

Hopewell Valley

Regional School District

Hopewell Valley Regional Board of
Education

Pennington, New Jersey 08534

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023



Hopewell Valley Regional School District

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

**Hopewell Valley Regional School District
Pennington, New Jersey**

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

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Introductory Section

Hopewell Valley Regional School District

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



December 5, 2023

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 Annual Comprehensive Financial Report (ACFR) of the Hopewell Valley Regional School District (hereinafter, the District) as of and for the year ended June 30, 2023, 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, 2023, 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 ACFR 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 2022-23 fiscal year with an average daily enrollment of 3,436 students, which is 27 students more 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:

Fiscal Year	Student Enrollment	Percent Change
2022-23	3,436	0.79%
2021-22	3,409	0.32%
2020-21	3,398	(1.36)%
2019-20	3,445	(1.15)%
2018-19	3,485	(0.88)%

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 21 years to 97 years old. Average daily enrollment for the 2022-23 year was 3,436, a slight increase from 2021-22. The economy in the Hopewell Valley communities is reflective of the national economy and shows signs of growth and experienced a modest increase in ratables. Most of the undeveloped land in the Valley is in Hopewell Township. There is an understanding that there is little room for additional development in either commercial or residential projects within the Boroughs. It is believed that there may be some commercial and residential growth potential in Hopewell Township. Hopewell Janssen Pharmaceuticals, a large employer, is expecting an increase of approximately 600 employees at the Hopewell Township campus in the coming year. New housing subdivisions have been approved and are under construction in Hopewell Township that will bring additional students into the District's schools beginning in 2023-24. The Board commissioned demographic report identified a moderate growth of 431 students, or 12.6% through 2032-33.

3. Major Initiatives

Facilities Improvement Plan

The Board budget 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 2022-23. Timberlane Middle School had several major projects completed including the replacement of its boiler system and sewer ejector pit pumps. The tennis courts at that facility were also replaced and included barrier free access. Drainage issues were addressed at Central High School to provide that facility with a greater resistance to storm water flooding. Toll Gate Grammar also had sewer ejector pits replaced as well as the replacement of the primary wing HVAC system. The boiler system at Bear Tavern was also replaced. Stony Brook Elementary School's HVAC system was repaired to improve fresh air intake and exhaust. The District continued to add to its safety infrastructure by installing more interior and exterior cameras and badge-operated door locks. The District continues to make improvements to its HVAC systems as components age out. Additional projects are planned for 2023-24 and beyond to address additional paving/curbing/sidewalk issues, HVAC upgrades, boiler replacements, building-envelope, fire alarms, roofing and athletic facilities. 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 and connected with local colleges and universities. 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 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, The College of New Jersey, and Rider, and for those interested in niche subjects, online

learning is available through several web providers. Students also experience a one to one learning environment using chromebooks to enhance our blended and personalized learning approach.

Hopewell Valley has a commitment to STEM education which is evidenced in the various offerings that are available by grade band. In the elementary schools, STEM is infused in all curriculum areas through the training and guidance of teacher leaders. At the middle school, the district subscribes to the Project Lead the Way (PLTW) curriculum which is offered in various elective courses at each grade level. Finally, Central High School has a STEM pathway program providing students with exposure to four possible STEM fields including Biomedicine, Engineering, Computer Science, and Environmental Engineering.

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 Paper Mill Rising Stars, Foxy Awards, and NJ Thespian Festival. 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. Additionally, we 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. Average scores in Hopewell Valley remained solidly higher than those of comparable, high achieving suburban districts in New Jersey. In 2023, CHS students achieved mean scores on the SAT of 607 in Reading/Writing and 602 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, 25+ 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 648 tests taken last year, 84 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. In 2023, Collegeboard named 27 students as Commended Scholars and National Merit Semi-Finalist. Additionally, there were 5 students who earned a perfect score on the AP exam in various content areas.

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, as well as being selected to be AP readers with Collegeboard (to name a few).

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 PKF O'Connor Davies, 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 annual comprehensive financial report for the fiscal year ended June 30, 2022, and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized annual comprehensive financial report and satisfied both generally accepted accounting principles and applicable legal requirements. This is the eleventh consecutive year the District has received this award.

We believe that our current annual comprehensive 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 2022-23 award.

8. Acknowledgments

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

Respectfully submitted,

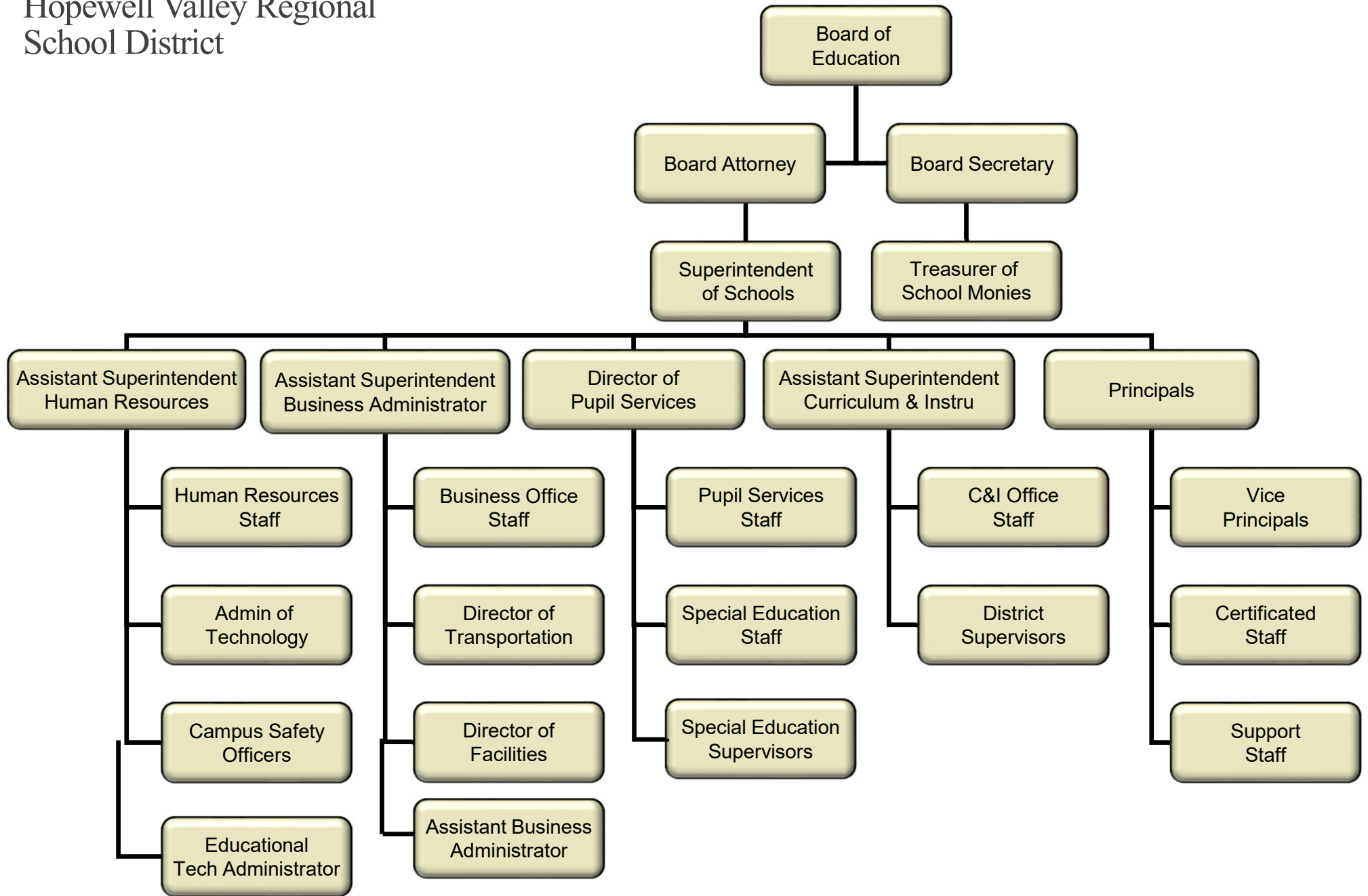
Rosetta D. Treece, Ed. D.

Dr. Rosetta Treece
Superintendent

Robert Colavita

Robert Colavita
Business Administrator/Board Secretary

Hopewell Valley Regional School District



Hopewell Valley Regional School District
Pennington, New Jersey

Roster of Officials

June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Anita Williams Galiano, President	2023
Andrea Driver, Vice President	2023
Jacqueline Genovesi	2024
Pamela Lilleston	2023
Ou (Lydia) Liu	2025
Mark Peters	2025
Alexander Reznik	2024
Adam J. Sawicki, Jr.	2023
Michael Wilson	2025

Other Officials

Dr. Rosetta Treece, 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

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

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

TD Bank
1620 N Olden Ave
Ewing Township, NJ 08638



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Hopewell Valley Regional School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim 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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United State of America (GAAS); 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 (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Honorable President and Members
of the Board of Education
Hopewell Valley Regional School District**

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Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

**Honorable President and Members
of the Board of Education
Hopewell Valley Regional School District**

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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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 GAAS, 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.

Supplementary 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, the schedule 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, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the

**Honorable President and Members
of the Board of Education
Hopewell Valley Regional School District**

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schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

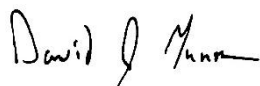
Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' opinion thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 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.



Cranford, New Jersey
December 5, 2023



Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

Required Supplementary Information
Part I

Management's Discussion and Analysis

Hopewell Valley Regional School District Management's Discussion and Analysis

Year ended June 30, 2023

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, 2023. 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 are Schedules A-1 and A-2.

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 two categories: governmental funds and proprietary 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 are Schedules B-1, B-2 and B-3.

Proprietary funds. The District maintains two proprietary fund types as enterprise funds and an internal service fund. 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 internal service fund is used to record the activity of the District's health insurance program.

The proprietary fund financial statements are Schedules B-4, B-5 and B-6.

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.

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.

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 outflow of resources exceeded liabilities and deferred inflow of resources by \$37,961,056 (net position) at the close of 2023 and our overall net position increased in the current year. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2023 and 2022:

Hopewell Valley Board of Education						
Net Position						
June 30,						
	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 22,091,574	\$ 668,601	\$ 22,760,175	\$ 24,781,914	\$ 511,980	\$25,293,894
Restricted cash	793,918		793,918	2,817,707		2,817,707
Capital assets, net	79,084,435	131,302	79,215,737	81,237,735	112,242	81,349,977
Total assets	<u>101,969,927</u>	<u>799,903</u>	<u>102,769,830</u>	<u>108,837,356</u>	<u>624,222</u>	<u>109,461,578</u>
Deferred Outflow of Resources	2,910,270		2,910,270	2,537,140		2,537,140
Current liabilities	13,853,865	82,594	13,936,459	16,455,861	64,072	16,519,933
Net pension liability	17,359,532		17,359,532	13,867,121		13,867,121
Long-term liabilities outstanding	33,312,896		33,312,896	37,632,434		37,632,434
Total liabilities	<u>64,526,293</u>	<u>82,594</u>	<u>64,608,887</u>	<u>67,955,416</u>	<u>64,072</u>	<u>68,019,488</u>
Deferred Inflow of Resources	3,110,157		3,110,157	8,833,184		8,833,184
Net position:						
Net investment in capital assets	44,955,914	131,302	45,087,216	42,870,942	112,242	42,983,184
Restricted	8,659,562		8,659,562	8,145,278		8,145,278
Unrestricted (deficit)	(16,371,729)	586,007	(15,785,722)	(16,430,324)	447,908	(15,982,416)
Total net position	<u>\$ 37,243,747</u>	<u>\$ 717,309</u>	<u>\$ 37,961,056</u>	<u>\$ 34,585,896</u>	<u>\$ 560,150</u>	<u>\$35,146,046</u>

The decrease in current and other assets is mainly the result of current year operations and use of cash to reduce liabilities. The decrease in restricted cash is mainly due to the use of unspent portion of lease proceeds in the current year.

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, scholarship reserve, student activity reserve, excess fund balance, capital projects and debt service).

Deferred outflow of resources represents 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. Long-term liabilities decreased due to the current year payments made on existing obligations. The net pension liability increased due to the changes in the actuarial inputs during the current year.

Government-wide activities. The key elements of the District's changes in net position for the years ended June 30, 2023 and 2022 are as follows:

Hopewell Valley Board of Education
Changes in Net Position
Year Ended June 30,

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 1,735,514	\$ 1,477,325	\$ 3,212,839	\$ 1,113,894	\$ 207,288	\$ 1,321,182
Operating and capital grants and contributions	2,379,138	469,332	2,848,470	1,910,589	1,453,446	3,364,035
Capital grants and contributions	251,458		251,458	347,500		347,500
General revenues:						
Property taxes	83,255,812		83,255,812	82,168,163		82,168,163
Grants and contributions not restricted to specific programs	33,816,453		33,816,453	36,419,225		36,419,225
Investment Earnings	152,487	3,600	156,087	13,904	131	14,035
Other	351,508		351,508	621,843		621,843
Gain on disposal of assets	869,809	27,330	897,139			
Total Revenues	122,812,179	1,977,587	124,789,766	122,595,118	1,660,865	124,255,983
Expenses:						
Instructional services	73,046,985		73,046,985	77,423,105		77,423,105
Support services	45,487,608	1,820,428	47,308,036	43,163,645	1,611,428	44,775,073
Special schools	491,161		491,161	480,731		480,731
Interest and other charges on long-term debt	1,128,574		1,128,574	1,003,945		1,003,945
Total Expenses	120,154,328	1,820,428	121,974,756	122,071,426	1,611,428	123,682,854
Change in net position	2,657,851	157,159	2,815,010	523,692	49,437	573,129
Net position-beginning of year	34,585,896	560,150	35,146,046	34,062,204	510,713	34,572,917
Net position-end of year	\$ 37,243,747	\$ 717,309	\$ 37,961,056	\$ 34,585,896	\$ 560,150	\$ 35,146,046

Charges for services increased due to an increase in tuition in the current year. Operating and capital grants and contributions increased due to the increase in grant revenue in the current year.

Governmental instructional expenses decreased and governmental support services increased because of the needs of the district in the current year.

Business-type activities revenues increased due to increases in revenues in the food service, driver education and after school programs.

Financial Analysis of the District's Funds

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

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

information is useful in assessing the District's financing requirements.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,006,721, while total fund balance was \$15,518,452. 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 1.8% of the total general fund expenditures while total fund balance represents 14.2% of that same amount.

The fund balance of the District's general fund decreased by \$1,191,236 during the current fiscal year. Factors in this decrease include the expenditures exceeding revenues by approximately \$2.7 million plus other financing sources of \$1.5 million.

The Capital Projects Fund was active once again during the fiscal year. Fund balance restricted for capital projects decreased by \$134,061 to \$695,851 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 \$5,949, all of which is restricted for the payment of debt service and none of which has been anticipated in the District's 2023-24 budget. The net increase in fund balance during the current year was \$3,801, which is mainly attributable to the tax levy, state aid and transfer in during the year. The District received \$3,158,702 from the local tax levy and \$1,039,094 in state aid and paid \$2,990,000 and \$1,209,463 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, 2023, and the increases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase from 2022	Percent of Increase
Local sources	\$ 85,578,010	74.8%	\$1,551,962	1.9%
State sources	26,686,331	23.3	1,640,467	6.6
Federal sources	2,162,876	1.9	2,862	0.1
Total	\$114,427,217	100.0%	\$3,195,291	2.9%

The increase in local sources is due to an increase in the miscellaneous revenue which mainly stems from the student activity and scholarship activity in the current year.

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 as well as additional state grants received in the current year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2023, and the increases and decreases in relation to the prior year.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2022	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 41,547,284	35.5%	\$ 2,189,579	5.6%
Support services	67,286,133	57.5	4,891,462	7.8
Capital outlay	2,432,952	2.1	(5,374,674)	(68.8)
Special schools	267,239	0.2	11,643	4.6
Debt service:				
Principal	4,286,076	3.7	(1,467,065)	(25.5)
Interest and costs	1,254,019	1.0	(100,556)	(7.4)
Total	\$117,073,703	100.0%	\$ 150,389	0.1%

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

The decrease in capital outlay is due to less construction and maintenance projects having completed in the current year and a decrease in capital lease activity during the current year.

The decrease in debt service principal and interest is due to the payments being made on debt service in the current year.

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between the actual and budgeted amounts.

State sources exceeded anticipated revenues by \$20,151,137 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.

Capital Assets

At the end of the fiscal years ended June 30, 2023 and 2022, the District had \$79,215,737 and \$81,349,977, 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	
	2023	2022	2023	2022
Land	\$ 2,546,691	\$ 2,546,691		
Construction in progress		282,857		
Land improvements	1,801,058	1,990,364		
Building and building improvements	70,345,231	73,614,387		
Machinery and equipment	4,391,455	2,803,436	\$131,302	\$112,242
Total	\$79,084,435	\$81,237,735	\$131,302	\$112,242

The decrease in governmental activities capital assets is due to the current year depreciation expense exceeding additions related to construction in progress, buildings and building improvements, and machinery, equipment, and vehicles. The increase in business-type activities is due to the current year additions exceeding current year depreciation expense.

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

Debt Administration

At June 30, 2023, the District had \$58,366,375 of outstanding long-term liabilities. Of this amount, \$17,359,532 represents the District's net pension liability, \$2,881,932 is for compensated absences; \$3,454,214 for financed purchases payable; \$30,865,000 of serial bonds; \$377,245 has been accrued to pay for legal settlements and \$505,158 is for the unamortized premium on bonds. In addition, the District has \$2,923,294 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 \$3.4 million.
- State aid has increased approximately \$898,000.
- The cost of providing employee health benefits are expected to continue to increase.
- The District budgeted \$4,747,895 of its 2023 fund balance to partially fund the 2023-24 operations, an increase of \$657,625 from the prior year.

