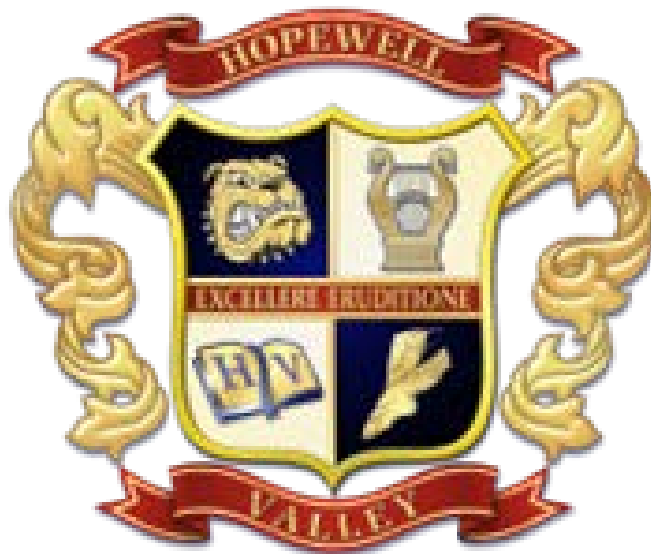


Hopewell Valley

Regional School District

Hopewell Valley Regional Board of Education
Pennington, New Jersey 08534

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020



Hopewell Valley Regional School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Hopewell Valley Regional School District
Pennington, New Jersey

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

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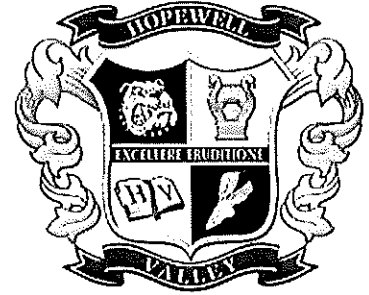
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Introductory Section

Hopewell Valley Regional School District

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



January 26, 2021

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report (CAFR) of the Hopewell Valley Regional School District (hereinafter, the District) as of and for the year ended June 30, 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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials, independent auditors and advisors and the certificate of excellence in financial reporting. The financial section includes Management's Discussion and Analysis, basic financial statements, required supplementary information and other supplementary information, as well as the auditors' report therein. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments*. Information related to this single audit, including the independent auditors' reports on internal control and compliance with applicable major programs are included in the single audit section of this report.

1. Reporting Entity and Its Services

The Hopewell Valley Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The Hopewell Valley Regional School District Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular education as well as special education for handicapped students. The District sends its vocational students to county vocational schools, which are more suited to provide that type of educational program. The District completed the 2019-20 fiscal year with an average daily enrollment of 3,445 students, which is 40 students less than the previous year's average daily enrollment. The following chart details the changes in the average daily student enrollment of the District over the last five years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2019-20	3,445	(1.15)%
2018-19	3,485	(0.88)%
2017-18	3,516	(2.41)%
2016-17	3,603	(1.40)%
2015-16	3,654	(0.51)%

2. Economic Condition and Outlook

Hopewell Valley serves the two boroughs of Pennington and Hopewell and the much larger Hopewell Township, a sending area of nearly 60 square miles with a population exceeding 20,000. Six schools comprise the district -- four elementary schools, a middle school and a high school ranging in age from 18 years to 94 years old . Average daily enrollment for the 2019-20 year was 3,445, a slight decline from 2018-19. The economy in the Hopewell Valley communities is reflective of the national economy and shows signs of growth with a slight increase in rates. Most of the undeveloped land in the Valley is in Hopewell Township. There is an understanding that there is little room for additional development in either commercial or residential projects within the Boroughs. It is believed that there may be some commercial and residential growth potential in Hopewell Township. Janssen Pharmaceuticals, a large employer, is expecting an increase of approximately 600 employees at the Hopewell Township campus in the coming year. As we understand it, new housing subdivisions are being considered in Hopewell Township that will likely bring additional students into the District's schools, but not in the upcoming school year.

3. Major Initiatives

Facilities Improvement Plan

The Board budgets funds for minor maintenance work throughout the District in each budget year. The District's annual budget cannot afford the expense of any large maintenance projects without negatively impacting the educational program. Through aggressive planning, the Board has been able to build its capital reserve fund balance over the past several years. As a result, the Board was able to address many

needed capital maintenance projects in 2019-20 including the installation of emergency generators and secure vestibules at each school. Additional projects are planned for 2020-21 and beyond to address paving/curbing/sidewalks, HVAC, and building-envelope. Projects related to the \$35.8 million referendum passed by the community on September 27, 2016, are nearing completion and have addressed more extensive capital needs and infrastructure upgrades in the areas of HVAC, lighting, building-envelope, life-safety, and ADA accessibility. The list of projects completed was approved by the New Jersey Department of Education as well as included in the District's Long Range Facility Plan.

Personnel Management

The Human Resources Department continued to use an established protocol to ensure that all candidates were properly credentialed and certified. To find the best possible candidates, District staff attended job fairs across the mid-Atlantic region. In addition, the software program *AppliTrack*, was used successfully, again this past year, to manage job applications. Within *AppliTrack*, Gallup's *Teacher Insight* tool provides administrators with information regarding a candidate's talent index and potential for success. Human Resources handbooks are used by administrators to provide better oversight of the supervision/evaluation process; by new hires to aid in their orientation to District policies, procedures, and expectations; and by mentors to improve upon the State's process for initiating new hires to the teaching profession. In collaboration with the Curriculum and Instruction Office, Human Resources provided professional development activities so that teachers and support staff could meet District and State requirements (20 hours and Professional Improvement Plans). Personnel policies and specified job descriptions were reviewed and revised as necessary. The Danielson Model of supervision and evaluation has been implemented as the evaluation tool for teachers and the Stronge model is being used for administrators. The District has kept abreast of all new regulations related to the new laws regarding evaluation and acquisition of tenure.

Educational Program

The mission of the Hopewell Valley Regional School District is to provide a comprehensive, caring educational experience which nurtures the unique talents of each individual; creates fulfilled, socially responsible, lifelong learners; develops confidence and capabilities to face the challenges of a rapidly changing world; and promotes a culture of respect that values diversity. We pursue this mission through a strong and varied curriculum, superb teaching staff and an array of extracurricular opportunities designed to enrich the learning experience of all students.

In preparing our students for success, we offer a diverse and innovative curriculum guided by the Common Core Standards as well as the New Jersey Student Learning Standards and supplemented with a wide variety of courses designed to prepare our youth to compete successfully in their postgraduate years. Eligible students, who exhaust the extensive course offerings at Central High School, can take classes at nearby universities including Princeton and Rider, and for those interested in niche subjects, online learning is available through several web providers. Students are also experiencing a one to one learning environment using chromebooks to enhance our inquiry-based learning approach. A video projection system, linking all classrooms at Central High School and Timberlane Middle School, provides teachers with fresh opportunities to strengthen instruction with web-based resources and gives students new capabilities to create multimedia presentations.

Our commitment to STEM education is evidenced by our elementary STEM magnet program open to in-district students as well as selected out of district students through the New Jersey Choice program.

This concentrated studies program provides interested students an opportunity to participate in a dynamic learning environment that complements their learning style.

A longstanding and important element of our curriculum is our visual and performing arts program. Hopewell Valley's extraordinary commitment to music education continues to be recognized by the nation's foremost music educators and advocates; including the American Music Conference, which has saluted Hopewell Valley as among the 100 Best Communities in America for music education. Our student musicians and vocalists continue to collect trophies through a wide variety of national competitions, as well as win distinction as selected members of highly competitive regional chorus, band, and orchestra ensembles. We most recently added a performing arts concentration which will result in a specialized diploma for students who chose to take performing arts credits beyond the graduation requirements.

Student success in Hopewell Valley is measured in a variety of ways. While they represent just one measure of student learning; SAT Reasoning test scores of Hopewell Valley students exceed state and national averages, as do the results of the SAT Subject Tests. Average scores in Hopewell Valley remain solidly higher than those of comparable, high achieving suburban districts in New Jersey. In 2020, CHS students achieved mean scores on the SAT of 601/622 with Essay in Reading/Writing and 605/626 with Essay in Mathematics. These scores were significantly higher than state and national mean scores. Each year, more and more students are also choosing to take the ACT. This policy of inclusion is proudly upheld throughout the district, which strives to help every student learn optimally, regardless of ability or special need.

In the consistently popular Advanced Placement Program, 20+ courses are offered in subjects ranging from Latin to Studio Art, making it one of the largest high school menus in New Jersey. Student performance on AP exams continues to track upward at a remarkable pace. Of the 631 tests taken last year, more than 93 percent scored a 3 or better -- enough to win college credit. Hopewell Valley's high overall achievement is annually recognized by the College Board, which continues to honor dozens of students every year as AP Scholars and the National Merit Scholarship Corporation, which named 17 CHS students as Commended Scholars in 2020 with 1 student achieving Finalist status.

Professional development continues to be a high priority in Hopewell Valley where rigorous standards, an extensive offering of workshops, and a mentoring system for our newest teachers reflect the district's belief that good teaching is the single largest factor in students' classroom success. The high caliber of the faculty is demonstrated in other ways as well. Teachers have collected regional and national honors, including being published in professional journals and authoring textbooks.

4. Internal Control

District administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by administration.

As a recipient of federal awards and state financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations

related to those programs. Internal control is also subject to periodic evaluation by District administration.

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

5. Budgetary Controls

In addition to internal control, the District maintains budgetary controls. The legal level of budgetary control is established at line item accounts within each fund. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters and State Department of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and, as such; **do not** represent over-expenditures in this budget.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at year-end.

6. Accounting System and Reports

The District's accounting records reflect accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and a government-wide presentation is also included. These funds and government-wide statements are explained in "Notes to the Basic Financial Statements," Note 1.

7. Other Information

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss and Company, LLP was selected by the Board of Education to perform auditing services. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Uniform Guidance and New Jersey OMB Circular 15-08. The auditors' report on the basic financial statements, required supplementary information, and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Awards: The District had applied to the Association of School Business Officials (ASBO) International for the "Certificate of Excellence in Financial Reporting" for its comprehensive annual financial report for the fiscal year ended June 30, 2019, and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report and satisfied both generally accepted accounting principles and applicable legal requirements. This is the eighth year the District has received this award.

We believe that our current comprehensive annual financial report continues to meet the Program's rigorous requirements, and we are submitting it to ASBO to determine its eligibility for the fiscal year 2019-20 award.

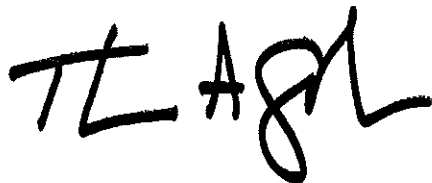
8. Covid-19

The District began a program to prevent the transmission of the coronavirus in March 2020, beginning with cautionary signage and enhanced cleaning of buildings as well as more frequent cleaning of surfaces. As the pandemic continued, the District took a variety of safety precautions, including implementing remote learning, providing PPE to staff, enforcing physical distancing in the buildings, improving ventilation and HVAC systems, and sharing information with employees and students about safety protocols. The District has changed protocols for classrooms, buses, cafeterias, and shared spaces. HVAC systems were fully inspected for proper operation and set to allow maximum fresh air. The district purchased HEPA air filtration machines for every instructional space. The district also purchased Hydroxyl generators that utilize ultraviolet light to scrub the air. These machines are deployed anytime there is a suspected case. Cleaning protocols were adjusted; those adjustments include disinfecting all high touch surfaces continually during the day and the use of electrostatic spray wands to disinfect all buildings nightly. In addition, the District has provided hand sanitizer, and distributed a range of PPE to staff including cloth masks, surgical masks, N95 masks, face shields, and lab coats as needed. Masks are required in all buildings. Students and staff are screened before entering buildings and non-touch temperature taking has been instituted as well as a daily health screening form. The District anticipates continued vigilance will be necessary and will examine any new options or protocols that become available to keep students and staff as safe as possible.

9. Acknowledgments

We would like to express our appreciation to the members of the Hopewell Valley Regional School District Board of Education for its concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

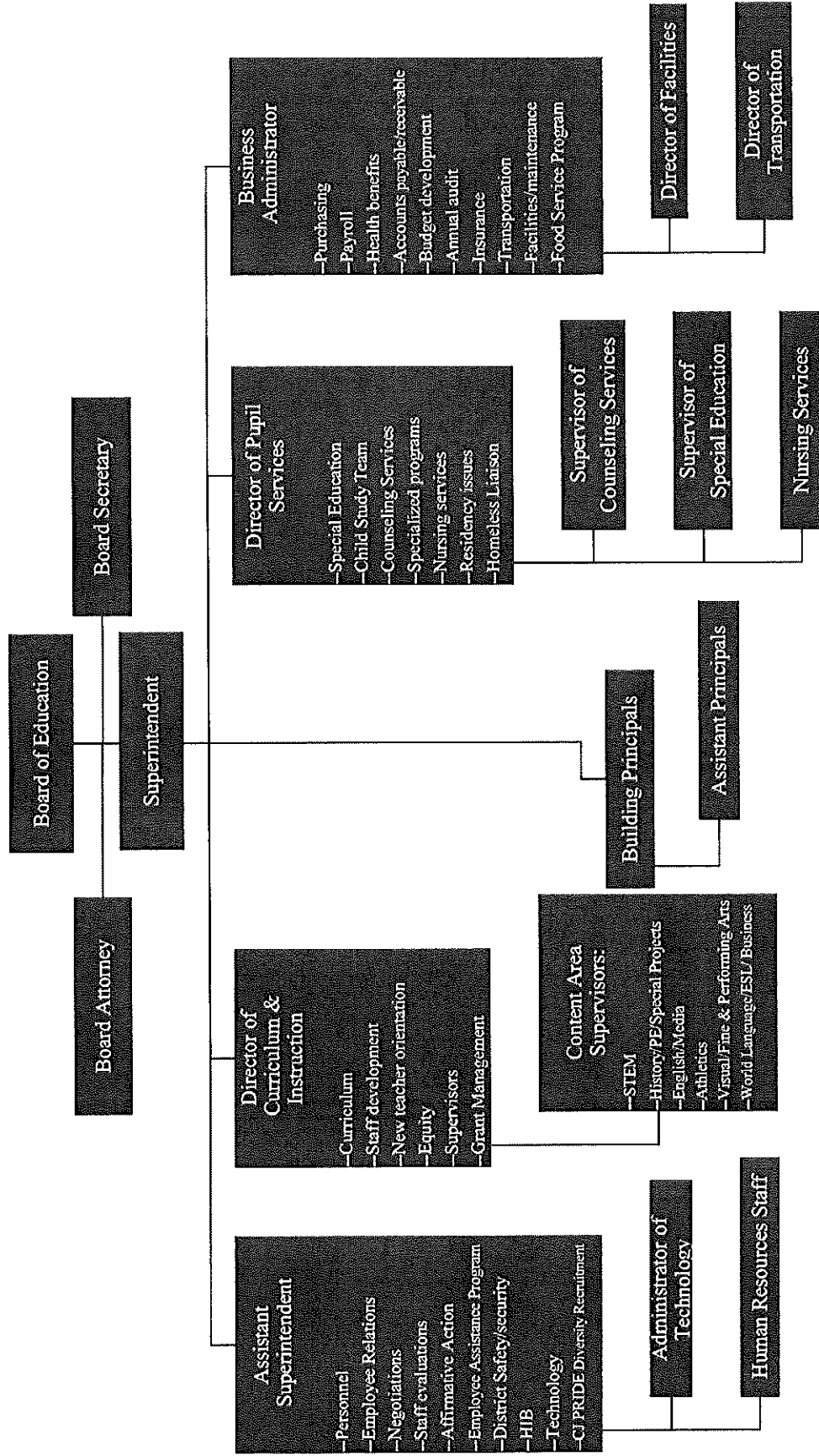


Dr. Thomas A. Smith
Superintendent



Robert Colavita
Business Administrator/Board Secretary

HVRSD Organizational Chart



Hopewell Valley Regional School District
Pennington, New Jersey

Roster of Officials

June 30, 2020

Members of the Board of Education

Term Expires

Deborah Linthorst, President	2021
Adam J. Sawicki, Jr., Vice President	2020
Jessica Grillo	2022
William Herbert	2022
Jenny Long	2021
John Mason	2022
Alyce Murray	2020
Debra O'Reilly	2021
Sarah Tracy	2020

Other Officials

Dr. Thomas Smith, Superintendent of Schools

Robert Colavita, Business Administrator/Board Secretary

James Bartolomei, Treasurer

Mr. Paul Green, Esq., Solicitor

Hopewell Valley Regional School District
Pennington, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss and Company, LLP
100 Campus Drive, Suite 400
Florham Park, New Jersey 07932

Attorney

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

Architect

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

Fiscal Agents

Depository Trust Company
Seven Hanover Street
New York, New York 10004

Official Depository

Northfield Bank
4 Route 31 South
Pennington, New Jersey 08534



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Hopewell Valley Regional School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.

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



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hopewell Valley Regional School District, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 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 management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of the State's proportionate share of the net OPEB liability associated with the District and changes in the total OPEB liability and related ratios-PERS and TPAF, and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

January 26, 2021
Florham Park, New Jersey

Required Supplementary Information
Part I

Management's Discussion and Analysis

Hopewell Valley Regional School District Management's Discussion and Analysis

Year ended June 30, 2020

As management of the Hopewell Valley Regional School District (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2020. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A as required by GASB Statement No. 34.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required supplementary information, supplementary information and other information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave).

The government-wide financial statements can be found on pages 23-24 of this report.

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

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

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

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

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

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

Proprietary funds. The District maintains one proprietary fund type as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service, driver education, and kindergarten extension programs. Also, a self-insurance fund is used to record the activity of the District's health insurance program. The basic enterprise fund financial statements can be found on pages 28-30 of this report.

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

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33-72 of this report.

Other information. The required supplementary information and the individual and combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Required supplementary information and combining and individual fund statements and schedules can be found on pages 73-96 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,579,670 (net position) at the close of 2020 and our overall net position increased in the current year, primarily as a result of the decrease in the District's net pension liability. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2020 and 2019:

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 19,841,786	\$ 512,251	\$ 20,354,037	\$ 17,244,187	\$ 464,572	\$ 17,708,759
Capital assets, net	86,609,287	107,102	86,716,389	86,435,753	114,180	86,549,933
Total assets	106,451,073	619,353	107,070,426	103,679,940	578,752	104,258,692
Deferred Outflows of Resources	4,768,059		4,768,059	6,614,531		6,614,531
Current liabilities	9,695,211	88,170	9,783,381	8,852,704	59,234	8,911,938
Net pension liability	20,831,617		20,831,617	22,497,386		22,497,386
Long-term liabilities outstanding	43,835,250		43,835,250	47,081,724		47,081,724
Total liabilities	74,362,078	88,170	74,450,248	78,431,814	59,234	78,491,048
Deferred Inflows of Resources	7,808,567		7,808,567	7,772,078		7,772,078
Net position:						
Net investment in capital assets	43,583,209	107,102	43,690,311	40,981,049	114,180	41,095,229
Restricted	8,030,556		8,030,556	6,908,406		6,908,406
Unrestricted (deficit)	(22,565,278)	424,081	(22,141,197)	(23,798,876)	405,338	(23,393,538)
Total net position	\$ 29,048,487	\$ 531,183	\$ 29,579,670	\$ 24,090,579	\$ 519,518	\$ 24,610,097

The increase in the current and other assets is mainly due to the District adding an internal service fund in the current year that has a year-end cash balance of \$2.6 million.

The largest portion of the District's net position is its net investment in capital assets. The increase

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

Deferred outflows of resources represent deferred losses on refunded debt associated with the District's outstanding debt issuances and deferred pension costs associated with the District's net pension liability. Deferred inflows of resources represent the District's proportionate share of earnings and assumptions associated with the District's net pension liability and deferred gains on refunded debt. Long-term liabilities decreased due to the current year bond repayments. The net pension liability decreased due to the State contributing a greater percentage of their obligation in the current year.

