,096 | \$ 8,345,417 | \$ 8,243,801 | \$ 8,340,066 | \$ 7,913,659 |
| Total net debt applicable to the limit as a percentage of debt limit | 33.77% | 27.57% | 26.20% | 24.16% | 25.77% |

Source: Equalized valuation basis obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
By Constituent District - Township of Hopewell
Last Ten Fiscal Years**

| <u>Year</u> | <u>Population (a)</u> | <u>Personal Income (b)</u> | <u>Per Capita Personal Income (c)</u> | <u>Unemployment Rate (d)</u> |
|-------------|-----------------------|--------------------------------|---|----------------------------------|
| 2011 | 4,587 | \$ 157,439,601 | \$ 34,323 | 7.3% |
| 2012 | 4,548 | 155,450,640 | 34,180 | 8.3% |
| 2013 | 4,532 | 156,145,528 | 34,454 | 7.6% |
| 2014 | 4,517 | 160,290,262 | 35,486 | 6.8% |
| 2015 | 4,474 | 165,050,334 | 36,891 | 6.3% |
| 2016 | 4,427 | 166,078,905 | 37,515 | 5.4% |
| 2017 | 4,385 | 169,392,550 | 38,630 | 4.3% |
| 2018 | 4,362 | 175,740,618 | 40,289 | 4.9% |
| 2019 | 4,350 | N/A | N/A | 3.7% |
| 2020 | N/A | N/A | N/A | N/A |

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics (continued)
By Constituent District - Borough of Shiloh
Last Ten Fiscal Years**

| <u>Year</u> | <u>Population (a)</u> | <u>Personal Income (b)</u> | <u>Per Capita Personal Income (c)</u> | <u>Unemployment Rate (d)</u> |
|-------------|-----------------------|--------------------------------|---|----------------------------------|
| 2011 | 515 | \$ 17,676,345 | \$ 34,323 | 9.6% |
| 2012 | 511 | 17,465,980 | 34,180 | 13.4% |
| 2013 | 509 | 17,537,086 | 34,454 | 7.0% |
| 2014 | 507 | 17,991,402 | 35,486 | 6.9% |
| 2015 | 503 | 18,556,173 | 36,891 | 5.9% |
| 2016 | 497 | 18,644,955 | 37,515 | 4.5% |
| 2017 | 493 | 19,044,590 | 38,630 | 4.5% |
| 2018 | 491 | 19,781,899 | 40,289 | 3.7% |
| 2019 | 487 | N/A | N/A | 4.2% |
| 2020 | N/A | N/A | N/A | N/A |

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2020

| Employer | Employees | Rank | Percentage of Total Municipal Employment |
|----------|-----------|------|--|
|----------|-----------|------|--|

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2011

| Employer | Employees | Rank | Percentage of Total Municipal Employment |
|----------|-----------|------|--|
|----------|-----------|------|--|

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 29.0 | 28.0 | 28.5 | 28.5 | 28.5 | 30.0 | 30.0 | 29.0 | 29.0 | 30.0 |
| Special education | 9.0 | 10.5 | 10.0 | 10.0 | 10.0 | 7.0 | 7.5 | 6.5 | 6.5 | 7.0 |
| Other special education | 10.0 | 8.5 | 8.0 | 8.0 | 8.0 | 12.0 | 12.0 | 13.5 | 14.0 | 13.5 |
| Other instruction | 12.0 | 12.0 | 12.0 | 12.0 | 11.5 | 6.5 | 4.0 | 4.0 | 4.0 | 4.0 |
| Support services | | | | | | | | | | |
| Student and instruction related services | 8.0 | 7.0 | 7.0 | 7.0 | 7.0 | 6.0 | 7.0 | 5.0 | 5.0 | 5.0 |
| School administration services | 3.0 | 3.0 | 3.5 | 3.5 | 3.5 | 3.0 | 3.5 | 3.5 | 3.5 | 3.5 |
| Other administration services | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.5 | 2.0 | 2.5 | 2.5 | 2.5 |
| Plant operations and maintenance | 2.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.5 | 2.0 | 2.0 | 2.0 | 3.5 |
| Pupil transportation | | | | | | | | | | |
| Total | <u>77.0</u> | <u>75.0</u> | <u>74.0</u> | <u>74.0</u> | <u>73.5</u> | <u>69.5</u> | <u>68.0</u> | <u>66.0</u> | <u>66.5</u> | <u>69.0</u> |