All of the above factors were considered in preparing the District's 2023-24 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, 2023.

Hopewell Valley Regional School District

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 20,032,333	\$ 610,092	\$ 20,642,425
Accounts receivable	2,059,241	29,762	2,089,003
Inventories		28,747	28,747
Restricted assets:			
Cash and cash equivalents	793,918		793,918
Capital assets, non-depreciable	2,546,691		2,546,691
Capital assets, depreciable, net	76,537,744	131,302	76,669,046
Total assets	<u>101,969,927</u>	<u>799,903</u>	<u>102,769,830</u>
Deferred Outflows of Resources			
Pension deferrals	<u>2,910,270</u>		<u>2,910,270</u>
Total deferred outflows of resources	2,910,270		2,910,270
Liabilities			
Accounts payable	4,907,701	14,373	4,922,074
Accrued interest payable	532,998		532,998
Other current liability	518,303		518,303
Intergovernmental payables:			
State	43,751		43,751
Unearned revenue	157,165	68,221	225,386
Accrued expenses	2,566,202		2,566,202
Net pension liability	17,359,532		17,359,532
Current portion of long-term obligations	5,127,745		5,127,745
Noncurrent portion of long-term obligations	33,312,896		33,312,896
Total liabilities	<u>64,526,293</u>	<u>82,594</u>	<u>64,608,887</u>
Deferred Inflows of Resources			
Pension deferrals	<u>3,110,157</u>		<u>3,110,157</u>
Total deferred inflows of resources	3,110,157		3,110,157
Net position			
Net investment in capital assets	44,955,914	131,302	45,087,216
Restricted for:			
Capital reserve	8,050,784		8,050,784
Maintenance reserve	91,927		91,927
Scholarships	39,152		39,152
Student activities	477,699		477,699
Unrestricted (deficit)	<u>(16,371,729)</u>	<u>586,007</u>	<u>(15,785,722)</u>
Total net position	<u>\$ 37,243,747</u>	<u>\$ 717,309</u>	<u>\$ 37,961,056</u>

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 73,046,985	\$ 1,601,541	\$ 409,565	\$ 251,458	\$ (70,784,421)		\$ (70,784,421)
Support services:							
Instruction	1,689,725				(1,689,725)		(1,689,725)
Attendance/social work	695				(695)		(695)
Health services	1,230,956				(1,230,956)		(1,230,956)
Other support services	12,456,805		1,969,573		(10,487,232)		(10,487,232)
Improvement of instruction	2,785,052				(2,785,052)		(2,785,052)
School library	2,582,646				(2,582,646)		(2,582,646)
General administration	1,468,680				(1,468,680)		(1,468,680)
School administration	3,891,752				(3,891,752)		(3,891,752)
Central services	1,982,071				(1,982,071)		(1,982,071)
Admin info technology	447,701				(447,701)		(447,701)
Instructional staff training services	57,019				(57,019)		(57,019)
Required maintenance of plant services	2,396,708				(2,396,708)		(2,396,708)
Operation of plant	6,109,552				(6,109,552)		(6,109,552)
Care and upkeep of grounds	488,334				(488,334)		(488,334)
Security	1,026,504				(1,026,504)		(1,026,504)
Student transportation	6,840,814	133,973			(6,706,841)		(6,706,841)
Special Schools	491,161				(491,161)		(491,161)
Contribution to charter schools	32,594				(32,594)		(32,594)
Interest and other charges on long-term debt	1,128,574				(1,128,574)		(1,128,574)
Total governmental activities	120,154,328	1,735,514	2,379,138	251,458	(115,788,218)		(115,788,218)
Business-type activities							
Food service	1,586,623	1,272,008	469,332			\$ 154,717	154,717
Driver education	80,532	58,759				(21,773)	(21,773)
After school	153,273	146,558				(6,715)	(6,715)
Total business-type activities	1,820,428	1,477,325	469,332			126,229	126,229
Total primary government	\$ 121,974,756	\$ 3,212,839	\$ 2,848,470	\$ 251,458	(115,788,218)	126,229	(115,661,989)
General revenues:							
Property taxes, levied for general purposes					80,097,110		80,097,110
Property taxes, levied for debt service					3,158,702		3,158,702
State and federal sources					33,816,453		33,816,453
Investment earnings					152,487	3,600	156,087
Miscellaneous income					351,508		351,508
Gain on disposal of assets					869,809	27,330	897,139
Total general revenues					118,446,069	30,930	118,476,999
Change in net position					2,657,851	157,159	2,815,010
Net position—beginning					34,585,896	560,150	35,146,046
Net position—ending					\$ 37,243,747	\$ 717,309	\$ 37,961,056

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Hopewell Valley Regional School District
Governmental Funds

Balance Sheet

June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 15,474,005	\$ 606,612	\$ 823,316		\$ 16,903,933
Accounts receivable:					
Intergovernmental:					
State	951,067	3,338			954,405
Federal		581,790			581,790
Other	105,246	5,138			110,384
Interfund receivable	1,858,089	1,400		\$ 5,949	1,865,438
Restricted cash and cash equivalents	518,303				518,303
Total assets	<u>\$ 18,906,710</u>	<u>\$ 1,198,278</u>	<u>\$ 823,316</u>	<u>\$ 5,949</u>	<u>\$ 20,934,253</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 920,182	\$ 253,962			\$ 1,174,144
Intergovernmental payables:					
State		43,751			43,751
Interfunds payable	132,285	250,162	\$ 127,465		509,912
Payroll deductions and withholdings payable	1,793,875				1,793,875
Other current liabilities	518,303				518,303
Unearned revenue	23,613	133,552			157,165
Total liabilities	<u>3,388,258</u>	<u>681,427</u>	<u>127,465</u>		<u>4,197,150</u>
Fund balances:					
Restricted for:					
Capital reserve	8,050,784				8,050,784
Maintenance reserve	91,927				91,927
Capital projects			695,851		695,851
Debt service				\$ 5,949	5,949
Scholarships		39,152			39,152
Student activities		477,699			477,699
Assigned to:					
Designated for subsequent year expenditures	4,747,895				4,747,895
Other purposes	621,125				621,125
Unassigned	2,006,721				2,006,721
Total fund balances	<u>15,518,452</u>	<u>516,851</u>	<u>695,851</u>	<u>5,949</u>	<u>16,737,103</u>
Total liabilities and fund balances	<u>\$ 18,906,710</u>	<u>\$ 1,198,278</u>	<u>\$ 823,316</u>	<u>\$ 5,949</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 \$134,443,075 and the accumulated depreciation is \$55,358,640. 79,084,435

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. (532,998)

Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds. (199,887)

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. (874,806)

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (17,359,532)

Accrued pension contributions for the June 30, 2023 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. (1,527,019)

Long-term liabilities, including bonds payable, financed purchases payable, 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. (38,083,549)

Net position of governmental activities \$ 37,243,747

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 80,097,110			\$ 3,158,702	\$ 83,255,812
Tuition	679,327				679,327
Interest on investments	147,019		\$ 5,468		152,487
Transportation	133,973				133,973
Miscellaneous	351,508	\$ 1,010,371			1,361,879
Total local sources	<u>81,408,937</u>	<u>1,010,371</u>	5,468	3,158,702	85,583,478
State sources	25,093,562	553,675		1,039,094	26,686,331
Federal sources	174,112	1,988,764			2,162,876
Total revenues	<u>106,676,611</u>	<u>3,552,810</u>	5,468	4,197,796	114,432,685
Expenditures:					
Current:					
Instruction	39,996,875	1,550,409			41,547,284
Support services:					
Instruction	1,591,765				1,591,765
Attendance/social work	378				378
Health services	708,784				708,784
Support services	2,407,122	1,718,115			4,125,237
Guidance	1,543,535				1,543,535
Child study team	2,073,486				2,073,486
Improvement of instruction	1,541,118				1,541,118
School library	1,441,030				1,441,030
General administration	1,187,003				1,187,003
School administration	2,473,125				2,473,125
Central services	1,144,902				1,144,902
Administration information technology	248,403				248,403
Instructional staff training services	53,713				53,713
Required maintenance of plant services	1,669,281				1,669,281
Operation of plant-custodial services	4,287,206				4,287,206
Care and upkeep of grounds	301,110				301,110
Security	639,325				639,325
Student transportation	4,853,264				4,853,264
Employee benefits	17,850,233				17,850,233
On-behalf pension, medical and disability contributions	16,709,936				16,709,936
On-behalf TPAF social security contributions	2,810,705				2,810,705
Special Schools	267,239				267,239
Contribution to charter schools	32,594				32,594
Capital outlay	2,181,494	251,458	134,061		2,567,013
Debt Service:					
Principal	1,296,076			2,990,000	4,286,076
Interest	44,556			1,209,463	1,254,019
Total expenditures	<u>109,354,258</u>	<u>3,519,982</u>	<u>134,061</u>	<u>4,199,463</u>	<u>117,207,764</u>
(Deficiency) Excess of revenues (under) over expenditures	(2,677,647)	32,828	(128,593)	(1,667)	(2,775,079)
Other financing sources (uses):					
Transfers in	1,486,411			5,468	1,491,879
Transfers out			(5,468)		(5,468)
Total other financing sources (uses)	<u>1,486,411</u>		<u>(5,468)</u>	<u>5,468</u>	<u>1,486,411</u>
Net change in fund balances	(1,191,236)	32,828	(134,061)	3,801	(1,288,668)
Fund balances, July 1	16,709,688	484,023	829,912	2,148	18,025,771
Fund balances, June 30	<u>\$ 15,518,452</u>	<u>\$ 516,851</u>	<u>\$ 695,851</u>	<u>\$ 5,949</u>	<u>\$ 16,737,103</u>

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, 2023

Total net change in fund balances - governmental funds (from B-2) **\$ (1,288,668)**

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 depreciation expense exceeded capital asset additions in the period.

Capital additions	\$ 1,389,240	
Depreciation expense	(4,412,349)	
		(3,023,109)

Gain on disposal of assets.		869,809
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Repayments of bond principal and financed purchases payable 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	2,990,000	
Financed Purchases Payable	1,296,075	
		4,286,075

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		86,258
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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		(1,284,567)
------------------------	--	-------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension expense		2,527,304
-----------------	--	-----------

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.

		620,873
--	--	---------

In the statement of activities, interest on long-term debt/ 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.

		39,187
--	--	--------

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).

		(175,311)
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Change in net position of governmental activities (A-2)

		<u><u>\$ 2,657,851</u></u>
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See accompanying notes to the basic financial statements.

Proprietary Funds

Hopewell Valley Regional School District
Proprietary Funds

Combining Statement of Net Position

June 30, 2023

	Major Funds				Governmental Activity - Internal Service Fund	
	Business-Type Activities - Enterprise Funds			Totals		Self-Insurance
	Food Service	Driver Education	After School			
Assets						
Current assets:						
Cash and cash equivalents	\$ 555,033	\$ 53,483	\$ 1,576	\$ 610,092	\$ 3,128,400	
Accounts receivable:						
State	736			736		
Federal	12,789			12,789		
Other	6,212		10,025	16,237	412,662	
Interfund receivable					130,885	
Inventories	28,747			28,747		
Restricted cash					275,615	
Total current assets	603,517	53,483	11,601	668,601	3,947,562	
Non-current assets:						
Capital assets:						
Equipment	555,527	50,855		606,382		
Accumulated depreciation	(450,579)	(24,501)		(475,080)		
Total capital assets, net	104,948	26,354		131,302		
Total assets	708,465	79,837	11,601	799,903	3,947,562	
Liabilities						
Current liabilities:						
Accounts payable	6,484	4,985	2,904	14,373	412,663	
Accrued liability for insurance claims					2,923,294	
Interfund payable					1,486,411	
Unearned revenue	68,221			68,221		
Total current liabilities	74,705	4,985	2,904	82,594	4,822,368	
Net position						
Investment in capital assets	104,948	26,354		131,302		
Unrestricted (deficit)	528,812	48,498	8,697	586,007	(874,806)	
Total net position (deficit)	\$ 633,760	\$ 74,852	\$ 8,697	\$ 717,309	\$ (874,806)	

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Proprietary Funds

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

Year Ended June 30, 2023

	Major Funds				Governmental Activity - Internal Service Fund
	Business Type Activities - Enterprise Funds				
	Food Service	Driver Education	After School	Totals	
Operating revenues:					
Local sources:					
Daily food sales-reimbursable programs	\$ 402,387			\$ 402,387	
Daily food sales- non reimbursable programs	869,621			869,621	
Charges for services - district contributions					\$ 13,558,361
Charges for services - employee contributions					2,472,277
Fees		\$ 58,759	\$ 146,558	205,317	
Total operating revenues	1,272,008	58,759	146,558	1,477,325	16,030,638
Operating expenses:					
Salaries	446,365	61,236	27,405	535,006	
Employee benefits	124,400	4,806	5,000	134,206	
Supplies and materials	147,047	4,435		151,482	
Purchased services		988	120,868	121,856	
Depreciation	18,213	9,067		27,280	
Insurance	35,314			35,314	
Cost of sales - reimbursable programs	407,421			407,421	
Cost of sales - non reimbursable programs	300,453			300,453	
Management and administrative fees	77,045			77,045	
Insurance Claims					14,133,954
Other	30,365			30,365	2,370,845
Total operating expenses	1,586,623	80,532	153,273	1,820,428	16,504,799
Operating (loss) income	(314,615)	(21,773)	(6,715)	(343,103)	(474,161)
Nonoperating revenues:					
Other sources:					
Re-insurance proceeds					656,442
Interest and investment revenue	3,600			3,600	19,563
Gain on disposal of equipment	27,330			27,330	
State sources:					
State school lunch program	11,581			11,581	
State school lunch Reduced Supplement	1,210			1,210	
Federal sources:					
National School lunch program	212,375			212,375	
COVID-19 Pandemic electronic benefit transfer	653			653	
Food donation program	77,202			77,202	
COVID-19 Supply Chain Assistance	166,311			166,311	
Total nonoperating revenues	500,262			500,262	676,005
Income (Loss) before transfers	185,647	(21,773)	(6,715)	157,159	201,844
Transfer out - General Fund	-	-	-	-	(1,486,411)
Change in net position	185,647	(21,773)	(6,715)	157,159	(1,284,567)
Total net position-beginning	448,113	96,625	15,412	560,150	409,761
Total net position-ending	\$ 633,760	\$ 74,852	\$ 8,697	\$ 717,309	\$ (874,806)

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District
Proprietary Funds

Combining Statement of Cash Flows

Year Ended June 30, 2023

	Major Funds				Governmental Activity - Internal Service Fund
	Business Type Activities - Enterprise Funds			Totals	
	Food Service	Driver Education	After School		
					Self-Insurance
Cash flows from operating activities:					
Receipts from customers	\$ 1,271,777	\$ 58,759	\$ 136,533	\$ 1,467,069	
Payments to employees	(446,365)	(57,011)	(27,405)	(530,781)	
Payments for employee benefits	(124,400)	(4,361)	(2,096)	(130,857)	
Receipts from services provided			(120,868)	(120,868)	\$ 16,027,737
Payments for insurance claims					(12,467,315)
Payments to suppliers	(1,000,480)	(5,574)		(1,006,054)	(2,727,319)
Net cash (used in) provided by operating activities	(299,468)	(8,187)	(13,836)	(321,491)	833,103
Cash flows from noncapital financing activities:					
Cash received from state and federal reimbursements	486,523			486,523	
Cash received from food donation program	77,202			77,202	
Re-insurance proceeds					656,442
Transfer to general fund					(1,486,411)
Net cash provided by (used in) noncapital financing activities	563,725			563,725	(829,969)
Cash flows from capital and related financing activity:					
Acquisition of capital assets	(19,010)			(19,010)	
Net cash (used in) capital and related financing activity	(19,010)			(19,010)	
Cash flows from investing activity:					
Interest	3,600			3,600	19,563
Net cash provided by investing activity	3,600			3,600	19,563
Net increase (decrease) in cash and cash equivalents	248,847	(8,187)	(13,836)	226,824	22,697
Cash and cash equivalents, beginning of year	306,186	61,670	15,412	383,268	3,105,703
Cash and cash equivalents, end of year	\$ 555,033	\$ 53,483	\$ 1,576	\$ 610,092	\$ 3,128,400
Reconciliation of operating (loss) to net cash (used in) provided by operating activities					
Operating (loss)	\$ (314,615)	\$ (21,773)	\$ (6,715)	\$ (343,103)	\$ (474,161)
Adjustments to reconcile operating (loss) to net cash (used in) provided by operating activities:					
Depreciation	18,213	9,067		27,280	
Change in assets and liabilities:					
(Increase) in accounts receivable	(4,846)		(10,025)	(14,871)	(2,901)
(Increase) in inventory	(9,319)			(9,319)	
(Increase) in deposit/restricted cash					(7,171)
Increase in accounts payable	6,484	4,519	2,904	13,907	2,901
Increase in interfund payable					1,486,411
(Decrease) in accrued liability for insurance claims					(171,976)
Increase in unearned revenue	4,615			4,615	
Net cash (used in) provided by operating activities	\$ (299,468)	\$ (8,187)	\$ (13,836)	\$ (321,491)	\$ 833,103

Noncash noncapital financing activities:

The District received \$77,202 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2023.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies

The financial statements of the Board of Education (the “Board”) of the Hopewell Valley Regional School District (the “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 activities of the District. For the most part, the effect of interfund activity has been removed from these statements. 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, 2023

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (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 and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements. Except for the internal service fund, 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 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, 2023

1. Summary of Significant Accounting Policies (continued)

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

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary 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. Operating expense for the internal service fund include payments for health benefits. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

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 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.

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

E. 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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 amounted to \$28,747 at June 30, 2023. At June 30, 2023, 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.

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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$2,881,932 at June 30, 2023. 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense / expenditure) until then. The District has one item that qualifies for reporting in this category, including deferred amounts related to pensions.

