

# **Hopewell Valley**

## **Regional School District**

Hopewell Valley Regional Board of Education  
Pennington, New Jersey 08534

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015



# **Hopewell Valley Regional School District**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015

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

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

## Table of Contents (continued)

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	8
Independent Auditors and Advisors	9
Certificate of Excellence	10
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	11
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	14
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Combining Statements of Net Position	27
B-5 Combining Statements of Revenues, Expenses and Changes in Fund Net Position	28
B-6 Combining Statements of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
<b>Notes to the Basic Financial Statements</b>	32

## Table of Contents (continued)

	Page
<b>FINANCIAL SECTION (continued)</b>	
<b>Required Supplementary Information – Part II</b>	
Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System	67
Schedule of District Contributions – Public Employee’s Retirement System	68
Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund	69
<b>Required Supplementary Information – Part III</b>	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund – Budgetary Basis	70
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis - Not Applicable	N/A
C-1b Community Development Block Grant – Budget and Actual – Not Applicable	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund – Budgetary Basis	78
<b>Note to the Required Supplementary Information</b>	
C-3 Budget to GAAP Reconciliation	79
<b>Supplementary Information</b>	
D School Based Budget Schedules - Not Applicable	N/A
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	80
E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis– Not Applicable	N/A
Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	82
F-1a- Schedule of Project Revenues, Expenditures, Project Balance and	
F-1c Project Status – Budgetary Basis	83
F-2 Summary Schedule of Project Expenditures – Not Applicable	N/A

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Supplementary Information (continued)</b>	
Enterprise Funds:	
G-1 Combining Statement of Net Position – Not Applicable	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Not Applicable	N/A
G-3 Combining Statement of Cash Flows – Not Applicable	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	86
H-2 Combining Statement of Changes in Fiduciary Net Position – Not Applicable	N/A
H-3 Schedule of Cash Receipts and Cash Disbursements – Student Activity Agency Fund	87
H-4 Schedule of Cash Receipts and Cash Disbursements – Payroll Agency Fund	88
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	89
I-2 Schedule of Obligations Under Capital Leases	90
I-3 Budgetary Comparison Schedule – Debt Service Fund	91
<b>STATISTICAL SECTION (Unaudited)-Other Information</b>	
Financial Trends:	
J-1 Net Position by Component	92
J-2 Changes in Net Position	93
J-3 Fund Balances, Governmental Funds	94
J-4 Changes in Fund Balances – Governmental Funds	95
J-5 General Fund Other Local Revenues by Source	96
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	97
J-7 Property Tax Rates – Direct and Overlapping Governments	98
J-8 Principal Property Tax Payers	99
J-9 Property Tax Levies and Collections	100
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	101
J-11 Ratios of Net General Bonded Debt Outstanding	102
J-12 Ratios of Overlapping Governmental Activities Debt	102
J-13 Legal Debt Margin Information	103
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	104
J-15 Principal Employers	N/A

## Table of Contents (continued)

### STATISTICAL SECTION (Unaudited)-Other Information – (continued)

J-16 Full-Time Equivalent District Employees by Function/Program Operating Information:	105
J-17 Operating Statistics	106
J-18 School Building Information	107
J-19 Schedule of Required Maintenance for School Facilities	108
J-20 Insurance Schedule	109

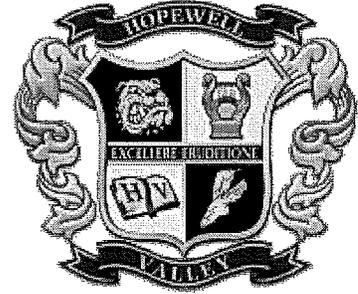
### SINGLE AUDIT SECTION

K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	110
K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by OMB A-133 and New Jersey OMB 15-08	112
K-3 Schedule A – Schedule of Expenditures of Federal Awards- Supplementary Information	115
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance-Supplementary Information	116
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	117
K-6 Schedule of Findings and Questioned Costs	120
K-7 Summary Schedule of Prior Year Audit Findings	124