Source: District Personnel Records

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

| Fiscal Year | June 30 Enrollment | Operating Expenditures (a) | Cost Per Pupil | Percentage Change | Teaching Staff (b) | Teacher Ratio | Average Daily Enrollment (ADE) (c) | Average Daily Attendance (ADA) (c) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|--------------------|----------------------------|----------------|-------------------|--------------------|---------------|------------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| 2011 | 541 | \$ 7,221,027 | 13,348 | -2.86% | 44.0 | 1 to 12.30 | 533.4 | 511.6 | 1.09% | 95.91% |
| 2012 | 514 | 7,040,389 | 13,697 | 2.61% | 44.4 | 1 to 11.58 | 517.6 | 496.5 | -2.96% | 95.92% |
| 2013 | 516 | 7,382,082 | 14,306 | 4.45% | 44.4 | 1 to 11.62 | 508.4 | 486.0 | -1.78% | 95.59% |
| 2014 | 518 | 7,419,276 | 14,323 | 0.12% | 44.4 | 1 to 11.67 | 515.1 | 491.0 | 1.32% | 95.32% |
| 2015 | 493 | 7,317,300 | 14,842 | 3.62% | 44.4 | 1 to 11.10 | 490.0 | 466.5 | -4.87% | 95.20% |
| 2016 | 497 | 7,766,184 | 15,626 | 5.28% | 43.5 | 1 to 11.43 | 494.1 | 468.3 | 0.84% | 94.78% |
| 2017 | 488 | 7,924,547 | 16,239 | 3.92% | 41.5 | 1 to 11.76 | 484.2 | 458.0 | -2.00% | 94.59% |
| 2018 | 479 | 8,359,455 | 17,452 | 7.47% | 40.5 | 1 to 11.83 | 478.3 | 448.5 | -1.22% | 93.77% |
| 2019 | 486 | 8,442,250 | 17,371 | -0.46% | 41.0 | 1 to 11.85 | 501.8 | 476.3 | 4.91% | 94.92% |
| 2020 | 494 | 8,810,267 | 17,835 | 2.67% | 41.0 | 1 to 12.05 | 500.5 | 480.3 | -0.27% | 95.96% |

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

| District Building | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>Hopewell Township Elementary School (1958)</u> | | | | | | | | | | |
| Square feet | 83,475 | 83,475 | 83,475 | 83,475 | 83,475 | 83,475 | 83,475 | 83,475 | 83,475 | 83,475 |
| Capacity (students) | 709 | 709 | 709 | 709 | 709 | 709 | 709 | 709 | 709 | 709.0 |
| Enrollment | 514 | 514 | 514 | 518 | 515 | 497.0 | 488.0 | 479.0 | 486.0 | 494.0 |
| <u>Number of schools at June 30, 2020:</u> | | | | | | | | | | |
| Elementary | 1 | | | | | | | | | |
| Middle School | - | | | | | | | | | |
| High School | - | | | | | | | | | |
| Other | - | | | | | | | | | |

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions.

Note: Enrollment is based on the annual October district count.