Government-wide activities. The key elements of the District's changes in net position for the years ended June 30, 2020 and 2019 are as follows:

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 487,969	\$ 890,796	\$ 1,378,765	\$ 509,018	\$ 1,375,753	\$ 1,884,771
Operating and capital grants and contributions	1,295,974	128,668	1,424,642	1,268,029	150,741	1,418,770
Capital grants and contributions			-	10,859		10,859
General revenues:						
Property taxes	81,215,297		81,215,297	77,386,630		77,386,630
Grants and contributions not restricted to specific programs	29,377,600		29,377,600	31,299,814		31,299,814
Investment Earnings	209,162	2,893	212,055	349,232		349,232
Other	436,852	50,000	486,852	566,100		566,100
Total Revenues	113,022,854	1,072,357	114,095,211	111,389,682	1,526,494	112,916,176
Expenses:						
Instructional services	65,438,096		65,438,096	67,772,173		67,772,173
Support services	40,840,901	1,060,692	41,901,593	41,829,293	1,503,409	43,332,702
Special schools	409,031		409,031	379,032		379,032
Interest and other charges on long-term debt	1,376,918		1,376,918	1,480,995		1,480,995
Total Expenses	108,064,946	1,060,692	109,125,638	111,461,493	1,503,409	112,964,902
Change in net position	4,957,908	11,665	4,969,573	(71,811)	23,085	(48,726)
Net position-beginning of year	24,090,579	519,518	24,610,097	24,162,390	496,433	24,658,823
Net position-end of year	\$ 29,048,487	\$ 531,183	\$ 29,579,670	\$ 24,090,579	\$ 519,518	\$ 24,610,097

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

Governmental instructional expenses and governmental support services decreased because of a decrease in pension expense allocated to these functions as required by GASB Statement Nos. 68 and 71 as well as due to decreased spending due to the COVID-19 pandemic.

Business-type activities revenues decreased because of decreases in revenues in the food service, driver education and after school programs which was mostly attributable to the COVID-19 pandemic.

Financial Analysis of the District's Funds

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

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

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,961,835, while total fund balance was \$13,903,196. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.2% of the total general fund expenditures while total fund balance represents 15.3% of that same amount.

The fund balance of the District's general fund increased by \$2,759,190 during the current fiscal year. Factors in this increase include the approximately \$1 million decrease in expenditures offset by the approximately \$4 million increase in revenue.

The Capital Projects Fund was active once again during the fiscal year. Fund balance restricted for capital projects decreased by \$2,799,427 to \$1,675,641 which represents the unspent balance of the bond proceeds. The decrease is attributed to the expenditures related to the ongoing capital projects.

The Debt Service Fund has a total fund balance of \$270,898, all of which is restricted for the payment of debt service and \$199,968 of which has been anticipated in the District's 2020-21 budget. The net decrease in fund balance during the current year was \$241,399, which is mainly attributable to the principal and interest payments incurred during the year. The District received \$5,478,302 from the local tax levy and \$356,483 in state aid and paid \$4,430,000 and \$1,717,113 in principal and interest on bonds, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2020, and the increases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase from 2019	Percent of Increase
Local sources	\$ 82,391,117	81.9%	\$ 3,726,686	4.7%
State sources	17,226,015	17.1	828,744	5.0
Federal sources	1,060,001	1.0	25,894	2.5
Total	\$100,677,133	100.0%	\$ 4,581,324	4.8%

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

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

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2020, and the increases and decreases in relation to the prior year.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase from 2019</u>	<u>Percent of (Decrease) Increase</u>
Current expenditures:				
Instruction	\$ 36,413,621	37.0%	\$ (757,677)	(2.0)%
Support services	53,840,891	54.8	111,080	0.2
Capital outlay	1,020,599	1.1	(725,932)	(41.6)
Special schools	229,990	0.2	28,438	14.1
Debt service:				
Principal	5,050,897	5.1	820,897	19.4
Interest and costs	1,748,583	1.8	(136,417)	(7.2)
Total	\$ 98,304,581	100.0%	\$ (659,614)	(0.7)%

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

The decrease in capital outlay is due to more construction and maintenance projects having completed in the prior year and an increase in capital lease activity during the current year.

The increase in special schools is due to more students attending those schools.

The increase in debt service principal is due to the capital lease principal payments being included as debt service in the general fund in the current year.

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

General Fund Budgetary Highlights

Overall, there were no additional appropriations made to the original budget as compared to the final budget. During the year, revenues exceeded budgetary estimates and expenditures were under budgetary estimates, thus eliminating the need to draw upon any additional existing fund balance.

Tuition revenues exceeded anticipated revenues by \$117,464 as a result of an increase in student enrollment. State sources exceeded anticipated revenues by \$13,130,105 as a result of the District not anticipating revenues related to Extraordinary Aid, Non-public transportation aid, State on-behalf TPAF pension, medical and disability contributions, and State reimbursed TPAF social security contributions.

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

- Resource Room – salaries of teachers – a decrease of \$291,460 occurred in the budget mainly due to the reclassification of special education teachers to different disciplines.

- Undistributed expenditures – instruction – tuition to priv. sch. disabled & other LEAs-spl, o/s – an increase of \$150,000 occurred in the budget mainly due to claims from the schools.
- Undistributed expenditures – supp. serv. – general admin. – judgments against the school district – an increase of \$201,982 occurred in the budget mainly due to an increase in judgments against the district related to special education cases.
- Undistributed Expenditures – required maint. for sch. facil. – cleaning, repair, and maintenance services – an increase of \$285,626 in the budget mainly due to unanticipated maintenance on water systems at two schools.
- Undistributed Expenditures – custodial services – natural gas – a decrease of \$154,285 occurred in the budget mainly due to less usage due to school closures related to the COVID-19 pandemic.
- Undistributed Expenditures – student transportation serv. – contracted services (sp. Ed.) – vendors – an increase of \$270,156 occurred in the budget mainly due to the District requiring additional contracted routes.
- Unallocated Benefits – health benefits – a decrease of \$338,811 occurred in the budget mainly due to the district transferring funds to cover a stipend due to a settlement with the HVEA collective bargaining unit.
- Unallocated Benefits – other employee benefits – an increase of \$194,005 occurred in the budget mainly due to the district transferring funds in order to cover a stipend for the HVEA collective bargaining unit due to a settlement.
- Capital Outlay – equipment – undistributed expenditures – req. maint. of school facilities – an increase of \$175,723 occurred in the budget mainly to cover the purchase of lawn mowers, temperature kiosks, and hydroxly machines.
- Capital Outlay – facilities acquisition and construction services – construction services – an increase of \$603,193 occurred in the budget mainly due to encumbrances carrying over from capital projects.

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

- Instruction – regular programs – undistributed instruction – other salaries for instruction – a remaining balance of \$152,943. Decrease was mainly attributable to a decrease in enrollment.
- Instruction – regular programs – undistributed instruction – general supplies – a remaining balance of \$322,077. Decrease is mainly attributable to fewer purchases due to the COVID-19 Pandemic.
- Undistributed Expenditures – instruction – tuition to private schools for the disabled – within state – a remaining balance of \$275,171. Decrease is mainly attributable to projected students not being placed out of district.

- Undistributed Expenditures – instruction – tuition to priv. sch. disabled & other LEAs-spl, o/s – a remaining balance of \$326,651. Decrease is mainly attributable to projected students not being placed out of district.
- Undistributed expenditures – other supp. serv. students – OT, PT, rel. serv. – purchased professional – educational services – a remaining balance of \$425,833. Decrease is mainly attributable to budgeted services not being required as projected students did not utilize the services.
- Undistributed expenditures – required maint. for sch. facil. – cleaning, repair and maintenance services – a remaining balance of \$153,198. Decrease is mainly attributable to overestimating the unanticipated maintenance on water systems at two district schools.
- Undistributed Expenditures – custodial services – electricity – a remaining balance of \$163,960. Decrease is mainly attributable to a reduction in usage due to COVID-19 required school closures.
- Undistributed expenditures – student transportation serv. – contracted services (between home and school) – vendors – a remaining balance of \$221,188. Decrease is mainly attributable to a settlement with the contractor due to buses not running for the last three months of the year due to closures related to the COVID-19 pandemic.
- Undistributed expenditures – student transportation serv. – contracted services (other than between home and school) – vendors – a remaining balance of \$159,927. Decrease is mainly attributable to extracurricular runs not being needed due to COVID-19 pandemic closures.

Capital Assets

At the end of the fiscal years ended June 30, 2020 and 2019, the District had \$86,716,389 and \$86,549,933, respectively, invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Land	\$ 2,546,691	\$ 2,546,691		
Construction in progress	20,721,624	23,458,274		
Land improvements	2,391,453	2,593,144		
Building and building improvements	56,493,714	53,279,440		
Machinery and equipment	4,455,805	4,558,204	\$107,102	\$114,180
Total	\$ 86,609,287	\$86,435,753	\$107,102	\$114,180

The increase in governmental activities capital assets is due to the current year additions related to construction in progress and machinery, equipment, and vehicles exceeding depreciation expense.

The decrease in business-type activities is due to the current year depreciation expense exceeding the current years' additions.

For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration

At June 30, 2020, the District had \$68,663,875 of outstanding long-term liabilities. Of this amount, \$20,831,617 represents the District's net pension liability, \$2,611,172 is for compensated absences; \$1,039,162 for capital leases; \$42,475,000 of serial bonds; \$437,406 has been accrued to pay for legal settlements and \$1,269,518 is for the unamortized premium on bonds.

In addition, the District has \$2,834,702 accrued as a liability for insurance claims related to its self-insured health benefits.

For more detailed information, refer to Note 5 of the basic financial statements.

Economic Factors and Next Year's Budget

- Local aid related to the tax levy has increased approximately \$1.5 million.
- State aid has decreased approximately \$290,000.
- The cost of providing employee health benefits are expected to continue to increase.
- The District budgeted \$3,002,512 of its 2020 fund balance to partially fund the 2020-21 operations, an increase of \$571,070 from the prior year.
- The District considered the effects of the COVID-19 pandemic, potential for state aid reductions, and CARES Act grant funding.

All of the above factors were considered in preparing the District's 2020-21 fiscal year budget.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2020.

Hopewell Valley Regional School District

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 10,696,224	\$ 463,230	\$ 11,159,454
Accounts receivable	1,143,218	13,496	1,156,714
Inventories		35,525	35,525
Restricted assets:			
Cash and cash equivalents	8,002,344		8,002,344
Capital assets, non-depreciable	23,268,315		23,268,315
Capital assets, depreciable, net	63,340,972	107,102	63,448,074
Total assets	<u>106,451,073</u>	<u>619,353</u>	<u>107,070,426</u>
Deferred Outflows of Resources			
Pension deferrals	4,656,619		4,656,619
Deferred loss on refunding of debt	111,440		111,440
Total deferred outflows of resources	<u>4,768,059</u>		<u>4,768,059</u>
Liabilities			
Accounts payable	2,057,083	2,415	2,059,498
Accrued interest payable	710,400		710,400
Intergovernmental payables:			
Federal	824		824
State	34,174		34,174
Unearned revenue	61,020	85,755	146,775
Net pension liability	20,831,617		20,831,617
Current portion of long-term obligations	6,831,710		6,831,710
Noncurrent portion of long-term obligations	43,835,250		43,835,250
Total liabilities	<u>74,362,078</u>	<u>88,170</u>	<u>74,450,248</u>
Deferred Inflows of Resources			
Pension deferrals	7,779,087		7,779,087
Deferred gain on refunding of debt	29,480		29,480
Total deferred inflows of resources	<u>7,808,567</u>		<u>7,808,567</u>
Net position			
Net investment in capital assets	43,583,209	107,102	43,690,311
Restricted for:			
Capital reserve	7,911,206		7,911,206
Maintenance reserve	91,138		91,138
Excess surplus - current year	28,212		28,212
Unrestricted (deficit)	(22,565,278)	424,081	(22,141,197)
Total net position	<u>\$ 29,048,487</u>	<u>\$ 531,183</u>	<u>\$ 29,579,670</u>

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Instruction	\$ 65,438,096	\$ 432,285	\$ 1,026,710	\$ (63,979,101)		\$ (63,979,101)
Support services:						
Instruction	2,850,205			(2,850,205)		(2,850,205)
Attendance/social work	2,535			(2,535)		(2,535)
Health services	1,117,430			(1,117,430)		(1,117,430)
Other support services	7,599,122		269,264	(7,329,858)		(7,329,858)
Improvement of instruction	5,554,169			(5,554,169)		(5,554,169)
School library	1,984,943			(1,984,943)		(1,984,943)
General administration	1,400,590			(1,400,590)		(1,400,590)
School administration	4,074,458			(4,074,458)		(4,074,458)
Central services	1,843,801			(1,843,801)		(1,843,801)
Admin info technology	395,959			(395,959)		(395,959)
Instructional staff training services	126,924			(126,924)		(126,924)
Required maintenance of plant services	2,209,642			(2,209,642)		(2,209,642)
Operation of plant	5,509,097			(5,509,097)		(5,509,097)
Care and upkeep of grounds	427,416			(427,416)		(427,416)
Security	585,755			(585,755)		(585,755)
Student transportation	5,158,855	55,684		(5,103,171)		(5,103,171)
Special Schools	409,031			(409,031)		(409,031)
Interest and other charges on long-term debt	1,376,918			(1,376,918)		(1,376,918)
Total governmental activities	108,064,946	487,969	1,295,974	(106,281,003)		(106,281,003)
Business-type activities						
Food service	984,678	809,820	128,668		\$ (46,190)	(46,190)
Driver education	17,542	13,885			(3,657)	(3,657)
After school	58,472	67,091			8,619	8,619
Total business-type activities	1,060,692	890,796	128,668		(41,228)	(41,228)
Total primary government	\$ 109,125,638	\$ 1,378,765	\$ 1,424,642	(106,281,003)	(41,228)	(106,322,231)
General revenues:						
Property taxes, levied for general purposes				75,736,995		75,736,995
Property taxes, levied for debt service				5,478,302		5,478,302
State and federal sources				29,377,600		29,377,600
Investment earnings				209,162	2,893	212,055
Miscellaneous income				486,852		486,852
Transfers				(50,000)	50,000	-
Total general revenues and transfers				111,238,911	52,893	111,291,804
Change in net position				4,957,908	11,665	4,969,573
Net position—beginning				24,090,579	519,518	24,610,097
Net position—ending				\$ 29,048,487	\$ 531,183	\$ 29,579,670

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Hopewell Valley Regional School District
Governmental Funds

Balance Sheet

June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 6,043,636	\$ 77,292	\$ 1,746,570	\$ 199,969	\$ 8,067,467
Accounts receivable:					
Intergovernmental:					
State	823,112	3,567			826,679
Federal		23,260			23,260
Other	35,171				35,171
Interfund receivable				70,929	70,929
Restricted cash and cash equivalents	8,002,344				8,002,344
Total assets	<u>\$ 14,904,263</u>	<u>\$ 104,119</u>	<u>\$ 1,746,570</u>	<u>\$ 270,898</u>	<u>\$ 17,025,850</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 342,255	\$ 9,287			\$ 351,542
Intergovernmental payables:					
State		34,174			34,174
Federal		824			824
Interfunds payable	657,626		\$ 70,929		728,555
Unearned revenue	1,186	59,834			61,020
Total liabilities	<u>\$ 1,001,067</u>	<u>\$ 104,119</u>	<u>\$ 70,929</u>		<u>\$ 1,176,115</u>
Fund balances:					
Assigned to:					
Designated for subsequent year expenditures	3,002,512				3,002,512
Other purposes	908,293				908,293
Restricted for:					
Capital reserve	7,911,206				7,911,206
Maintenance reserve	91,138				91,138
Capital projects			1,675,641		1,675,641
Debt service				\$ 270,898	270,898
Excess surplus-current year	28,212				28,212
Unassigned	1,961,835				1,961,835
Total fund balances	<u>\$ 13,903,196</u>	<u>\$ -</u>	<u>\$ 1,675,641</u>	<u>\$ 270,898</u>	<u>\$ 15,849,735</u>
Total liabilities and fund balances	<u>\$ 14,904,263</u>	<u>\$ 104,119</u>	<u>\$ 1,746,570</u>	<u>\$ 270,898</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$131,931,846 and the accumulated depreciation is \$45,322,559.

86,609,287

Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.

(710,400)

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

(3,122,468)

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

81,960

Internal service funds are used by the District to charge the costs of the District's self-insurance fund to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

258,410

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.

(20,831,617)

Accrued pension contributions for the June 30, 2020 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.

(1,254,162)

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

(47,832,258)

Net position of governmental activities

\$ 29,048,487

Hopewell Valley Regional School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 75,736,995			\$ 5,478,302	\$ 81,215,297
Tuition	432,285				432,285
Interest on investments	138,233		\$ 70,929		209,162
Transportation	55,684				55,684
Miscellaneous	486,852	\$ 62,766			549,618
Total local sources	76,850,049	62,766	70,929	5,478,302	82,462,046
State sources	16,675,103	194,429		356,483	17,226,015
Federal sources	21,222	1,038,779			1,060,001
Total revenues	93,546,374	1,295,974	70,929	5,834,785	100,748,062
Expenditures:					
Current:					
Instruction	35,386,911	1,026,710			36,413,621
Support services:					
Instruction	2,727,793				2,727,793
Attendance/social work	1,361				1,361
Health services	632,998				632,998
Support services	5,569,133	269,264			5,838,397
Improvement of instruction	1,611,573				1,611,573
School library	1,109,098				1,109,098
General administration	1,131,255				1,131,255
School administration	2,163,137				2,163,137
Central services	1,068,683				1,068,683
Administration information technology	213,033				213,033
Instructional staff training services	121,473				121,473
Required maintenance of plant services	1,558,829				1,558,829
Operation of plant-custodial services	3,783,973				3,783,973
Care and upkeep of grounds	263,606				263,606
Security	338,061				338,061
Student transportation	3,571,757				3,571,757
Employee benefits	15,272,612				15,272,612
On-behalf pension, medical and disability contributions	9,866,692				9,866,692
On-behalf TPAF social security contributions	2,566,560				2,566,560
Special Schools	229,990				229,990
Capital outlay	1,020,599		2,799,427		3,820,026
Debt Service:					
Principal	620,897			4,430,000	5,050,897
Interest	31,470			1,717,113	1,748,583
Total expenditures	90,861,494	1,295,974	2,799,427	6,147,113	101,104,008
Excess (Deficiency) of revenues over (under) expenditures	2,684,880	-	(2,728,498)	(312,328)	(355,946)
Other financing sources (uses):					
Transfers in				70,929	70,929
Transfers out	(50,000)		(70,929)		(120,929)
Capital leases (non-budgeted)	124,310				124,310
Total other financing sources (uses)	74,310		(70,929)	70,929	74,310
Net change in fund balances	2,759,190	-	(2,799,427)	(241,399)	(281,636)
Fund balances, July 1	11,144,006		4,475,068	512,297	16,131,371
Fund balances, June 30	\$ 13,903,196	\$ -	\$ 1,675,641	\$ 270,898	\$ 15,849,735

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

Hopewell Valley Regional School District
Governmental Funds

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

Year Ended June 30, 2020

Total net change in fund balances - governmental funds (from B-2)		\$ (281,636)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions exceeded depreciation expense in the period.		
Capital additions	\$ 2,993,965	
Depreciation expense	<u>(2,817,240)</u>	176,725
Loss on disposal of assets		(3,191)
Proceeds from lease purchase agreements and capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; lease purchase agreements and capital leases increase long-term liabilities in the statement of net position.		
Obligations Under Capital Leases		(124,310)
Repayments of bond principal and capital lease obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Serial Bonds Payable	4,430,000	
Obligations Under Capital Leases	<u>620,898</u>	5,050,898
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
Amortization of Premium on Bonds	380,708	
Amortization of Deferred Interest Costs	<u>(79,244)</u>	301,464
The Internal Service Fund is used by the District to charge the costs of self insurance to other funds. The activity of this fund is included in the Statement of Activities.		
Change in net position		258,410
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension expense		(262,289)
In the statement of activities, provision for litigation settlements are measured in the period the incident occurred. In the governmental funds however, expenditures for these items are reported in the amount of financial resources paid.		
		(70,891)
In the statement of activities, interest on long-term debt/capital leases is accrued, regardless of when due. In the governmental funds, interest is reported when due. The amount presented is the change from prior year.		
		70,201
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		
		(157,473)
Change in net position of governmental activities (A-2)		<u><u>\$ 4,957,908</u></u>

See accompanying notes to the basic financial statements.