# Introductory Section

# Hopewell Valley Regional School District

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



---

December 11, 2015

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report (CAFR) of the Hopewell Valley Regional School District (hereinafter, the District) as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials, independent auditors and advisors and the certificate of excellence in financial reporting. The financial section includes Management's Discussion and Analysis, basic financial statements, required supplementary information and other supplementary information, as well as the auditors' report therein. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," 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 laws and regulations and findings and questioned costs, is 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 2014-15 fiscal year with an average daily enrollment of 3,673 students, which is 15 students less than the previous year's average daily enrollment. The following chart details the changes in the average daily student enrollment of the District over the last five years:

### **Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2014-15	3,673	(.41)
2013-14	3,688	(1.04)
2012-13	3,727	(1.76)
2011-12	3,794	(1.76)
2010-11	3,862	(2.40)

## **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. Average daily enrollment for the 2014-2015 year was 3,673, a slight decline from 2013-2014. The economy in the Hopewell Valley communities is reflective of the national economy and remains sluggish with slight decline 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. Capital Health Medical Center Hospital, a large employer, relocated into the community in 2012. As we understand it, new housing subdivisions are being considered in Hopewell Township that will likely bring additional students into the district's schools, but not in the upcoming school year.

## **3. Major Initiatives**

### **Facilities Improvement Plan**

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

address many needed capital maintenance projects in 2014-15. A few such projects were the renovation of the Central High School Nurses Suite for ADA accessibility, renovation of the robotics room to accommodate new engineering programs, the installation of permanent bleachers for our multi-purpose turf field and district-wide paving and concrete work. Additional projects are planned for 2015-16 and beyond. The majority of the projects were completed with budgeted capital reserve funds. The list of projects completed were approved by the Department of Education as well as included in the District's Long Range Facility Plan.

### Personnel Management

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

### Educational Program

The mission of the Hopewell Valley Regional School District is to provide a comprehensive, caring educational experience which nurtures the unique talents of each individual; creates fulfilled, socially responsible, life-long 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. 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. District enrollment is currently 3,653 students.

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

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

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

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

Student success in Hopewell Valley is measured in a variety of ways. While they represent just one measure of student learning; SAT Reasoning test scores of Hopewell Valley students far exceed state and national averages, as do the results of the SAT Subject Tests. Average scores in Hopewell Valley remain solidly higher than those of comparable, high achieving suburban districts in New Jersey. In 2015, CHS students achieved an average SAT Reasoning test score of 572 in Critical Reading, 583 in Mathematics and 567 in Writing. All of these scores were significantly higher than state and national averages. Each year, more and more students are also choosing to take the ACT. This policy of inclusion is proudly upheld throughout the district, which strives to help every student learn optimally, regardless of ability or special need.

In the consistently popular Advanced Placement Program, 20+ courses are offered in subjects ranging from Latin to Studio Art, making it one of the largest high school menus in New Jersey. Student performance on AP exams continues to track upward at a remarkable pace. Of the 618 tests taken last year, more than 95 percent scored a 3 or better -- enough to win college credit. Hopewell Valley's high overall scholarship is annually recognized by the College Board, which continues to honor dozens of students every year as AP Scholars and the National Merit Scholarship Corporation, which named 20 CHS students as Commended Scholars in 2015.

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

#### **4. Internal Control**

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

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

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

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

## **5. Budgetary Controls**

In addition to internal control, the District maintains budgetary controls. The 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 reservations of fund balance at year-end.

## **6. Accounting System and Reports**

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

## **7. Other Information**

*Independent Audit:* State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss and Company, LLP was selected by the Board of Education to perform auditing services. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 15-08. The auditors' report on the basic financial statements, required supplementary information, and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

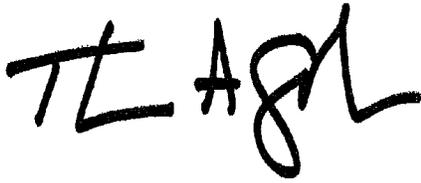
*Awards:* The District had applied to the Association of School Business Officials (ASBO) International for the "Certificate of Excellence in Financial Reporting" for its comprehensive annual financial report for the fiscal year ended June 30, 2014, and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report and satisfied both generally accepted accounting principles and applicable legal requirements. This is the third year the District has received this award.