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

L. 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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations (continued)

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.

M. Fund Balances

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

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables and corpus of any permanent funds.
- 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

M. Fund Balances (continued)

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 \$15,518,452 of fund balance in the General Fund, \$8,050,784 has been restricted in the capital reserve account, \$91,927 has been restricted in the maintenance reserve account, \$621,125 of encumbrances are assigned to other purposes, \$4,747,895 has been assigned as designated for subsequent years expenditures and \$2,006,721 is unassigned. All of the \$695,851 fund balance in the Capital Projects Fund is restricted for capital projects. Of the \$5,949 fund balance in the Debt Service Fund, \$481 has been budgeted for use in the 2023-24 budget and is included in restricted for debt service. Of the \$516,851 of fund balance in Special Revenue Fund, \$39,152 has been restricted for scholarships and \$477,699 has been restricted for student activities.

N. 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 did not generate any excess surplus in the current year.

O. 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.

P. GASB Pronouncements

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for

Hopewell Valley Regional School District
Notes to the Basic Financial Statements (continued)
Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

P. GASB Pronouncements (continued)

periods beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 96 and deemed the impact immaterial to the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for period beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 99 and deemed the impact immaterial to the financial statements.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023. Management has not determined the impact of the Statement on the financial statements.

Q. 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.

R. 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 decreased by \$3,475,490 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and December 5, 2023, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

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 \$38,083,549 difference is as follows:

Bonds payable	\$	30,865,000
Premium on bonds		505,158
Litigation payable		377,245
Financed purchases payable		3,454,214
Compensated absences		2,881,932
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities	\$	<u>38,083,549</u>

3. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”) GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

3. Deposits and Investments (continued)

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, 2023, the District's carrying value of its deposits was \$20,642,425 and the bank balance was \$23,749,997. Of the bank balance, \$500,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$19,884,626. \$2,571,453 held in the District agency accounts are not covered by GUDPA. In addition, the District has cash held with fiscal agents in the amount of \$793,918.

Hopewell Valley Regional School District
Notes to the Basic Financial Statements (continued)
Year ended June 30, 2023

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, 2023.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

	Beginning Balance		Increases		Transfers/ Dispositions		Ending Balance
Governmental activities							
Capital assets, not being depreciated							
Land	\$ 2,546,691						\$ 2,546,691
Construction in progress	282,857	\$	40,683	\$	(323,540)		-
Total capital assets, not being depreciated	2,829,548		40,683		(323,540)		2,546,691
Capital assets, being depreciated							
Land improvements	4,373,610						4,373,610
Buildings and building improvements	113,638,553				323,540		113,962,093
Machinery, equipment, and vehicles	12,212,124		1,348,557				13,560,681
Total capital assets being depreciated	130,224,287		1,348,557		323,540		131,896,384
Less accumulated depreciation for:							
Land improvements	2,383,246		189,306				2,572,552
Buildings and building improvements	40,024,166		3,592,696				43,616,862
Machinery, equipment, and vehicles	9,408,688		630,347		(869,809)		9,169,226
Total accumulated depreciation	51,816,100		4,412,349		(869,809)		55,358,640
Total capital assets being depreciated, net	78,408,187		(3,063,792)		1,193,349		76,537,744
Governmental activities capital assets, net	\$81,237,735	\$	(3,023,109)	\$	869,809		\$79,084,435

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2023 as follows:

Regular Instruction	\$ 2,556,878
Undistributed Instruction	97,960
Attendance/social work	23
Health services	43,620
Other support services	476,470
Improvement of instruction	94,843
School library	88,683
General administration	73,050
School administration	152,200
Central services	70,459
Information technology	15,287
Instructional staff training services	3,306
Required maintenance of plant services	102,730
Operation of plant	263,841
Care & upkeep of grounds	18,531
Security	39,345
Student transportation	298,677
Special schools	16,446
	<u>\$ 4,412,349</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Increases	Dispositions	Ending Balance
Business-type activities				
Capital assets, being depreciated:				
Equipment	\$ 732,201	\$ 19,010	\$ 144,829	\$ 606,382
Less accumulated depreciation for:				
Equipment	619,959	27,280	172,159	475,080
Total business-type activities capital assets, net	<u>\$ 112,242</u>	<u>\$ (8,270)</u>	<u>\$ (27,330)</u>	<u>\$ 131,302</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

5. Long-Term Liabilities

During the fiscal year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$ 33,855,000		\$ 2,990,000	\$30,865,000	\$ 3,070,000
Premium on bonds	591,416		86,258	505,158	53,409
Litigation payable	998,118		620,873	377,245	209,002
Compensated absences	2,706,621	\$ 354,543	179,232	2,881,932	246,223
Financed purchases payable - leases	4,750,289		1,296,075	3,454,214	1,192,019
Subtotal	42,901,444	354,543	5,172,438	38,083,549	4,770,653
Accrued Liability for Insurance Claims	3,095,270	13,646,587	13,818,563	2,923,294	357,092
Net pension liability	13,867,121	3,492,411		17,359,532	
Total governmental activities long-term liabilities	\$ 59,863,835	\$ 17,493,541	\$18,991,001	\$58,366,375	\$ 5,127,745

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. Financed purchases payable 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, 2023 is comprised of the following issue:

\$35,855,000, 2016 school bonds, due in annual installments ranging from \$3,070,000 to \$3,815,000 through January 15, 2032 at interest rates ranging from 3.25% to 4.00%.

Hopewell Valley Regional School District
Notes to the Basic Financial Statements (continued)
Year ended June 30, 2023

5. Long-Term Liabilities (continued)

Principal and interest due on all bonds outstanding at June 30, 2023 are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2024	\$ 3,070,000	\$ 1,112,288	\$ 4,182,288
2025	3,155,000	1,012,513	4,167,513
2026	3,240,000	909,975	4,149,975
2027	3,330,000	804,675	4,134,675
2028	3,420,000	688,125	4,108,125
2029-2032	14,650,000	1,467,425	16,117,425
	\$ 30,865,000	\$ 5,995,001	\$ 36,860,001

Bonds Authorized But Not Issued

As of June 30, 2023, the District had no authorized but not issued bonds.

Financed Purchases Payable - Leases

In June 2020, the District entered into a lease for acquisition of buses in the amount of \$177,500. The buses are being leased with an interest rate of 2.50%,

In January 2021, the District entered into a lease for the acquisition of laptops in the amount of \$1,200,000. The laptops are being leased with an interest rate of 0.960%.

In June 2021, the District entered into a lease for acquisition of buses, vehicles and technology equipment in the amount of \$3,465,000. The buses, vehicles and technology equipment are being leased with an interest rate of 0.710%

In June 2022, The District entered into a lease for acquisition of equipment in the amount of \$870,000. The equipment is being leased with an interest rate of 3.25%.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

5. Long-Term Liabilities (continued)

The following is a table of financed purchases payable at June 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30:			
2024	\$ 1,192,019	\$ 42,025	\$ 1,234,044
2025	1,205,392	28,651	1,234,043
2026	875,916	15,059	890,975
2027	180,887	5,116	186,003
	<u>\$ 3,454,214</u>	<u>\$ 90,851</u>	<u>\$ 3,545,065</u>

The assets acquired through financed purchases payables - leases are as follows at June 30, 2023:

Assets:	
Machinery, equipment, and vehicles	\$ 436,905
Less accumulated depreciation	<u>(269,159)</u>
Total	<u>\$ 167,746</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,

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

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

Public Employees' Retirement System

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

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS 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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

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, 2023, the State of New Jersey contributed \$16,709,936 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 \$2,810,705 during the year ended June 30, 2023 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, 2023, 2022 and 2021 were \$1,450,577, \$1,370,870, and \$1,254,162, 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 Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$17,359,532 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.1150294814 percent, which was a decrease of 0.0020272181 percent from its proportion measured as of June 30, 2021.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$2,527,304 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 53,785	\$ 2,599,409
Difference between expected and actual experience	125,293	110,491
Net difference between projected and actual earnings on pension plan investments	718,495	
Changes in proportion and differences between District contributions and proportionate share of contributions	485,678	400,257
District contributions subsequent to the measurement date	1,527,019	
	<u>\$ 2,910,270</u>	<u>\$ 3,110,157</u>

\$1,527,019 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:		
2024	\$	(1,178,139)
2025		(565,977)
2026		(50,101)
2027		64,553
2028		2,758
	<u>\$</u>	<u>(1,726,906)</u>

Additional Information

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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-2021.

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, 2022) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Hopewell Valley Regional School District
Notes to the Basic Financial Statements (continued)
Year ended June 30, 2023

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real
US Equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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 collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 22,301,914	\$ 17,359,532	\$ 13,153,366

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, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	\$ 3,236,303,935
Net pension liability	\$ 15,219,184,920
 District's Proportion	 0.1150294814%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

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, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years, respectively.

Special Funding Situation

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2011 and Chapter 122, P.L. 2001. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2011 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there was no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense related to the special funding situation is \$36,525.

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 non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2023 was \$165,272,394. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3203300028 percent, which was a decrease of 0.0030795077 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$4,447,942 for contributions incurred by the State.

Actuarial assumptions

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

Hopewell Valley Regional School District
Notes to the Basic Financial Statements (continued)
Year ended June 30, 2023

6. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	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 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real estate	8.00%	11.19%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2022, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 193,785,394	\$ 165,272,394	\$ 141,253,774

Pension plan fiduciary net position

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, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	\$ 1,953,696,776
Net pension liability	\$ 51,594,415,806
District's Proportion	0.3203300028%

Collective pension expense for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

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, 2022, 2021, 2019, 2018, 2017, 2016, and 2015 is 7.83, 7.93, 8.04, 8.29, 8.30, 8.30, and 8.30 years, respectively.

7. Post-Retirement Benefits

General Information about the OPEB Plan

State Health Benefit State Retired Employee Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepting actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In the Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the 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 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total OPEB Liability

The Nonemployer OPEB liability from the State of New Jersey's plan is \$50,646,462,966.

Hopewell Valley Regional School District
Notes to the Basic Financial Statements (continued)
Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Changes in Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2021	\$ 179,423,866
Changes for the year:	
Service cost	8,171,661
Interest	4,001,770
Differences between expected and actual experiences	3,751,443
Changes in assumptions or other inputs	(40,508,147)
Member contributions	127,163
Benefit payments	(3,963,871)
Net changes	(28,419,981)
Ending Total OPEB Liability, June 30, 2022	\$ 151,003,885

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2022</u>
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	364,817

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of June 30, 2022 was \$151,003,885. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022 and included in the June 30, 2022 audited financial statements of the State Health Benefit Local Education Retired Employees Plan.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

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

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary increases:		
Through 2026	2.75 - 4.25%	2.75 - 6.55%
	based on years of service	based on years of service

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 to June 30, 2021.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-64 medical benefits PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% decrease (2.54%)	At Current discount rate (3.54%)	At 1% increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 177,489,183	\$ 151,003,885	\$ 129,777,243

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 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
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 124,813,941	\$ 151,003,885	\$ 185,405,967

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

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$5,460,584 for OPEB expenses incurred by the State.

Hopewell Valley Regional School District
Notes to the Basic Financial Statements (continued)
Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$	20,104,625,333
Deferred inflows of resources	\$	34,996,842,046
Collective OPEB Expense	\$	1,595,653,562
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.

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 Annual Comprehensive 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 uses an internal service fund to account for its self-insurance activities. At June 30, 2023, the accrued liability for unpaid medical, prescription and dental claims of \$2,923,294 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.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

8. Risk Management (continued)

Changes in the Incurred But Not Reported claims liability for the past three years were:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2022-2023	\$ 3,095,270	\$ 13,646,587	\$13,818,563	\$ 2,923,294
2021-2022	2,893,935	11,879,210	11,677,875	3,095,270
2020-2021	2,834,702	11,188,136	11,128,903	2,893,935

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. The District’s withholdings are recorded in the Unemployment Compensation accounts in the general fund.

9. Deferred Compensation

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

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

The plan members’ contributions to the deferred compensation plans for the years ended June 30, 2023, 2022 and 2021 were \$1,326,655, \$1,282,226, and \$1,225,271, respectively. The District does not contribute to these plans on behalf of plan members.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2023 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,858,089	\$ 132,285
Special Revenue Fund	1,400	250,162
Capital Projects Fund		127,465
Debt Service Fund	5,949	
Self-Insurance Internal Service Fund	130,885	1,486,411
	<u>\$ 1,996,323</u>	<u>\$ 1,996,323</u>

The interfund between general fund and the self-insurance internal service fund represents monies collected in general fund that are related to health insurance claims due to the self-insurance internal service fund fund and monies returned to the general fund to cover health insurance budget line. The interfund between the capital projects fund and the debt service fund represent interest earned in the capital projects fund that is due to the debt service fund to offset the debt issued on capital projects. The interfund between general fund and special revenue fund represents monies collected in general fund that are related to the special revenue fund. The interfund between the general fund and the capital projects fund represent grant funds received in capital projects fund related to general 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, 2023 may be impaired. As a result of the impact of COVID-19, the District has received funding under the American Rescue Plan Act (ARP), Elementary and Secondary School Emergency Relief (ESSER) Fund and the Coronavirus Relief Fund (CRF). To the extent that the District has not complied with the rules governing the ARP, ESSER and CRF funds, money may be required to be returned. 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,

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

12. Contingent Liabilities (continued)

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 \$377,245 in the government-wide financial statements as a result of the actual and expected outcomes of these claims and lawsuits. The estimated settlement of these claims is not expected to be paid with current financial resources.

13. Capital Reserve Account

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

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 6,928,732
Deposits:	
Unspent capital outlay funds not utilized in 2022-23	127,221
Interest earned on capital reserve funds	45,457
Deposit into Capital Reserve (June 2023 Board Resolution)	949,374
Ending balance, June 30, 2023	<u>\$ 8,050,784</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve. The District budgeted \$304,245 of the June 30, 2023 capital reserve balance in its 2023-24 fiscal year budget.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

14. 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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 91,323
Deposits:	
Interest earned on maintenance reserve funds	604
Ending balance, June 30, 2023	<u>\$ 91,927</u>

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2023. The District did not budget any of the June 30, 2023 maintenance reserve balance in its 2023-24 fiscal year budget.

15. Commitments

The District also has contracts with several vendors for goods and services that have not been received as of June 30, 2023. These encumbrances in the amount of \$621,125 are recorded as assigned to other purposes on the general fund balance sheet and in the capital projects fund in the amount of \$12,950, which are recorded as part of fund balance restricted for capital projects.

During the 2023 fiscal year, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year cannot be estimated, however, it is expected

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

15. Commitments (continued)

that the Federal Government, through the CARES Act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2023, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

16. Transfers

The following presents a reconciliation of transfers during the 2023 fiscal year:

	Transfer In	Transfer Out
General Fund	\$ 1,486,411	
Capital Projects Fund		\$ 5,468
Debt Service Fund	5,468	
Self-Insurance Internal Service Fund		1,486,411
	<u>\$ 1,491,879</u>	<u>\$ 1,491,879</u>

The District transferred \$5,468 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. The District transferred \$1,486,411 from the Self-Insurance Internal Service Fund to the General fund to offset claims charged to the budget.

17. 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 \$44,955,914 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 79,084,435
Bonds payable (used to build or acquire capital assets)	(30,865,000)
Unspent bond proceeds	695,851
Unamortized premium	(505,158)
Financed purchases payable	(3,454,214)
Total net investment in capital assets	<u>\$ 44,955,914</u>

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

18. 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 \$445,017 from the annual service charge in lieu of payment of taxes in 2022 and taxes in 2022 that otherwise would have been due on these long-term tax exemptions amount to \$821,099, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$376,082 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.

19. Deficit Net Position

The District has a deficit net position of \$874,806 in the Self-Insurance Internal Service Fund as of June 30, 2023 as reported in the financial statements. The District has instituted a plan to fund this deficit in the General Fund budget over the next few years.

Required Supplementary Information
Part II

Hopewell Valley Regional School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System
 Required Supplementary Information
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset) - Local Group	0.1150294814%	0.1170566995%	0.1146451393%	0.1156124926%	0.1142608200%	0.1105497103%	0.1111144609%	0.1123990058%	0.1084386997%	n/a
District's proportionate share of the net pension liability (asset)	\$ 17,359,532	\$ 13,867,121	\$ 18,695,624	\$ 20,831,617	\$ 22,497,386	\$ 25,734,206	\$ 32,908,916	\$ 25,231,324	\$ 20,302,690	n/a
District's covered-employee payroll	\$ 8,989,894	\$ 8,567,034	\$ 8,481,274	\$ 8,484,842	\$ 8,255,182	\$ 8,039,792	\$ 7,728,853	\$ 7,569,463	\$ 7,614,532	\$ 7,708,670
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	193.10%	161.87%	220.43%	245.52%	272.52%	320.09%	425.79%	333.33%	266.63%	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	n/a

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

Hopewell Valley Regional School District
 Schedule of District Contributions
 Public Employees' Retirement System
 Required Supplementary Information

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,450,577	\$ 1,370,870	\$ 1,254,162	\$ 1,124,575	\$ 1,142,038	\$ 1,039,948	\$ 987,125	\$ 735,000	\$ 709,412	\$ 710,507
Contributions in relation to the contractually required contribution	(1,450,577)	(1,370,870)	(1,254,162)	(1,124,575)	(1,142,038)	(1,039,948)	(987,125)	(735,000)	(709,412)	(710,507)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,567,034	\$ 8,481,274	\$ 8,484,842	\$ 8,255,182	\$ 8,039,792	\$ 7,728,853	\$ 7,569,463	\$ 7,614,532	\$ 7,708,670	\$ 7,399,294
Contributions as a percentage of covered-employee payroll	16.93%	16.16%	14.78%	13.62%	14.20%	13.46%	13.04%	9.65%	9.20%	9.60%

See accompanying notes to required supplementary information.