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

| <u>Fiscal Year Ending</u> | <u>District Total</u> |
|---------------------------|---------------------------|
| 2011 | \$ 114,101 |
| 2012 | 77,198 |
| 2013 | 176,592 |
| 2014 | 125,702 |
| 2015 | 137,526 |
| 2016 | 123,393 |
| 2017 | 112,592 |
| 2018 | 155,886 |
| 2019 | 155,207 |
| 2020 | 154,013 |
| Total school facilities | <u>\$ 1,332,210</u> |

Note: School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG) | | |
| Property | | |
| Blanket building & contents | \$ 22,958,309 | \$ 1,000 |
| Increase cost of construction | 5,000,000 | - |
| Utility services | 500,000 | - |
| Fire department service charge | 5,000 | - |
| Lock replacement | 25,000 | - |
| Fire protection device recharge | 1,000 | - |
| Underground pipes | 10,000 | - |
| Tree debris removal | 5,000 | 1,000 |
| Personal effects and property of others | 10,000 | - |
| Outdoor property | 25,000 | - |
| Property in vehicles | 10,000 | 500 |
| Property in transit | 100,000 | - |
| Debris removal | 250,000 | - |
| Utility services/direct damage | 50,000 | - |
| Pollutant clean-up | 90,000 | - |
| Spoilage | 25,000 | - |
| Flood | 1,015,000 | 25,000 |
| Earthquake | 1,000,000 | 25,000 |
| Fungus, wet rot, dry rot, and bacteria | 50,000 | - |
| Comprehensive general liability | | |
| General aggregate | 3,000,000 | - |
| Occurrence limit | 1,000,000 | - |
| Employee benefits liability | 1,000,000 | 1,000 |
| Abuse/molestation | 1,000,000 | - |
| Limited pollution coverage extension | 100,000 | - |
| School district/educators legal liability | 1,000,000 | 7,500 |
| Employment-related practices | 1,000,000 | 5,000 |
| Cyber suite | 1,000,000 | 10,000 |
| Crime | | |
| Employee dishonesty/faithful performance | 100,000 | 500 |
| Forgery | 100,000 | 500 |
| Computer and funds transfer fraud | 100,000 | 500 |
| Money & securities | 25,000 | 500 |
| Electronic data processing | | |
| Hardware | 200,000 | 250 |
| Media & computer programs | 66,000 | 250 |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

| | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| Commercial Package Policy (NJSIG) (continued) | | |
| Inland Marine | | |
| Valuable papers | \$ 100,000 | \$ 500 |
| Signs | 30,000 | 500 |
| Accounts receivable | 50,000 | - |
| Fine arts | 15,000 | 500 |
| Musical instruments | 500,000 | 500 |
| Camera, projection machine | 50,000 | 500 |
| Miscellaneous school equipment | 500,000 | 500 |
| EDP hardware | 75,000 | 500 |
| Data & media | 10,000 | 500 |
| EDP extra expense | 10,000 | - |
| Commercial auto policy | 1,000,000 | - |
| Commercial umbrella coverage | 4,000,000 | 10,000 |
| Worker's compensation (NJSIG) | 3,000,000 | - |
| Basic student accident coverage (Berkley Life and Health Insurance) | 1,000,000 | - |
| Catastrophic student accident coverage (United States Fire insurance) | 2,500,000 | 25,000 |
| Surety bonds | | |
| Treasurer - Susan Anastasio-Quinones (Selective Insurance Co. of America) | 250,000 | - |
| Business administrator - Stephanie Kuntz (Ohio Casualty Insurance Co.) | 10,000 | - |

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



**Independent Auditors' 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***

Honorable President and
Members of the Board of Education
Hopewell Township School District
Cumberland County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Hopewell Township School District, County of Cumberland, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hopewell Township School 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 entity'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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a significant deficiency.

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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Response to Findings


Hopewell Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 15, 2021
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform
Guidance and New Jersey OMB Circular 15-08-OMB**

Honorable President and
Members of the Board of Education
Hopewell Township School District
Cumberland County, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Hopewell Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the 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 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 fiscal year ended June 30, 2020.

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 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 and 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.