We believe that our current comprehensive annual financial report continues to meet the Program's rigorous requirements, and we are submitting it to ASBO to determine its eligibility for the fiscal year 2014-15 award.

**8. Acknowledgments**

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

Respectfully submitted,



---

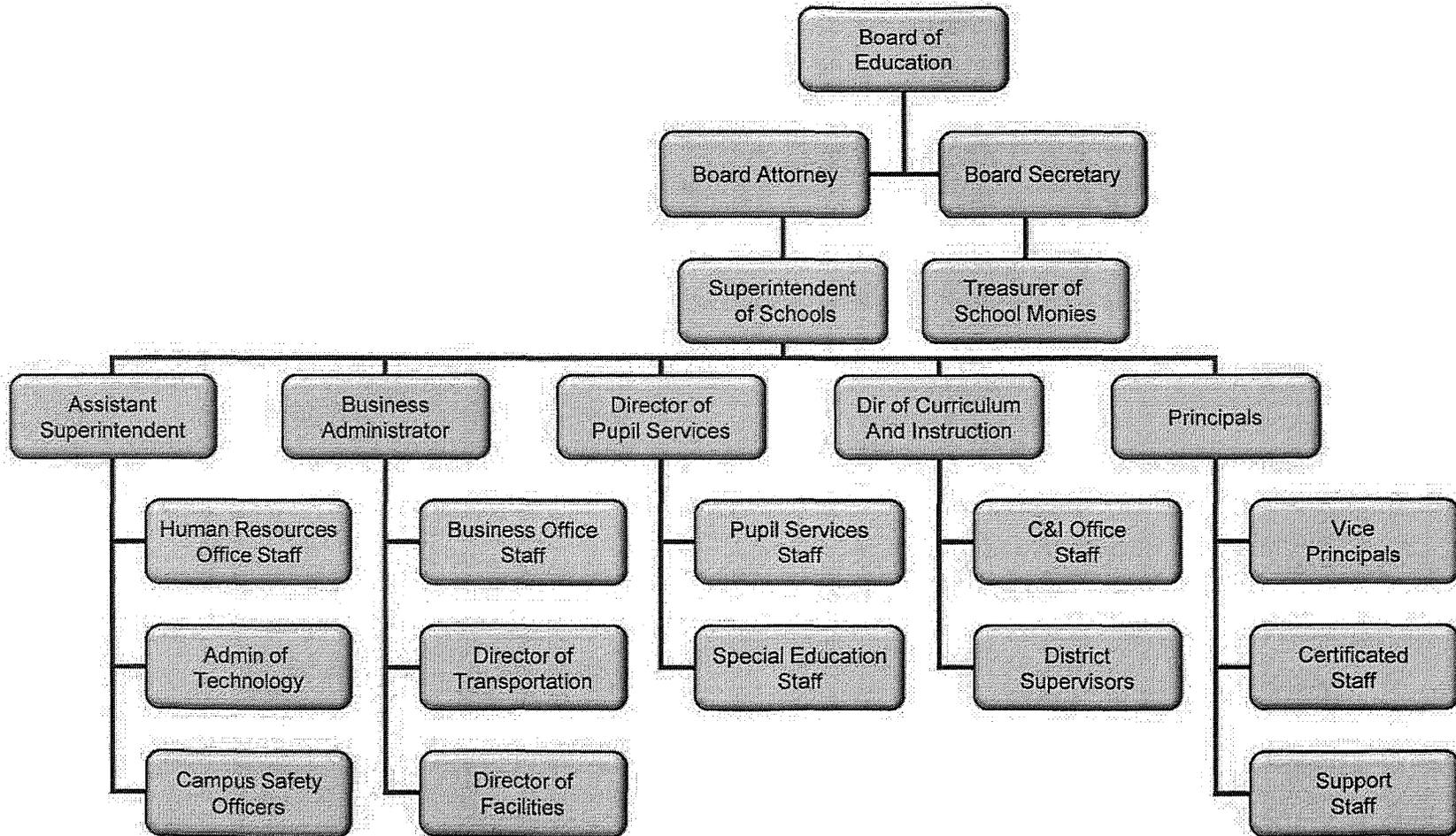
Dr. Thomas A. Smith  
Superintendent



---

Robert Colavita  
Business Administrator/Board Secretary

# Hopewell Valley Regional School District Organizational Chart June 30, 2015



Hopewell Valley Regional School District  
Pennington, New Jersey

Roster of Officials

June 30, 2015

**Members of the Board of Education**

**Term Expires**

Lisa Wolff, President

2018

Leigh Ann Peterson, Vice President

2018

Jon Butler

2018

Roy G. Dollard

2017

Bruce Gunther

2016

Gordon Lewis

2016

Michael Markulec

2016

Alyce Murray

2017

Adam J. Sawicki, Jr.

2017

**Other Officials**

Dr. Thomas Smith, Superintendent of Schools

Robert Colavita, Business Administrator/Board Secretary

James Bartolomei, Treasurer

Mr. Frank Cavallo, Esq., Solicitor

Hopewell Valley Regional School District  
Pennington, New Jersey

Independent Auditors and Advisors

**Independent Auditors**

Wiss and Company, LLP  
485C Route One South  
Iselin, New Jersey 08830

**Attorney**

Parker McCay, P.A.  
Three Greentree Centre  
7001 Lincoln Drive West  
Post Office Box 974  
Marlton, NJ 08053-0984

**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, NY 10004

**Official Depository**

Hopewell Valley Community Bank  
4 Route 31 South  
Pennington, NJ 08534

# Association of School Business Officials International

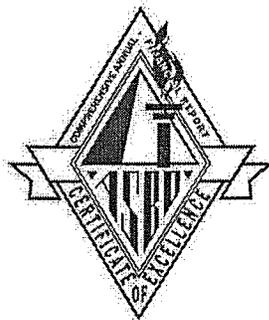


*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## Hopewell Valley Regional School District

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

## Financial Section

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hopewell Valley Regional School District, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

wiss.com

354 Eisenhower Parkway  
Suite 1850  
Livingston, NJ 07039  
973.994.9400

485C Route 1 South  
Suite 250  
Iselin, NJ 08830  
732.283.9300

14 Penn Plaza  
Suite 1010  
New York, NY 10122  
212.594.8155

5 Bartles Corner Road  
Flemington, NJ 08822  