Hopewell Valley Regional School District
 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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3203300028%	0.3234095105%	0.3221734740%	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	\$ 165,272,394	\$ 155,479,732	\$ 212,147,356	\$ 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>\$ 165,272,394</u>	<u>\$ 155,479,732</u>	<u>\$ 212,147,356</u>	<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	32.29%	35.52%	24.60%	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 Employees' 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,						
	2023	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset)	0.29%	0.30%	0.29%	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	\$ 151,003,885	\$ 179,423,866	\$ 197,513,121	\$ 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>\$ 151,003,885</u>	<u>\$ 179,423,866</u>	<u>\$ 197,513,121</u>	<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>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	2023	2022	2021	2020	2019	2018	2017**
Total OPEB Liability							
Service cost	\$ 8,171,661	\$ 9,420,306	\$ 5,211,370	\$ 5,132,335	\$ 5,664,106	\$ 6,825,202	
Interest cost	4,001,770	4,654,444	4,379,006	5,253,136	5,637,383	4,864,441	
Changes of benefit terms	-	(190,975)	-	-	-	-	
Differences between expected and actual experiences	3,751,443	(28,602,638)	33,622,293	(19,421,998)	(13,787,674)	-	
Changes of assumptions	(40,508,147)	177,015	36,078,860	1,812,409	(15,193,657)	(20,323,672)	
Member contributions	127,163	118,991	104,222	110,609	122,360	130,917	
Gross benefit payments	<u>(3,963,871)</u>	<u>(3,666,398)</u>	<u>(3,438,541)</u>	<u>(3,731,404)</u>	<u>(3,540,351)</u>	<u>(3,555,355)</u>	
Net change in total OPEB liability	(28,419,981)	(18,089,255)	75,957,210	(10,844,913)	(21,097,833)	(12,058,467)	
Total OPEB liability - beginning	<u>179,423,866</u>	<u>197,513,121</u>	<u>121,555,911</u>	<u>132,400,824</u>	<u>153,498,657</u>	<u>165,557,124</u>	
Total OPEB liability - ending	<u>\$ 151,003,885</u>	<u>\$ 179,423,866</u>	<u>\$ 197,513,121</u>	<u>\$ 121,555,911</u>	<u>\$ 132,400,824</u>	<u>\$ 153,498,657</u>	
Covered-employee payroll	<u>\$ 48,114,539</u>	<u>\$ 45,962,722</u>	<u>\$ 44,893,289</u>	<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>313.84%</u>	<u>390.37%</u>	<u>439.96%</u>	<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, 2023

1. PENSION - PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

There were none.

2. PENSION – TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

There were none.

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 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

Required Supplementary Information
Part III
Budgetary Comparison Schedules

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 80,097,110		\$ 80,097,110	\$ 80,097,110	
Tuition	568,000		568,000	679,327	\$ 111,327
Transportation - Hazardous Routes	81,000		81,000	133,973	52,973
Interest Earned on Investments	11,000		11,000	147,019	136,019
Rentals	65,000		65,000	126,530	61,530
Miscellaneous	201,500		201,500	224,978	23,478
Total - Local Sources	81,023,610		81,023,610	81,408,937	385,327
State Sources:					
Categorical Special Education Aid	3,479,248		3,479,248	3,479,248	
Transportation Aid	977,913		977,913	977,913	
Security Aid	293,288		293,288	293,288	
School Choice Aid	239,658		239,658	239,658	
Non-Public Transportation Aid				91,728	91,728
Extraordinary Aid				538,768	538,768
TPAF Pension (On-Behalf - Non-Budgeted)				13,230,003	13,230,003
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				3,475,490	3,475,490
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				4,443	4,443
TPAF Social Security (Reimbursed - Non-Budgeted)				2,810,705	2,810,705
Total State Sources	4,990,107		4,990,107	25,141,244	20,151,137
Federal Sources:					
Disaster Grants - Public Assistance				139,001	(139,001)
Medical Assistance Program	20,576		20,576	35,111	14,535
Total - Federal Sources	20,576		20,576	174,112	(124,466)
Total Revenues	86,034,293		86,034,293	106,724,293	20,690,000
EXPENDITURES:					
Current:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	960,283	85,791	1,046,074	1,046,074	
Grades 1-5 - Salaries of Teachers	8,277,183	(274,716)	8,002,467	8,002,467	
Grades 6-8 - Salaries of Teachers	5,980,446	(41,320)	5,939,126	5,874,122	65,004
Grades 9-12 - Salaries of Teachers	8,115,981	(364,568)	7,751,413	7,724,636	26,777
Regular Programs - Home Instruction					
Salaries of Teachers	50,000	2,783	52,783	52,783	
Purchased Professional-Educational Services	20,000	(10,002)	9,998	7,645	2,353
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	870,850	(46,237)	824,613	824,613	
Purchased Professional-Educational Services	1,094,320	113,534	1,207,854	1,091,220	116,634
Purchased Technical Services	6,500	58,850	65,350	7,240	58,110
Other Purchased Services	1,445,883	(26,370)	1,419,513	1,327,366	92,147
General Supplies	1,371,575	154,593	1,526,168	1,255,434	270,734
Textbooks	360,987	(944)	360,043	210,045	149,998
Other Objects	20,531	(500)	20,031	5,444	14,587
TOTAL REGULAR PROGRAMS - INSTRUCTION	28,574,539	(349,106)	28,225,433	27,429,089	796,344
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	346,573	(11,087)	335,486	334,339	1,147
Other Salaries for Instruction	22,145		67,599	89,744	
General Supplies	1,500	(1,500)			
Total Learning and/or Language Disabilities	370,218	55,012	425,230	424,083	1,147
Emotional Regulation Impairments					
Salaries of Teachers	393,239	(155,604)	237,635	237,635	
Other Salaries for Instruction	95,791	(2,304)	93,487	93,192	295
Total Emotional Regulation Impairments	489,030	(157,908)	331,122	330,827	295
Multiple Disabilities					
Salaries of Teachers	443,138	73,801	516,939	516,939	
Other Salaries for Instruction	333,874	(4,478)	329,396	327,754	1,642
General Supplies	1,500	(656)	844	809	35
Total Multiple Disabilities	778,512	68,667	847,179	845,502	1,677

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center					
Salaries of Teachers	\$ 5,132,695	\$ 312,735	\$ 5,445,430	\$ 5,445,430	
Other Salaries for Instruction	655,193	(96,453)	558,740	558,528	\$ 212
Other Purchased Services	300		300		300
General Supplies	24,900	535	25,435	17,916	7,519
Textbooks	3,000		3,000	1,510	1,490
Total Resource Room/Resource Center	<u>5,816,088</u>	<u>216,817</u>	<u>6,032,905</u>	<u>6,023,384</u>	<u>9,521</u>
Autism:					
Salaries of Teachers	306,091	(18,631)	287,460	287,460	
Other Salaries for Instruction	286,202	86,829	373,031	372,643	388
Total Autism	<u>592,293</u>	<u>68,198</u>	<u>660,491</u>	<u>660,103</u>	<u>388</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	418,403	70,462	488,865	488,865	
Other Salaries for Instruction	169,843	109,218	279,061	279,061	
General Supplies	7,175	(2,720)	4,455	2,329	2,126
Total Preschool Disabilities - Full-Time	<u>595,421</u>	<u>176,960</u>	<u>772,381</u>	<u>770,255</u>	<u>2,126</u>
Home Instruction					
Purchased Prof. - Ed. Services	20,000		20,000	12,016	7,984
Total Home Instruction	<u>20,000</u>		<u>20,000</u>	<u>12,016</u>	<u>7,984</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>8,661,562</u>	<u>427,746</u>	<u>9,089,308</u>	<u>9,066,170</u>	<u>23,138</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,570,530	44,798	1,615,328	1,610,818	4,510
General Supplies	8,200	(610)	7,590	5,363	2,227
Textbooks	500		500		500
Total Basic Skills/Remedial - Instruction	<u>1,579,230</u>	<u>44,188</u>	<u>1,623,418</u>	<u>1,616,181</u>	<u>7,237</u>
Bilingual Education - Instruction					
Salaries of Teachers	198,850	(2,470)	196,380	196,380	
General Supplies	1,000	(431)	569	569	
Total Bilingual Education - Instruction	<u>199,850</u>	<u>(2,901)</u>	<u>196,949</u>	<u>196,949</u>	
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	239,762	62,591	302,353	302,353	
Purchased Services	50,100	4,307	54,407	53,134	1,273
Supplies and Materials	66,283	(25,726)	40,557	39,302	1,255
Other Objects	103,855	(44,752)	59,103	59,087	16
Total School-Spon. Cocurricular Actvts. - Inst.	<u>460,000</u>	<u>(3,580)</u>	<u>456,420</u>	<u>453,876</u>	<u>2,544</u>
School-Spon. Athletics					
Salaries	844,126	110,097	954,223	954,223	
Purchased Services	158,650	1,328	159,978	158,904	1,074
Supplies and Materials	128,900	(40,988)	87,912	86,004	1,908
Other Objects	32,320	3,158	35,478	35,478	
Total School-Spon. Athletics	<u>1,163,996</u>	<u>73,595</u>	<u>1,237,591</u>	<u>1,234,609</u>	<u>2,982</u>
TOTAL INSTRUCTION	<u>40,639,177</u>	<u>189,942</u>	<u>40,829,119</u>	<u>39,996,874</u>	<u>832,245</u>

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to County Voc. School Dist. - Special	\$ 152,010	\$ (420)	\$ 151,590	\$ 144,999	\$ 6,591
Tuition to CSSD & Regional Day Schools	350,970	20,026	370,996	276,340	94,656
Tuition to Private Schools for the Disabled - Within State	1,904,966		1,904,966	1,625,088	279,878
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	216,144	55,394	271,538	181,631	89,907
Tuition - Other	597,752	(144,660)	453,092	310,242	142,850
Total Undistributed Expenditures - Instruction	3,221,842	(69,660)	3,152,182	2,538,300	613,882
Undistributed Expend. - Attend. & Social Work					
Salaries	4,000		4,000	378	3,622
Other Purchased Services	255		255	255	
Total Undistributed Expend. - Attend. & Social Work	4,255		4,255	378	3,877
Undist. Expend. - Health Services					
Salaries	624,175		624,175	613,939	10,236
Purchased Professional and Technical Services	40,000		40,000	35,802	4,198
Other Purchased Services	60,375		60,375	49,793	10,582
Rentals	11,893		11,893		11,893
Supplies and Materials	17,815		17,815	9,250	8,565
Total Undistributed Expenditures - Health Services	754,258		754,258	708,784	45,474
Undist. Expend. - Other Supp. Serv. Students - OT, PT, ReL Serv.					
Salaries	1,295,748	(51,232)	1,244,516	1,244,516	
Purchased Professional - Educational Services	149,000	52,254	201,254	175,734	25,520
Supplies and Materials	63,735	(24,281)	39,454	36,049	3,405
Total Undist. Expend. - Other Supp. Serv. Students - OT, PT, ReL Serv.	1,508,483	(23,259)	1,485,224	1,456,299	28,925
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	701,019	33,243	734,262	725,869	8,393
Purchased Professional - Educational Services	540,000	(158,319)	381,681	219,615	162,066
Supplies and Materials	12,000		12,000	5,339	6,661
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	1,253,019	(125,076)	1,127,943	950,823	177,120
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,328,797	49,964	1,378,761	1,376,090	2,671
Salaries of Secretarial and Clerical Assistants	144,623	5,761	150,384	150,384	
Other Purchased Services	5,530	9,228	14,758	14,702	56
Supplies and Materials	2,550	534	3,084	1,962	1,122
Other Objects		400	400	397	3
Total Undist. Expend. - Guidance	1,481,500	65,887	1,547,387	1,543,535	3,852
Undist. Expend. - Child Study Team					
Salaries of Other Professional Staff	1,805,387	(57,258)	1,748,129	1,748,129	
Salaries of Secretarial and Clerical Assistants	184,663	7,420	192,083	192,083	
Purchased Prof. - Educational Services	50,000	(43,170)	6,830		6,830
Other Purchased Prof. and Tech. Services	100,000	1,400	101,400	80,073	21,327
Other Purchased Services	28,750	1,174	29,924	11,785	18,139
Supplies and Materials	51,875	455	52,330	31,158	21,172
Other Objects	10,329		10,329	10,258	71
Total Undist. Expend. - Child Study Team	2,231,004	(89,979)	2,141,025	2,073,486	67,539
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	818,084	57,895	875,979	868,779	7,200
Salaries of Other Professional Staff	447,328	(58,108)	389,220	388,768	452
Salaries of Secretarial and Clerical Assistants	81,951	9,813	91,764	91,764	
Other Salaries	104,264	22,138	126,402	124,868	1,534
Unused Vacation Payment to Term/Ret Staff		20,106	20,106	20,106	
Purchased Prof. - Educational Services		2,273	2,273	2,233	40
Other Purchased Services	36,600	(20,400)	16,200	13,888	2,312
Supplies and Materials	9,500	(1,984)	7,516	7,148	368
Other Objects	26,236	(1,730)	24,506	23,564	942
Total Undist. Expend. - Improvement of Inst. Serv.	1,523,963	30,003	1,553,966	1,541,118	12,848

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 517,373	\$ (16,431)	\$ 500,942	\$ 492,090	\$ 8,852
Salaries of Technology Coordinators	873,543	81,532	955,075	858,729	96,346
Purchased Professional and Technical Services	31,135		31,135	28,923	2,212
Supplies and Materials	77,720	(2,500)	75,220	61,156	14,064
Other Objects	950		950	132	818
Total Undist. Expend. - Edu. Media Serv./Sch. Library	1,500,721	62,601	1,563,322	1,441,030	122,292
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Professional & Technical Services	43,350	(13,050)	30,300	22,364	7,936
Other Purchased Services	60,020	(1,624)	58,396	31,169	27,227
Supplies and Materials	3,700	(1,138)	2,562	180	2,382
Total Undist. Expend. - Instructional Staff Training Serv.	107,070	(15,812)	91,258	53,713	37,545
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	267,526	124	267,650	267,650	
Legal Services	150,000	23,867	173,867	85,759	88,108
Audit Fees	70,000	1,500	71,500	71,500	
Architectural/Engineering Services	200,000	46,682	246,682	191,222	55,460
Other Purchased Professional Services	13,500	(833)	12,667		12,667
Communications/Telephone	186,060	6,013	192,073	110,970	81,103
Miscellaneous Purchased Services	180,660	2,501	183,161	169,363	13,798
General Supplies	3,000	(2,100)	900		900
Judgements Against the School District	364,880	7,500	372,380	255,720	116,660
Miscellaneous Expenditures	58,300		58,300	34,819	23,481
Total Undist. Expend. - Supp. Serv. - General Admin.	1,493,926	85,254	1,579,180	1,187,003	392,177
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,518,222	127,793	1,646,015	1,646,014	1
Salaries of Secretarial and Clerical Assistants	766,459	8,763	775,222	775,222	
Unused Vacation Payment to Term/Ret Staff		3,094	3,094	3,094	
Other Purchased Services	35,929	(8,902)	27,027	17,114	9,913
Supplies and Materials	30,300	(317)	29,983	23,755	6,228
Other Objects	18,090	(574)	17,516	7,926	9,590
Total Undist. Expend. - Support Serv. - School Admin.	2,369,000	129,857	2,498,857	2,473,125	25,732
Undist. Expend. - Central Services					
Salaries	913,046	70,622	983,668	983,620	48
Purchased Professional Services	50,140	(4,591)	45,549	21,235	24,314
Purchased Technical Services	58,500	10,618	69,118	67,632	1,486
Miscellaneous Purchased Services	79,833	17,385	97,218	51,705	45,513
Supplies and Materials	30,320	(312)	30,008	11,915	18,093
Miscellaneous Expenditures	11,500		11,500	8,795	2,705
Total Undist. Expend. - Central Services	1,143,339	93,722	1,237,061	1,144,902	92,159
Undist. Expend. - Technology Admin.					
Salaries	229,976	6,093	236,069	236,069	
Other Purchased Services	16,936	(268)	16,668	12,334	4,334
Total Undist. Expend. - Technology Admin.	246,912	5,825	252,737	248,403	4,334
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	743,154	58,276	801,430	801,429	1
Unused Vacation Payment to Term/Ret Staff		11,363	11,363	11,363	
Cleaning, Repair and Maintenance Services	652,700	61,651	714,351	589,468	124,883
General Supplies	310,000	32,078	342,078	291,029	51,049
Total Undist. Expend. - Required Maint. for Sch. Facil.	1,705,854	163,368	1,869,222	1,693,289	175,933