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.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 15, 2021
Flemington, New Jersey

HOPEWELL TOWNSHIP SCHOOL DISTRICT Schedule of Expenditures of Federal Awards, Schedule A For the Fiscal Year Ended June 30, 2020

| Grantor/Program Title | Federal CFDA Number | FAIN Number | Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2019 | | Cash Received | Budgetary Expenditure | Adjust- ment | Repayment of Prior Year Balance | Balance June 30, 2020 | | |
|--|---------------------------|----------------|-------------------|-------------------------------|-----------------|----------|---------------------------|---------------------|-------------------|--------------------------|-----------------|---------------------------------------|------------------------|---------------------|-------------------|
| | | | | | From | To | (Acct Rec) Def Revenue | Carryover Amount | | | | | Accounts Receivable | Deferred Revenue | 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 | N/A | \$ 18,114 | 07/01/19 | 06/30/20 | \$ - | \$ - | \$ 18,114 | \$ 18,114 | \$ - | \$ - | \$ - | \$ - | \$ - |
| U.S. Department of Education passed through State Department of Education Special Revenue Fund | | | | | | | | | | | | | | | |
| Title I A | 84.010A | S010A180030 | ESSA-1376-19 | 95,984 | 07/01/18 | 06/30/19 | (39,538) | (6,363) | 45,901 | - | - | - | - | - | - |
| Title I A - Carryover | 84.010A | S010A180030 | ESSA-1376-19 | 95,984 | 07/01/18 | 06/30/19 | - | 6,363 | - | 6,363 | - | - | - | - | - |
| Title I A | 84.010A | S010A190030 | ESSA-1376-20 | 116,523 | 07/01/19 | 06/30/20 | - | - | 68,764 | 113,437 | - | - | (44,673) | - | - |
| Title II A | 84.367A | S367A180029 | ESSA-1376-19 | 18,356 | 07/01/18 | 06/30/19 | 374 | (6,614) | 6,614 | 374 | - | - | - | - | - |
| Title II A - Carryover | 84.367A | S367A180029 | ESSA-1376-19 | 18,356 | 07/01/18 | 06/30/19 | - | 6,614 | - | 6,614 | - | - | - | - | - |
| Title II A | 84.367A | S367A190029 | ESSA-1376-20 | 20,542 | 07/01/19 | 06/30/20 | - | - | 10,101 | 10,101 | - | - | - | - | - |
| Title IV | 84.424 | S424A180031 | ESSA-1376-19 | 10,000 | 07/01/18 | 06/30/19 | (777) | (180) | 957 | - | - | - | - | - | - |
| Title IV - Carryover | 84.424 | S424A180031 | ESSA-1376-19 | 10,000 | 07/01/18 | 06/30/19 | - | 180 | - | 180 | - | - | - | - | - |
| Title IV | 84.424 | S424A190031 | ESSA-1376-20 | 10,000 | 07/01/19 | 06/30/20 | - | - | 9,874 | 9,924 | - | - | (50) | - | - |
| IDEA Basic | 84.027A | H027A180100 | IDEA-1376-19 | 113,117 | 07/01/18 | 06/30/19 | (5,323) | - | 16,458 | 11,135 | - | - | - | - | - |