908.782.7300

60 West Broad Street  
Suite 102  
Bethlehem, PA 18018  
484.821.5735

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to previously 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, 2015, 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.

### ***Emphasis of Matter-Change in Accounting Principle***

As discussed in Note 1.Q. to the financial statements, during the fiscal year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, which represents a change in accounting principle. As discussed in Note 17, as of July 1, 2014 the District's net position was restated to reflect the impact of this change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

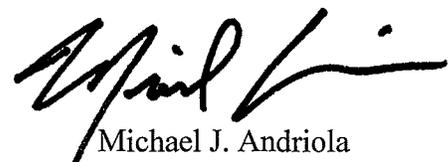
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to 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 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.

  
Michael J. Andriola  
Licensed Public School Accountant  
No. 2429

  
WISS & COMPANY, LLP

December 11, 2015  
Iselin, New Jersey

Required Supplementary Information  
Part I

Management's Discussion and Analysis

# **Hopewell Valley Regional School District Management's Discussion and Analysis**

Year ended June 30, 2015  
(Unaudited)

As management of the Hopewell Valley Regional School 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, 2015. 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 and other supplementary information and other information in addition to the basic financial statements themselves.

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

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

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

The government-wide financial statements can be found on pages 22-23 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 24-26 of this report.

**Proprietary funds.** The District maintains one proprietary fund type as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service, driver education, and kindergarten extension programs. The basic enterprise fund financial statements can be found on pages 27-29 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity of the private-purpose scholarship fund and unemployment compensation trust fund. The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32-66 of this report.