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 2,064,564	\$ (51,248)	\$ 2,013,316	\$ 1,999,420	\$ 13,896
Cleaning, Repair and Maintenance Services	124,500		124,500	114,953	9,547
Other Purchased Property Services	288,659	1,115	289,774	212,298	77,476
Insurance	462,596	(61,538)	401,058	385,391	15,667
General Supplies	203,000	(2,200)	200,800	173,355	27,445
Other Purchased Services	10,650		10,650	645	10,005
Miscellaneous Purchased Services		15,000	15,000	15,000	
Natural Gas	316,000	68,676	384,676	348,569	36,107
Electricity	1,010,000		1,010,000	999,166	10,834
Energy - Gasoline	31,600		31,600	27,589	4,011
Other Objects	17,000		17,000	10,820	6,180
Total Undist. Expend. - Custodial Services	4,528,569	(30,195)	4,498,374	4,287,206	211,168
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	208,471	7,945	216,416	216,416	
Cleaning, Repair and Maintenance Services	102,000	(25,009)	76,991	49,349	27,642
General Supplies	141,600	(16,458)	125,142	35,346	89,796
Total Undist. Expend. - Care and Upkeep of Grounds	452,071	(33,522)	418,549	301,111	117,438
Undist. Expend. - Security					
Salaries	367,296	81,228	448,524	446,240	2,284
Purchased Professional and Technical Services		6,129	6,129	3,129	3,000
Cleaning, Repair and Maintenance Services		93,479	93,479	93,479	
General Supplies	5,000	98,339	103,339	96,477	6,862
Total Undist. Expend. - Security	372,296	279,175	651,471	639,325	12,146
Undist. Expend. - Student Transportation Serv.					
Salaries for Non-Instructional Aids	367,208	50,609	417,817	417,521	296
Salaries for Pupil Trans. (Between Home & School) - Regular	828,011	9,971	837,982	837,981	1
Salaries for Pupil Trans. (Between Home & School) - Sp. Ed.	976,969	(89,289)	887,680	887,680	
Salaries for Pupil Trans. Other than Between Home & School	78,000	(54,510)	23,490	23,490	
Management Fees - ESC & CTSA Transportation Programs	7,500	(4,905)	2,595	2,150	445
Other Purchased Professional and Technical Services	22,935	11,077	34,012	31,506	2,506
Cleaning, Repair & Maintenance Services	84,500	7,007	91,507	87,904	3,603
Rental Payments - School Buses	3,000	(2,963)	37		37
Lease Purchase Payments-School Buses	276,563	(2,126)	274,437	274,437	
Contracted Services Aid In Lieu of Payment for Non-public School Students	255,000	33,792	288,792	288,792	
Contracted Services (Between Home and School) - Vendors	1,333,749	488,799	1,822,548	1,822,548	
Contracted Services (Other than Between Home and School) - Vendors	302,100	(29,292)	272,808	215,034	57,774
Contracted Services (Between Home and School) - Joint Agreements	1,500	(1,500)			
Contracted Services (Sp. Ed.) - Vendors	175,341	(159,540)	15,801	15,801	
Contracted Services (Sp. Ed.) - Joint Agreements	5,000	(5,000)			
Contracted Services (Special Education Students) - ESCs	90,000	(15,232)	74,768	74,768	
Other Purchased Services	2,750		2,750	1,349	1,401
Transportation Supplies	318,403	(57,651)	260,752	242,117	18,635
Other Objects	1,250		1,250	275	975
Total Undist. Expend. - Student Transportation Serv.	5,129,779	179,247	5,309,026	5,223,353	85,673
Unallocated Benefits					
Social Security Contributions	1,100,000	78,221	1,178,221	1,176,135	2,086
Other Retirement Contributions - PERS	1,489,151	4,230	1,493,381	1,493,381	
Other Retirement Contributions - Regular	47,310	7,007	54,317	54,037	280
Unemployment Compensation	181,156	3,948	185,104	185,104	
Workmen's Compensation	585,835	(89,569)	496,266	496,266	
Health Benefits	12,461,000	1,306,607	13,767,607	13,767,606	1
Tuition Reimbursement	200,000	35,956	235,956	172,334	63,622
Other Employee Benefits	345,000	(19,640)	325,360	325,360	
Unused Vac. Payment to Term/Ret. Staff	127,000	53,010	180,010	180,010	
Total Unallocated Benefits	16,536,452	1,379,770	17,916,222	17,850,233	65,989
On-behalf TPAF Pension Contributions (non-budgeted)				13,230,003	(13,230,003)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				3,475,490	(3,475,490)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				4,443	(4,443)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,810,705	(2,810,705)
Total On-behalf Contributions				19,520,641	(19,520,641)
TOTAL UNDISTRIBUTED EXPENDITURES	47,564,313	2,087,206	49,651,519	66,876,057	(17,224,538)
TOTAL GENERAL	88,203,490	2,277,148	90,480,638	106,872,931	(16,392,293)

Hopewell Valley Regional School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures:					
Instruction		\$ 371,406	\$ 371,406	\$ 234,016	\$ 137,390
Security Equipment		17,920	17,920	17,920	
Undistributed Exp.-Req. Maint. of School Facilities		17,765	17,765	17,765	
Undistributed Exp.-Care and Upkeep of Grounds		39,350	39,350	39,350	
Total Equipment		<u>446,441</u>	<u>446,441</u>	<u>309,051</u>	<u>137,390</u>
Facilities Acquisition and Construction Services					
Construction Services	\$ 1,535,480	427,311	1,962,791	1,771,375	191,416
Other Objects - Debt Service Assessment	101,068		101,068	101,068	
Total Facilities Acquisition and Construction Services	<u>1,636,548</u>	<u>427,311</u>	<u>2,063,859</u>	<u>1,872,443</u>	<u>191,416</u>
TOTAL CAPITAL OUTLAY	<u>1,636,548</u>	<u>873,752</u>	<u>2,510,300</u>	<u>2,181,494</u>	<u>328,806</u>
Contribution to Charter Schools	51,025	(5,102)	45,923	32,594	13,329
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	209,500	56,674	266,174	266,174	
Purchased Prof. - Educational Services	22,500	(22,500)			
General Supplies	1,500	(435)	1,065	1,065	
Total Summer School - Instruction	<u>233,500</u>	<u>33,739</u>	<u>267,239</u>	<u>267,239</u>	
TOTAL SPECIAL SCHOOLS	<u>233,500</u>	<u>33,739</u>	<u>267,239</u>	<u>267,239</u>	
TOTAL EXPENDITURES	<u>90,124,563</u>	<u>3,179,537</u>	<u>93,304,100</u>	<u>109,354,258</u>	<u>(16,050,158)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(4,090,270)</u>	<u>(3,179,537)</u>	<u>(7,269,807)</u>	<u>(2,629,965)</u>	<u>4,639,842</u>
Other Financing Sources (Uses):					
Transfer In		1,379,816	1,379,816	1,486,411	106,595
Total Other Financing Sources (Uses)		<u>1,379,816</u>	<u>1,379,816</u>	<u>1,486,411</u>	<u>106,595</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	<u>(4,090,270)</u>	<u>(1,799,721)</u>	<u>(5,889,991)</u>	<u>(1,143,554)</u>	<u>4,746,437</u>
Fund Balance, July 1	17,082,453		17,082,453	17,082,453	
Fund Balance, June 30	<u>\$ 12,992,183</u>	<u>\$ (1,799,721)</u>	<u>\$ 11,192,462</u>	<u>\$ 15,938,899</u>	<u>\$ 4,746,437</u>
Recapitulation of (Deficiency) Excess of Revenues and Other Financing Sources (uses) (Under) Over Expenditures:					
Budgeted Fund Balance	\$ (4,090,270)		\$ (4,090,270)		\$ 4,090,270
Adjustment for Prior Year Encumbrances		\$ 1,799,718	1,799,718	\$ 1,799,718	
(Decrease) Increase in Capital Reserve		(3,599,439)	(3,599,439)	(2,943,272)	656,167
Total	<u>\$ (4,090,270)</u>	<u>\$ (1,799,721)</u>	<u>\$ (5,889,991)</u>	<u>\$ (1,143,554)</u>	<u>\$ 4,746,437</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 8,050,784	
Maintenance Reserve				91,927	
Assigned to:					
Designated for Subsequent Year's Expenditures				4,747,895	
Year End Encumbrances				621,125	
Unassigned Fund Balance				<u>2,427,168</u>	
				15,938,899	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Final State Aid Payments Not Realized on GAAP Basis				(420,447)	
Fund balance per Governmental Funds (GAAP)				<u>15,518,452</u>	

**Hopewell Valley Regional School District
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
State sources		\$ 394,746	\$ 394,746	\$ 345,735	\$ (49,011)
Federal sources	\$ 861,766	1,157,095	2,018,861	1,933,940	(84,921)
Local sources		230,277	230,277	1,008,648	778,371
Total revenues	<u>861,766</u>	<u>1,782,118</u>	<u>2,643,884</u>	<u>3,288,323</u>	<u>644,439</u>
Expenditures					
Current expenditures:					
Instruction:					
Salaries of teachers	71,393	72,775	144,168	123,636	20,532
Purchased professional services	8,500	5,321	13,821	10,425	3,396
Other purchased services	738,779	366,164	1,104,943	1,103,447	1,496
General supplies		387,523	387,523	276,058	111,465
Total instruction	<u>818,672</u>	<u>831,783</u>	<u>1,650,455</u>	<u>1,513,566</u>	<u>136,889</u>
Support services:					
Salaries		31,963	31,963	31,680	283
Personal services—employee benefits		5,784	5,784	5,088	696
Purchased professional services	43,094	259,583	302,677	251,561	51,116
Purchased property services		82,778	82,778	82,778	
Other purchased professional services		305,872	305,872	258,338	47,534
Supplies and materials		63,635	63,635	25,940	37,695
Student activities				866,476	(866,476)
Scholarships awarded				22,910	(22,910)
Total support services	<u>43,094</u>	<u>749,615</u>	<u>792,709</u>	<u>1,544,771</u>	<u>(752,062)</u>
Capital outlay:					
Noninstructional equipment		197,158	197,158	197,158	
Total capital outlay		<u>197,158</u>	<u>197,158</u>	<u>197,158</u>	
Total expenditures	<u>861,766</u>	<u>1,778,556</u>	<u>2,640,322</u>	<u>3,255,495</u>	<u>(615,173)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 3,562</u>	<u>\$ 3,562</u>	32,828	<u>\$ 29,266</u>
Fund Balance, July 1				484,023	
Fund Balance, June 30				<u>\$ 516,851</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 39,152	
Student Activities				477,699	
Total Fund Balance				<u>\$ 516,851</u>	

Hopewell Valley Regional School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2023

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)	\$ 106,724,293	\$ 3,288,323
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		296,753
Current year		(32,266)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	372,765	
Current year	(420,447)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 106,676,611</u>	<u>\$ 3,552,810</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 109,354,258	\$ 3,255,495
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		296,753
Current year		(32,266)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 109,354,258</u>	<u>\$ 3,519,982</u>

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, 2023

	Nonpublic Aid						I.D.E.A.						
	Textbooks	Nursing	Technology	Home Instruction	Handicapped Services	Security	SDA Emergent Needs and Capital Maintenance	Climate Awareness	Part B	Preschool	Other Local	Student Activities	Scholarships
Revenues:													
State sources	\$ 15,135	\$ 74,313	\$ 5,802	\$ 3,338	\$ 14,588	\$ 148,381	\$ 82,778	\$ 1,400	\$ 868,805	\$ 31,302			
Federal sources											\$ 86,434	\$ 882,137	\$ 40,077
Local sources													
Total revenues	<u>15,135</u>	<u>74,313</u>	<u>5,802</u>	<u>3,338</u>	<u>14,588</u>	<u>148,381</u>	<u>82,778</u>	<u>1,400</u>	<u>868,805</u>	<u>31,302</u>	<u>86,434</u>	<u>882,137</u>	<u>40,077</u>
Expenditures:													
Instruction:													
Salaries of teachers													
Purchased professional services				\$ 3,338							\$ 1,263		
Other purchased services									\$ 868,805	\$ 31,302		5,730	
General supplies	\$ 15,135											38,478	
Total instruction	<u>15,135</u>			<u>3,338</u>					<u>868,805</u>	<u>31,302</u>	<u>45,471</u>		
Support services:													
Salaries													
Personal services-employee benefits													
Purchased professional services								\$ 1,400					
Rentals													
Other purchased professional services		\$ 74,313	\$ 5,802		\$ 14,588	\$ 148,381	\$ 82,778				15,254		
Supplies and materials											25,709		
Student activity												\$ 866,476	
Scholarships													\$ 22,910
Total support services		<u>74,313</u>	<u>5,802</u>		<u>14,588</u>	<u>148,381</u>	<u>82,778</u>	<u>1,400</u>			<u>40,963</u>	<u>866,476</u>	<u>22,910</u>
Capital outlay:													
Facilities acquisition and construction services:													
Non instructional equipment													
Total capital outlay	\$ 15,135	\$ 74,313	\$ 5,802	\$ 3,338	\$ 14,588	\$ 148,381	\$ 82,778	\$ 1,400	\$ 868,805	\$ 31,302	\$ 86,434	\$ 866,476	\$ 22,910
Total expenditures	<u>\$ 15,135</u>	<u>\$ 74,313</u>	<u>\$ 5,802</u>	<u>\$ 3,338</u>	<u>\$ 14,588</u>	<u>\$ 148,381</u>	<u>\$ 82,778</u>	<u>\$ 1,400</u>	<u>\$ 868,805</u>	<u>\$ 31,302</u>	<u>\$ 86,434</u>	<u>\$ 866,476</u>	<u>\$ 22,910</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-	-	15,661	17,167
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	462,038	21,985
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477,699</u>	<u>\$ 39,152</u>

Hopewell Valley Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year Ended June 30, 2023

COVID-19

					Education Stabilization Fund				Coronavirus State and Local Fiscal Recovery Funds			Totals
	Title I A	Title II A	Title III, Immigrant	Title IV	ARP ESSER III	ARP Accelerated Learning Coach and Educator Support	ARP Evidence Based Summer Learning and Enrichment	ARP Evidence Based Comprehensive Beyond the School Day	ARP Mental Health	ACSERS		
Revenues:												
State sources												\$ 345,735
Federal sources	\$ 97,499	\$ 55,771	\$ 4,900	\$ 10,224	\$ 276,298	\$ 239,083	\$ 40,000	\$ 40,000	\$ 45,000	\$ 225,058		1,933,940
Local sources												1,006,648
Total revenues	97,499	55,771	4,900	10,224	276,298	239,083	40,000	40,000	45,000	225,058		3,286,323
Expenditures:												
Instruction:												
Salaries of teachers	\$ 86,479						\$ 37,157					\$ 123,636
Purchased professional services	1,475		\$ 4,349									10,425
Other purchased services								\$ 197,610				1,103,447
General supplies	2,837				\$ 219,608							276,058
Total instruction	90,791		4,349			219,608	37,157			197,610		1,513,566
Support services:												
Salaries	4,232										27,448	31,680
Personal services-employee benefits	2,245						2,843					5,088
Purchased professional services		\$ 55,771	\$ 4,900	\$ 5,875	\$ 79,140	19,475		\$ 40,000	\$ 45,000			251,561
Rentals												82,778
Other purchased professional services												258,338
Supplies and materials	231											25,940
Student activity												866,476
Scholarships												22,910
Total support services	6,708	55,771	4,900	5,875	79,140	19,475	2,843	40,000	45,000	27,448		1,544,771
Capital outlay:												
Facilities acquisition and construction services:												
Non instructional equipment					197,158							197,158
Total capital outlay					197,158							197,158
Total expenditures	\$ 97,499	\$ 55,771	\$ 4,900	\$ 10,224	\$ 276,298	\$ 239,083	\$ 40,000	\$ 40,000	\$ 45,000	\$ 225,058		\$ 3,255,495
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-		32,828
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-		484,023
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 516,851

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, 2023

Revenues	
Interest income	\$ 5,468
Total revenues	<u>5,468</u>
Expenditures	
Construction services	134,061
Total expenditures	<u>134,061</u>
(Deficiency) of revenues (under) expenditures	(128,593)
Other financing (uses)	
Transfer out	<u>(5,468)</u>
Total other financing (uses)	<u>(5,468)</u>
(Deficiency) of revenues (under) expenditures and Other financing (uses):	(134,061)
Fund Balance, July 1	829,912
Fund Balance, June 30	<u>\$ 695,851</u>

Hopewell Valley Regional School District
Capital Projects Fund

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

2017 Bond Referendum Capital Projects

From Inception and for the year ended June 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues				
Bond Proceeds	\$ 35,855,000		\$35,855,000	\$35,855,000
Interest income	641,859	\$ 5,468	647,327	
Total revenues	<u>36,496,378</u>	<u>5,468</u>	<u>36,502,327</u>	<u>35,855,000</u>
Expenditures				
Legal services	42,072		42,072	
Architectural services	2,518,517		2,518,517	
Other purchased professional and technical services	263,745		263,745	
Construction services	30,312,130	134,061	30,446,191	
Equipment	692,519		692,519	
Supplies	1,196,105		1,196,105	
Total expenditures	<u>34,909,714</u>	<u>134,061</u>	<u>35,159,149</u>	<u>35,855,000</u>
(Deficiency) of revenues (under) expenditures	1,471,771	(128,593)	1,343,178	-
Other financing (uses):				
Transfer out	(641,859)	(5,468)	(647,327)	
Total other financing (uses):	<u>(641,859)</u>	<u>(5,468)</u>	<u>(647,327)</u>	<u>-</u>
(Deficiency) of revenues (under) expenditures and other financing sources (uses)	<u>\$ 829,912</u>	<u>\$ (134,061)</u>	<u>\$ 695,851</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		96.32%		
Original target completion date		September 2019		
Revised target completion date		October 2023		

Long-Term Debt

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2022	Retired	Balance June 30, 2023
			Date	Amount				
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	1/15/2024	\$ 3,070,000	3.250%	\$ 33,855,000	\$ 2,990,000	\$ 30,865,000
			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%						
						\$ 33,855,000	\$ 2,990,000	\$ 30,865,000

Hopewell Valley Regional School District
Long-Term Debt

Schedule of Financed Purchases Payable

Year ended June 30, 2023

	Interest Rate	Amount of Original Issue	Balance July 1, 2022	Retired	Balance June 30, 2023
Buses	3.710%	\$ 191,000	\$ 39,992	\$ 39,992	
Buses	2.920%	305,000	63,263	63,263	
Laptops	0.960%	1,200,000	899,621	297,013	\$ 602,608
Bus	2.500%	177,500	106,864	34,745	72,119
Buses, Vehicle and Technology Equipment	0.710%	3,465,000	2,770,549	685,305	2,085,244
Equipment	3.250%	870,000	870,000	175,757	694,243
			<u>\$ 4,750,289</u>	<u>\$ 1,296,075</u>	<u>\$ 3,454,214</u>

Hopewell Valley Regional School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2023