| IDEA Basic | 84.027A | H027A190100 | IDEA-1376-20 | 117,139 | 07/01/19 | 06/30/20 | - | - | 88,845 | 113,798 | - | - | (24,953) | - | - |
| IDEA Preschool | 84.173A | H173A190114 | IDEA-1376-20 | 1,589 | 07/01/19 | 06/30/20 | - | - | 1,589 | 1,589 | - | - | - | - | - |
| IDEA Preschool | 84.173A | H173A180114 | IDEA-1376-19 | 1,482 | 07/01/18 | 06/30/19 | - | - | 1,482 | 1,482 | - | - | - | - | - |
| REAP | 84.358 | S358B150030 | N/A | 41,867 | 07/01/18 | 06/30/19 | (11,448) | - | 12,674 | 1,226 | - | - | - | - | - |
| REAP | 84.358 | S358B150030 | N/A | 35,002 | 07/01/19 | 06/30/20 | - | - | 28,324 | 28,324 | - | - | - | - | - |
| Total Special Revenue Fund | | | | | | | <u>(56,712)</u> | <u>-</u> | <u>291,583</u> | <u>304,547</u> | <u>-</u> | <u>-</u> | <u>(69,676)</u> | <u>-</u> | <u>-</u> |
| U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund | | | | | | | | | | | | | | | |
| Child Nutrition Center | | | | | | | | | | | | | | | |
| National School Lunch Program | | | | | | | | | | | | | | | |
| Non-Cash Assistance (Commodities) | 10.555 | 191NJ304N1099 | N/A | 14,053 | 10/01/18 | 09/30/19 | 1,887 | - | - | 1,887 | - | - | - | - | - |
| National School Lunch Program | | | | | | | | | | | | | | | |
| Non-Cash Assistance (Commodities) | 10.555 | 201NJ304N1099 | N/A | 12,884 | 10/01/19 | 09/30/20 | - | - | 12,884 | 10,691 | - | - | - | 2,193 | - |
| National School Lunch Program | | | | | | | | | | | | | | | |
| Cash Assistance | 10.555 | 191NJ304N1099 | N/A | 87,790 | 10/01/18 | 09/30/19 | (15,308) | - | 15,308 | - | - | - | - | - | - |
| National School Lunch Program | | | | | | | | | | | | | | | |
| Cash Assistance | 10.555 | 201NJ304N1099 | N/A | 102,750 | 10/01/19 | 09/30/20 | - | - | 91,448 | 102,750 | - | - | (11,302) | - | - |
| School Breakfast Program | 10.553 | 191NJ304N1099 | N/A | 27,276 | 10/01/18 | 09/30/19 | (5,601) | - | 5,601 | - | - | - | - | - | - |
| School Breakfast Program | 10.553 | 201NJ304N1099 | N/A | 45,129 | 10/01/19 | 09/30/20 | - | - | 37,986 | 45,129 | - | - | (7,143) | - | - |
| Total Enterprise Fund | | | | | | | <u>(19,022)</u> | <u>-</u> | <u>163,227</u> | <u>160,457</u> | <u>-</u> | <u>-</u> | <u>(18,445)</u> | <u>2,193</u> | <u>-</u> |
| Total Federal Financial Assistance | | | | | | | <u>\$ (75,734)</u> | <u>\$ -</u> | <u>\$ 472,924</u> | <u>\$ 483,118</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (88,121)</u> | <u>\$ 2,193</u> | <u>\$ -</u> |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