**Other information.** The required supplementary information related to pensions and the individual and combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Required supplementary information and combining and individual fund statements and schedules can be found on pages 67-91 of this report.

## Financial Highlights

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,744,234 (net position) at the close of 2015 and our overall financial position has declined in the current year, strictly as a result of the implementation of GASB Statements No. 68 and 71. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2015 and 2014:

	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 8,386,811	\$ 564,420	\$ 8,951,231	\$ 7,867,374	\$ 590,481	\$ 8,457,855
Capital assets, net	62,390,470	162,155	62,552,625	62,919,883	186,399	63,106,282
Total assets	70,777,281	726,575	71,503,856	70,787,257	776,880	71,564,137
Deferred outflows of resources	3,203,865		3,203,865	1,031,103		1,031,103
Current liabilities	6,687,339	99,115	6,786,454	5,990,972	221,944	6,212,916
Long-term liabilities outstanding	27,036,953		27,036,953	31,235,696		31,235,696
Net pension liability	20,302,690		20,302,690			
Total liabilities	54,026,982	99,115	54,126,097	37,226,668	221,944	37,448,612
Deferred inflows of resources	1,209,930		1,209,930			
Net position:						
Net investment in capital assets	33,969,867	162,155	34,132,022	30,755,627	186,399	30,942,026
Restricted	4,312,975		4,312,975	2,618,421		2,618,421
Unrestricted (Deficit)	(19,538,608)	465,305	(19,073,303)	1,217,644	368,537	1,586,181
Total net position	\$ 18,744,234	\$ 627,460	\$ 19,371,694	\$ 34,591,692	\$ 554,936	\$ 35,146,628

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 paying down the related debt. Restricted net position includes assets that are subject to external restrictions (e.g., for capital projects, capital reserve, maintenance reserve, and debt service).

The unrestricted net position (deficit) in the governmental funds decreased, mainly attributable to the implementation of the provisions of GASB Statements No. 68 and 71, while unrestricted net position increased in the business-type activities due to the operating income generated by the kindergarten extension enterprise fund. Capital assets decreased in the current year as a result of current year depreciation expense, partially offset by the various ongoing capital projects being completed at the District.

Deferred outflows of resources represent deferred losses on refunded debt associated with the District's outstanding debt issuances and deferred pension costs associated with the District's net pension liability. Deferred inflows of resources represent the District's proportionate share of earnings and assumptions associated with the District's net pension liability.

Long-term liabilities decreased due to the current year bond payments.

**Government-wide activities.** The key elements of the District's changes in net position for the years ended June 30, 2015 and 2014 are as follows:

	Year ended June 30,					
	2015			2014		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 393,004	\$ 1,720,143	\$ 2,113,147	\$ 477,057	\$ 1,675,203	\$ 2,152,260
Operating grants and contributions	1,174,991	140,305	1,315,296	1,107,751	148,331	1,256,082
Capital grants and contributions	222,058		222,058	137,586		137,586
General revenues:						
Property taxes	72,074,537		72,074,537	70,702,544		70,702,544
Federal and state aid not restricted to specific purposes	17,294,614		17,294,614	8,700,418		8,700,418
Investment earnings	28,112		28,112	27,369		27,369
Miscellaneous	605,313		605,313	871,820		871,820
Total revenues	91,792,629	1,860,448	93,653,077	82,024,545	1,823,534	83,848,079
Expenses:						
Instructional services	53,243,800		53,243,800	45,326,201		45,326,201
Support services	33,187,594	1,787,924	34,975,518	30,364,731	1,899,054	32,263,785
Special schools	299,101		299,101	306,639		306,639
Interest on long-term debt	1,141,961		1,141,961	1,540,050		1,540,050
Total expenses	87,872,456	1,787,924	89,660,380	77,537,621	1,899,054	79,436,675
Increase (decrease) in net position before transfers	3,920,173	72,524	3,992,697	4,486,924	(75,520)	4,411,404
Transfers			-	(200,000)	200,000	-
Change in net position	3,920,173	72,524	3,992,697	4,286,924	124,480	4,411,404
Net position-beginning of year	34,591,692	554,936	35,146,628	30,304,768	430,456	30,735,224
Restatement	(19,767,631)		(19,767,631)			
Net position-beginning of year (as restated)	14,824,061	554,936	15,378,997			
Net position – end of year	\$ 18,744,234	\$ 627,460	\$ 19,371,694	\$ 34,591,692	\$ 554,936	\$ 35,146,628