Proprietary Funds

Hopewell Valley Regional School District
Proprietary Funds

Combining Statement of Net Position

June 30, 2020

	Major Funds				Governmental Activity - Internal Service Fund
	Business-Type Activities - Enterprise Funds			Totals	
	Food Service	Driver Education	After School		
Assets					
Current assets:					
Cash and cash equivalents	\$ 375,557	\$ 65,113	\$ 22,560	\$ 463,230	\$ 2,628,757
Accounts receivable:					
State	128			128	
Federal	8,081			8,081	
Other	5,287			5,287	
Other receivables					258,108
Interfund receivable					657,626
Inventories	35,525			35,525	
Total current assets	424,578	65,113	22,560	512,251	3,544,491
Non-current assets:					
Capital assets:					
Equipment	644,102	24,793		668,895	
Accumulated depreciation	(557,144)	(4,649)		(561,793)	
Total capital assets, net	86,958	20,144		107,102	
Total assets	511,536	85,257	22,560	619,353	3,544,491
Liabilities					
Current liabilities:					
Accounts payable		2,415		2,415	451,379
Accrued liability for insurance claims					2,834,702
Unearned revenue	85,755			85,755	
Total current liabilities	85,755	2,415		88,170	3,286,081
Net position					
Investment in capital assets	86,958	20,144		107,102	
Unrestricted	338,823	62,698	22,560	424,081	258,410
Total net position	\$ 425,781	\$ 82,842	\$ 22,560	\$ 531,183	\$ 258,410

Hopewell Valley Regional School District
Proprietary Funds

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

Year Ended June 30, 2020

	Major Funds				Governmental Activity - Internal Service Fund	
	Business Type Activities - Enterprise Funds			Totals		Self-Insurance
	Food Service	Driver Education	After School			
Operating revenues:						
Local sources:						
Daily food sales-reimbursable programs	\$ 316,938			\$ 316,938		
Daily food sales- non reimbursable programs	492,882			492,882		
Charges for services					\$ 13,741,357	
Fees		\$ 13,885	\$ 67,091	80,976		
Total operating revenues	809,820	13,885	67,091	890,796	13,741,357	
Operating expenses:						
Salaries	298,047	13,544	16,858	328,449		
Employee benefits	90,848	1,134	563	92,545		
Supplies and materials	40,245	605		40,850		
Purchased services			41,051	41,051		
Depreciation	12,751	2,169		14,920		
Insurance				28,156		
Cost of sales - reimbursable programs	344,832			344,832		
Cost of sales - non reimbursable programs	83,904			83,904		
Management and administrative fees	69,160			69,160		
Insurance Claims					12,239,837	
Other	16,735	90		16,825	1,359,807	
Total operating expenses	984,678	17,542	58,472	1,060,692	13,599,644	
Operating (loss) income	(174,858)	(3,657)	8,619	(169,896)	141,713	
Nonoperating revenues:						
Other sources:						
Re-insurance proceeds					116,394	
Interest and investment revenue	2,893			2,893	303	
State sources:						
State school lunch program	5,223			5,223		
Federal sources:						
National school lunch program	78,412			78,412		
Food donation program	45,033			45,033		
Total nonoperating revenues	131,561			131,561	116,697	
(Loss) income before transfers	(43,297)	(3,657)	8,619	(38,335)	258,410	
Transfer in - General Fund	50,000			50,000		
Total transfers	50,000			50,000	-	
Change in net position	6,703	(3,657)	8,619	11,665	258,410	
Total net position-beginning	419,078	86,499	13,941	519,518	-	
Total net position-ending	\$ 425,781	\$ 82,842	\$ 22,560	\$ 531,183	\$ 258,410	

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Proprietary Funds

Combining Statement of Cash Flows

Year Ended June 30, 2020

	Major Funds				Governmental Activity - Internal Service Fund
	Business Type Activities - Enterprise Funds				
	Food Service	Driver Education	After School	Totals	
Cash flows from operating activities:					
Receipts from customers	\$ 844,323	\$ 13,885	\$ 67,091	\$ 925,299	
Payments to employees	(298,047)	(13,670)	(16,858)	(328,575)	
Payments for employee benefits	(90,848)	(1,222)	(563)	(92,633)	
Receipts from services provided					\$ 12,825,623
Payments for insurance claims					(9,211,292)
Payments to suppliers	(613,705)	(1,850)	(41,051)	(656,606)	(1,102,271)
Net cash (used in) provided by operating activities	(158,277)	(2,857)	8,619	(152,515)	2,512,060
Cash flows from noncapital financing activities:					
Cash received from state and federal reimbursements	81,282			81,282	
Cash received from food donation program	45,033			45,033	
Re-insurance proceeds					116,394
Transfer from general fund	50,000			50,000	
Net cash provided by noncapital financing activities	176,315			176,315	116,394
Cash flows from capital and related financing activity:					
Acquisition of capital assets	(7,842)			(7,842)	
Net cash (used in) capital and related financing activity	(7,842)			(7,842)	
Cash flows from investing activity:					
Interest	2,893			2,893	303
Net cash provided by investing activity	2,893			2,893	303
Net increase (decrease) in cash and cash equivalents	13,089	(2,857)	8,619	18,851	2,628,757
Cash and cash equivalents, beginning of year	362,468	67,970	13,941	444,379	-
Cash and cash equivalents, end of year	\$ 375,557	\$ 65,113	\$ 22,560	\$ 463,230	\$ 2,628,757
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (174,858)	\$ (3,657)	\$ 8,619	\$ (169,896)	\$ 141,713
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	12,751	2,169		14,920	
Change in assets and liabilities:					
(Increase) in accounts receivable	(101)			(101)	(258,108)
(Increase) in inventory	(26,374)			(26,374)	
(Decrease) increase in accounts payable	(4,299)	(1,369)		(5,668)	451,379
(Increase) in interfund receivable					(657,626)
Increase in accrued liability for insurance claims					2,834,702
Increase in unearned revenue	34,604			34,604	
Net cash (used in) provided by operating activities	\$ (158,277)	\$ (2,857)	\$ 8,619	\$ (152,515)	\$ 2,512,060

Noncash noncapital financing activities:

The District received \$45,033 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2020.

Fiduciary Funds

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2020

	Private- Purpose Scholarship Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 27,540	\$ 1,976,765
Total assets	<u>27,540</u>	<u>\$ 1,976,765</u>
Liabilities		
Payroll deductions and withholdings payable		\$ 1,584,495
Due to student groups		<u>392,270</u>
Total liabilities		<u>\$ 1,976,765</u>
Net position		
Held in trust for scholarships	<u>\$ 27,540</u>	

Hopewell Valley Regional School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	Private- Purpose Scholarship Trust Funds	Unemployment Compensation Trust Fund
Additions		
Contributions:		
Board contributions		\$ 151,824
Plan member contributions		153,502
Scholarship donations	\$ 24,973	
Total additions	24,973	305,326
Deductions		
Unemployment benefit payments		305,326
Scholarship payments	16,150	
Total deductions	16,150	305,326
Change in net position	8,823	-
Net position-beginning	18,717	-
Net position-ending	\$ 27,540	\$ -

Hopewell Valley Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Hopewell Valley Regional School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are disclosed below:

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Hopewell Valley Regional School District in Pennington, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-wide and Fund Financial Statements

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency of reporting among the school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the District considers all revenues, except property taxes, to be available if they are collected within 60 days of the end of the current fiscal year. Property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and net pension liability are recorded only when payment is due.

Property taxes, interest, and state aid monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay subfund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds, state aid and local funds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

Enterprise Funds (Food Service, Driver Education, and After School): The enterprise funds account for all revenues and expenses pertaining to cafeteria, driver education, and after school operations and are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods and services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.

Self-Insurance Internal Service Fund: The self-insurance fund is used to record the activity of the District's self insured health insurance program expenses.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the unemployment compensation trust fund, private-purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation and private-purpose scholarship funds are accounted for using the economic resources measurement focus. The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private-purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

As a general rule the effect of internal activity has been eliminated from the Government-wide financial statements.

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges for sales of food, tuition for the driver education program and rental fees and fees collected related to the after school program. Operating expenses for the enterprise fund include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheet and statement of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The County Board of Taxation is responsible for the assessment of properties and the Municipal Tax Collectors are responsible for the collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due on February 1, May 1, August 1, and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments must be approved by School Board resolution and certain other matters require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

E. Cash, Cash Equivalents and Investments

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

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

F. Interfund Receivables/Payables

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

G. Inventories

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

The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2020, there were no unused Food Donation Program commodities in the food service enterprise fund.

H. Capital Assets

Capital assets, which include land, property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at acquisition value at the date of acquisition.

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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

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

I. Compensated Absences

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

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

The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$2,611,172 at June 30, 2020. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Unearned Revenue

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

K. Deferred Outflows / Inflows of Resources

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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

L. Deferred Loss/Gain on Defeasances of Debt

Deferred losses on refunding of debt are recorded as deferred outflows of resources. Deferred gain on refunding of debt is recorded as a deferred inflow of resources. They are amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The net amortization expense for the year ended June 30, 2020 amounted to \$79,244. As of June 30, 2020, the District has recorded an unamortized deferred loss and deferred gain of \$111,440 and \$29,480 as a deferred outflow of resources and a deferred inflow of resources, respectively.

M. Long-Term Obligations

In the government-wide financial statements, and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as either capital projects fund or debt service fund expenditures in the year of issuance.

N. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances (continued)

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

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

Of the \$13,903,196 of fund balance in the General Fund, \$7,911,206 has been restricted in the capital reserve account, \$91,138 has been restricted in the maintenance reserve account, \$28,212 has been restricted for excess surplus – current year, \$908,293 of encumbrances are assigned to other purposes, \$3,002,512 has been assigned as designated for subsequent years expenditures and \$1,961,835 is unassigned. All of the \$1,675,641 fund balance in the Capital Projects Fund is restricted for capital projects. Of the \$270,898 fund balance in the Debt Service Fund, \$199,968 has been budgeted for use in the 2020-21 budget and is included in restricted for debt service.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

O. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in its subsequent years' budget. The District generated \$28,212 of excess fund balance during the 2020 fiscal year, which will be utilized in the District's 2021-22 budget.

P. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Q. GASB Pronouncements

Recently Issued Accounting Pronouncements

GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not yet determined the impact of this Statement on the financial statements.

GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed for eighteen months. Management of the District has not yet determined the impact on its financial statements.

GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

Q. GASB Pronouncements (continued)

GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has determined that this Statement did not impact the District's financial statements.

GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2020. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

R. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

S. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and post-retirement medical and pension benefits for certified members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension, medical and long-term disability contributions in the government-wide financial statements have been increased by \$4,438,389 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 26, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure, other than the following:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

T. Subsequent Events (continued)

As of June 30, 2020, District operations and the ways in which education is provided have been disrupted by the outbreak of the novel coronavirus COVID-19. Going forward, COVID-19 could further limit the District's operations, including unexpected deferrals of tax payments from the municipalities, deferrals or reductions in state aid or an increase in expenses associated with this or any other potential infectious disease outbreak. District management cannot reasonably predict how long the Pandemic in New Jersey is expected to last and how the outbreak may impact the financial condition or operations of the District. District management continues to monitor the Pandemic and plans to take action to address any significant impact on future operations.

2. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The detail of this \$47,832,258 difference is as follows:

Bonds payable	\$	42,475,000
Premium on bonds		1,269,518
Litigation payable		437,406
Capital leases payable		1,039,162
Compensated absences payable		2,611,172
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities		<u>2,611,172</u>
	\$	<u>47,832,258</u>

3. Deposits and Investments

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA") GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments (continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund and the New Jersey Asset and Rebate Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk.

At June 30, 2020, the District's carrying value of its deposits was \$19,277,920 and the bank balance was \$20,817,066. Of the bank balance, \$250,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$18,842,135. \$3,613,116 held in the District agency accounts are not covered by GUDPA.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments (continued)

GASB Statement No. 40, *Deposits and Investment Risk Disclosures* (“GASB 40”) requires that the District disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the District would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name.

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

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

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

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

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

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

The District had no investments at June 30, 2020.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Deposits and Investments (continued)

New Jersey Asset and Rebate Management Fund

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

The NJARM, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At June 30, 2020, the District's balance was \$1,888,184 with NJARM. The NJARM Joint Account portfolio is rated AAA by Standard & Poor's.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Dispositions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,546,691			\$ 2,546,691
Construction in progress	23,458,274	\$ 2,799,427	\$ (5,536,077)	20,721,624
Total capital assets, not being depreciated	26,004,965	2,799,427	(5,536,077)	23,268,315
Capital assets, being depreciated				
Land improvements	4,373,610			4,373,610
Buildings and building improvements	87,254,468		5,043,253	92,297,721
Machinery, equipment, and vehicles	11,715,139	194,538	82,523	11,992,200
Total capital assets being depreciated	103,343,217	194,538	5,125,776	108,663,531
Less accumulated depreciation for:				
Land improvements	1,780,466	201,691		1,982,157
Buildings and building improvements	33,975,028	1,829,028	(49)	35,804,007
Machinery, equipment, and vehicles	7,156,935	786,521	(407,061)	7,536,395
Total accumulated depreciation	42,912,429	2,817,240	(407,110)	45,322,559
Total capital assets being depreciated, net	60,430,788	(2,622,702)	5,532,886	63,340,972
Governmental activities capital assets, net	\$ 86,435,753	\$ 176,725	\$ (3,191)	\$ 86,609,287

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

4. Capital Assets (continued)

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

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2020 as follows:

Regular Instruction	\$ 1,634,088
Undistributed Instruction	122,412
Attendance/social work	61
Health services	28,406
Other support services	262,003
Improvement of instruction	72,321
School library	49,772
General administration	50,766
School administration	97,072
Central services	47,958
Information technology	9,560
Instructional staff training services	5,451
Required maintenance of plant services	69,954
Operation of plant	169,809
Care & upkeep of grounds	11,830
Security	15,171
Student transportation	160,285
Special schools	10,321
	<u>\$ 2,817,240</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 661,053	\$ 7,842	\$ 668,895
Less accumulated depreciation for:			
Equipment	546,873	14,920	561,793
Total business-type activities capital assets, net	<u>\$ 114,180</u>	<u>\$ (7,078)</u>	<u>\$ 107,102</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities

During the fiscal year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$46,905,000		\$ 4,430,000	\$42,475,000	\$4,180,000
Premium on bonds	1,650,226		380,708	1,269,518	339,051
Litigation payable	366,515	\$ 353,501	282,610	437,406	203,946
Capital leases	1,535,750	124,310	620,898	1,039,162	651,493
Compensated absences	2,453,699	311,931	154,458	2,611,172	213,310
Subtotal	52,911,190	789,742	5,868,674	47,832,258	5,587,800
Accrued Liability for Insurance Claims		11,962,682	9,127,980	2,834,702	1,243,910
Net pension liability	22,497,386		1,665,769	20,831,617	
Total governmental activities long-term liabilities	<u>\$75,408,576</u>	<u>\$12,752,424</u>	<u>\$16,662,423</u>	<u>\$71,498,577</u>	<u>\$6,831,710</u>

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

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipalities through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

Bonds payable at June 30, 2020 are comprised of the following issues:

\$16,290,000, 2016 refunding bonds, due in annual installments ranging from \$3,380,000 to \$3,540,000 through August 15, 2021 at an interest rate of 5.00%. These bonds were issued to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2020, no defeased debt remains outstanding.

\$35,855,000, 2016 school bonds, due in annual installments ranging from \$800,000 to \$3,815,000 through January 15, 2032 at interest rates ranging from 3.00% to 4.00%.

Principal and interest due on all bonds outstanding at June 30, 2020 are as follows:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

	Principal	Interest	Total
Fiscal year ending June 30:			
2021	\$ 4,180,000	\$ 1,671,263	\$ 5,851,263
2022	4,440,000	1,586,463	6,026,463
2023	2,990,000	1,209,463	4,199,463
2024	3,070,000	1,112,288	4,182,288
2025	3,155,000	1,012,513	4,167,513
2026-2030	17,115,000	3,416,600	20,531,600
2031-2032	7,525,000	453,600	7,978,600
	\$42,475,000	\$10,462,190	\$ 52,937,190

Bonds Authorized But Not Issued

As of June 30, 2020, the District had no authorized but not issued bonds.

Capital Leases Payable

In March 2016, the District entered into a capital lease for the acquisition of buses in the amount of \$180,000. The buses are being leased with an interest rate of 2.93%.

In November 2016, the District entered into a capital lease for the acquisition of various vehicles in the amount of \$295,000. The vehicles are being leased with an interest rate of 1.905%.

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

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

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

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

In November 2019, the District entered into a capital lease for the acquisition of trucks in the amount of \$124,310. The trucks are being leased with an interest rate of 3.944%.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

Fiscal Year	Amounts
Year Ending June 30:	
2021	\$ 674,665
2022	294,710
2023	106,586
Total minimum lease payments	1,075,961
Less amount representing interest	(36,799)
Present value of net future minimum lease payments	<u>\$ 1,039,162</u>

The assets acquired through capital leases are as follows at June 30, 2020:

Assets:	
Machinery, equipment, and vehicles	\$ 1,471,582
Less accumulated depreciation	(464,198)
Total	<u>\$ 1,007,384</u>

6. Pension Plans

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5%. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2020, the State of New Jersey contributed \$9,866,692 to the TPAF for post-retirement medical benefits, disability insurance and pensions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$2,566,560

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for the years ended June 30, 2020, 2019 and 2018 were \$1,124,575, \$1,142,038 and \$1,039,948, respectively, equal to the required contributions for each year.

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

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

Public Employee's Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$20,831,617 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.1156124926 percent, which was an increase of 0.0013516726 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$257,037 in the government-wide financial statements. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,080,113	\$ 7,230,588
Difference between expected and actual experience	373,900	92,025
Net difference between projected and actual earnings on pension plan investments		328,835
Changes in proportion and differences between District contributions and proportionate share of contributions	948,444	127,639
District contributions subsequent to the measurement date	1,254,162	
	<u>\$ 4,656,619</u>	<u>\$ 7,779,087</u>

\$1,254,162 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2021	\$	(366,934)
2022		(1,615,212)
2023		(1,627,509)
2024		(696,492)
2025		(70,483)
	<u>\$</u>	<u>(4,376,630)</u>

Additional Information

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:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 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 on a generational basis. Mortality improvement is based on Scale MP-2019.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019 and 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the District's proportionate

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	At 1% decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
State's proportionate share of the net pension liability associated with the District	\$ 26,313,717	\$ 20,831,617	\$ 16,212,171

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616
Deferred inflows of resources	\$ 7,645,087,574
Net pension liability	\$18,143,832,135
District's Proportion	0.1156124926%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$974,471,686.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

Special Funding Situation - Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2020 was \$197,202,768. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3213292076 percent, which was an increase of 0.0008410457 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$11,631,546 for contributions incurred by the State.

Actuarial assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019 and 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% 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 made based on the contribution rate in the most recent fiscal year. The State contributed 70% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

	At 1% decrease (4.60%)	At current discount rate (5.60%)	At 1% increase (6.60%)
State's proportionate share of the net pension liability associated with the District	\$ 232,545,711	\$ 197,202,768	\$ 167,879,285

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

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$10,077,460,797
Deferred inflows of resources	\$17,525,379,167
Net pension liability	\$61,370,943,870
District's Proportion	0.3213292076%

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$3,642,191,152.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2019, 2018, 2017, 2016, 2015 and 2014 is 8.04, 8.29, 8.3, 8.3, 8.3, and 8.5 years, respectively.

7. Post-Retirement Benefits

Plan description and benefits provided

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained in writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in or retires in a disability pension from one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of health care coverage in retirement provided that they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement 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 total nonemployer OPEB liability does not include certain other postemployment obligations that are provided by the local education employers.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2020, 2019 and 2018 were \$2,668,529, \$2,926,642, and \$3,122,303 respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 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 2018 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. For Fiscal Year 2019, the total OPEB liability for

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

the state is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

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 GASBS No. 75.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$41,729,081,045.

Changes in Total OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2020:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2018	\$ 132,400,824
Changes for the year:	
Service cost	5,132,335
Interest	5,253,136
Differences between expected and actual experiences	(19,421,998)
Changes in assumptions or other inputs	1,812,409
Member contributions	110,609
Benefit payments	(3,731,404)
Net changes	<u>(10,844,913)</u>
Ending Total OPEB Liability, June 30, 2019	<u>\$ 121,555,911</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2019</u>
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Ben	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>364,943</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State’s proportionate share of the net OPEB liability associated with the District as of June 30, 2020 was \$121,555,911. Additional information can be obtained from the State of New Jersey’s comprehensive annual financial report.