	Original Budget	Budget Transfer	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 3,158,702		\$3,158,702	\$ 3,158,702	
State sources:					
Debt service aid	1,039,094		1,039,094	1,039,094	
Total revenues	<u>4,197,796</u>		<u>4,197,796</u>	<u>4,197,796</u>	
Expenditures:					
Principal on bonds	2,990,000		2,990,000	2,990,000	
Interest on bonds	1,209,463		1,209,463	1,209,463	
Total expenditures	<u>4,199,463</u>		<u>4,199,463</u>	<u>4,199,463</u>	
(Deficiency) of revenues (under) expenditures	(1,667)		(1,667)	(1,667)	
Other financing sources:					
Transfer in	1,667		1,667	5,468	\$ 3,801
Total other financing sources	<u>1,667</u>		<u>1,667</u>	<u>5,468</u>	<u>3,801</u>
Net change in fund balance	-		-	3,801	3,801
Fund balance, July 1	2,148		2,148	2,148	
Fund balance, June 30	<u>\$ 2,148</u>	<u>\$ -</u>	<u>\$ 2,148</u>	<u>\$ 5,949</u>	<u>\$ 3,801</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 annual comprehensive financial reports (ACFR) for the relevant year.*

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 30,755,627	\$ 33,969,867	\$ 36,138,255	\$ 35,803,648	\$ 38,466,350	\$ 40,981,049	\$ 43,583,209	\$ 44,558,715	\$ 42,870,942	\$ 44,955,914
Restricted	2,618,421	4,312,975	4,959,888	7,137,070	8,624,034	6,908,406	8,030,556	11,382,965	8,145,278	8,659,562
Unrestricted (deficit)	1,217,644	(19,538,608)	(19,222,985)	(21,878,541)	(22,927,994)	(23,798,876)	(22,565,278)	(21,879,476)	(16,430,324)	(16,371,729)
Total governmental activities net position	\$ 34,591,692	\$ 18,744,234	\$ 21,875,158	\$ 21,062,177	\$ 24,162,390	\$ 24,090,579	\$ 29,048,487	\$ 34,062,204	\$ 34,585,896	\$ 37,243,747
Business-type activities										
Investment in capital assets	\$ 186,399	\$ 162,155	\$ 138,336	\$ 116,213	\$ 95,525	\$ 114,180	\$ 107,102	\$ 113,974	\$ 112,242	\$ 131,302
Unrestricted	368,537	465,305	158,898	251,637	400,908	405,338	424,081	396,739	447,908	586,007
Total business-type activities net position	\$ 554,936	\$ 627,460	\$ 297,234	\$ 367,850	\$ 496,433	\$ 519,518	\$ 531,183	\$ 510,713	\$ 560,150	\$ 717,309
Government-wide										
Net investment in capital assets	\$ 30,942,026	\$ 34,132,022	\$ 36,276,591	\$ 35,919,861	\$ 38,561,875	\$ 41,095,229	\$ 43,690,311	\$ 44,672,689	\$ 42,983,184	\$ 45,087,216
Restricted	2,618,421	4,312,975	4,959,888	7,137,070	8,624,034	6,908,406	8,030,556	11,382,965	8,145,278	8,659,562
Unrestricted (deficit)	1,586,181	(19,073,303)	(19,064,087)	(21,626,904)	(22,527,086)	(23,393,538)	(22,141,197)	(21,482,737)	(15,982,416)	(15,785,722)
Total government-wide net position	\$ 35,146,628	\$ 19,371,694	\$ 22,172,392	\$ 21,430,027	\$ 24,658,823	\$ 24,610,097	\$ 29,579,670	\$ 34,572,917	\$ 35,146,046	\$ 37,961,056

Source: ACFR Schedule A-1 and District records.

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.

GASB 84 was implemented in the 2021 fiscal year, which increased the related services expense line and charges for services from the previous year.

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

Unaudited

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 38,474,839	\$ 46,088,795	\$ 50,156,927	\$ 57,262,636	\$ 57,562,220	\$ 57,612,424	\$ 55,086,835	\$ 65,538,745	\$ 66,157,726	\$ 60,479,200
Special Education	4,505,729	4,805,029	5,113,362	6,126,291	6,836,193	7,107,156	7,189,262	7,407,453	8,166,790	9,066,170
Other Special Education	1,251,839	1,175,825	1,465,060	1,231,670	1,916,665	1,973,591	2,077,753	1,888,537	1,958,499	2,267,006
Other Instruction	1,093,794	1,174,151	962,696	1,082,813	1,057,627	1,079,003	1,084,246	1,033,817	1,140,090	1,234,609
Support Services:										
Tuition	3,039,226	2,193,302	2,469,773	2,102,274	2,573,100	2,786,758	2,850,205	2,142,403	1,464,947	1,689,725
Student Instruction Related Services	9,642,213	11,834,793	12,178,641	15,737,350	15,499,896	16,105,603	16,385,123	18,336,794	17,618,286	19,113,173
School Administrative Services	3,056,317	3,501,032	3,529,509	4,649,801	4,279,998	3,914,389	4,074,458	4,858,537	4,300,521	3,891,752
General & Business Administrative Services	2,539,152	2,872,114	3,724,309	3,329,580	3,535,112	3,841,317	3,640,350	3,999,871	3,908,959	3,898,452
Plant Operations & Maintenance	7,512,004	7,900,372	8,631,722	8,870,237	8,883,269	9,182,005	8,731,910	9,228,872	9,716,375	10,021,098
Pupil Transportation	4,575,819	4,885,981	4,854,622	5,105,753	5,468,943	5,999,221	5,158,855	4,970,870	6,088,982	6,840,814
Special Schools	306,639	299,101	281,701	337,955	386,981	379,032	409,031	398,107	480,731	491,161
Transfer to Charter schools									67,575	32,594
Interest on long-term debt	1,540,050	1,141,961	929,421	2,037,136	1,639,397	1,480,995	1,376,918	1,161,411	1,003,945	1,128,574
Total governmental activities expenses	<u>77,537,621</u>	<u>87,872,456</u>	<u>94,297,743</u>	<u>107,873,496</u>	<u>109,639,401</u>	<u>111,461,494</u>	<u>108,064,946</u>	<u>120,965,417</u>	<u>122,071,426</u>	<u>120,154,328</u>
Business-type activities:										
Enterprise Funds	1,899,054	1,787,924	1,515,587	1,608,642	1,461,889	1,503,409	1,060,692	643,955	1,611,428	1,820,428
Total business-type activities expense	<u>1,899,054</u>	<u>1,787,924</u>	<u>1,515,587</u>	<u>1,608,642</u>	<u>1,461,889</u>	<u>1,503,409</u>	<u>1,060,692</u>	<u>643,955</u>	<u>1,611,428</u>	<u>1,820,428</u>
Total district expenses	<u>\$ 79,436,675</u>	<u>\$ 89,660,380</u>	<u>\$ 95,813,330</u>	<u>\$ 109,482,138</u>	<u>\$ 111,101,290</u>	<u>\$ 112,964,903</u>	<u>\$ 109,125,638</u>	<u>\$ 121,609,372</u>	<u>\$ 123,682,854</u>	<u>\$ 121,974,756</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ 477,057	\$ 393,004	\$ 348,231	\$ 425,238	\$ 416,144	\$ 509,018	\$ 487,969	\$ 793,464	\$ 1,113,894	\$ 1,735,514
Operating grants and contributions	1,107,751	1,174,991	1,167,590	1,175,450	1,176,744	1,268,029	1,295,974	1,567,490	1,910,589	2,379,138
Capital grants and contributions	137,586	222,058				10,859		13,412	347,500	251,458
Total governmental activities program revenues	<u>\$ 1,722,394</u>	<u>\$ 1,790,053</u>	<u>\$ 1,515,821</u>	<u>\$ 1,600,688</u>	<u>\$ 1,592,888</u>	<u>\$ 1,787,906</u>	<u>\$ 1,783,943</u>	<u>\$ 2,374,366</u>	<u>\$ 3,371,983</u>	<u>\$ 4,366,110</u>
Business-type activities:										
Charges for services	\$ 1,675,203	\$ 1,720,143	\$ 1,394,609	\$ 1,526,791	\$ 1,433,926	\$ 1,375,753	\$ 890,796	\$ 2,011	\$ 207,288	\$ 1,477,325
Operating grants and contributions	148,331	140,305	153,185	152,467	156,546	150,741	128,668	620,829	1,453,446	469,332
Total business-type activities program revenues	<u>1,823,534</u>	<u>1,860,448</u>	<u>1,547,794</u>	<u>1,679,258</u>	<u>1,590,472</u>	<u>1,526,494</u>	<u>1,019,464</u>	<u>622,840</u>	<u>1,660,734</u>	<u>1,946,657</u>
Total district program revenues	<u>\$ 3,545,928</u>	<u>\$ 3,650,501</u>	<u>\$ 3,063,615</u>	<u>\$ 3,279,946</u>	<u>\$ 3,183,360</u>	<u>\$ 3,314,400</u>	<u>\$ 2,803,407</u>	<u>\$ 2,997,206</u>	<u>\$ 5,032,717</u>	<u>\$ 6,312,767</u>
Net (Expense)/Revenue										
Governmental activities	\$ (75,815,227)	\$ (86,082,403)	\$ (92,781,922)	\$ (106,272,808)	\$ (108,046,513)	\$ (109,673,588)	\$ (106,281,003)	\$ (118,591,051)	\$ (118,699,443)	\$ (115,788,218)
Business-type activities	(75,520)	72,524	32,207	70,616	128,583	23,085	(41,228)	(21,115)	49,306	126,229
Total government-wide net expense	<u>\$ (75,890,747)</u>	<u>\$ (86,009,879)</u>	<u>\$ (92,749,715)</u>	<u>\$ (106,202,192)</u>	<u>\$ (107,917,930)</u>	<u>\$ (109,650,503)</u>	<u>\$ (106,322,231)</u>	<u>\$ (118,612,166)</u>	<u>\$ (118,650,137)</u>	<u>\$ (115,661,989)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 65,955,801	\$ 68,227,094	\$ 68,841,138	\$ 69,391,868	\$ 70,710,312	\$ 71,947,742	\$ 75,736,995	\$ 77,175,998	\$ 78,526,578	\$ 80,097,110
Property taxes levied for debt service	4,746,743	3,847,443	4,760,126	4,758,384	5,742,494	5,438,888	5,478,302	4,992,165	3,641,585	3,158,702
Unrestricted grants and contributions	8,700,418	17,294,614	21,308,429	30,570,815	33,768,539	31,299,815	29,377,600	40,673,135	36,419,225	33,816,453
Investment earnings	27,369	28,112	32,998	109,524	445,844	349,232	209,162	41,648	13,904	152,487
Miscellaneous income	871,820	605,313	607,722	629,236	479,537	566,100	486,852	302,012	621,843	351,508
Transfers	(200,000)						(50,000)			
Gain/(Loss) on revalue of capital assets			362,433							869,809
Total governmental activities	<u>80,102,151</u>	<u>90,002,576</u>	<u>95,912,846</u>	<u>105,459,827</u>	<u>111,146,726</u>	<u>109,601,777</u>	<u>111,238,911</u>	<u>123,184,958</u>	<u>119,223,135</u>	<u>118,446,069</u>
Business-type activities:										
Interest earnings							2,893	645	131	3,600
Gain on disposal of assets										27,330
Transfers	200,000		(362,433)				50,000			
Total business-type activities	<u>200,000</u>	<u>-</u>	<u>(362,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,893</u>	<u>645</u>	<u>131</u>	<u>30,930</u>
Total government-wide	<u>\$ 80,302,151</u>	<u>\$ 90,002,576</u>	<u>\$ 95,550,413</u>	<u>\$ 105,459,827</u>	<u>\$ 111,146,726</u>	<u>\$ 109,601,777</u>	<u>\$ 111,291,804</u>	<u>\$ 123,185,603</u>	<u>\$ 119,223,266</u>	<u>\$ 118,476,999</u>
Change in Net Position										
Governmental activities	\$ 4,286,924	\$ 3,920,173	\$ 3,130,924	\$ (812,981)	\$ 3,100,213	\$ (71,811)	\$ 4,957,908	\$ 4,593,907	\$ 523,692	\$ 2,657,851
Business-type activities	124,480	72,524	(330,226)	70,616	128,583	23,085	11,665	(20,470)	49,437	157,159
Total district	<u>\$ 4,411,404</u>	<u>\$ 3,992,697</u>	<u>\$ 2,800,698</u>	<u>\$ (742,365)</u>	<u>\$ 3,228,796</u>	<u>\$ (48,726)</u>	<u>\$ 4,969,573</u>	<u>\$ 4,573,437</u>	<u>\$ 573,129</u>	<u>\$ 2,815,010</u>

Source: ACFR Schedule A-2 and District records.

GASB 75 was implemented in the 2018 fiscal year, which increased the unrestricted grants and contributions and various expense lines from the previous year.
 GASB 84 was implemented in the 2021 fiscal year, which increased the related services expense line and charges for services 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 1,975,635	\$ 4,058,841	\$ 4,959,888	\$ 7,137,070	\$ 8,624,034	\$ 7,422,648	\$ 8,030,556	\$ 10,940,528	\$ 7,661,255	\$ 8,142,711
Assigned	1,649,292	1,465,284	2,490,634	3,283,823	2,715,773	2,188,011	3,910,805	3,268,464	5,248,788	5,369,020
Unassigned	1,601,661	1,625,670	1,764,050	1,636,855	1,846,840	1,533,347	1,961,835	3,686,979	3,799,645	2,006,721
Total general fund	<u>\$ 5,226,588</u>	<u>\$ 7,149,795</u>	<u>\$ 9,214,572</u>	<u>\$ 12,057,748</u>	<u>\$ 13,186,647</u>	<u>\$ 11,144,006</u>	<u>\$ 13,903,196</u>	<u>\$ 17,895,971</u>	<u>\$ 16,709,688</u>	<u>\$ 15,518,452</u>
All Other Governmental Funds										
Restricted for										
Capital Projects	\$ 221,434	\$ 254,134		\$ 32,402,999	\$ 15,510,451	\$ 4,475,068	\$ 1,675,641	\$ 945,286	\$ 829,912	\$ 695,851
Debt service	918,482	3,066	\$ 10,563	339,884	643,404	512,297	270,898	72,597	2,148	5,949
Special revenue fund								442,437	484,023	516,851
Total all other governmental funds	<u>\$ 1,139,916</u>	<u>\$ 257,200</u>	<u>\$ 10,563</u>	<u>\$ 32,742,883</u>	<u>\$ 16,153,855</u>	<u>\$ 4,987,365</u>	<u>\$ 1,946,539</u>	<u>\$ 1,460,320</u>	<u>\$ 1,316,083</u>	<u>\$ 1,218,651</u>

Source: ACFR Schedule B-1 and District records.

GASB 84 was implemented in the 2021 fiscal year, which increased the related services expense line and charges for services from the previous year.

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

Unaudited

	Year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 70,702,544	\$ 72,074,537	\$ 73,601,264	\$ 74,150,252	\$ 76,452,806	\$ 77,386,630	\$ 81,215,297	\$ 82,168,163	\$ 82,168,163	\$ 83,255,812
Tuition charges	355,645	312,585	267,681	266,509	279,256	418,228	432,285	495,975	547,718	679,327
Miscellaneous	1,042,211	723,114	747,770	951,365	1,099,267	1,063,375	814,464	708,409	1,310,648	1,648,339
State sources	8,929,487	10,199,732	11,779,408	12,308,866	14,495,253	16,397,271	17,226,015	20,493,381	25,045,864	26,686,331
Federal sources	994,658	1,051,216	1,043,700	1,097,479	985,901	1,030,273	1,060,001	1,326,190	2,160,014	2,162,876
Total revenue	82,024,545	84,361,184	87,439,823	88,774,471	93,312,483	96,295,777	100,748,062	105,192,118	111,232,407	114,432,685
Expenditures										
Instruction										
Regular Instruction	26,685,545	26,678,668	27,648,526	26,050,644	26,100,446	27,011,548	26,062,360	28,388,826	28,092,326	28,979,499
Special Education Instruction	4,505,729	4,805,029	5,113,362	6,126,291	6,836,193	7,107,156	7,189,262	7,407,453	8,166,790	9,066,170
Other Special Instruction	1,251,839	1,175,825	1,145,450	1,231,670	1,916,665	1,973,591	2,077,753	1,888,537	1,958,499	2,267,006
Other Instruction	1,093,794	1,174,151	1,282,306	1,082,813	1,057,627	1,079,003	1,084,246	1,033,817	1,140,090	1,234,609
Support Services:										
Tuition	2,921,329	2,115,895	2,469,773	2,023,355	2,479,750	2,671,665	2,727,793	2,032,490	1,393,185	1,591,765
Student Instruction Related Services	6,961,331	7,517,274	7,507,050	8,668,149	8,437,855	7,729,871	7,581,854	8,324,132	8,620,927	9,892,450
School Administration	2,139,668	2,180,114	2,091,891	2,106,134	2,232,368	3,490,068	3,294,392	3,410,232	3,618,692	3,660,128
General & Business Admin. Services	1,962,691	2,044,312	2,765,261	2,045,970	2,178,357	2,406,601	3,014,762	2,844,848	2,818,859	2,988,136
Plant Operations & Maintenance	6,210,284	6,036,988	6,075,136	5,835,442	5,764,497	6,160,245	5,944,469	5,805,527	6,591,982	6,896,922
Pupil Transportation	3,968,789	3,774,863	3,776,463	3,628,559	4,014,032	4,297,393	3,571,757	3,285,001	4,129,089	4,853,264
Other Support Services	17,536,370	18,463,576	20,116,900	21,808,073	24,308,362	26,973,968	27,705,864	28,868,980	35,154,362	37,370,874
Special Schools	230,581	187,323	165,711	167,311	196,405	201,555	229,990	195,847	255,596	267,239
Charter Schools									67,575	32,594
Capital outlay	2,385,029	2,227,447	1,677,574	5,077,540	17,633,466	12,781,914	3,820,026	3,443,054	7,923,000	2,567,013
Debt service:										
Principal	3,405,000	3,737,209	3,645,000	3,975,605	3,960,000	4,230,000	5,050,897	4,831,492	5,753,141	4,286,076
Interest and other charges	1,353,700	1,250,629	1,116,438	1,565,961	2,131,589	1,885,000	1,748,583	1,545,136	1,354,575	1,254,019
Total expenditures	82,611,679	83,369,303	86,596,841	91,393,517	109,247,612	109,999,578	101,104,008	103,305,372	117,038,688	117,207,764
Excess (Deficiency) of revenues over (under) expenditures	(587,134)	991,881	842,982	(2,619,046)	(15,935,129)	(13,703,801)	(355,946)	1,886,746	(5,806,281)	(2,775,079)
Other financing sources (uses)										
Transfer to cover deficits:										
Food Services	(200,000)						(50,000)			
Payment to Escrow Agent			(17,911,317)							
Proceeds from Borrowing			16,290,000	35,855,000						
Premium on Bonds			1,782,407	854,542						
Financed Purchases - Leases (non-budgeted)	663,763	48,610	451,635	1,485,000	475,000	494,670	124,310	1,200,000	4,475,761	
Transfers in		8,587	616,567		312,329	199,968	70,929	1,667	1,524,294	1,491,879
Transfers out		(8,587)	(254,134)		(312,329)	(199,968)	(70,929)	(1,667)	(1,524,294)	(5,468)
Total other financing sources (uses)	463,763	48,610	975,158	38,194,542	475,000	494,670	74,310	1,200,000	4,475,761	1,486,411
Net change in fund balances	\$ (123,371)	\$ 1,040,491	\$ 1,818,140	\$ 35,575,496	\$ (15,460,129)	\$ (13,209,131)	\$ (281,636)	\$ 3,086,746	\$ (1,330,520)	\$ (1,288,668)
Debt service as a percentage of noncapital expenditures	5.9%	6.1%	5.6%	6.4%	6.6%	6.3%	7.0%	6.4%	6.5%	4.8%