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

Federal and state aid not restricted for a specific purpose increased due to an increase in the on-behalf TPAF pension contributions associated with the implementation of GASB Statement Nos. 68 and 71.

Governmental instructional and support services expenses increased due to mainly due to the allocation of pension expense to these functions as required by GASB Statement Nos. 68 and 71.

Business-type activities revenues increased due to an increase in food service daily sales offset by a decrease in tuition received from the kindergarten extension program. Business-type expenses decreased mainly due to the curtailment of utilities charges in the kindergarten extension program.

### **Financial Analysis of the District's Funds**

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

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

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,625,670, while total fund balance was \$7,149,795. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.1% of the total general fund expenditures while total fund balance represents 9.3% of that same amount.

The fund balance of the District's general fund increased by \$1,923,207 during the current fiscal year. The key factor in this increase was the impact fiscal conservatism had on expenditures mainly in the areas of general administration, health benefits and student transportation. The net impact of the remaining revenues and expenditures were relatively comparable to the prior year.

The District experienced a slight increase in Special Revenue Fund revenue, mostly driven by an increase in federal sources.

Capital Projects fund revenues increased from the prior year due to additional Schools Development Authority grant funds earned during the period under audit.

The debt service fund has a total fund balance of \$3,066, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$915,416, which is mainly attributable the utilization of \$917,169 of prior year fund balance as a revenue source in the current year's budget for tax relief. The District received \$3,847,443 from the local tax levy and paid \$3,525,000 and \$1,239,612 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, 2015, and the increases and decreases in relation to the prior year.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase from 2014</b>	<b>Percent of Increase</b>
Local sources	\$ 73,110,236	86.9%	\$ 1,093,163	1.5 %
State sources	9,977,674	11.8	1,185,773	13.5
Federal sources	1,051,216	1.3	56,558	5.7
<b>Total</b>	<b>\$ 84,139,126</b>	<b>100.0%</b>	<b>\$ 2,335,494</b>	<b>2.9%</b>

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

The increase in state sources is mainly attributable to an increase in on-behalf TPAF pension contributions paid by the State.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2015, and the increases and decreases in relation to the prior year:

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2014</b>	<b>Percent of Increase (Decrease)</b>
Current expenditures:				
Instruction	\$ 33,833,673	40.7%	\$ 296,766	0.9%
Undistributed	42,133,022	50.7	432,560	1.0
Capital outlay	2,029,502	2.4	76,220	3.9
Special schools	187,323	0.2	(43,258)	(18.8)
Debt service:				
Principal	3,737,209	4.5	332,209	9.8
Interest	1,250,629	1.5	(103,071)	(7.6)
<b>Total</b>	<b>\$ 83,171,358</b>	<b>100.0%</b>	<b>\$ 991,426</b>	<b>1.2%</b>

The increase in instruction is attributable mainly to the increase in salaries and the increase in the cost to provide a comprehensive education.

The increase in undistributed is attributable mainly to the increased cost of undistributed instruction.

The increase in capital outlay is due to more construction and maintenance projects occurring during the current period as compared to the prior period.

## General Fund Budgetary Highlights

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

Tuition revenues exceeded anticipated revenues by \$92,492 as a result of an increase in student enrollment. State sources exceeded anticipated revenues by \$7,174,444 as a result of the District not anticipating revenues related to Extraordinary Aid, Non-public transportation aid, State on-behalf TPAF pension contributions, and State reimbursed TPAF social security contributions.