Actuarial assumptions and other inputs

The total nonemployer OPEB liability in the June 30, 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:

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

The total nonemployer 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 used in the June 30, 2018 valuation were based on the results of the actual experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

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 Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

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%.

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and healthcare cost trend rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2019 calculated using a discount rate disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	At 1% decrease (2.50%)	At Current discount rate (3.50%)	At 1% increase (4.50%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 143,605,566	\$ 121,555,911	\$ 104,040,873

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2019 calculated using the healthcare cost trend rate as disclosed above as well as what the total non-employ OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	At Healthcare Cost Trend Rate	At 1% increase
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 100,156,653	\$ 121,555,911	\$ 149,884,135

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

For the year ended June 30, 2020, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$3,367,021 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,921,145,183
Deferred inflows of resources	\$ 20,887,639,826
Collective OPEB Expense	\$ 1,015,664,874
District's Proportion	0.29%

Special Funding Situation

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

8. Risk Management

The District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; and natural disasters.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

8. Risk Management (continued)

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student and other accident claims and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

Self-Insurance

The District is self-insured for medical, prescription and dental benefits and has established an internal service fund to account for its self-insurance activities. At June 30, 2020, the accrued liability for unpaid medical, prescription and dental claims of \$2,834,702 has been recorded in the internal service fund financial statements for Incurred But Not Reported Claims (IBNR), which is subject to modification and/or assessment of existing or additional claims. The medical, prescription, and dental benefits IBNR liability has been calculated by an actuary employed by the District's claims administrator.

Changes in the Incurred But Not Reported claims liability amount for the current year were:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2019-2020	\$ -	\$ 11,962,682	\$9,127,980	\$2,834,702

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method." Under this plan, the District has a quarterly contribution due based on the amount of wages paid for the quarter and remits these funds with the employee withholdings to the State.

9. Deferred Compensation

The District offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the District and various insurance companies, permit participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

9. Deferred Compensation (continued)

Participants' rights under the plan are equal to those of general creditors in an amount equal to the fair market value of the deferred account of each participant. The District has no liability for losses under the plan.

The plan members' contributions to the deferred compensation plans for the years ended June 30, 2020, 2019 and 2018 were \$1,258,187, \$1,217,243 and \$1,244,365 respectively. The District does not contribute to these plans on behalf of plan members.

10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 657,626
Capital Projects Fund		70,929
Debt Service Fund	\$ 70,929	
Self-Insurance Internal Service Fund	657,626	
	<u>\$ 728,555</u>	<u>\$ 728,555</u>

The interfund between the capital projects fund and the debt service fund represents interest earned on the investment of bond proceeds held in the capital projects fund that is transferred to the debt service fund pursuant to N.J.A.C. 6A:26-4.2(e). The interfund between general fund and the self-insurance internal service fund represents monies collected in general fund that are related to the self-insurance fund. All interfunds are expected to be repaid within one year.

11. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

12. Contingent Liabilities (continued)

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The District is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will have a material adverse effect on the financial position of the District. Therefore, the District has accrued a total of \$437,406 in the government-wide financial statements as a result of the actual and expected outcomes of these claims and lawsuits. The estimated settlement of these claims is not expected to be paid with current financial resources.

13. Restricted Assets

The money set aside in the District's capital and maintenance reserves are classified as restricted assets (cash and cash equivalents) as they are restricted to payments relating to capital and maintenance related expenditures.

14. Capital Reserve Account

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

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

14. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance July 1, 2019	\$ 5,413,159
Withdrawals:	
Capital Outlay – Withdrawal	(27,702)
Deposits:	
Interest earned on capital reserve funds	25,749
Deposit into Capital Reserve (June 2020 Board Resolution)	<u>2,500,000</u>
Ending balance, June 30, 2020	<u>\$ 7,911,206</u>

The June 30, 2020 LRFPP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve. The District budgeted \$775,625 of its capital reserve balance at June 30, 2020 in its 2020-21 approved budget.

15. Maintenance Reserve Account

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

Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amount, or both. The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance July 1, 2019	\$ 90,588
Deposits:	
Interest earned on maintenance reserve funds	<u>550</u>
Ending balance, June 30, 2020	<u>\$ 91,138</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

15. Maintenance Reserve Account (continued)

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2020. The District did not budget any of the June 30, 2020 maintenance reserve balance in its 2020-21 fiscal year budget.

16. Commitments

The District has contractual commitments at June 30, 2020 for various purposes, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$908,293 and in the capital projects fund \$600,709, which are recorded as part of fund balance restricted for capital projects.

17. Transfers

The District transferred \$70,929 from the capital projects fund to the debt service fund. The transfer was required to move interest earned on the unspent bond proceeds in the capital projects fund to the debt service fund to offset future debt service tax levies.

Additionally, the District transferred \$50,000 from the general fund to the food service enterprise fund. The transfer was required to cover the anticipated loss due to the waiver of the guarantee.

18. Net Position – Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$43,583,209 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 86,609,287
Bonds payable (used to build or acquire capital assets)	(42,475,000)
Unspent bond proceeds	1,675,641
Unamortized premium	(1,269,518)
Deferred loss on defeasance of debt	81,961
Capital leases	(1,039,162)
Total net investment in capital assets	<u>\$ 43,583,209</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

19. Tax Abatements

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

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

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

Hopewell Township recognized revenue of \$102,218 from the annual service charge in lieu of payment of taxes in 2019 and taxes in 2019 that otherwise would have been due on these long-term tax exemptions amount to \$699,600, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$597,382 abatement would have been allocated to the District. Hopewell Borough and Pennington Borough do not currently have any such long-term tax exemptions in place.

20. Liquidity, Management Plans and Intentions

Due to the COVID-19 Pandemic, the District closed its schools on March 16, 2020 and continued to provide online instruction to its students through the end of the school year. The Pandemic did not have a significant impact on the financial statements of the District for the year ended June 30, 2020. However, the Pandemic did result in the State of New Jersey taking steps to reduce the amount of state aid to be provided to the District in the 2020-21 fiscal year subsequent to the District's adoption of its budget. Management has taken steps to reduce certain expenses related to operating the District and also plans to utilize existing funds to balance its budget for the 2020-21 fiscal year, if needed. Management believes that the unassigned fund balance available as of June 30, 2020 and the anticipated revenues from state aid, taxes and other revenues will be sufficient to meet the District's financial needs for one year from the date of the issuance of this report.

Required Supplementary Information
Part II

Hopewell Valley Board of Education
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System
 Required Supplementary Information

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - Local Group	0.1156124928%	0.1142608200%	0.1105497103%	0.1111144809%	0.1125990058%	0.1084386997%	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 20,831,617	\$ 22,497,386	\$ 25,734,206	\$ 32,908,916	\$ 25,231,524	\$ 20,302,690	n/a	n/a	n/a	n/a
District's covered-employee payroll	\$ 8,484,842	\$ 8,255,182	\$ 8,039,792	\$ 7,728,853	\$ 7,569,463	\$ 7,614,532	\$ 7,708,670	\$ 7,399,294	\$ 7,048,275	\$ 7,203,027
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	245.52%	272.52%	320.09%	425.79%	333.33%	266.63%	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	n/a	n/a	n/a	n/a

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

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

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,124,575	\$ 1,142,038	\$ 1,039,948	\$ 987,125	\$ 735,000	\$ 709,412	\$ 710,507	\$ 662,255	\$ 585,482	\$ 527,005
Contributions in relation to the contractually required contribution	(1,124,575)	(1,142,038)	(1,039,948)	(987,125)	(735,000)	(709,412)	(710,507)	(662,255)	(585,482)	(527,005)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,255,182	\$ 8,039,792	\$ 7,728,853	\$ 7,569,463	\$ 7,614,532	\$ 7,708,670	\$ 7,399,294	\$ 7,048,273	\$ 7,203,027	\$ 7,722,995
Contributions as a percentage of covered-employee payroll	13.62%	14.20%	13.46%	13.04%	9.65%	9.20%	9.60%	9.40%	8.10%	6.82%

See accompanying notes to required supplementary information.

Hopewell Valley Board of Education
 Schedule of the State's Proportionate Share of the Net Pension
 Liability Associated with the District
 Teachers' Pension and Annuity Fund
 Required Supplementary Information
 Last Ten Fiscal Years*

	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3213292076%	0.3204881619%	0.3148182207%	0.3193640991%	0.3156974568%	0.3177476544%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 197,202,768	\$ 203,887,685	\$ 212,261,796	\$ 251,232,134	\$ 199,534,274	\$ 169,825,780
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 197,202,768</u>	<u>\$ 203,887,685</u>	<u>\$ 212,261,796</u>	<u>\$ 251,232,134</u>	<u>\$ 199,534,274</u>	<u>\$ 169,825,780</u>
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

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

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

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

Last Ten Fiscal Years*

	Year Ended June 30,			
	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset)	0.29%	0.29%	0.29%	0.29%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 121,555,911	\$ 132,400,824	\$ 153,498,657	\$ 165,557,124
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 121,555,911</u>	<u>\$ 132,400,824</u>	<u>\$ 153,498,657</u>	<u>\$ 165,557,124</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	2020	2019	2018	2017**
Total OPEB Liability				
Service cost	\$ 5,132,335	\$ 5,664,106	\$ 6,825,202	
Interest cost	5,253,136	5,637,383	4,864,441	
Differences between expected and actual experiences	(19,421,998)	(13,787,674)	-	
Changes of assumptions	1,812,409	(15,193,657)	(20,323,672)	
Member contributions	110,609	122,360	130,917	
Gross benefit payments	<u>(3,731,404)</u>	<u>(3,540,351)</u>	<u>(3,555,355)</u>	
Net change in total OPEB liability	(10,844,913)	(21,097,833)	(12,058,467)	
Total OPEB liability - beginning	<u>132,400,824</u>	<u>153,498,657</u>	<u>165,557,124</u>	
Total OPEB liability - ending	<u>\$ 121,555,911</u>	<u>\$ 132,400,824</u>	<u>\$ 153,498,657</u>	
Covered-employee payroll	<u>\$ 44,791,075</u>	<u>\$ 42,878,604</u>	<u>\$ 41,315,611</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>271.38%</u>	<u>308.78%</u>	<u>371.53%</u>	

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

** Information not available

Hopewell Valley Board of Education
Notes to Required Supplementary Information
Year Ended June 30, 2020

1. PENSION - PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

2. PENSION – TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 75,736,995		\$ 75,736,995	\$ 75,736,995	
Tuition	314,821		314,821	432,285	\$ 117,464
Transportation - Hazardous Routes	65,000		65,000	55,684	(9,316)
Interest Earned on Investments	128,000		128,000	138,233	10,233
Miscellaneous	421,743		421,743	486,852	65,109
Total - Local Sources	76,666,559		76,666,559	76,850,049	183,490
State Sources:					
Categorical Special Education Aid	2,448,855		2,448,855	2,448,855	
Transportation Aid	760,010		760,010	760,010	
Security Aid	62,529		62,529	62,529	
School Choice Aid	319,831		319,831	319,831	
Non-Public Transportation Aid				23,780	23,780
Extraordinary Aid				673,073	673,073
TPAF Pension (On-Behalf - Non-Budgeted)				7,193,157	7,193,157
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				2,668,529	2,668,529
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				5,006	5,006
TPAF Social Security (Reimbursed - Non-Budgeted)				2,566,560	2,566,560
Total State Sources	3,591,225		3,591,225	16,721,330	13,130,105
Federal Sources:					
Medical Assistance Program	15,264		15,264	21,222	5,958
Total - Federal Sources	15,264		15,264	21,222	5,958
Total Revenues	80,273,048		80,273,048	93,592,601	13,319,553
EXPENDITURES:					
Current:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	878,637	\$ 11,144	889,781	889,781	
Grades 1-5 - Salaries of Teachers	7,839,698	(31,182)	7,808,516	7,609,250	199,266
Grades 6-8 - Salaries of Teachers	5,940,494	14,943	5,955,437	5,864,455	90,982
Grades 9-12 - Salaries of Teachers	7,596,797	(60,542)	7,536,255	7,486,105	50,150
Regular Programs - Home Instruction					
Salaries of Teachers	50,000		50,000	19,600	30,400
Purchased Professional-Educational Services	22,000		22,000	13,629	8,371
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	786,130	49,776	835,906	682,963	152,943
Purchased Professional-Educational Services	913,038	(43,573)	869,465	756,108	113,357
Purchased Technical Services	6,500	25,056	31,556	29,591	1,965
Other Purchased Services	778,876	24,508	803,384	718,349	85,035
General Supplies	1,341,146	52,264	1,393,410	1,071,333	322,077
Textbooks	191,053	13,631	204,684	196,506	8,178
Other Objects	24,031	1,072	25,103	6,867	18,236
TOTAL REGULAR PROGRAMS - INSTRUCTION	26,368,400	57,097	26,425,497	25,344,537	1,080,960
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	155,344	63,851	219,195	219,195	
Other Salaries for Instruction	35,532	6,958	42,490	42,382	108
General Supplies	1,500	(1,500)			
Total Learning and/or Language Disabilities	192,376	69,309	261,685	261,577	108
Behavioral Disabilities					
Salaries of Teachers	211,889	85,728	297,617	281,794	15,823
Other Salaries for Instruction	90,299	7,333	97,632	97,632	
General Supplies		1,839	1,839	1,839	
Total Behavioral Disabilities	302,188	94,900	397,088	381,265	15,823
Multiple Disabilities					
Salaries of Teachers	481,486	61,570	543,056	542,580	476
Other Salaries for Instruction	333,102	33,677	366,779	359,920	6,859
General Supplies		1,500	1,500	1,415	85
Total Multiple Disabilities	814,588	96,747	911,335	903,915	7,420

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center					
Salaries of Teachers	\$ 4,622,758	\$ (291,460)	\$ 4,331,298	\$ 4,323,506	\$ 7,792
Other Salaries for Instruction	530,693	11,589	542,282	511,275	31,007
Other Purchased Services	300		300	100	200
Travel	1,032	(1,032)			
General Supplies	24,375	1,324	25,699	20,781	4,918
Textbooks	4,000	16	4,016	2,364	1,652
Total Resource Room/Resource Center	5,183,158	(279,563)	4,903,595	4,858,026	45,569
Autism:					
Salaries of Teachers	135,150		135,150	125,835	9,315
Other Salaries for Instruction	147,736	29,142	176,878	176,878	
Total Autism	282,886	29,142	312,028	302,713	9,315
Preschool Disabilities - Full-Time					
Salaries of Teachers	314,348	(39,018)	275,330	275,330	
Other Salaries for Instruction	199,119	(3,999)	195,120	195,120	
General Supplies	6,275		6,275	2,952	3,323
Total Preschool Disabilities - Full-Time	519,742	(43,017)	476,725	473,402	3,323
Home Instruction					
Purchased Prof. - Ed. Services	22,000		22,000	8,364	13,636
Total Home Instruction	22,000		22,000	8,364	13,636
TOTAL SPECIAL EDUCATION - INSTRUCTION	7,316,938	(32,482)	7,284,456	7,189,262	95,194
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,501,339	69,575	1,570,914	1,520,770	50,144
General Supplies	8,300	19	8,319	6,610	1,709
Textbooks	500		500		500
Total Basic Skills/Remedial - Instruction	1,510,139	69,594	1,579,733	1,527,380	52,353
Bilingual Education - Instruction					
Salaries of Teachers	182,422	(1,030)	181,392	178,958	2,434
Other Salaries for Instruction	21,461	875	22,336	22,336	
General Supplies	700		700	497	203
Total Bilingual Education - Instruction	204,583	(155)	204,428	201,791	2,637
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	238,654	(4,874)	233,780	213,313	20,467
Purchased Services	46,450	2,952	49,402	36,037	13,365
Supplies and Materials	67,461	(11,512)	55,949	38,564	17,385
Other Objects	103,955	(42,247)	61,708	60,668	1,040
Total School-Spon. Cocurricular Actvts. - Inst.	456,520	(55,681)	400,839	348,582	52,257
School-Spon. Athletics					
Salaries	743,186	73,620	816,806	816,806	
Purchased Services	158,250	(6,769)	151,481	110,026	41,455
Supplies and Materials	128,900	3,775	132,675	132,675	
Other Objects	32,320	(5,433)	26,887	24,739	2,148
Total School-Spon. Athletics	1,062,656	65,193	1,127,849	1,084,246	43,603
TOTAL INSTRUCTION	36,919,236	103,566	37,022,802	35,695,798	1,327,004

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to County Voc. School Dist. - Special	\$ 113,670		\$ 113,670	\$ 86,332	\$ 27,338
Tuition to CSSD & Regional Day Schools	553,608		553,608	416,408	137,200
Tuition to Private Schools for the Disabled - Within State	1,413,354	\$ (74,144)	1,339,210	1,064,039	275,171
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	707,570	150,000	857,570	530,919	326,651
Tuition - Other	584,823	74,144	658,967	630,095	28,872
Total Undistributed Expenditures - Instruction	3,373,025	150,000	3,523,025	2,727,793	795,232
Undistributed Expend. - Attend. & Social Work					
Salaries	255	1,106	1,361	1,361	
Other Purchased Services	255	(255)			
Total Undistributed Expend. - Attend. & Social Work	510	851	1,361	1,361	
Undist. Expend. - Health Services					
Salaries	572,939		572,939	557,163	15,776
Purchased Professional and Technical Services	52,000		52,000	39,445	12,555
Other Purchased Services	43,375	(26,335)	17,040	4,828	12,212
Rentals	11,893		11,893		11,893
Supplies and Materials	15,915	26,335	42,250	31,562	10,688
Other Objects	1,300		1,300		1,300
Total Undistributed Expenditures - Health Services	697,422		697,422	632,998	64,424
Undist. Expend. - Other Supp. Serv. Students - OT, PT, ReL Serv.					
Salaries	1,214,523	19,765	1,234,288	1,196,025	38,263
Purchased Professional - Educational Services	129,000		129,000	53,252	75,748
Supplies and Materials	45,185	381	45,566	36,148	9,418
Total Undist. Expend. - Other Supp. Serv. Students - OT, PT, ReL Serv.	1,388,708	20,146	1,408,854	1,285,425	123,429
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	592,982	55,392	648,374	631,184	17,190
Purchased Professional - Educational Services	760,000	(76,879)	683,121	257,288	425,833
Supplies and Materials	6,000	2,067	8,067	6,678	1,389
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	1,358,982	(19,420)	1,339,562	895,150	444,412
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,267,413	(3,242)	1,264,171	1,250,580	13,591
Salaries of Secretarial and Clerical Assistants	146,214	242	146,456	146,456	
Other Purchased Services	4,983	900	5,883	930	4,953
Supplies and Materials	3,100	2,100	5,200	3,154	2,046
Total Undist. Expend. - Guidance	1,421,710		1,421,710	1,401,120	20,590
Undist. Expend. - Child Study Team					
Salaries of Other Professional Staff	1,574,830	35,697	1,610,527	1,607,790	2,737
Salaries of Secretarial and Clerical Assistants	205,626		205,626	205,151	475
Purchased Prof. - Educational Services	92,500	(14,385)	78,115		78,115
Other Purchased Prof. and Tech. Services	150,000	(232)	149,768	117,847	31,921
Other Purchased Services	24,181		24,181	10,270	13,911
Supplies and Materials	63,300	(3,919)	59,381	38,526	20,855
Other Objects	4,894	3,000	7,894	7,854	40
Total Undist. Expend. - Child Study Team	2,115,331	20,161	2,135,492	1,987,438	148,054
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	1,087,729	(47,232)	1,040,497	1,006,015	34,482
Salaries of Other Professional Staff	308,828	(2,599)	306,229	306,229	
Salaries of Secretarial and Clerk Assistants	138,968	(36,309)	102,659	102,595	64
Other Salaries	100,880	2,923	103,803	103,803	
Unused Vacation Payment to Term/Ret Staff		42,480	42,480	42,480	
Other Purchased Services	40,100	(1,599)	38,501	22,107	16,394
Supplies and Materials	10,800		10,800	4,921	5,879
Other Objects	25,081		25,081	23,423	1,658
Total Undist. Expend. - Improvement of Inst. Serv.	1,712,386	(42,336)	1,670,050	1,611,573	58,477