Source: ACFR 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	Refunded Prior Year Expenditures	Rental Of Facilities	Health Insurance Cobra	Scholastic Fees and Parking	E-Rate	Misc.	Total
2014	\$ 355,645	\$ 121,412	\$ 27,369	\$ 50,612	\$200,335	\$ 65,596	\$ 169,475		\$301,164	\$ 1,291,608
2015	312,585	80,419	28,112	84,422	230,808	70,135			218,195	1,024,676
2016	267,681	80,550	32,998	77,738	252,396	35,047			233,732	980,142
2017	266,509	158,729	37,168	88,890	249,251	22,784		\$ 123,185	145,126	1,091,642
2018	279,256	136,888	133,515	50,447	220,367	117,297			91,426	1,029,196
2019	418,228	90,790	149,264	62,537	224,718	107,953		21,375	153,351	1,228,216
2020	432,285	55,684	152,536	63,203	129,979	130,862			148,505	1,113,054
2021	495,975	11,581	39,981	37,651	15,106	113,985			135,270	849,549
2022	547,718	66,179	13,423	1,400	108,144	122,205			390,094	1,249,163
2023	679,327	133,973	147,019	89	126,530	102,414			122,475	1,311,827

Source: District records.

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

FISCAL YEAR ENDED JUNE 30	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
Borough of Hopewell													
2023	\$ 5,005,800	\$ 272,544,200	\$ 1,748,100	\$ 27,600	\$ 36,428,900	\$ 1,270,100	\$ 1,503,200	\$ 318,527,900.00	\$ 22,595,200		\$ 318,527,900.00	1.82	\$ 373,336,976
2022	4,442,500	272,376,300	1,748,100	27,700	37,206,900	1,270,100	1,503,200	318,574,800	22,579,200		318,574,800	1.75	360,725,595
2021	5,264,000	270,089,200	1,748,100	27,700	37,449,600	1,270,100	1,503,200	317,351,900	22,758,600		317,351,900	1.74	344,714,367
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	1.71	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	337,813,895
2018	4,766,400	268,623,000	1,748,100	27,700	37,998,900	1,270,100	1,503,200	315,937,400	22,758,600	\$ 1,897,655	317,835,055	1.56	336,958,721
2017	5,372,200	267,444,700	1,748,100	28,600	39,007,100	1,270,100	1,503,200	316,374,000	22,291,500	1,897,655	318,271,655	1.54	320,024,928
2016	5,370,400	266,880,300	1,748,100	28,600	39,022,000	1,270,100	1,503,200	315,822,700	22,391,500	1,897,655	317,720,355	1.54	322,070,594
2015	4,586,800	268,494,600	1,748,100	28,700	39,022,000	1,270,100	1,503,200	316,653,500	22,391,500	1,897,655	318,551,155	1.53	320,593,148
2014	5,528,900	278,896,700	1,890,200	28,900	48,322,600	857,700	1,697,900	337,222,900	24,499,300	1,897,655	339,120,555	1.40	314,986,120
Borough of Pennington													
2023	\$ 1,678,800	\$ 465,526,700			\$ 51,322,400	\$ 6,283,800	\$ 818,400	\$ 525,630,100	\$ 58,950,000	\$ 1,704,600	\$ 527,334,700	1.76	\$ 615,345,499
2022	1,315,300	465,791,300			51,322,400	6,283,800	818,400	525,531,200	58,950,000	2,118,491	527,649,691	1.61	566,764,145
2021	5,347,400	450,787,100			50,984,500	6,283,800	818,400	514,221,200	58,783,200	2,118,491	516,339,691	1.62	524,584,340
2020	4,271,700	446,599,700			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	7,363,400	435,499,400			52,069,300	6,283,800	818,400	502,034,300	59,685,400	1,838,457	503,872,757	1.56	519,786,832
2018	1,645,800	430,324,400			51,537,300	6,283,800	818,400	490,609,700	59,685,400	1,817,400	492,427,100	1.53	500,977,234
2017	1,645,800	430,513,600			55,646,700	6,283,800	818,400	494,908,300	59,685,400	1,785,801	496,694,101	1.55	501,461,542
2016	1,645,800	429,968,800			55,552,700	6,633,300	818,400	494,619,000	59,685,400	1,750,730	496,369,730	1.55	511,228,881
2015	1,654,600	429,608,400			55,752,700	6,633,300	818,400	494,467,400	59,313,000	1,600,418	496,067,818	1.55	501,194,021
2014	1,713,600	430,813,400			56,604,900	6,633,300	818,400	496,583,600	59,309,100	1,710,251	498,293,851	1.49	501,198,918
Township of Hopewell													
2023	\$ 77,068,300	\$ 2,802,849,900	\$ 247,389,940	\$ 5,038,520	\$ 508,013,700	\$ 338,028,500	\$ 4,618,980	\$ 3,983,007,840	\$ 569,375,300	\$ 5,206,725	\$ 3,988,214,565	1.75	\$ 4,716,126,208
2022	30,657,000	2,777,645,400	254,017,240	5,058,590	500,894,600	305,153,500	4,618,980	3,878,045,310	558,258,500	6,076,246	3,884,121,556	1.72	4,304,996,070
2021	30,077,200	2,758,499,500	249,234,300	5,437,670	503,361,900	259,006,400	4,551,600	3,810,168,570	550,929,800	6,031,203	3,816,199,773	1.78	4,061,465,387
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	4,551,600	3,961,291,400	535,946,000	5,092,983	3,966,384,383	1.62	4,303,529,599
2017	36,872,800	2,736,705,500	265,952,800	5,377,800	504,119,000	410,634,400	4,551,600	3,964,213,900	535,438,000	5,254,088	3,969,467,988	1.58	4,190,664,752
2016	40,845,500	2,744,443,000	261,476,000	5,377,600	493,931,400	402,089,000	5,204,700	3,953,367,200	534,355,700	5,364,053	3,958,731,253	1.55	4,054,739,536
2015	47,397,200	2,742,115,000	260,810,600	5,329,400	502,637,700	399,286,800	5,320,200	3,962,896,900	531,478,900	5,579,058	3,968,475,958	1.52	3,983,615,416
2014	45,419,400	2,739,937,800	261,480,900	5,330,800	525,123,300	400,165,600	5,320,200	3,982,778,000	513,532,400	5,426,768	3,988,204,768	1.48	3,915,117,682

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

Reassessment occurs when ordered by the County Board of Taxation

- a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b. Tax rates are per \$100

Source: Municipal Tax Assessor and County Abstract of Ratables.

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

FISCAL YEAR ENDED JUNE 30,	REGIONAL SCHOOL	TOTAL DIRECT	OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE	
			BOROUGH OR TOWNSHIP	MERCER COUNTY	LIBRARY	FIRE DISTRICT	COUNTY OPEN SPACE		MUNICIPAL OPEN SPACE
Borough of Hopewell									
2023	\$ 1.82	\$ 1.82	\$ 0.71	\$ 0.63	\$ 0.04	\$ 0.07	\$ 0.03	\$ 0.01	\$ 3.31
2022	1.75	1.75	0.68	0.62	0.04	0.07	0.03	0.01	3.20
2021	1.74	1.74	0.64	0.62	0.04	0.07	0.03	0.01	3.15
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
Borough of Pennington									
2023	\$ 1.76	\$ 1.76	\$ 0.54	\$ 0.62	\$ 0.04	\$ 0.05	\$ 0.03	\$ 0.01	\$ 3.05
2022	1.61	1.61	0.50	0.59	0.03	0.06	0.03	0.01	2.83
2021	1.62	1.62	0.49	0.58	0.03	0.05	0.03	0.01	2.81
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
Township of Hopewell									
2023	\$ 1.75	\$ 1.75	\$ 0.44	\$ 0.63	\$ 0.06	\$ 0.11	\$ 0.03	\$ 0.03	\$ 3.05
2022	1.71	1.71	0.44	0.61	0.06	0.11	0.03	0.03	2.99
2021	1.78	1.78	0.44	0.61	0.06	0.11	0.03	0.03	3.06
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

Source: County Tax Administrator

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

	2023			2014	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE		TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
Borough of Hopewell			Borough of Hopewell		
Freedman, Gerald	\$ 2,200,000	0.69%	Freedman, Gerald	\$ 3,276,800	0.97%
Hopewell Village Square	2,048,900	0.64%	Hopewell Village Square	2,431,800	0.72%
Rockwell Automation, Inc	1,444,100	0.45%	Verizon - New Jersey	1,897,655	0.56%
71 E. Broad LLC	1,340,600	0.42%	PNC Realty Services	1,500,000	0.44%
Brick Farm Market, LLC	1,276,400	0.40%	Klesney, Frank Jr.	1,377,100	0.41%
PNC Bank	1,029,600	0.32%	Jeffers James	1,234,100	0.36%
Pashley, Peter & Katharine H/W	1,027,400	0.32%	Prewitt Incorporated	1,208,700	0.36%
Hopewell Special LLC C/O Moseley	1,022,300	0.32%	Lance Roberts, LLC	1,155,200	0.34%
Jeffers James & Raquel	1,019,500	0.32%	Susan C. Molnar Real Estate, LLC	1,067,500	0.31%
Prewitt Incorporated	994,600	0.31%	84 East Broad LLC	1,060,700	0.31%
Total	\$ 13,403,400	4.21%	Total	\$ 16,209,555	4.78%
Borough of Pennington			Borough of Pennington		
143 West Franklin Ave., LLC	\$ 7,600,000	1.45%	Mercer Mutual	\$ 5,319,500	1.06%
Pennington Square Shop. Cntr.	3,900,000	0.74%	Pennington Inv. Lic/C/O Lorenzetti	4,698,900	0.94%
21 Pennington, LLC	3,700,000	0.70%	James McNulty	4,538,000	0.91%
Straube Regional Center	3,531,800	0.67%	Straube Center	3,649,500	0.73%
Straube Center	3,300,000	0.63%	ECS Holdings LLC	3,000,000	0.60%
Scope Flip Pennington SM, LLC	3,241,600	0.62%	Straube Regional Center	2,983,800	0.60%
ECS Holding LLC	3,000,000	0.57%	Pennington Court	2,876,500	0.57%
Pennington Court, Inc.	2,078,200	0.40%	NJ Bell	2,271,818	0.45%
Chill Properties, LLC	2,000,000	0.38%	Helene Fuld Medical Center	2,231,800	0.45%
Montpen SC LLC	1,956,900	0.37%	Chill Properties LLC	2,000,000	0.40%
Total	\$ 34,308,500	6.53%	Total	\$ 33,569,818	6.71%
Township of Hopewell			Township of Hopewell		
American Blvd SPV#	\$ 108,763,504	2.73%	Bristol Myers Squibb	\$233,794,500	8.30%
Cole Hopewell Twp	92,400,000	2.32%	CF Hopewell Core LLC	108,762,504	5.59%
Janssen Pharmaceutical	91,230,100	2.29%	Cole Hopewell Twp	92,400,000	2.18%
Beigene Hopewell Urban Renewal	75,000,000	1.88%	Janssen Pharmaceutical	90,979,900	0.66%
AREP Hopewell LLC	72,035,000	1.81%	CF Hopewell Core LLC	74,025,000	0.53%
Hopewell Campus Owner LLC	60,109,960	1.51%	CF Hopewell Core 2 YR LLC	52,925,000	0.44%
US Home Corp DBA Lennar	50,035,900	1.25%	Hopewell TC Associates	24,646,100	0.33%
One Talent	49,583,400	1.24%	350 Carter Rd LLC C/O D&T K Farey	16,954,100	0.31%
Trustees of Princeton	37,072,000	0.93%	Trap Rock Industries	14,687,600	0.26%
Hopewell TC Associates	24,646,100	0.62%	Montpen SC LLC	13,036,500	0.24%
Total	\$ 660,875,964	16.58%	Total	\$722,211,204	18.84%

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 <hr/> AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL TAX LEVY COLLECTED
2023	\$ 83,255,812	\$ 83,255,812	100.00%		\$ 83,255,812
2022	82,168,163	82,168,163	100.00%		82,168,163
2021	82,168,163	82,168,163	100.00%		82,168,163
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

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	FINANCED PURCHASES PAYABLE - LEASES			
2023	\$ 30,865,000	\$ 505,158	\$ 3,454,214	\$ 34,824,372	2.29%	\$ 1,567
2022	33,855,000	591,416	4,750,289	39,196,705	2.67%	1,768
2021	38,295,000	930,467	1,587,669	40,813,136	2.75%	1,847
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

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		
2023	\$ 30,865,000	\$ 5,949	\$ 30,859,051	0.638%	\$ 1,389
2022	33,855,000	2,148	33,852,852	0.712%	1,655
2021	38,295,000	72,597	38,222,403	0.804%	1,730
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

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:	\$ 637,968,421		
Borough of Hopewell		0.7384%	\$ 4,710,759
Borough of Pennington		1.2225%	7,798,958
Township of Hopewell		9.2455%	58,983,257
Other Debt: M.C.I.A.	29,795,000		
Borough of Hopewell		0.7384%	220,006
Borough of Pennington		1.2225%	364,234
Township of Hopewell		9.2455%	2,754,691
Subtotal, Overlapping Debt			74,831,905
Hopewell Valley Regional School District Direct Debt			30,865,000
Total Direct & Overlapping Debt			<u>\$ 105,696,905</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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$ 211,574,114	\$ 202,692,955	\$ 200,793,345	\$ 203,602,697	\$ 203,248,424	\$ 200,555,410	\$ 196,074,571	\$ 192,329,924	\$ 190,328,677	\$ 190,605,668
Total Net Debt Applicable to Limit	30,859,051	33,852,852	38,165,000	42,219,973	46,392,703	50,491,596	55,095,000	23,030,000	27,920,000	31,445,000
Legal Debt Margin	\$ 180,715,063	\$ 168,840,103	\$ 162,628,345	\$ 161,382,724	\$ 156,855,721	\$ 150,063,814	\$ 140,979,571	\$ 169,299,924	\$ 162,408,677	\$ 159,160,668
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.59%	16.70%	19.01%	20.74%	22.83%	25.18%	28.10%	11.97%	14.67%	16.50%

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis
	2023 \$ 5,704,808,683
	2022 5,232,485,810
	2021 4,930,764,094
	<u>\$ 15,868,058,587</u>
Average Equalized Valuation of Taxable Property	<u>\$ 5,289,352,862</u>
Debt Limit (4% of Average Equalization Value)	\$ 211,574,114
Net Bonded School Debt	<u>30,859,051</u>
Legal Debt Margin	<u>\$ 180,715,063</u>

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

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

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

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
Borough of Hopewell			
2023	1,888	\$ 65,109	5.0%
2022	1,897	59,097	6.2%
2021	1,918	58,735	6.2%
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%
Borough of Pennington			
2023	2,783	\$ 72,510	2.8%
2022	2,607	67,077	6.2%
2021	2,688	67,499	6.2%
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%
Township of Hopewell			
2023	17,554	\$ 68,002	2.6%
2022	17,671	66,937	6.2%
2021	17,491	67,904	6.2%
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%

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	2023		2014	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Borough of Hopewell				
Hopewell Elementary	74	N/A	Not available	N/A
Dana Communications	35	N/A	Not available	N/A
Tomato Factory Antique	34	N/A	Not available	N/A
Borough of Hopewell	23	N/A	Not available	N/A
Brick Farm Market	20	N/A	Not available	N/A
Valley Oil Inc.	15	N/A	Not available	N/A
Baxter Construction Inc	14	N/A	Not available	N/A
Semandex Networks Inc	14	N/A	Not available	N/A
Mobile Physician Group	12	N/A	Not available	N/A
Total	241	N/A	-	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	Not available	N/A
Capital Health at Hopewell	3,300	N/A	Not available	N/A
Bristol Myers Squibb	1,765	N/A	Not available	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	-	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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction:										
Regular	338.33	336.69	330.60	330.60	338.44	338.94	338.83	337.30	340.87	336.34
Special Education	89.05	85.67	77.87	77.87	72.38	72.14	69.85	68.38	66.39	63.64
Support Services:										
Student & Instruction Related Services	130.27	133.76	122.14	120.93	122.07	121.57	113.52	113.83	110.38	109.06
School Administrative Services	24.00	24.00	24.00	24.00	25.00	25.00	24.60	24.60	24.60	24.55
General & Business Administrative Ser	29.70	28.70	26.16	24.70	23.49	23.49	22.49	23.09	22.49	22.49
Plant Operations & Maintenance	46.59	46.63	47.63	47.63	48.00	48.00	47.00	47.00	48.00	47.00
Pupil Transportation	61.00	59.00	56.00	56.00	56.00	56.00	54.00	55.00	54.00	54.00
Total	718.94	714.45	684.40	681.73	685.38	685.14	670.29	669.20	666.73	657.08