| Grantor/Program Title | Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance June 30, 2019 | | Cash Received | Budgetary Expenditure | Adjustments | Balance June 30, 2020 | | | Memo | |
|--|---------------------|-------------------------|-------------------|-----------------|----------------------------|----------------|---------------------|-----------------------|-------------|-----------------------|------------------|----------------|----------------------|------------------------|
| | | | | | Deferred Rev. (Accts. Rec) | Due to Grantor | | | | Accounts Receivable | Deferred Revenue | Due to Grantor | Budgetary Receivable | Cumulative Expenditure |
| State Department of Education | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | |
| Transportation Aid | 20-495-034-5120-014 | \$ 197,184 | 07/01/19 | 06/30/20 | \$ - | \$ - | \$ 177,593 | \$ 197,184 | \$ - | \$ - | \$ - | \$ - | \$ 19,591 | \$ 197,184 |
| Special Education Categorical Aid | 20-495-034-5120-089 | 279,437 | 07/01/19 | 06/30/20 | - | - | 251,674 | 279,437 | - | - | - | - | 27,763 | 279,437 |
| Equalization Aid | 20-495-034-5120-078 | 2,720,941 | 07/01/19 | 06/30/20 | - | - | 2,450,606 | 2,720,941 | - | - | - | - | 270,335 | 2,720,941 |
| Adjustment Aid | 20-495-034-5120-085 | 201,791 | 07/01/19 | 06/30/20 | - | - | 181,742 | 201,791 | - | - | - | - | 20,049 | 201,791 |
| Security Aid | 20-495-034-5120-084 | 89,617 | 07/01/19 | 06/30/20 | - | - | 80,713 | 89,617 | - | - | - | - | 8,904 | 89,617 |
| Non-Public Transportation Aid | 19-495-034-5120-014 | 3,190 | 07/01/18 | 06/30/19 | (3,190) | - | 3,190 | - | - | - | - | - | - | 3,190 |
| Reimbursed TPAF Social Security Contribution | 20-495-034-5094-003 | 272,511 | 07/01/19 | 06/30/20 | - | - | 259,416 | 272,511 | - | (13,095) | - | - | - | 272,511 |
| On Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund | 20-495-034-5094-002 | 705,916 | 07/01/19 | 06/30/20 | - | - | 705,916 | 705,916 | - | - | - | - | - | 705,916 |
| On Behalf TPAF Pension Contribution - Non-Contributory Insurance | 20-495-034-5094-004 | 12,653 | 07/01/19 | 06/30/20 | - | - | 12,653 | 12,653 | - | - | - | - | - | 12,653 |
| On Behalf TPAF Pension Contribution - Long-Term Disability Insurance | 20-495-034-5094-004 | 293 | 07/01/19 | 06/30/20 | - | - | 293 | 293 | - | - | - | - | - | 293 |
| On Behalf TPAF Pension Contribution - Post Retirement Medical | 20-495-034-5094-001 | 266,576 | 07/01/19 | 06/30/20 | - | - | 266,576 | 266,576 | - | - | - | - | - | 266,576 |
| Total General Fund | | | | | <u>(3,190)</u> | <u>-</u> | <u>4,390,372</u> | <u>4,746,919</u> | <u>-</u> | <u>(13,095)</u> | <u>-</u> | <u>-</u> | <u>346,642</u> | <u>4,750,109</u> |
| Special Revenue Fund | | | | | | | | | | | | | | |
| NJ Preschool Aid | 19-495-034-5120-086 | 371,130 | 07/01/18 | 06/30/19 | 98,196 | - | - | - | - | - | 98,196 | - | - | 272,934 |
| NJ Preschool Aid | 20-495-034-5120-086 | 441,510 | 07/01/19 | 06/30/20 | - | - | 397,359 | 227,498 | - | - | 214,012 | - | 44,151 | 227,498 |
| Total Debt Service Fund | | | | | <u>98,196</u> | <u>-</u> | <u>397,359</u> | <u>227,498</u> | <u>-</u> | <u>-</u> | <u>312,208</u> | <u>-</u> | <u>44,151</u> | <u>500,432</u> |
| Debt Service Fund | | | | | | | | | | | | | | |
| Debt Service Aid - State Support | 20-495-034-5120-017 | 111,919 | 07/01/19 | 06/30/20 | - | - | 111,919 | 111,919 | - | - | - | - | - | 111,919 |
| Total Debt Service Fund | | | | | <u>-</u> | <u>-</u> | <u>111,919</u> | <u>111,919</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>111,919</u> |
| State Department of Agriculture | | | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | | | |
| National School Lunch Program (St. Share) | 20-100-010-3350-023 | 2,940 | 07/01/19 | 06/30/20 | - | - | 2,115 | 2,940 | - | (825) | - | - | - | 2,940 |
| National School Lunch Program (St. Share) | 19-100-010-3350-023 | 2,280 | 07/01/18 | 06/30/19 | (398) | - | 398 | - | - | - | - | - | - | 2,280 |
| Total Enterprise Fund | | | | | <u>(398)</u> | <u>-</u> | <u>2,513</u> | <u>2,940</u> | <u>-</u> | <u>(825)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,220</u> |
| Total State Financial Assistance | | | | | <u>\$ 94,608</u> | <u>\$ -</u> | <u>\$ 4,902,163</u> | <u>5,089,276</u> | <u>\$ -</u> | <u>\$ (13,920)</u> | <u>\$312,208</u> | <u>\$ -</u> | <u>\$ 390,793</u> | <u>\$ 5,367,680</u> |
| Less: On Behalf TPAF Pension System Contributions | | | | | | | | | | | | | | |
| On Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund | 20-495-034-5094-002 | | | | | | | 705,916 | | | | | | |
| On Behalf TPAF Pension Contribution - Non-Contributory Insurance | 20-495-034-5094-004 | | | | | | | 12,653 | | | | | | |
| On Behalf TPAF Pension Contribution - Postretirement Medical | 20-495-034-5094-001 | | | | | | | 266,576 | | | | | | |
| On Behalf TPAF Pension Contribution - Long-Term Disability Insurance | 20-495-034-5094-004 | | | | | | | 293 | | | | | | |
| Total For State Financial Assistance - Major Program Determination | | | | | | | | <u>\$ 4,103,838</u> | | | | | | |