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 494,236	\$ (24,854)	\$ 469,382	\$ 469,382	
Salaries of Technology Coordinators	623,359	(19,706)	603,653	539,898	\$ 63,755
Purchased Professional and Technical Services	31,585		31,585	30,728	857
Supplies and Materials	72,635	(303)	72,332	69,044	3,288
Other Objects	950		950	46	904
Total Undist. Expend. - Edu. Media Serv./Sch. Library	1,222,765	(44,863)	1,177,902	1,109,098	68,804
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Professional & Technical Services	71,820	31,125	102,945	73,791	29,154
Other Purchased Services	71,138	(3,579)	67,559	44,140	23,419
Supplies and Materials	3,770	324	4,094	3,542	552
Total Undist. Expend. - Instructional Staff Training Serv.	146,728	27,870	174,598	121,473	53,125
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	282,059		282,059	267,044	15,015
Legal Services	150,000	(27,709)	122,291	54,525	67,766
Audit Fees	66,500	1,075	67,575	67,575	
Architectural/Engineering Services	200,000	(79,687)	120,313	74,471	45,842
Other Purchased Professional Services	13,500	17,139	30,639	13,807	16,832
Communications/Telephone	189,918	(3,600)	186,318	116,258	70,060
Miscellaneous Purchased Services	169,457		169,457	144,907	24,550
General Supplies	3,000		3,000	1,272	1,728
Judgements Against the School District	157,000	201,982	358,982	349,282	9,700
Miscellaneous Expenditures	58,300		58,300	42,114	16,186
Total Undist. Expend. - Supp. Serv. - General Admin.	1,289,734	109,200	1,398,934	1,131,255	267,679
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,439,463	(1,437)	1,438,026	1,438,026	
Salaries of Secretarial and Clerical Assistants	690,737	3,679	694,416	691,974	2,442
Other Purchased Services	35,904	(10,158)	25,746	5,265	20,481
Supplies and Materials	34,800	(29)	34,771	16,595	18,176
Other Objects	18,190		18,190	11,277	6,913
Total Undist. Expend. - Support Serv. - School Admin.	2,219,094	(7,945)	2,211,149	2,163,137	48,012
Undist. Expend. - Central Services					
Salaries	900,889	(7,877)	893,012	888,430	4,582
Unused Vacation Payment to Term/Ret Staff		20,288	20,288	20,284	4
Purchased Professional Services	50,000	(13,276)	36,724	26,569	10,155
Purchased Technical Services	37,612	18,602	56,214	45,888	10,326
Miscellaneous Purchased Services	86,849	4,390	91,239	66,778	24,461
Supplies and Materials	30,320	(13,522)	16,798	12,042	4,756
Miscellaneous Expenditures	11,600		11,600	8,692	2,908
Total Undist. Expend. - Central Services	1,117,270	8,605	1,125,875	1,068,683	57,192
Undist. Expend. - Technology Admin.					
Salaries	212,245		212,245	211,815	430
Other Purchased Services	15,270		15,270	1,218	14,052
Total Undist. Expend. - Technology Admin.	227,515		227,515	213,033	14,482
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	708,465	8,426	716,891	709,681	7,210
Unused Vacation Payment to Term/Ret Staff		2,406	2,406	2,406	
Cleaning, Repair and Maintenance Services	570,621	285,626	856,247	703,049	153,198
General Supplies	210,000	47,894	257,894	212,774	45,120
Total Undist. Expend. - Required Maint. for Sch. Facil.	1,489,086	344,352	1,833,438	1,627,910	205,528

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 2,025,253	\$ (56,037)	\$ 1,969,216	\$ 1,900,252	\$ 68,964
Unused Vacation Payment to Term/Ret Staff		6,458	6,458	6,458	
Cleaning, Repair and Maintenance Services	86,250	13,302	99,552	96,664	2,888
Other Purchased Property Services	280,046	(48,481)	231,565	179,372	52,193
Insurance	300,878	656	301,534	292,846	8,688
General Supplies	181,000	88,258	269,258	195,804	73,454
Other Purchased Services	12,750	(398)	12,352	989	11,363
Natural Gas	445,082	(154,285)	290,797	232,260	58,537
Electricity	1,146,135	(125,884)	1,020,251	856,291	163,960
Energy	31,600		31,600	15,934	15,666
Other Objects	15,799	1,310	17,109	7,103	10,006
Total Undist. Expend. - Custodial Services	4,524,793	(275,101)	4,249,692	3,783,973	465,719
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	229,808	(7,323)	222,485	185,687	36,798
Unused Vacation Payment to Term/Ret Staff		7,323	7,323	7,323	
Cleaning, Repair and Maintenance Services	126,000	(77,481)	48,519	24,939	23,580
General Supplies	131,525	(70,806)	60,719	45,657	15,062
Total Undist. Expend. - Care and Upkeep of Grounds	487,333	(148,287)	339,046	263,606	75,440
Undist. Expend. - Security					
Salaries	239,279	45,721	285,000	284,093	907
Cleaning, Repair and Maintenance Services		27,152	27,152	20,546	6,606
General Supplies	5,000	32,504	37,504	33,422	4,082
Total Undist. Expend. - Security	244,279	105,377	349,656	338,061	11,595
Undist. Expend. - Student Transportation Serv.					
Salaries for Non-Instructional Aids	252,974	62,927	315,901	270,988	44,913
Salaries for Pupil Trans. (Between Home & School) - Regular	586,586	76,685	663,271	661,075	2,196
Salaries for Pupil Trans. (Between Home & School) - Sp. Ed.	853,282	(62,772)	790,510	778,249	12,261
Salaries for Pupil Trans. Other than Between Home & School	50,000	(16,839)	33,161	32,941	220
Management Fees - ESC & CTSA Transportation Programs	7,500	(3,134)	4,366		4,366
Other Purchased Professional and Technical Services	22,599	3,134	25,733	22,093	3,640
Cleaning, Repair & Maintenance Services	84,500	(20,000)	64,500	36,666	27,834
Rental Payments - School Buses	3,000	(2,500)	500		500
Lease Purchase Payments-School Buses	252,941	10,054	262,995	262,330	665
Contracted Services Aid In Lieu of Payment for Non-public School Students	256,515	(774)	255,741	152,016	103,725
Contracted Services (Between Home and School) - Vendors	1,356,123	(124,754)	1,231,369	1,010,181	221,188
Contracted Services (Other than Between Home and School) - Vendors	307,155		307,155	147,228	159,927
Contracted Services (Between Home and School) - Joint Agreements	1,500	(1,500)			
Contracted Services (Sp. Ed.) - Vendors	110,000	270,156	380,156	319,197	60,959
Contracted Services (Sp. Ed.) - Joint Agreements	5,000	(5,000)			
Contracted Services (Special Education Students) - ESCs	94,699	(94,699)			
Other Purchased Services	2,750		2,750	568	2,182
General Supplies		695	695	695	
Transportation Supplies	324,937	(31,679)	293,258	151,529	141,729
Other Objects	1,250		1,250	400	850
Total Undist. Expend. - Student Transportation Serv.	4,573,311	60,000	4,633,311	3,846,156	787,155
Unallocated Benefits					
Social Security Contributions	1,032,000	(14,443)	1,017,557	989,040	28,517
Other Retirement Contributions - PERS	1,260,380	(124,691)	1,135,689	1,135,689	
Other Retirement Contributions - Regular	30,000	(769)	29,231	26,953	2,278
Unemployment Compensation	176,881	(14,107)	162,774	151,824	10,950
Workmen's Compensation	419,985	346	420,331	420,331	
Health Benefits	12,534,728	(338,811)	12,195,917	11,885,825	310,092
Tuition Reimbursement	165,000	43,835	208,835	193,836	14,999
Other Employee Benefits	125,000	194,005	319,005	311,736	7,269
Unused Vac. Payment to Term/Ret. Staff	127,000	30,378	157,378		157,378
Total Unallocated Benefits	15,870,974	(224,257)	15,646,717	15,272,612	374,105
On-behalf TPAF Pension Contributions (non-budgeted)				7,193,157	(7,193,157)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				2,668,529	(2,668,529)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				5,000	(5,000)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,566,560	(2,566,560)
Total On-behalf Contributions				12,433,252	(12,433,252)
TOTAL UNDISTRIBUTED EXPENDITURES	45,480,956	84,353	45,565,309	53,915,107	(8,349,798)
TOTAL GENERAL	82,400,192	187,919	82,588,111	89,610,905	(7,022,794)

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures:					
Instruction		\$ 110,596	\$ 110,596	\$ 110,596	
Support Services - Related & Extraord.		2,615	2,615	2,615	
Undistributed Exp.-Req. Maint. of School Facilities		175,723	175,723	93,627	\$ 82,096
Undist. Exp. - Non-Instructional Services				124,310	(124,310)
Vehicles (Non-Budgeted - Capital Lease)					
Total Equipment		288,934	288,934	331,148	(42,214)
Facilities Acquisition and Construction Services					
Construction Services		603,193	603,193	588,383	14,810
Other Objects - Debt Service Assessment	\$ 101,068		101,068	101,068	
Total Facilities Acquisition and Construction Services	101,068	603,193	704,261	689,451	14,810
TOTAL CAPITAL OUTLAY	101,068	892,127	993,195	1,020,599	(27,404)
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	172,500	33,640	206,140	206,140	
Purchased Prof. - Educational Services	29,230	(6,730)	22,500	22,500	
General Supplies	1,500	(150)	1,350	1,350	
Total Summer School - Instruction	203,230	26,760	229,990	229,990	
TOTAL SPECIAL SCHOOLS	203,230	26,760	229,990	229,990	
TOTAL EXPENDITURES	82,704,490	1,106,806	83,811,296	90,861,494	(7,050,198)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(2,431,442)	(1,106,806)	(3,538,248)	2,731,107	6,269,355
Other Financing Sources (Uses):					
Assets acquired under capital leases - (non-budgeted)				124,310	124,310
Transfer Out		(50,000)	(50,000)	(50,000)	
Total Other Financing Sources (Uses)		(50,000)	(50,000)	74,310	124,310
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	(2,431,442)	(1,156,806)	(3,588,248)	2,805,417	6,393,665
Fund Balance, July 1	11,398,876		11,398,876	11,398,876	
Fund Balance, June 30	\$ 8,967,434	\$ (1,156,806)	\$ 7,810,628	\$ 14,204,293	\$ 6,393,665
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus-current year				\$ 28,212	
Capital Reserve				7,911,206	
Maintenance Reserve				91,138	
Assigned to:					
Designated for Subsequent Year's Expenditures				3,002,512	
Year End Encumbrances				908,293	
Unassigned Fund Balance				2,262,932	
				14,204,293	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Final State Aid Payments Not Realized on GAAP Basis				(301,097)	
Fund balance per Government Funds (GAAP)				\$ 13,903,196	

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

**Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 843,962	\$ 228,603	\$ 228,603	\$ 194,429	\$ (34,174)
Federal sources		323,940	1,167,902	1,038,779	(129,123)
Local sources		117,786	117,786	57,950	(59,836)
Total revenues	<u>843,962</u>	<u>670,329</u>	<u>1,514,291</u>	<u>1,291,158</u>	<u>(223,133)</u>
Expenditures					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	87,897	419	88,316	88,316	
Purchased professional services	8,500	(2,711)	5,789	4,228	1,561
Other purchased services	703,228	190,385	893,613	884,360	9,253
General supplies	4,167	36,327	40,494	22,766	17,728
Textbooks		24,404	24,404	22,224	2,180
Other objects		875	875		875
Total instruction	<u>803,792</u>	<u>249,699</u>	<u>1,053,491</u>	<u>1,021,894</u>	<u>31,597</u>
Support services:					
Salaries		7,263	7,263	5,244	2,019
Personal services—employee benefits		7,311	7,311	7,156	155
Purchased professional services	40,170	55,046	95,216	41,536	53,680
Purchased property services		29,580	29,580		29,580
Other purchased professional services		235,857	235,857	199,088	36,769
Supplies and materials		78,095	78,095	10,094	68,001
Other objects		7,478	7,478	6,146	1,332
Total support services	<u>40,170</u>	<u>420,630</u>	<u>460,800</u>	<u>269,264</u>	<u>191,536</u>
Total expenditures	<u>843,962</u>	<u>670,329</u>	<u>1,514,291</u>	<u>1,291,158</u>	<u>223,133</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Hopewell Valley Regional School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2020

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 93,592,601	\$ 1,291,158
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		4,816
Current year		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	254,870	
Current year	(301,097)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 93,546,374	\$ 1,295,974
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 90,861,494	\$ 1,291,158
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		4,816
Current year		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 90,861,494	\$ 1,295,974

Supplementary Information

Special Revenue Fund

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year Ended June 30, 2020

	Nonpublic Aid					
	Textbooks	Nursing	Technology	Home Instruction	Handicapped Services	Security
Revenues:						
State sources	\$ 22,224	\$ 47,694	\$ 16,237	\$ 1,487	\$ 7,615	\$ 99,172
Federal sources						
Local sources						
Total revenues	<u>22,224</u>	<u>47,694</u>	<u>16,237</u>	<u>1,487</u>	<u>7,615</u>	<u>99,172</u>
Expenditures:						
Instruction:						
Salaries of teachers						
Purchased professional services				\$ 1,487		
Other purchased services						
General supplies						
Textbooks	<u>\$ 22,224</u>					
Total instruction	22,224			1,487		
Support services:						
Salaries						
Personal services—employee						
Purchased professional services						
Other purchased professional		\$ 47,694	\$ 16,237		\$ 7,615	\$ 99,172
Supplies and materials						
Other objects						
Total support services		<u>47,694</u>	<u>16,237</u>		<u>7,615</u>	<u>99,172</u>
Total expenditures	<u>\$ 22,224</u>	<u>\$ 47,694</u>	<u>\$ 16,237</u>	<u>\$ 1,487</u>	<u>\$ 7,615</u>	<u>\$ 99,172</u>

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year Ended June 30, 2020

	<u>I.D.E.A.</u>								
	<u>Title I A</u>	<u>Title II A</u>	<u>Title III, Immigrant</u>	<u>Title IV</u>	<u>Perkins</u>	<u>Part B</u>	<u>Preschool</u>	<u>Other Local</u>	<u>Totals</u>
Revenues:									
State sources									\$ 194,429
Federal sources	\$ 89,478	\$ 35,068	\$ 646	\$ 9,441	\$ 17,755	\$ 860,707	\$ 25,684		1,038,779
Local sources								\$ 57,950	57,950
Total revenues	<u>89,478</u>	<u>35,068</u>	<u>646</u>	<u>9,441</u>	<u>17,755</u>	<u>860,707</u>	<u>25,684</u>	<u>57,950</u>	<u>1,291,158</u>
Expenditures:									
Instruction:									
Salaries of teachers	\$ 73,787		\$ 600		\$ 13,929				\$ 88,316
Purchased professional services					2,741				4,228
Other purchased services						\$ 860,707	\$ 23,653		884,360
General supplies	750						2,031	\$ 19,985	22,766
Textbooks									22,224
Total instruction	<u>74,537</u>		<u>600</u>		<u>16,670</u>	<u>860,707</u>	<u>25,684</u>	<u>19,985</u>	<u>1,021,894</u>
Support services:									
Salaries	4,299	\$ 945							5,244
Personal services-employee	5,973	72	46		1,065				7,156
Purchased professional services		32,295		\$ 9,241					41,536
Other purchased professional					20			28,350	199,088
Supplies and materials	594							9,500	10,094
Other objects	4,075	1,756		200				115	6,146
Total support services	<u>14,941</u>	<u>35,068</u>	<u>46</u>	<u>9,441</u>	<u>1,085</u>			<u>37,965</u>	<u>269,264</u>
Total expenditures	<u>\$ 89,478</u>	<u>\$ 35,068</u>	<u>\$ 646</u>	<u>\$ 9,441</u>	<u>\$ 17,755</u>	<u>\$ 860,707</u>	<u>\$ 25,684</u>	<u>\$ 57,950</u>	<u>\$ 1,291,158</u>

Capital Projects Fund

Hopewell Valley Regional School District
 Capital Projects Fund
 Summary Schedule of Project Revenues, Expenditures,
 Project Balance and Project Status
 (Budgetary Basis)
 Year ended June 30, 2020

	Current Year
Revenues	
Interest income	\$ 55,058
Total revenues	55,058
Expenditures	
Architectural services	21,790
Other purchased professional and technical services	16,781
Construction services	2,227,147
Equipment	98,557
Supplies	435,152
Total expenditures	2,799,427
(Deficiency) of revenues (under) expenditures	(2,744,369)
Other financing (uses)	
Transfer out	(55,058)
Total other financing (uses)	(55,058)
Change in fund balance	(2,799,427)
Fund Balance, July 1	4,475,068
Fund Balance, June 30	\$ 1,675,641

Hopewell Valley Regional School District
Capital Projects Fund

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

2017 Bond Referendum Capital Projects

From Inception and for the year ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues				
Bond Proceeds	\$ 35,855,000		\$ 35,855,000	\$ 35,855,000
Interest income	584,653	\$ 55,058	639,711	
Total revenues	<u>36,439,653</u>	<u>55,058</u>	<u>36,494,711</u>	<u>35,855,000</u>
Expenditures				
Legal Services	42,072		42,072	
Architectural services	2,462,487	21,790	2,484,277	
Other purchased professional and technical services	246,964	16,781	263,745	
Construction services	27,281,009	2,227,147	29,508,156	
Equipment	592,933	98,557	691,490	
Supplies	754,467	435,152	1,189,619	
Total expenditures	<u>31,379,932</u>	<u>2,799,427</u>	<u>34,179,359</u>	<u>35,855,000</u>
Excess (Deficiency) of revenues over (under) expenditures	5,059,721	(2,744,369)	2,315,352	-
Other financing (uses):				
Transfer out to debt service fund	(584,653)	(55,058)	(639,711)	
Total other financing (uses):	<u>(584,653)</u>	<u>(55,058)</u>	<u>(639,711)</u>	-
	4,475,068	(2,799,427)	1,675,641	35,855,000
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ 4,475,068</u>	<u>\$ (2,799,427)</u>	<u>\$ 1,675,641</u>	<u>\$ -</u>
Additional project information				
Project number		2017-1		
Grant dates		N/A		
Bond authorization date		9/27/2016		
Bonds authorized		\$ 35,855,000		
Bonds issued		35,855,000		
Original authorized cost		35,855,000		
Additional authorized cost		-		
Revised authorized cost		35,855,000		
Percentage increase over original authorized cost		0.00%		
Percentage completion		93.66%		
Original target completion date		9/1/2019		
Revised target completion date		6/30/2021		

Fiduciary Funds
Detail Statements

Hopewell Valley Regional School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2020

	<u>Private- Purpose Scholarship Trust Funds</u>	Agency		
		<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>
Assets				
Cash and cash equivalents	\$ 27,540	\$ 392,270	\$ 1,584,495	\$ 1,976,765
Total assets	<u>27,540</u>	<u>\$ 392,270</u>	<u>\$ 1,584,495</u>	<u>\$ 1,976,765</u>
Liabilities				
Payroll deductions and withholdings payable			\$ 1,584,495	\$ 1,584,495
Due to student groups		\$ 392,270		392,270
Total liabilities		<u>\$ 392,270</u>	<u>\$ 1,584,495</u>	<u>\$ 1,976,765</u>
Net position				
Held in trust for scholarship funds	27,540			
Total net position	<u>\$ 27,540</u>			

Hopewell Valley Regional School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

June 30, 2020

	Private- Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust
Additions:			
Contributions:			
Board contributions		\$ 151,824	\$ 151,824
Plan member contributions		153,502	153,502
Scholarship donations	\$ 24,973		24,973
Total additions	24,973	305,326	330,299
Deductions:			
Unemployment benefit payments		305,326	305,326
Scholarship payments	16,150		16,150
Total deductions	16,150	305,326	321,476
Change in net position	8,823	-	8,823
Net position, beginning	18,717	-	18,717
Net position, ending	\$ 27,540	\$ -	\$ 27,540

Hopewell Valley Regional School District
Student Activity Agency Fund

Schedule of Receipts and Disbursements

June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Elementary Schools:				
Bear Tavern	\$ 764	\$ 6,186	\$ 4,649	\$ 2,301
Hopewell	5,721	11,323	8,467	8,577
Stony Brook	83	1	-	84
Toll Gate	15,726	6,258	5,175	16,809
Junior High School:				
Timberlane	58,509	39,286	64,844	32,951
High School:				
Student Fund	318,619	388,403	375,474	331,548
Total all schools	<u>\$ 399,422</u>	<u>\$ 451,457</u>	<u>\$ 458,609</u>	<u>\$ 392,270</u>