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				
2023	4,212	\$ 109,100,656	\$ 25,902	-3.66%	427	7.9:1	7.8:1	8.4:1	3,436	3,237	0.79%	94.21%
2022	3,794	102,007,972	26,887	-0.26%	422	7.6:1	7.9:1	8.1:1	3,409	3,220	0.32%	94.46%
2021	3,468	93,485,690	26,957	3.32%	417	8.2:1	8.6:1	8.4:1	3,398	3,187	-1.36%	93.78%
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	-0.41%	95.21%
2014	3,686	73,418,555	19,918	1.78%	395	10.1:1	10.1:1	12.1:1	3,688	3,542	-1.05%	96.04%

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	470	411	411	439	452	407	407	420	407	407
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)	313	309	309	296	294	297	297	286	287	287
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	416	414	414	423	442	441	441	447	468	468
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	406	381	381	393	391	427	427	442	428	428
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	772	824	824	818	808	851	851	847	928	928
High School:										
Central High School (1958):										
Square Feet	236,011	236,011	236,011	236,011	236,011	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	1,077	1,094	1,094	1,099	1,119	1,202	1,202	1,243	1,217	1,217
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, 2023:										
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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Bear Tavern	N/A	\$ 156,108	\$ 191,907	\$ 177,690	\$ 230,290	\$ 142,041	\$ 186,531	\$ 234,130	\$ 159,698	\$ 229,992	\$ 172,689
Toll Gate	N/A	160,919	207,914	171,691	147,388	160,198	118,141	160,608	142,304	158,284	197,767
Central High School	N/A	573,196	612,257	538,115	435,633	464,937	390,250	403,335	673,453	415,330	373,789
Stony Brook	N/A	185,715	174,427	200,167	202,701	145,618	173,896	148,008	239,628	140,485	161,157
Hopewell	N/A	255,218	292,379	189,580	194,152	178,678	220,452	204,924	145,013	164,353	268,391
Timberlane	N/A	362,133	394,276	328,677	417,746	364,010	342,190	344,815	322,463	443,771	410,626
Total School Facilities		\$ 1,693,289	\$ 1,873,160	\$ 1,605,920	\$ 1,627,910	\$ 1,455,482	\$ 1,431,460	\$ 1,495,820	\$ 1,682,559	\$1,552,215	\$ 1,584,419

Source: District records

HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Property- NJSIG:		
Blanket Building & Contents	\$ 208,683,861	\$ 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	208,683,861	
Crime-NJSIG		
Employee Dishonesty	500,000	
Musical Instruments	134,066	
Athletic Equipment	192,311	
Mobile Equipment	9,000	1,000
EDP	206,683,861	1,000
Automobile-NJSIG		
Bodily Injury & Property	31,000,000	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	6,000,000	
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	31,000,000	
Retention	15,000	
CAP - Fireman's Fund		
Limit of liability	25,000,000	
Cyberliability		
Liability / Aggregate	2,000,000	Various
Security Breach Response	2,000,000	
Cyber Extortion	2,000,000	
Poll Aggregate	10,000,000	

Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2023.

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

**Honorable President and Members
of the Board of Education
Hopewell Valley Regional School District**

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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 or significant deficiencies may exist that were not been identified.

Report on 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 5, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

**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

Opinion on 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, 2023. 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.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit 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 Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

**Honorable President and Members
of the Board of Education
Hopewell Valley Regional School District**

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We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

**Honorable President and Members
of the Board of Education
Hopewell Valley Regional School District**

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 or significant deficiencies in internal control over compliance may exist that were not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 5, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

Hopewell Valley Regional School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal FAIN Number	Grant Period	Award Amount	Balance June 30, 2023					Amounts Provided to Subrecipients	
					Balance at June 30, 2022	Cash Received	Budgetary Expenditures	Adjustments	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	2205NJ5MAP	7/1/22-9/30/23	\$ 32,902		\$ 32,902					
COVID-19 Medical Assistance Program - SEMI	93.778	2205NJ5MAP	7/1/22-6/30/23	2,209		2,209					
Total U.S. Department of Health and Human Services - Passed - Through State Department of Education						35,111					(35,111)
U.S. Department of Homeland Security-Passed-Through State											
Department of Education											
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4614-DR-NJ	7/1/22-6/30/23	139,001		139,001					(139,001)
Total U.S. Department of Homeland Security - Passed - Through State Department of Education						139,001					(139,001)
Total General Fund						174,112					(174,112)
U.S. Department of Education-Passed-Through State											
Department of Education											
Special Revenue Fund:											
Title I, Part A	84.010A	S010A220030	7/1/22-9/30/23	88,834		65,398					(76,739)
Title I, Part A, Carryover	84.010A	S010A210030	7/1/21-9/30/22	115,364	\$ (27,878)	48,638					(20,760)
Title II A	84.367A	S367A220029	7/1/22-9/30/23	60,788		54,270					(55,771)
Title II A, Carryover	84.367A	S367A210029	7/1/21-9/30/22	64,461	(12,599)	12,599					(1,501)
Language Instruction for English Learners and Immigrant Students:											
Title III Immigrant	84.365A	S365A220030	7/1/22-9/30/23	7,595		1,500					(4,900)
Subtotal Language Instruction for English Learners and Immigrant Students											(3,400)
Title IV, Student Support and Academic Enrichment Program	84.424	S424A220031	7/1/22-9/30/23	14,361		10,224					(10,224)
Carl D. Perkins	84.048A	V048A210030	7/1/21-6/30/22	15,278	(5,799)	5,799					
Special Education Cluster:											
I.D.E.A., Part B	84.027A	H027A220100	7/1/22-9/30/23	881,327		728,646					(868,805)
I.D.E.A., Part B	84.027A	H027A200100	7/1/21-9/30/22	852,106	(55,599)	55,599					(140,159)
I.D.E.A. Preschool	84.173A	H173A220114	7/1/22-9/30/23	31,302		31,302					(31,302)
I.D.E.A. Preschool	84.173A	H173A210114	7/1/21-9/30/22	25,928	(4,136)	4,136					
COVID-19 ARP I.D.E.A., Part B	84.027X	H027X210100	7/1/21-9/30/22	169,266	(47,301)						(47,301)
Total Special Education Cluster					(107,036)	819,683					(900,107)
Education Stabilization Fund Elementary and Secondary School Emergency Relief (ESSER):											
COVID-19 ARP Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000		40,000					(40,000)
COVID-19 ARP NJTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	45,000		45,000					(45,000)
COVID-19 ARP Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000		40,000					(40,000)
COVID-19 ARP ESSER	84.425U	S425U210027	3/13/20-9/30/24	621,549	(286,763)	305,534					(276,298)
COVID-19 ARP Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	272,273	(1)	227,364					(239,083)
Subtotal Elementary and Secondary School Emergency Relief (ESSER) Cluster					(286,764)	657,898					(640,381)
Total U.S. Department of Education-Passed-Through State Department of Education					(440,076)	1,676,009					(1,708,882)
											(472,949)
U.S. Department of the Treasury-Passed-Through State											
Department of Education											
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ACSERS)	21.027	SLFRFDOE1SES	3/3/21-12/31/24	225,058		112,529					(112,529)
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ACSERS)	21.027	SLFRFDOE1SES	3/3/21-12/31/24	250,295	(250,295)	250,295					
Total U.S. Department of the Treasury Passed-Through State Department of Education					(250,295)	362,824					(225,058)
Total Special Revenue Fund					(690,371)	2,038,833					(1,933,940)
											(585,478)
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	221NJ304N109	7/1/22-6/30/23	77,202		77,202					(77,202)
Cash Assistance:											
National School Lunch Program	10.555	231NJ304N109	7/1/22-6/30/23	212,375		200,239					(212,375)
National School Lunch Program	10.555	221NJ304N109	7/1/21-6/30/22	1,353,880	(105,490)	105,490					(12,136)
COVID-19 Supply Chain Assistance	10.555	221NJ34N8903	7/1/22-6/30/23	134,595		134,595					(134,595)
COVID-19 Supply Chain Assistance	10.555	231NJ304N1199	7/1/22-6/30/23	31,716		31,716					(31,716)
Total Child Nutrition Program Cluster					(105,490)	549,242					(455,888)
											(12,136)
COVID-19 Pandemic EBT Administrative Costs	10.649	2022225900941	7/1/20-6/30/21	653							(653)
											(653)
Total Enterprise Fund and Total U.S. Department of Agriculture-Passed-Through State Department of Agriculture					(105,490)	549,242					(456,541)
											(12,789)
Total Expenditures of Federal Awards					\$ (795,861)	\$ 2,762,187	\$ (2,564,593)	\$ -	\$ -	\$ (598,267)	\$ -
NC-non cash expenditures											-

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

Hopewell Valley Regional School District
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances		Balance at June 30, 2023			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor			Years' Balances	Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education														
General Fund:														
Special Education Categorical Aid	495-034-5120-089	7/1/22-6/30/23	\$3,479,248			\$ 3,186,100	\$ (3,479,248)						\$ (293,148)	\$ (3,479,248)
Special Education Categorical Aid	495-034-5120-089	7/1/21-6/30/22	3,238,213	\$ (276,623)		276,623								
Transportation Aid	495-034-5120-014	7/1/22-6/30/23	977,913			895,518	(977,913)						(82,395)	(977,913)
Transportation Aid	495-034-5120-014	7/1/21-6/30/22	760,010	(64,923)		64,923								(293,288)
Security Aid	495-034-5120-084	7/1/22-6/30/23	293,288			268,577	(293,288)						(24,711)	(293,288)
Security Aid	495-034-5120-084	7/1/21-6/30/22	62,529	(5,341)		5,341								(239,658)
School Choice Aid	495-034-5120-068	7/1/22-6/30/23	239,658			219,465	(239,658)						(20,193)	(239,658)
School Choice Aid	495-034-5120-068	7/1/21-6/30/22	302,933	(25,878)		25,878								(538,768)
Extraordinary Aid	100-034-5120-473	7/1/22-6/30/23	538,768				(538,768)			\$ (538,768)				(538,768)
Extraordinary Aid	100-034-5120-473	7/1/21-6/30/22	691,000	(691,000)		691,000								(91,728)
Non-Public Transportation Aid	495-034-5120-014	7/1/22-6/30/23	91,728				(91,728)						(91,728)	
Non-Public Transportation Aid	495-034-5120-014	7/1/21-6/30/22	89,900	(89,900)		89,900								
On-Behalf TPAF - Pension Contributions	495-034-5094-002	7/1/22-6/30/23	13,230,003			13,230,003	(13,230,003)							(13,230,003)
On-Behalf TPAF - Post-Retirement Medical	495-034-5094-001	7/1/22-6/30/23	3,475,490			3,475,490	(3,475,490)							(3,475,490)
On-Behalf TPAF - Long-Term Disability Insurance	495-034-5094-004	7/1/22-6/30/23	4,443			4,443	(4,443)							(4,443)
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/22-6/30/23	2,810,705			2,673,040	(2,810,705)						(137,665)	(2,810,705)
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/21-6/30/22	2,676,824	(130,723)		130,723								
Total State Department of Education				(1,284,388)		25,237,024	(25,141,244)			(768,161)			(420,447)	(25,141,244)
N.J. Schools Development Authority														
General Fund:														
School Security Grant (Alyssa's Law)	20E00395	4/1/21-3/31/23	197,057	(182,906)									(182,906)	
Total N.J. Schools Development Authority				(182,906)									(182,906)	
Total General Fund				(1,467,294)		25,237,024	(25,141,244)			(951,067)			(420,447)	(25,141,244)
State Department of Education														
Special Revenue Fund:														
New Jersey Non-Public Aid:														
Textbook Aid	100-034-5120-064	7/1/22-6/30/23	33,198			33,198	(15,135)				\$ 18,063			(15,135)
Textbook Aid	100-034-5120-064	7/1/21-6/30/22	30,491		\$ 1,562			(1,562)						
Nursing Services	100-034-5120-070	7/1/22-6/30/23	81,312			81,312	(74,313)				6,999			(74,313)
Nursing Services	100-034-5120-070	7/1/21-6/30/22	80,864		2,234			(2,234)						
Security	100-034-5120-509	7/1/22-6/30/23	148,830			148,830	(148,381)				449			(148,381)
Security	100-034-5120-509	7/1/21-6/30/22	126,350		93,911			(93,911)						
Technology	100-035-5120-373	7/1/22-6/30/23	21,126			21,126	(5,802)				15,324			(5,802)
Technology	100-035-5120-373	7/1/19-6/30/20	21,336		968			(968)						
Non Public Auxillary Services (Ch. 192):														
Home Instruction	100-034-5120-067	7/1/22-6/30/23	3,338				(3,338)				(3,338)			(3,338)
Home Instruction		7/1/21-6/30/22	4,865	(4,865)		4,865								
Transportation		7/1/22-6/30/23	1,017			1,017					1,017			
Transportation		7/1/21-6/30/22	500		500			(500)						
Non Public Handicapped Services (Ch. 193):														
Examination and Classification	100-034-5120-066	7/1/22-6/30/23	16,487			16,487	(14,588)				1,899			(14,588)
Examination and Classification		7/1/21-6/30/22	14,401		4,358			(4,358)						
Supplemental Instruction		7/1/21-6/30/22	826		826			(826)						
SDA Emergent Needs and Capital Maintenance	Not available	7/1/22-6/30/23	82,778			82,778	(82,778)							(82,778)
SDA Emergent Needs and Capital Maintenance	Not available	7/1/21-6/30/22	84,370	(84,370)					\$ 84,370					
Climate Awareness Grant	Not available	4/1/23-6/30/23	6,660			1,400	(1,400)							(1,400)
Total Special Revenue Fund				(89,235)	104,359	391,013	(345,735)	(104,359)	84,370		(3,338)	43,751		(345,735)
Debt Service Fund:														
Type II Aid	100-034-5120-075	7/1/22-6/30/23	1,039,094			1,039,094	(1,039,094)							(1,039,094)
Total Debt Service Fund						1,039,094	(1,039,094)							(1,039,094)
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program (State share)	100-010-3360-023	7/1/22-6/30/23	11,581			10,903	(11,581)				(678)			(11,581)
State School Lunch Program (State share)	100-010-3360-023	7/1/21-6/30/22	31,833	(2,428)		2,428								
State Lunch Reduced Supplement	Not available	7/1/22-6/30/23	1,210			1,152	(1,210)				(58)			(1,210)
Total Enterprise Fund				(2,428)		14,483	(12,791)				(736)			(12,791)
Total State Financial Assistance				\$ (1,558,957)	\$ 104,359	\$ 26,681,614	\$ (26,538,864)	\$ (104,359)	\$ 84,370	\$ -	\$ (955,141)	\$ 43,751	\$ (420,447)	\$ (26,538,864)
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf TPAF - Pension Contributions	495-034-5094-002	7/1/22-6/30/23	13,230,003			13,230,003	(13,230,003)							(13,230,003)
On-Behalf TPAF - Post-Retirement Medical	495-034-5094-001	7/1/22-6/30/23	3,475,490			3,475,490	(3,475,490)							(3,475,490)
On-Behalf TPAF - Long-Term Disability Insurance	495-034-5094-004	7/1/22-6/30/23	4,443			4,443	(4,443)							(4,443)
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,558,957)	\$ 104,359	\$ 9,971,678	\$ (9,828,928)	\$ (104,359)	\$ 84,370	\$ -	\$ (955,141)	\$ 43,751	\$ (420,447)	\$ (9,828,928)

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

Hopewell Valley Regional School District

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

Year ended June 30, 2023

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, 2023. 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.

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

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

Year ended June 30, 2023

3. Relationship to Basic Financial Statements (continued)

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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$47,682 for the general fund and \$264,487 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). The net adjustment to reconcile from the budgetary basis to the GAAP basis for the special revenue fund accounts receivable is \$3,688. Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 174,112	\$25,093,562	\$ 25,267,674
Special Revenue Fund	1,988,764	553,675	2,542,439
Debt Service Fund		1,039,094	1,039,094
Food Service Enterprise Fund	456,541	12,791	469,332
Total financial award revenues	\$2,619,417	\$26,699,122	\$ 29,318,539

Hopewell Valley Regional School District

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

Year ended June 30, 2023

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, 2023.

The post-retirement pension, medical, and long-term disability benefits received on-behalf of the District for the year ended June 30, 2023 amounted to \$16,709,936. 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.

7. Adjustments

The adjustments presented on schedule K-4 are the result of cash receipts received in the prior year.

Hopewell Valley Regional School District
Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part I - Summary of Auditors' 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:

AL Number(s)	FAIN Number	Name of Federal Program or Cluster
84.425U	S425U210027	Education Stabilization Fund

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, 2023

Part I - Summary of Auditors' Results (continued)

State Financial Assistance

Internal control over major state programs:

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

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

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

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
100-034-5120-075	Debt Service Aid
495-034-5120-089	General State Aid Cluster:
495-034-5120-084	Special Education Categorical Aid
495-034-5120-068	Security Aid
	School Choice Aid

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

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

Hopewell Valley Regional School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2023

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, 2023

**Part III - Schedule of Federal Award and State Financial
Assistance 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.