See independent auditors' report.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Hopewell Township School District. The District is defined in Note 1 (A) 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.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,784 for the general fund and (\$15,122) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 3 - Relationship of financial statement (continued)

Financial assistance revenues are reported in the District's financial statements on a GAAP basis as follows:

| | <u>Local</u> | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|---------------------------------------|-----------------|-------------------|---------------------|---------------------|
| General fund | \$ - | \$ 18,114 | \$ 4,751,703 | \$ 4,769,817 |
| Special revenue fund | 1,250 | 304,547 | 212,376 | 518,173 |
| Debt service fund | - | - | 111,919 | 111,919 |
| Food service fund | - | 160,457 | 2,940 | 163,397 |
| Total awards and financial assistance | <u>\$ 1,250</u> | <u>\$ 483,118</u> | <u>\$ 5,078,938</u> | <u>\$ 5,563,306</u> |

Note 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.

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2020. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2020.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes No

Identification of Major Programs:

| CFDA Number(s) | FEIN Number(s) | Name of Federal Program or Cluster |
|-----------------------|-----------------------|------------------------------------|
| <u>Not Applicable</u> | <u>Not Applicable</u> | <u>Not Applicable</u> |

What was the dollar threshold used to distinguish between Type A and Type B programs?

Did the auditee qualify as a low-risk auditee?

Yes No

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020**

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? Yes X No

Identification of Major Programs:

| <u>State Grant/Project Numbers</u> | <u>Name of State Program</u> |
|------------------------------------|--|
| | <i>State Aid Public Cluster:</i> |
| <u>20-495-034-5120-089</u> | <u>Special Education Categorical Aid</u> |
| <u>20-495-034-5120-084</u> | <u>Security Aid</u> |
| <u>20-495-034-5120-085</u> | <u>Adjustment Aid</u> |
| <u>20-495-034-5120-078</u> | <u>Equalization Aid</u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| <u> </u> | <u> </u> |

HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings

Finding 2020-001

Criteria

Receiving signatures should be obtained for all vouchers.

Condition

Vouchers were processed for payment without acknowledgement that goods or services were received by individuals having knowledge of the facts.

Context

As part of our audit procedures, we noted that receiving signatures were not obtained for all vouchers.

Cause

Unknown

Effect

Vouchers were processed for payment without acknowledgement that goods or services were received by individuals having knowledge of the facts.

Recommendation

Receiving signatures should be obtained for all vouchers by individuals having knowledge of the facts.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2020**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the fiscal year ended June 30, 2020.

**HOPEWELL TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020**

Status of Prior Year Findings

There were no prior year findings or questioned costs.