Hopewell Valley Regional School District
Payroll Agency Fund

Schedule of Changes in Assets and Liabilities

June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Assets				
Cash and equivalents	\$ 1,486,480	\$ 80,356,040	\$ 80,258,025	\$ 1,584,495
Total assets	<u>\$ 1,486,480</u>	<u>\$ 80,356,040</u>	<u>\$ 80,258,025</u>	<u>\$ 1,584,495</u>
Liabilities				
Payroll deductions and withholdings payable	\$ 1,486,480	\$ 80,356,040	\$ 80,258,025	\$ 1,584,495
Total liabilities	<u>\$ 1,486,480</u>	<u>\$ 80,356,040</u>	<u>\$ 80,258,025</u>	<u>\$ 1,584,495</u>

Long-Term Debt

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Retired	Balance June 30, 2020
			Date	Amount				
2012 Refunding of December 2004 and January 2005 Bonds	3/15/12	\$ 5,665,000				\$ 1,015,000	\$ 1,015,000	
2016 Refunding of 2005 Refunding Bonds	5/20/16	16,290,000	8/15/2020 8/15/2021	\$ 3,380,000 3,540,000	5.000% 5.000%	10,160,000	3,240,000	\$ 6,920,000
2016 School Bonds								
Renovations, alterations and improvements at Hopewell, Stony Brook, Toll Gate and Bear Tavern Elementary Schools, Timberlane Middle School and Central High School.	12/15/16	35,855,000	1/15/2021	800,000	3.000%	35,730,000	175,000	35,555,000
			1/15/2022	900,000	3.000%			
			1/15/2023	2,990,000	3.250%			
			1/15/2024	3,070,000	3.250%			
			1/15/2025	3,155,000	3.250%			
			1/15/2026	3,240,000	3.250%			
			1/15/2027	3,330,000	3.500%			
			1/15/2028	3,420,000	3.500%			
			1/15/2029	3,515,000	3.500%			
			1/15/2030	3,610,000	4.000%			
			1/15/2031	3,710,000	4.000%			
			1/15/2032	3,815,000	4.000%			
						<u>\$46,905,000</u>	<u>\$4,430,000</u>	<u>\$ 42,475,000</u>

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2020

	Interest Rate	Amount of Original Issue	Balance July 1, 2019	Additions	Retired	Balance June 30, 2020
Buses	2.93%	\$ 180,000	\$ 76,837		\$ 37,564	\$ 39,273
Computer Equipment	1.69%	1,190,000	604,943		299,926	305,017
Vehicles	1.905%	295,000	152,533		59,767	92,766
Buses, Vehicle and Equipment	1.931%	475,000	307,360		100,170	207,190
Buses	3.710%	191,000	151,590		35,853	115,737
Buses	2.920%	305,000	242,487		58,030	184,457
Trucks	3.944%	124,310		\$ 124,310	29,588	94,722
			<u>\$ 1,535,750</u>	<u>\$ 124,310</u>	<u>\$ 620,898</u>	<u>\$ 1,039,162</u>

Hopewell Valley Regional School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 5,478,301		\$ 5,478,301	\$ 5,478,302	\$ 1
State sources:					
Debt service aid	356,483		356,483	356,483	
Total revenues	<u>5,834,784</u>		<u>5,834,784</u>	<u>5,834,785</u>	<u>1</u>
Expenditures:					
Principal on bonds	4,430,000		4,430,000	4,430,000	
Interest on bonds	1,717,113		1,717,113	1,717,113	
Total expenditures	<u>6,147,113</u>		<u>6,147,113</u>	<u>6,147,113</u>	
(Deficiency) of revenues (under) expenditures	(312,329)		(312,329)	(312,328)	1
Other financing sources:					
Transfer in				55,058	55,058
Total other financing sources				<u>55,058</u>	<u>55,058</u>
Net change in fund balance	(312,329)		(312,329)	(257,270)	55,059
Fund balance, July 1	512,297	-	512,297	512,297	-
Fund balance, June 30	<u>\$ 199,968</u>	<u>\$ -</u>	<u>\$ 199,968</u>	<u>\$ 255,027</u>	<u>\$ 55,059</u>

Statistical Section

(Unaudited)

Statistical Section
Unaudited

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

Hopewell Valley Regional School District
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Unaudited

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 19,808,415	\$ 21,552,025	\$ 26,145,876	\$ 30,755,627	\$ 33,969,867	\$ 36,138,255	\$ 35,803,648	\$ 38,466,350	\$ 40,981,049	\$ 43,583,209
Restricted	4,940,503	4,486,124	2,571,167	2,618,421	4,312,975	4,959,888	7,137,070	8,624,034	6,908,406	8,030,556
Unrestricted (deficit)	(649,001)	1,372,735	1,587,725	1,217,644	(19,538,608)	(19,222,985)	(21,878,541)	(22,927,994)	(23,798,876)	(22,565,278)
Total governmental activities net position	\$ 24,099,917	\$ 27,410,884	\$ 30,304,768	\$ 34,591,692	\$ 18,744,234	\$ 21,875,158	\$ 21,062,177	\$ 24,162,390	\$ 24,090,579	\$ 29,048,487
Business-type activities										
Investment in capital assets	\$ 297,117	\$ 249,788	\$ 217,906	\$ 186,399	\$ 162,155	\$ 138,336	\$ 116,213	\$ 95,525	\$ 114,180	\$ 107,102
Restricted		6,000								
Unrestricted	524,775	378,323	212,550	368,537	465,305	158,898	251,637	400,908	405,338	424,081
Total business-type activities net position	\$ 821,892	\$ 634,111	\$ 430,456	\$ 554,936	\$ 627,460	\$ 297,234	\$ 367,850	\$ 496,433	\$ 519,518	\$ 531,183
Government-wide										
Net investment in capital assets	\$ 20,105,532	\$ 21,801,813	\$ 26,363,782	\$ 30,942,026	\$ 34,132,022	\$ 36,276,591	\$ 35,919,861	\$ 38,561,875	\$ 41,095,229	\$ 43,690,311
Restricted	4,940,503	4,492,124	2,571,167	2,618,421	4,312,975	4,959,888	7,137,070	8,624,034	6,908,406	8,030,556
Unrestricted (deficit)	(124,226)	1,751,058	1,800,275	1,586,181	(19,073,303)	(19,064,087)	(21,626,904)	(22,527,086)	(23,593,538)	(22,141,197)
Total government-wide net position	\$ 24,921,809	\$ 28,044,995	\$ 30,735,224	\$ 35,146,628	\$ 19,371,694	\$ 22,172,392	\$ 21,430,027	\$ 24,658,823	\$ 24,610,097	\$ 29,579,670

Source: CAFR Schedule A-1 and District records.

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

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$(19,767,631). This amount is not reflected in the June 30, 2014 Net Position, above.

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

Unaudited

	Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 38,474,095	\$ 38,348,315	\$ 40,154,834	\$ 38,474,839	\$ 46,088,795	\$ 50,156,927	\$ 57,262,636	\$ 57,562,220	\$ 57,612,424	\$ 55,086,835
Special Education	4,098,629	3,896,521	4,327,908	4,505,729	4,805,029	5,113,362	6,126,291	6,836,193	7,107,156	7,189,262
Other Special Education	1,176,851	1,255,196	1,314,999	1,251,839	1,175,825	1,465,060	1,231,670	1,916,665	1,973,591	2,077,753
Other Instruction	992,587	1,025,751	1,094,548	1,093,794	1,174,151	962,896	1,082,813	1,057,627	1,079,003	1,084,246
Support Services:										
Tuition	2,363,433	3,156,898	2,860,047	3,039,226	2,193,302	2,469,773	2,102,274	2,573,100	2,786,758	2,850,205
Student Instruction Related Services	11,734,782	9,640,544	9,895,406	9,642,213	11,834,793	12,178,641	15,737,350	15,499,896	16,105,603	16,385,123
School Administrative Services	2,307,087	3,077,089	3,044,680	3,056,317	3,501,032	3,529,509	4,649,801	4,229,998	3,914,389	4,674,458
General & Business Administrative Services	1,817,961	2,691,731	2,578,362	2,538,152	2,872,114	3,774,309	3,329,580	3,535,112	3,841,317	3,640,350
Plant Operations & Maintenance	5,625,781	7,094,165	7,229,500	7,512,004	7,900,372	8,631,722	8,870,237	8,883,269	9,182,005	8,731,910
Pupil Transportation	3,574,367	4,315,962	4,443,311	4,575,819	4,885,981	4,854,622	5,105,753	5,468,943	5,999,221	5,158,855
Special Schools	204,354	275,885	267,396	306,639	299,101	281,701	337,955	386,981	379,032	409,031
Interest on long-term debt	1,612,892	1,552,917	1,428,558	1,540,050	1,141,961	929,421	2,032,136	1,639,397	1,480,925	1,376,918
Total governmental activities expenses	73,982,819	76,328,994	78,639,629	77,537,621	87,872,456	94,297,733	107,873,496	109,639,401	111,461,494	108,664,946
Business-type activities										
Enterprise Funds	1,545,845	1,673,819	1,870,915	1,899,054	1,787,924	1,515,587	1,608,642	1,461,889	1,503,409	1,060,692
Total business-type activities expense	1,545,845	1,673,819	1,870,915	1,899,054	1,787,924	1,515,587	1,608,642	1,461,889	1,503,409	1,060,692
Total district expenses	\$ 75,528,664	\$ 78,002,813	\$ 80,510,544	\$ 79,436,675	\$ 89,660,380	\$ 95,813,330	\$ 109,482,138	\$ 111,101,290	\$ 112,964,903	\$ 109,725,638
Program Revenues										
Governmental activities										
Charges for services	\$ 255,912	\$ 375,680	\$ 406,890	\$ 477,057	\$ 393,094	\$ 348,231	\$ 425,238	\$ 416,144	\$ 509,018	\$ 487,969
Operating grants and contributions	1,975,135	1,046,906	1,191,982	1,107,751	1,174,591	1,167,590	1,175,450	1,176,744	1,268,029	1,295,974
Capital grants and contributions	195,683	251,944	31,935	137,586	222,058				10,859	
Total governmental activities program revenues	\$ 2,426,730	\$ 1,674,530	\$ 1,558,807	\$ 1,722,394	\$ 1,790,053	\$ 1,515,821	\$ 1,600,688	\$ 1,592,888	\$ 1,787,906	\$ 1,783,943
Business-type activities										
Charges for services	\$ 1,551,416	\$ 1,501,886	\$ 1,537,045	\$ 1,675,203	\$ 1,720,143	\$ 1,394,609	\$ 1,526,791	\$ 1,433,926	\$ 1,375,733	\$ 890,796
Operating grants and contributions	169,568	176,099	150,312	148,331	140,305	153,185	152,467	156,546	150,741	128,668
Total business-type activities program revenues	\$ 1,720,984	\$ 1,677,985	\$ 1,687,357	\$ 1,823,534	\$ 1,860,448	\$ 1,547,794	\$ 1,679,258	\$ 1,590,472	\$ 1,526,474	\$ 1,019,464
Total district program revenues	\$ 4,147,714	\$ 3,352,515	\$ 3,246,164	\$ 3,545,928	\$ 3,650,501	\$ 3,063,615	\$ 3,279,946	\$ 3,183,360	\$ 3,314,400	\$ 2,803,407
Net (Expense)/Revenue										
Governmental activities	\$ (71,556,089)	\$ (74,654,464)	\$ (77,080,822)	\$ (75,815,227)	\$ (86,082,403)	\$ (92,781,922)	\$ (106,272,808)	\$ (108,046,513)	\$ (109,673,588)	\$ (106,281,003)
Business-type activities	175,139	4,166	(183,588)	(75,520)	72,524	32,307	70,616	128,583	23,085	(61,238)
Total government-wide net expense	\$ (71,380,950)	\$ (74,650,298)	\$ (77,264,410)	\$ (75,890,747)	\$ (86,009,879)	\$ (92,749,615)	\$ (106,202,192)	\$ (107,917,930)	\$ (109,650,503)	\$ (106,342,241)
General Revenues and Other Changes in Net Position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 62,360,557	\$ 63,295,965	\$ 64,435,292	\$ 65,955,801	\$ 68,237,094	\$ 68,841,138	\$ 69,391,868	\$ 70,710,312	\$ 71,947,742	\$ 75,736,995
Property taxes levied for debt service	4,266,500	4,788,911	4,558,625	4,746,743	3,847,443	4,760,126	4,758,384	5,742,494	5,438,888	5,478,304
Unrestricted grants and contributions	5,692,215	7,568,775	9,677,242	8,700,418	17,294,614	21,308,429	20,570,815	33,768,539	31,299,815	29,377,600
Investment earnings		13,583	28,284	27,369	28,112	32,998	109,524	445,844	349,232	209,162
Miscellaneous income	798,845	2,303,346	872,927	871,820	605,313	607,722	629,236	479,537	566,160	486,852
Transfers		(5,149)	(97,664)	(209,000)						(50,000)
Gain/(loss) on revalue of fixed assets						362,433				
Total governmental activities	73,118,117	77,965,431	79,474,206	80,192,151	90,002,576	95,912,846	105,459,827	111,146,726	109,601,777	111,238,911
Business-type activities										
Interest earnings		5,149	97,664	200,000		(362,433)				2,893
Transfers		5,149	97,664	200,000		(362,433)				50,000
Total business-type activities		10,298	195,328	200,000		(330,133)				52,893
Total government-wide	\$ 73,118,117	\$ 77,975,729	\$ 79,669,534	\$ 80,392,151	\$ 90,002,576	\$ 95,582,713	\$ 105,459,827	\$ 111,146,726	\$ 109,601,777	\$ 111,291,804
Change in Net Position										
Governmental activities	\$ 1,562,028	\$ 3,310,967	\$ 2,393,884	\$ 4,286,924	\$ 3,920,173	\$ 3,130,924	\$ (812,981)	\$ 3,100,213	\$ (71,811)	\$ 4,957,908
Business-type activities	175,139	9,315	(85,894)	124,480	72,524	(330,226)	70,616	128,583	23,085	(11,665)
Total district	\$ 1,737,167	\$ 3,320,282	\$ 2,307,990	\$ 4,411,404	\$ 3,992,697	\$ 2,800,698	\$ (742,365)	\$ 3,228,796	\$ (48,726)	\$ 4,946,243

Source: CAFR Schedule A-2 and District records.

* Commencing in the 2011 fiscal year, depreciation and unallocated benefits were allocated to various expense lines, when in past years the amounts remained unallocated.

OASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.
OASB 75 was implemented in the 2018 fiscal year, which increased the unrestricted grants and contributions and various expense lines from the previous year.

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

Unaudited

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 2,920,640	\$ 3,270,750	\$ 1,609,971	\$ 1,975,635	\$ 4,058,841	\$ 4,959,888	\$ 7,137,070	\$ 8,624,034	\$ 7,422,648	\$ 8,030,556
Assigned	796,063	2,017,979	2,235,500	1,649,292	1,465,284	2,490,634	3,283,823	2,715,773	2,188,011	3,910,805
Unassigned	1,618,340	1,478,156	1,683,208	1,601,661	1,625,670	1,764,050	1,636,855	1,846,840	1,533,347	1,961,835
Total general fund	\$ 5,335,043	\$ 6,766,885	\$ 5,528,679	\$ 5,226,588	\$ 7,149,795	\$ 9,214,572	\$ 12,057,748	\$ 13,186,647	\$ 11,144,006	\$ 13,903,196
All Other Governmental Funds										
Restricted for										
Capital Projects	\$ 1,811,952	\$ 1,003,774	\$ 948,863	\$ 221,434	\$ 254,134	\$ 10,563	\$ 32,402,999	\$ 15,510,451	\$ 4,475,068	\$ 1,675,641
Debt service	250,398	211,600	12,333	918,482	3,066		339,884	643,404	512,297	270,898
Total all other governmental funds	\$ 2,062,350	\$ 1,215,374	\$ 961,196	\$ 1,139,916	\$ 257,200	\$ 10,563	\$ 32,742,883	\$ 16,153,855	\$ 4,987,365	\$ 1,946,539

Source: CAFR Schedule B-1 and District records.

The change in the reserved fund balance is the result of capital project fund expenditures incurred for projects in which the funding was received in prior years through the issuance of bonds or SDA grants.

Hopewell Valley Regional School District
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years

Unaudited

	Year ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 66,627,057	\$ 68,084,876	\$ 68,993,917	\$ 70,702,544	\$ 72,074,537	\$ 73,601,264	\$ 74,150,252	\$ 76,452,806	\$ 77,386,630	\$ 81,215,297
Governmental units other than LEAs			500,000							
Tuition charges	255,912	301,560	289,469	355,645	312,585	267,681	266,509	279,256	418,228	432,285
Miscellaneous	837,861	2,397,424	1,024,762	1,042,211	723,114	747,770	951,365	1,099,267	1,063,375	814,464
State sources	5,956,739	7,743,517	9,776,450	8,929,487	10,199,732	11,779,408	12,308,866	14,495,253	16,397,271	17,226,015
Federal sources	1,867,278	1,117,733	1,046,579	994,658	1,051,216	1,043,700	1,097,479	985,901	1,030,273	1,060,001
Total revenue	75,544,847	79,645,110	81,631,177	82,024,545	84,361,184	87,439,823	88,774,471	93,312,483	96,295,777	100,748,062
Expenditures										
Instruction										
Regular Instruction	25,742,391	24,360,440	26,293,465	26,685,545	26,678,668	27,648,526	26,050,644	26,100,446	27,011,548	26,062,360
Special Education Instruction	4,098,629	3,896,521	4,327,908	4,505,729	4,805,029	5,113,362	6,126,291	6,836,193	7,107,156	7,189,262
Other Special Instruction	1,176,851	1,255,196	1,314,999	1,251,839	1,175,825	1,145,450	1,231,670	1,916,665	1,973,591	2,077,753
Other Instruction	992,587	1,025,751	1,094,548	1,092,794	1,174,151	1,282,306	1,082,813	1,057,627	1,079,003	1,084,246
Support Services:										
Tuition	2,363,433	3,996,670	2,751,131	2,921,329	2,115,895	2,469,773	2,023,355	2,479,750	2,671,665	2,727,793
Student Instruction Related Services	6,749,694	6,860,038	7,018,387	6,961,331	7,517,274	7,507,050	8,668,149	8,437,855	7,729,871	7,581,854
School Administration	2,307,087	2,156,209	2,104,932	2,139,668	2,180,114	2,091,891	2,106,134	2,232,368	3,490,068	3,294,392
General & Business Admin. Services	1,817,961	2,121,536	1,985,448	1,962,691	2,044,312	2,765,261	2,045,970	2,178,357	2,406,601	3,014,762
Plant Operations & Maintenance	5,625,781	5,767,119	5,824,184	6,210,284	6,036,988	6,075,136	5,835,442	5,764,497	6,160,245	5,944,469
Pupil Transportation	3,574,367	3,683,525	3,778,793	3,968,789	3,774,863	3,776,463	3,628,559	4,014,032	4,297,393	3,571,757
Other Support Services	15,386,075	16,803,758	18,008,482	17,536,370	18,463,576	20,116,900	21,808,073	24,308,362	26,973,968	27,705,864
Special Schools	204,354	197,188	188,702	230,581	187,323	165,711	167,311	196,405	201,555	229,990
Capital outlay	1,054,224	1,491,616	3,576,631	2,385,029	2,227,447	1,677,574	5,077,540	17,633,466	12,781,914	3,820,026
Debt service:										
Principal	3,170,000	3,160,000	3,315,000	3,405,000	3,737,209	3,645,000	3,975,605	3,960,000	4,230,000	5,050,897
Interest and other charges	1,614,285	1,714,197	1,443,267	1,353,700	1,250,629	1,116,438	1,565,961	2,131,589	1,885,000	1,748,583
Total expenditures	75,877,719	78,489,764	83,025,897	82,611,679	83,369,303	86,596,841	91,393,517	109,247,612	109,999,578	101,104,008
Excess (Deficiency) of revenues over (under) expenditures	(332,872)	1,155,346	(1,394,720)	(587,134)	991,881	842,982	(2,619,046)	(15,935,129)	(13,703,801)	(355,946)
Other financing sources (uses)										
Transfer to cover deficits:										
Food Services			(97,664)	(200,000)						(50,000)
Performing Arts Center		(5,149)								
Payment to Escrow Agent		(6,171,175)				(17,911,317)				
Proceeds from Borrowing		5,665,000				16,290,000	35,855,000			
Premium on Bonds		602,437				1,782,407	854,542			
Capital Leases (non-budgeted)	293,808			663,763	48,610	451,635	1,485,000	475,000	494,670	124,310
Transfers in	1,587,517	191,279			8,587	616,567		312,329	199,968	70,929
Transfers out	(1,587,517)	(191,279)			(8,587)	(254,134)		(312,329)	(199,968)	(70,929)
Total other financing sources (uses)	293,808	91,113	(97,664)	463,763	48,610	975,158	38,194,542	475,000	494,670	74,310
Net change in fund balances	\$ (39,064)	\$ 1,246,459	\$ (1,492,384)	\$ (123,371)	\$ 1,040,491	\$ 1,818,140	\$ 35,575,496	\$ (15,460,129)	\$ (13,209,131)	\$ (281,636)
Debt service as a percentage of noncapital expenditures	6.4%	6.3%	6.0%	5.9%	6.1%	5.6%	6.4%	6.6%	6.3%	7.0%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Tuition	Transportation Fees	Interest Earned	Other Refunds	Refunded Prior Year Expenditures	Refund of				Scholastic Fees and Parking	E-Rate	Misc.	Total
						Health Insurance Premium	Rental Of Facilities	Health Insurance Cobra	Health Insurance Cobra				
2011	\$ 255,912	\$ 80,373	\$ 23,377	\$ 82,732	\$ 96,967	\$ 1,428,967	\$ 152,142	\$ 121,556	\$ 162,025	\$ 245,138	\$ 1,040,523		
2012	301,560	74,120	13,583	87,180	87,180	175,616	129,356	167,130	222,352	2,692,383			
2013	289,469	117,421	28,284	50,612	84,422	150,124	79,177	168,700	387,371	1,307,726			
2014	355,645	121,412	27,369	77,738	88,890	200,335	65,596	169,475	301,164	1,291,608			
2015	312,585	80,419	28,112	50,447	62,537	230,808	70,135		218,195	1,024,676			
2016	267,681	80,550	32,998	63,203	63,203	252,396	35,047		233,732	980,142			
2017	266,509	158,729	37,168	50,447	50,447	249,251	22,784		\$ 123,185	1,091,642			
2018	279,256	136,888	133,515	62,537	62,537	220,367	117,297		91,426	1,029,196			
2019	418,228	90,790	149,264	63,203	63,203	224,718	107,953		21,375	1,228,216			
2020	432,285	55,684	152,536	63,203	63,203	129,979	130,862		148,505	1,113,054			

Source: District records.

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

FISCAL YEAR ENDED JUNE 30.	VACANT LAND	RESIDENTIAL	FARM REG.	OFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
Borough of Hopewell													
2020	\$ 5,264,000	\$ 270,073,900	\$ 1,748,100	\$ 28,000	\$ 37,376,200	\$ 1,270,100	\$ 1,503,200	\$ 317,263,500	\$ 22,758,600	\$	\$ 317,263,500	1.65	\$ 336,227,707
2019	4,846,200	269,508,200	1,748,100	27,600	37,998,900	1,270,100	1,503,200	316,902,300	22,758,600		316,902,300	1.65	337,815,895
2018	4,766,400	268,623,000	1,748,100	27,700	37,998,900	1,270,100	1,503,200	315,937,400	22,758,600	\$ 1,897,655	317,835,055	1.56	336,958,721
2017	5,372,200	267,444,700	1,748,100	28,600	39,007,100	1,270,100	1,503,200	318,274,000	22,291,500	\$ 1,897,655	318,274,000	1.54	320,024,928
2016	5,370,400	266,880,300	1,748,100	28,600	39,022,000	1,270,100	1,503,200	318,822,700	22,391,500	\$ 1,897,655	318,822,700	1.54	322,070,594
2015	4,586,800	268,494,600	1,748,100	28,700	39,022,000	1,270,100	1,503,200	318,551,155	22,391,500	\$ 1,897,655	318,551,155	1.53	320,593,148
2014	5,528,900	278,896,700	1,890,200	28,900	48,322,600	857,700	1,697,900	339,120,555	24,499,300	\$ 1,897,655	339,120,555	1.40	314,786,120
2013	5,549,000	281,632,600	1,890,200	28,000	49,329,900	857,700	1,697,900	342,882,955	24,499,300	\$ 1,897,655	342,882,955	1.36	314,372,549
2012	5,251,100	285,641,000	1,890,200	28,000	49,958,300	857,700	1,697,900	347,231,855	24,499,300	\$ 1,897,655	347,231,855	1.29	329,715,622
2011	5,344,500	288,293,900	1,890,200	28,900	50,221,900	857,700	1,697,900	350,232,655	24,499,300	\$ 1,897,655	350,232,655	1.23	314,751,062
Borough of Pennington													
2020	\$ 4,271,700	\$ 446,599,700	\$ 4,271,700	\$	\$ 50,984,500	\$ 6,283,800	\$ 818,400	\$ 508,958,100	\$ 59,689,600	\$ 2,026,596	\$ 510,984,696	1.62	\$ 520,493,227
2019	7,565,400	435,499,400	4,271,700		52,069,300	6,283,800	818,400	502,034,300	59,685,400	1,838,457	503,872,757	1.56	519,786,832
2018	1,645,800	430,324,400	4,300,000	5,390,800	51,537,300	6,283,800	818,400	490,609,700	59,685,400	1,817,400	492,427,100	1.53	500,977,234
2017	1,645,800	430,513,600	4,300,000	5,390,800	55,646,700	6,283,800	818,400	494,908,300	59,685,400	1,785,801	496,694,101	1.55	501,461,542
2016	1,645,800	429,968,800	4,299,600	5,552,700	55,552,700	6,633,300	818,400	494,619,000	59,685,400	1,750,730	496,369,730	1.55	511,228,881
2015	1,654,600	429,608,400	4,299,600	5,377,600	55,752,700	6,633,300	818,400	494,467,400	59,313,000	1,600,418	496,067,818	1.55	501,194,021
2014	1,715,600	430,813,400	4,338,100	5,660,400	56,604,900	6,633,300	818,400	499,583,600	59,309,100	1,710,251	498,293,851	1.49	501,198,918
2013	1,712,500	433,816,000	4,338,100	5,660,400	56,674,200	6,633,300	818,400	499,654,400	59,355,200	1,884,914	501,539,314	1.41	493,891,906
2012	2,020,300	434,578,600	4,338,100	5,660,400	49,894,800	6,633,300	818,400	493,943,400	86,852,200	2,481,413	496,426,813	1.38	492,619,487
2011	1,782,600	436,168,000	4,338,100	5,660,400	50,486,900	6,633,300	818,400	495,889,200	72,753,900	2,246,505	498,135,705	1.37	502,330,276
Township of Hopewell													
2020	\$ 35,978,200	\$ 2,751,990,400	\$ 255,473,400	\$ 5,500,970	\$ 501,553,300	\$ 364,462,100	\$ 4,551,600	\$ 3,919,509,970	\$ 585,356,600	\$ 5,228,162	\$ 3,924,738,132	1.74	\$ 4,182,000,782
2019	36,478,900	2,737,886,300	267,866,600	5,347,870	502,452,700	404,962,100	4,551,600	3,959,546,070	535,383,900	5,228,162	3,964,774,232	1.67	4,232,414,307
2018	34,598,700	2,737,363,400	266,229,500	5,390,800	505,623,000	407,534,400	4,531,600	3,961,291,400	535,946,000	5,092,983	3,966,384,383	1.62	4,303,529,599
2017	36,872,800	2,736,705,500	265,952,800	5,377,800	504,119,000	410,634,400	4,531,600	3,964,213,900	535,438,000	5,254,088	3,969,467,988	1.58	4,190,664,752
2016	40,845,500	2,744,443,000	261,476,000	5,377,600	493,931,400	402,089,000	5,204,700	3,953,367,200	534,355,700	5,364,053	3,958,731,253	1.55	4,054,759,536
2015	47,397,200	2,742,115,000	266,810,600	5,329,400	502,637,700	399,286,800	5,320,200	3,962,896,900	531,478,900	5,579,058	3,968,475,958	1.52	3,983,615,416
2014	45,419,400	2,739,937,800	261,480,900	5,330,800	525,123,300	400,165,600	5,320,200	3,982,778,000	513,532,400	5,426,768	3,988,204,768	1.48	3,915,117,682
2013	48,281,400	2,750,531,200	263,373,600	5,339,400	523,637,700	402,985,600	5,621,400	3,999,790,300	511,021,000	6,706,907	4,006,497,207	1.45	3,929,681,004
2012	54,584,900	2,784,798,700	267,518,400	5,397,400	529,848,000	403,178,400	5,621,400	4,050,947,200	507,402,000	6,828,000	4,057,775,200	1.41	4,003,841,822
2011	54,450,500	2,903,055,600	268,462,800	5,620,600	533,613,400	406,027,400	5,033,800	4,176,264,100	351,462,600	7,188,189	4,183,432,289	1.35	4,073,248,162

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b. Tax rates are per \$100

Source: Municipal Tax Assessor and County Abstract of Rates.

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

FISCAL YEAR ENDED JUNE 30,	OVERLAPPING RATES										TOTAL DIRECT AND OVERLAPPING TAX RATE
	REGIONAL SCHOOL	TOTAL DIRECT	BOROUGH OR TOWNSHIP	MERCER COUNTY	LIBRARY	FIRE DISTRICT	COUNTY OPEN SPACE	MUNICIPAL OPEN SPACE			
Borough of Hopewell											
2020	\$ 1.71	\$ 1.71	\$ 0.63	\$ 0.61	\$ 0.04	\$ 0.07	\$ 0.03	\$ 0.01	\$	\$	3.10
2019	1.65	1.65	0.63	0.63	0.04	0.07	0.03	0.01			3.06
2018	1.56	1.56	0.59	0.62	0.04	0.07	0.03	0.01			2.92
2017	1.54	1.54	0.56	0.59	0.03	0.07	0.03	0.01			2.83
2016	1.54	1.54	0.54	0.60	0.03	0.06	0.03	0.01			2.80
2015	1.53	1.53	0.52	0.58	0.03	0.06	0.03	0.01			2.76
2014	1.40	1.40	0.48	0.55	0.03	0.06	0.02	0.01			2.55
2013	1.36	1.36	0.46	0.53	0.03	0.06	0.02	0.01			2.46
2012	1.29	1.29	0.44	0.50	.032	0.05	0.02	0.01			2.31
2011	1.23	1.23	0.41	0.44	.031	-	0.02	0.01			2.11
Borough of Pennington											
2020	\$ 1.62	\$ 1.62	\$ 0.47	\$ 0.59	\$ 0.03	\$ 0.04	\$ 0.03	\$ 0.01	\$	\$	2.79
2019	1.56	1.56	0.46	0.61	0.03	0.04	0.03	0.01			2.74
2018	1.53	1.53	0.43	0.60	0.03	0.05	0.03	0.01			2.68
2017	1.55	1.55	0.43	0.60	0.03	0.04	0.03	0.01			2.69
2016	1.55	1.55	0.43	0.61	0.03	0.04	0.03	0.01			2.70
2015	1.55	1.55	0.42	0.58	0.03	0.04	0.01	0.01			2.64
2014	1.49	1.49	0.40	0.60	0.03	0.04	0.03	0.01			2.60
2013	1.41	1.41	0.40	0.56	.033	0.03	0.02	0.01			2.44
2012	1.38	1.38	0.30	0.54	.033	0.03	0.02	0.01			2.28
2011	1.37	1.37	0.42	0.49	-	0.03	0.02	0.01			2.34
Township of Hopewell											
2020	\$ 1.74	\$ 1.74	\$ 0.41	\$ 0.61	\$ 0.06	\$ 0.10	\$ 0.03	\$ 0.03	\$	\$	2.98
2019	1.67	1.67	0.40	0.63	0.06	0.10	0.03	0.03			2.92
2018	1.62	1.62	0.38	0.64	0.07	0.09	0.03	0.03			2.86
2017	1.58	1.58	0.37	0.62	0.06	0.09	0.03	0.03			2.78
2016	1.55	1.55	0.36	0.60	0.06	0.09	0.03	0.03			2.71
2015	1.52	1.52	0.36	0.58	0.06	0.08	0.03	0.03			2.65
2014	1.48	1.48	0.34	0.58	0.06	0.08	0.02	0.02			2.58
2013	1.45	1.45	0.32	0.57	0.06	0.07	0.02	0.03			2.52
2012	1.41	1.41	0.30	0.54	0.06	0.05	0.02	0.03			2.27
2011	1.35	1.35	0.29	0.47	0.05	0.06	0.02	0.03			2.27

Source: County Tax Administrator

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

Taxpayer	2020		2011	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Borough of Hopewell				
Freedman, Gerald	\$ 2,200,000	0.69%	\$ 3,692,500	1.05%
Hopewell Village Square	2,048,900	0.65%	2,431,800	0.69%
PNC Bank	1,029,600	0.32%	1,897,655	0.54%
Jeffers James & Raquel	1,019,500	0.32%	1,748,400	0.50%
Prewitt Inc.	994,600	0.31%	1,377,100	0.39%
Hopewell Properties, LLC	937,400	0.30%	1,234,100	0.35%
Klesney Jr., Francis & Anita F.	901,300	0.28%	1,208,700	0.35%
M.A. Brewing, LLC	883,100	0.28%	1,155,200	0.33%
MLN LLC	873,000	0.28%	1,131,700	0.32%
East Broad Hopewell	872,800	0.28%	1,120,000	0.32%
Total	\$ 11,760,200	3.71%	\$ 16,997,155	4.84%
Borough of Pennington				
143 West Franklin Ave., LLC	\$ 7,600,000	1.49%	\$ 5,319,500	1.06%
Pennington Square Shop. Cntr.	3,900,000	0.76%	4,698,900	0.94%
21 Pennington, LLC	3,700,000	0.72%	4,538,000	0.91%
Straube Regional Center	3,531,800	0.69%	3,649,500	0.73%
Straube Center	3,300,000	0.65%	3,000,000	0.60%
Mercer Insurance	3,240,600	0.63%	2,983,800	0.60%
ECS Holding LLC	3,000,000	0.59%	2,876,500	0.57%
Pennington Court, Inc.	2,078,200	0.41%	2,271,818	0.45%
Chill Properties, LLC	2,000,000	0.39%	2,231,800	0.45%
Montpen SC LLC	1,956,900	0.38%	2,000,000	0.40%
Total	\$ 34,307,500	6.71%	\$ 33,569,818	6.71%
Township of Hopewell				
Bristol Myers Squibb	\$ 193,797,800	4.94%	\$ 347,300,600	8.30%
CCI-Hopewell VI LLC	108,763,504	2.77%	233,798,100	5.59%
Cole Hopewell Twp	92,400,000	2.35%	91,230,200	2.18%
Janssen Pharmaceutical	91,230,100	2.32%	27,646,100	0.66%
AREP Hopewell LLC	74,025,000	1.89%	22,092,800	0.53%
One Talent	42,433,200	1.08%	18,294,900	0.44%
Hopewell TC Associates	24,646,100	0.63%	13,862,100	0.33%
Trap Rock Industries Inc	22,168,000	0.56%	13,036,500	0.31%
Transco Gas Pipeline	13,842,100	0.35%	10,123,400	0.24%
Carter Road III LLC	13,036,500	0.33%	9,495,500	0.23%
Total	\$ 676,342,304	17.23%	\$ 786,880,200	18.81%

Source: County Tax Administrator

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL TAX LEVY COLLECTED
		AMOUNT	PERCENTAGE OF LEVY		
2020	\$ 81,215,297	\$ 81,215,297	100.00%		\$81,215,297
2019	77,386,630	77,386,630	100.00%		77,386,630
2018	76,452,806	76,452,806	100.00%		76,452,806
2017	74,150,252	73,769,504	99.49%	\$ 380,748	74,150,252
2016	73,601,264	74,366,411	101.04%		74,366,411
2015	72,074,537	72,074,537	100.00%		72,074,537
2014	70,702,544	70,702,544	100.00%		70,702,544
2013	68,993,917	68,993,917	100.00%		68,993,917
2012	68,084,876	68,084,876	100.00%		68,084,876
2011	66,627,057	66,627,057	100.00%		66,627,057

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES				TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	PREMIUM	CAPITAL LEASES				
2020	\$ 42,475,000	\$ 1,269,518	\$ 1,039,162	\$ 44,783,680	3.00%	\$ 2,017	
2019	46,905,000	1,650,226	1,535,750	50,090,976	3.62%	2,234	
2018	51,135,000	2,066,184	1,698,200	54,899,384	3.87%	2,389	
2017	55,095,000	2,482,142	1,801,075	59,378,217	4.17%	2,580	
2016	23,030,000	2,060,212	501,680	25,591,892	1.79%	1,106	
2015	27,920,000	846,530	444,650	29,211,180	2.18%	1,342	
2014	31,445,000	1,142,110	608,249	33,195,359	2.65%	1,455	
2013	34,850,000	1,437,690	154,691	36,442,381	3.62%	1,671	
2012	38,165,000	1,733,270	208,731	40,107,001	3.88%	1,820	
2011	41,419,000	1,986,086	286,781	43,691,867	4.22%	1,983	

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

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	LESS DEBT SERVICE FUND	NET GENERAL BONDED DEBT OUTSTANDING		
2020	\$ 42,475,000	\$ 255,027	\$ 42,219,973	0.888%	\$ 1,901
2019	46,905,000	512,297	46,392,703	1.071%	2,069
2018	51,135,000	643,404	50,491,596	1.056%	2,197
2017	55,095,000	339,884	54,755,116	1.144%	2,379
2016	23,030,000	10,563	23,019,437	0.482%	995
2015	27,920,000	3,066	27,916,934	0.584%	1,282
2014	31,445,000	918,482	30,526,518	0.630%	1,338
2013	34,850,000	12,333	34,837,667	0.718%	1,581
2012	38,165,000	211,600	37,953,400	0.703%	1,736
2011	41,419,000	200,398	41,218,602	0.758%	1,871

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:	\$ 635,366,612		
Borough of Hopewell		0.7365%	\$ 4,679,423
Borough of Pennington		1.1332%	7,200,126
Township of Hopewell		9.2274%	58,627,744
Other Debt: M.C.I.A.	61,529,337		
Borough of Hopewell		0.7365%	453,159
Borough of Pennington		1.1332%	697,265
Township of Hopewell		9.2274%	5,677,551
Subtotal, Overlapping Debt			77,335,268
Hopewell Valley Regional School District Direct Debt			42,475,000
Total Direct & Overlapping Debt			<u>\$ 119,810,268</u>

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

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

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

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

UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 203,602,697	\$ 203,248,424	\$ 200,555,410	\$ 196,074,571	\$ 192,329,924	\$ 190,328,677	\$ 190,605,668	\$ 185,338,213	\$ 196,499,481	\$ 203,641,887
Total Net Debt Applicable to Limit	42,219,973	46,392,703	50,491,596	55,095,000	23,030,000	27,920,000	31,445,000	34,850,000	58,165,000	41,419,000
Legal Debt Margin	\$ 161,382,724	\$ 156,855,721	\$ 150,063,814	\$ 140,979,571	\$ 169,299,924	\$ 162,408,677	\$ 159,160,668	\$ 150,508,213	\$ 138,334,481	\$ 162,222,887
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.74%	22.83%	25.18%	28.10%	11.97%	14.67%	16.50%	18.89%	19.42%	20.34%

Legal Debt Margin Calculation for Fiscal Year 2020	
Equalized Valuation Basis	
2020	\$ 5,038,721,716
2019	5,090,015,094
2018	5,141,465,554
	<u>\$ 15,270,202,304</u>
Average Equalized Valuation of Taxable Property	\$ 5,090,067,435
Debt Limit (4% of Average Equalization Value)	\$ 203,602,697
Net Bonded School Debt	42,219,973
Legal Debt Margin	<u>\$ 161,382,724</u>

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

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

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

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
Borough of Hopewell			
2020	1,906	\$ 53,391	3.3%
2019	1,916	52,180	2.3%
2018	1,948	52,180	2.7%
2017	1,926	52,180	2.9%
2016	1,929	52,180	4.9%
2015	1,917	53,455	5.0%
2014	1,922	50,910	5.9%
2013	1,921	52,294	8.3%
2012	2,035	49,986	1.0%
2011	2,035	49,986	1.0%
Borough of Pennington			
2020	2,576	\$ 64,913	3.3%
2019	2,531	60,545	2.6%
2018	2,589	60,545	2.9%
2017	2,568	60,545	3.0%
2016	2,598	60,545	4.9%
2015	2,587	56,962	5.3%
2014	2,585	56,004	5.9%
2013	2,583	56,962	8.3%
2012	2,696	63,990	2.6%
2011	2,696	63,990	2.6%
Township of Hopewell			
2020	17,725	\$ 68,933	3.3%
2019	17,978	62,979	2.3%
2018	18,440	62,979	3.3%
2017	18,523	62,979	2.7%
2016	18,606	62,979	4.9%
2015	17,265	62,979	5.0%
2014	18,302	55,219	5.0%
2013	17,304	43,947	7.4%
2012	17,304	43,947	8.3%
2011	17,304	43,947	8.3%

Source:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development
(b) Per Capita information provided by the US Dept of Commerce, Bureau of Economic Analysis
(c) Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

EMPLOYERS	2020		2011	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Borough of Hopewell				
Hopewell Elementary	74	N/A	62	N/A
Dana Communications	37	N/A	50	N/A
Tomato Factory Antique	34	N/A	20	N/A
Borough of Hopewell	23	N/A	20	N/A
Brick Farm Market	20	N/A	20	N/A
Valley Oil Inc.	15	N/A	19	N/A
Baxter Construction Inc	14	N/A	13	N/A
Semandex Networks Inc	14	N/A	8	N/A
Mobile Physician Group	12	N/A	8	N/A
Total	243	N/A	220	N/A
Borough of Pennington				
Pennington School	121	N/A	Not available	N/A
Hopewell Valley Regional	99	N/A	Not available	N/A
Pennington Mortgage	99	N/A	Not available	N/A
Brandywine Assisted Living	53	N/A	Not available	N/A
Toll Gate Grammar	55	N/A	Not available	N/A
Cambridge School	55	N/A	Not available	N/A
USPS	34	N/A	Not available	N/A
Pennington Boro	32	N/A	Not available	N/A
Pennington Dental Assoc	12	N/A	Not available	N/A
Total	560	N/A	-	N/A
Township of Hopewell				
Merrill Lynch	6,000	N/A	6,000	N/A
Capital Health at Hopewell	3,300	N/A	1,765	N/A
Bristol Myers Squibb	1,765	N/A	1,200	N/A
Janssen Pharmaceutical	1,100	N/A	Not available	N/A
Johnson & Johnson Pharm	443	N/A	Not available	N/A
Mary-Lawrence Corp PQM	240	N/A	Not available	N/A
Hopewell Valley Central High	172	N/A	Not available	N/A
Wakenern Food Corp./Shoperite	150	N/A	Not available	N/A
Stop and Shop Inc	132	N/A	Not available	N/A
Kooltronics	120	N/A	Not available	N/A
Township of Hopewell	112	N/A	Not available	N/A
Total	13,534	N/A	8,965	N/A

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

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

Function/Program	June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	330.60	338.44	338.94	338.83	337.50	340.87	336.34	338.53	339.50	346.40
Special Education	77.87	72.38	72.14	69.85	68.38	66.39	63.64	59.14	57.90	50.20
Support Services:										
Student & Instruction Related Services	120.93	122.07	121.57	113.52	113.83	110.38	109.06	107.92	94.60	94.90
School Administrative Services	24.00	25.00	25.00	24.60	24.60	24.60	24.55	23.55	27.70	24.20
General & Business Administrative Services	24.70	23.49	23.49	22.49	23.09	22.49	22.49	18.48	12.40	12.00
Plant Operations & Maintenance	47.63	48.00	48.00	47.00	47.00	48.00	47.00	53.00	52.20	52.00
Pupil Transportation	56.00	56.00	56.00	54.00	55.00	54.00	54.00	54.00	51.70	52.00
Total	681.73	685.38	685.14	670.29	669.20	666.73	657.08	654.42	636.00	631.70

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL	SENIOR HIGH SCHOOL				
2020	3,468	\$ 90,484,502	\$ 26,091	-0.96%	416	8.3:1	8.5:1	8.7:1	3,445	3,330	-1.15%	96.66%
2019	3,458	91,102,664	26,345	8.93%	411	8.4:1	8.2:1	9.1:1	3,485	3,315	-0.88%	95.12%
2018	3,536	85,522,557	24,186	8.54%	416	12.5:1	9.4:1	10.4:1	3,516	3,338	-2.41%	94.94%
2017	3,625	80,774,411	22,283	1.96%	409	10.3:1	10.0:1	11.2:1	3,603	3,425	-1.40%	95.05%
2016	3,668	80,157,829	21,853	4.45%	406	10.1:1	10.1:1	12.1:1	3,654	3,478	-0.51%	95.18%
2015	3,640	76,154,018	20,921	5.04%	407	10.1:1	10.1:1	12.1:1	3,673	3,497	-1.05%	95.21%
2014	3,686	73,418,555	19,918	1.78%	395	10.1:1	10.1:1	12.1:1	3,688	3,542	-1.77%	95.92%
2013	3,735	73,093,370	19,570	3.05%	389	9.1:1	10.1:1	11.1:1	3,727	3,575	-1.76%	96.42%
2012	3,798	72,123,951	18,990	4.14%	383	9.1:1	10.1:1	11.1:1	3,794	3,658	-1.76%	95.81%
2011	3,841	70,039,210	18,235	3.10%	387	10.1:1	10.1:1	11.1:1	3,862	3,700	-2.35%	95.81%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

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

DISTRICT BUILDINGS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary Schools:										
Bear Tavern Elementary (1961):										
Square Feet	69,940	69,940	69,940	69,940	69,940	69,940	69,940	69,940	69,940	69,940
Capacity (Students)	550	550	550	550	550	550	550	550	550	550
Enrollment	439	452	407	407	420	407	407	407	439	475
Toll Gate Grammar (1928):										
Square Feet	61,736	61,736	61,736	61,736	61,736	61,736	61,736	61,736	61,736	61,736
Capacity (Students)	354	354	354	354	354	354	354	354	354	354
Enrollment (a)	296	294	297	297	286	287	287	287	297	305
Hopewell Elementary (1926):										
Square Feet	97,048	97,048	97,048	97,048	97,048	97,048	97,048	97,048	97,048	97,048
Capacity (Students)	546	546	546	546	546	546	546	546	546	546
Enrollment	423	442	441	441	447	468	468	468	479	475
Stony Brook Elementary (2002):										
Square Feet	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400	76,400
Capacity (Students)	550	550	550	550	550	550	550	550	550	550
Enrollment	393	391	427	427	442	428	428	428	412	452
Middle School:										
Timberlane Middle School (1961):										
Square Feet	169,066	169,066	169,066	169,066	169,066	169,066	169,066	169,066	169,066	169,066
Capacity (Students)	997	997	997	997	997	997	997	997	997	997
Enrollment	818	808	851	851	847	928	928	928	952	961
High School:										
Central High School (1958):										
Square Feet	236,011	236,011	215,507	215,507	215,507	215,507	215,507	215,507	215,507	215,507
Capacity (Students)	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Enrollment	1,099	1,119	1,202	1,202	1,243	1,217	1,217	1,217	1,215	1,194
Other Buildings:										
After School Program Building (1946):										
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Central Administration (1926):										
Square Feet	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Facilities Building (1946) (b):										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Number of Schools at June 30, 2020:										
Elementary = 4										
Middle School = 1										
Senior High School = 1										
Other = 3										

Source: District Facilities Office

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

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

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

School Facilities	PROJECT NUMBERS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Bear Tavern	N/A	\$ 230,290	\$ 142,041	\$ 186,531	\$ 234,130	\$ 159,698	\$ 229,992	\$ 172,689	\$ 245,415	\$ 179,623	\$ 300,476
Toll Gate	N/A	147,388	160,198	118,141	160,608	142,304	158,284	197,767	256,768	142,431	117,584
Central High School	N/A	435,633	464,937	390,250	403,335	673,453	415,330	373,789	449,019	311,861	309,514
Stony Brook	N/A	202,701	145,618	173,896	148,008	239,628	140,485	161,157	134,442	127,291	137,528
Hopewell	N/A	194,152	178,678	220,452	204,924	145,013	164,353	268,391	141,445	160,686	150,490
Timberlane	N/A	417,746	364,010	342,190	344,815	322,463	443,771	410,626	325,010	637,001	580,134
Total School Facilities		\$ 1,627,910	\$ 1,455,482	\$ 1,431,460	\$ 1,495,820	\$ 1,682,559	\$ 1,552,215	\$ 1,584,419	\$ 1,552,099	\$ 1,558,893	\$1,595,726

Source: District records

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

	COVERAGE	DEDUCTIBLE
Property- NJSIG:		
Blanket Building & Contents	\$ 208,682,961	\$ 5,000
Extra Expenses	50,000,000	
Liability-NJSIG		
Bodily Injury & Property Damage		
Each Occurrence	31,000,000	
Aggregate	31,000,000	
Fire Damage	31,000,000	
Employee Benefit Programs		
Each Occurrence	31,000,000	
Boiler & Machinery - NJSIG	20,682,961	
Crime-NJSIG		
Employee Dishonesty	500,000	
Musical Instruments	134,066	
Athletic Equipment	192,311	
Mobile Equipment	9,000	1,000
EDP	2,301,711	1,000
Automobile-NJSIG		
Bodily Injury & Property	16,000,000	1,000
Personal Injury Protection	Statutory	
Medical Payments	10,000	1,000
Uninsured/Underinsured	1,000,000	1,000
Workers Compensation-NJSIG		
Section "A"	Statutory	
Section "B"		
Each Accident	3,000,000	
Each Employee	3,000,000	
Aggregate	3,000,000	
Supplemental Indemnity		
Maximum Weekly Benefit	\$1,750	
Bonds-Selective		
Board Sec/Bus Adm	120,000	
Treasurer of School Monies	400,000	
Student Accident-Bollinger		
Maximum Limit	5,000,000	
Environmental Policy-AIG		
Limit of Liability	1,000,000	10,000
Aggregate	1,000,000	
Mold Deductible		100,000
School Leaders- NJSIG		
Limit of Liability	30,000	
Retention	10,000	
CAP - Fireman's Fund		
Limit of liability	50,000,000	
International Policy - Ace		
Each Occurrence	1,000,000	
Aggregate	2,000,000	
Employee Benefits	1,000,000	
Contingent Auto Liability	1,000,000	
Builders Risk - Selective		
Property	10,000,000	5,000

Single Audit Section



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hopewell Valley Regional School District, in the County of Mercer, New Jersey (the "District") as of and for the year ended June 30, 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 26, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

January 26, 2021
Florham Park, New Jersey



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited Hopewell Valley Regional School District's, in the County of Mercer, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

January 26, 2021
Florham Park, New Jersey

Hopewell Valley Regional School District
Schedule of Expenditures of Federal Awards

June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2019	Carryover/Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2020	
										Unearned Revenue	(Accounts Receivable)
U.S. Department of Health and Human Services - Passed-Through State											
Department of Education											
General Fund:											
Medical Assistance Program - SEMI	93.778	2005NUSMAP	7/1/19-6/30/20	\$ 21,222	\$		\$ (21,222)				
Total U.S. Department of Health and Human Services - Passed - Through State Department of Education				\$ 21,222			\$ (21,222)				
Total General Fund				21,222			(21,222)				
U.S. Department of Education-Passed-Through State											
Department of Education											
Special Revenue Fund:											
Title I, Part A	84.010A	S010A190030	7/1/19-9/30/20	94,268			(89,478)			\$ (21,432)	
Title I, Part A, Carryover	84.010A	S010A180030	7/1/18-6/30/19	87,262	\$ (2,911)		2,911				
Title II A	84.367A	S367A190029	7/1/19-9/30/20	39,572			(35,068)				\$ 824
Language Instruction for English Learners and Immigrant Students:											
Title III Immigrant	84.365A	S365A190030	7/1/19-9/30/20	646			(646)				
Subtotal Language Instruction for English Learners and Immigrant Students											
Title IV, Student Support Academic Enrichment	84.424	S424A190031	7/1/19-9/30/20	11,502			(9,241)			(469)	
Title IV, Student Support Academic Enrichment	84.424	S424A180031	7/1/18-6/30/19	11,528	200		(200)				
Carl D. Perkins	84.048A	V048A190030	7/1/19-6/30/20	17,755			(17,755)			(1,359)	
Special Education Cluster:											
I.D.E.A., Part B	84.027A	H027A190100	7/1/19-9/30/20	892,953			(860,707)			(28,208)	
I.D.E.A., Preschool	84.173A	H173A190114	7/1/19-9/30/20	25,684			(25,684)				
Total Special Education Cluster				918,637			(918,637)				
Total Special Revenue Fund				918,637	(2,711)		(1,038,779)			(28,208)	824
U.S. Department of Agriculture-Passed-Through State											
Department of Agriculture											
Enterprise Fund:											
Child Nutrition Program Cluster:											
Noncash Assistance (Commodities):											
Food Donation Program (NC)	10.555	201NJ304N109	7/1/19-6/30/20	45,033			(45,033)				
Cash Assistance:											
National School Lunch Program	10.555	201NJ304N109	7/1/19-6/30/20	70,387			(70,387)			(8,081)	
COVID-19 - Unanticipated School Closures 2019-20	10.555	201NJ304N109	7/1/19-6/30/20	8,025			(8,025)				
National School Lunch Program	10.555	191NJ304N109	7/1/18-6/30/19	78,619							
Total Child Nutrition Program Cluster				192,044	(5,325)		(123,445)			(8,081)	
Total Enterprise Fund				192,044	(5,325)		(123,445)			(8,081)	
Total Expenditures of Federal Awards				\$ 1,132,757	\$ (8,036)		\$ (1,183,446)			\$ (31,341)	\$ 824
NC-non cash expenditures											

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

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

June 30, 2020

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Unearned Revenue	Balance at June 30, 2020		Memo
				Unearned Rec. (Acct Rec)	Due to Grantor					Unearned (Accounts Receivable)	Due to Grantor	
State Department of Education												
General Fund:												
Special Education Categorical Aid	495-034-5120-089	7/1/19-6/30/20	\$ 2,448,855		\$ 2,245,537	\$ (2,448,855)				\$ (205,318)	\$ (2,448,855)	
Special Education Categorical Aid	495-034-5120-089	7/1/18-6/30/19	2,164,734	(170,298)	170,298	(760,010)				(63,721)	(760,010)	
Transportation Aid	495-034-5120-014	7/1/19-6/30/20	760,010	(59,789)	59,789	(65,529)				(5,243)	(65,529)	
Transportation Aid	495-034-5120-014	7/1/18-6/30/19	62,529	(4,919)	4,919	(319,831)				(26,815)	(319,831)	
Security Aid	495-034-5120-084	7/1/19-6/30/20	62,529	(4,919)	4,919	(319,831)				(26,815)	(319,831)	
Security Aid	495-034-5120-084	7/1/18-6/30/19	319,831	(19,864)	19,864	(673,073)				(673,073)		
School Choice Aid	495-034-5120-068	7/1/19-6/30/20	252,504	(646,128)	646,128	(23,780)				(23,780)	(23,780)	
School Choice Aid	495-034-5120-068	7/1/18-6/30/19	673,073	(73,080)	73,080	(7,193,157)				(7,193,157)		
Expenditure Aid	495-034-5120-014	7/1/19-6/30/20	646,128			2,668,529				(126,259)	(2,566,560)	
Expenditure Aid	495-034-5120-014	7/1/18-6/30/19	23,780			121,733				(823,112)	(16,721,330)	
Non-Public Transportation Aid	495-034-5120-014	7/1/19-6/30/20	7,193,157			16,692,932						
Non-Public Transportation Aid	495-034-5120-014	7/1/18-6/30/19	7,193,157			24,404				2,180	(22,224)	
On-Behalf TPAF - Pension Contributions	495-034-5094-001	7/1/19-6/30/20	2,668,529			64,895				17,199	(47,694)	
On-Behalf TPAF - Pension Contributions	495-034-5094-001	7/1/18-6/30/19	3,006			4,884				1,178	(99,172)	
On-Behalf TPAF - Long-Term Disability Insurance	495-034-5094-004	7/1/19-6/30/20	2,566,560			204				431	(16,237)	
On-Behalf TPAF - Long-Term Disability Insurance	495-034-5094-004	7/1/18-6/30/19	2,528,583	(121,733)	121,733	16,668						
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/18-6/30/19		(1,092,811)		171						
Total General Fund												
Special Revenue Funds:												
New Jersey Non-Public Aid	100-034-5120-064	7/1/19-6/30/20	24,404			24,404						
Facebook Aid	100-034-5120-064	7/1/18-6/30/19	25,576			872						
Nursing Services	100-034-5120-070	7/1/19-6/30/20	64,895			4,884						
Nursing Services	100-034-5120-070	7/1/18-6/30/19	65,572			4,884						
Security	100-034-5120-509	7/1/19-6/30/20	100,350			100,350						
Security	100-034-5120-509	7/1/18-6/30/19	101,400			204						
Technology	100-035-5120-373	7/1/19-6/30/20	16,668			171						
Technology	100-035-5120-373	7/1/18-6/30/19	17,208									
Non Public Auxiliary Services (Ch. 192):												
Home Instruction	100-034-5120-067	7/1/19-6/30/20	1,487			1,487						
Home Instruction	100-034-5120-067	7/1/18-6/30/19	1,291			1,162						
Transportation		7/1/18-6/30/19	1,279			1,279						
Non Public Handicapped Services (Ch. 193):												
Examination and Classification	100-034-5120-066	7/1/19-6/30/20	19,510			17,559						
Examination and Classification	100-034-5120-066	7/1/18-6/30/19	16,387			10,200						
Total Special Revenue Fund												
Debt Service Fund:												
Type II Aid		7/1/19-6/30/20	356,483			356,483						
Type II Aid		7/1/18-6/30/19	356,483			356,483						
Total Debt Service Fund												
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program (State share)	100-010-3360-023	7/1/19-6/30/20	5,223			5,095						
State School Lunch Program (State share)	100-010-3360-023	7/1/18-6/30/19	7,747	(531)	531	531						
Total Enterprise Fund												
Total State Financial Assistance												
State Financial Assistance Not Subject to Single Audit Determination:												
On-Behalf TPAF - Pension Contributions	495-034-5094-002	7/1/19-6/30/20	7,193,157			7,193,157						
On-Behalf TPAF - Pension Contributions	495-034-5094-001	7/1/19-6/30/20	2,668,529			2,668,529						
On-Behalf TPAF - Long-Term Disability Insurance	495-034-5094-004	7/1/19-6/30/20	5,006			5,006						
On-Behalf TPAF - Long-Term Disability Insurance	495-034-5094-004	7/1/18-6/30/19										
Total State Financial Assistance Subject to Single Audit Determination												
Total State Financial Assistance												

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

Year ended June 30, 2020

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2020. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

The information in these schedules are presented in accordance with the requirements of Title 2 U.S., *Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Requirements of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in these schedules may differ from the amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting are described in Note 1 to the District's basic financial statements.

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

Year ended June 30, 2020

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$46,227 for the general fund and \$4,816 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 21,222	\$ 16,675,103	\$ 16,696,325
Special Revenue Fund	1,038,779	194,429	1,233,208
Debt Service Fund		356,483	356,483
Food Service Enterprise Fund	123,445	5,223	128,668
Total financial award revenues	<u>\$ 1,183,446</u>	<u>\$ 17,231,238</u>	<u>\$ 18,414,684</u>

Hopewell Valley Regional School District

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

Year ended June 30, 2020

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2020.

The post retirement pension, medical, and long-term disability benefits received on-behalf of the District for the year ended June 30, 2020 amounted to \$9,866,692. Since on-behalf post retirement pension, medical and long-term disability benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08. They are however reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

The District elected not to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Are any material weakness (es) identified?

_____ Yes X No

Are any significant deficiency (ies) identified?

_____ Yes X None Reported

Noncompliance material to the basic financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Are any material weakness (es) identified?

_____ Yes X No

Are any significant deficiency (ies) identified?

_____ Yes X None Reported

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

Unmodified

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

_____ Yes X No

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027A	H027A190100	IDEA, Part B, Basic (Special Education Cluster)
84.173A	H173A190114	IDEA, Part B, Preschool (Special Education Cluster)

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

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

Year ended June 30, 2020

Part II – Schedule of Financial Statement Findings

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

Hopewell Valley Regional School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2020

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

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

Hopewell Valley Regional School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2020

No prior year findings were noted.