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

- Instruction – regular programs – an increase of \$590,157 occurred in the budget mainly due to increases in salaries grades 6 – 8 and 9 - 12 and other salaries for instruction.
- Undistributed expenditures – child study teams – a decrease of \$199,352 occurred in the budget due to less salaries expended than originally budgeted for.
- Undistributed expenditures – unallocated benefits – a decrease of \$252,902 occurred in the budget due to less employees being insured than originally budgeted for.

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

- Instruction – regular programs – a remaining balance of \$285,707. Fiscal restraint with respect to purchased professional-educational services, other purchased services, general supplies and textbooks resulted in a favorable balance.
- Undistributed expenditures – instruction – a remaining balance of \$634,919. Fiscal restraint with respect to tuition to private schools for the disabled and tuition to state facilities resulted in a favorable balance.
- Undistributed expenditures – support services – general administration – a remaining balance of \$232,196. Fiscal restraint with respect to other purchased professional services, architectural/engineering services, and communications/telephone resulted in a favorable balance.
- Undistributed expenditures – operation and maintenance of plant services – a remaining balance of \$203,703. Fiscal restraint with respect to cleaning, repair and maintenance services resulted in a favorable balance.
- Undistributed expenditures – student transportation services – a remaining balance of \$209,455. Fiscal restraint with respect to contracted services and supplies resulted in a favorable balance.
- Undistributed expenditures – unallocated benefits – a remaining balance of \$619,668. Fiscal restraint with respect to health benefits cost resulted in a favorable balance.

## Capital Assets

At the end of the fiscal years ended June 30, 2015 and 2014, the District had \$62,552,625 and \$63,106,282, respectively, invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	<b>Capital Assets (Net of Depreciation)</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 2,546,691	\$ 2,546,691		
Construction in progress	2,494,459	1,126,332		
Land improvements	2,479,791	2,648,120		
Building and building improvements	53,462,719	54,985,700		
Machinery and equipment	1,406,810	1,613,040	\$ 162,155	\$ 186,399
Total	<u>\$ 62,390,470</u>	<u>\$ 62,919,883</u>	<u>\$ 162,155</u>	<u>\$ 186,399</u>

The decrease in capital assets is due to depreciation expense exceeding the increase in current year expenditures related to construction in progress and machinery and equipment. For more detailed information, please refer to Note 4 to the basic financial statements.

## Debt Administration

At June 30, 2015, the District had \$31,323,613 of outstanding long-term liabilities. Of this amount, \$2,112,433 is for compensated absences; \$444,650 for capital leases; \$27,920,000 of serial bonds; and \$846,530 is for the unamortized premium on bonds. For more detailed information, refer to Note 5 of the basic financial statements.

## Economic Factors and Next Year's Budget

- Local and State aid has remained relatively flat.
- The cost of providing employee health benefits are expected to continue to increase.
- The District budgeted \$1,180,282 of its 2015 fund balance to partially fund the 2015/2016 operations, a decrease of \$68,833 from the prior year.
- The District budgeted for a withdrawal from capital reserve in an amount of \$763,000 for future capital projects.

All of the above factors were considered in preparing the District's 2015-16 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, 2015.

## Hopewell Valley Regional School District

## Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,944,489	\$ 504,061	\$ 3,448,550
Accounts receivable	1,383,481	28,123	1,411,604
Inventories		32,236	32,236
Restricted assets:			
Cash and cash equivalents	4,058,841		4,058,841
Capital assets, non-depreciable	5,041,150		5,041,150
Capital assets, depreciable, net	57,349,320	162,155	57,511,475
Total assets	<u>70,777,281</u>	<u>726,575</u>	<u>71,503,856</u>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	2,413,288		2,413,288
Deferred loss on defeasance of debt	790,577		790,577
	<u>3,203,865</u>		<u>3,203,865</u>
<b>Liabilities</b>			
Accounts payable	1,869,697	29,407	1,899,104
Accrued interest payable	454,533		454,533
Intergovernmental payables:			
Federal	506		506
State	8,679		8,679
Unearned revenue	67,264	69,708	136,972
Net pension liability	20,302,690		20,302,690
Current portion of long-term obligations	4,286,660		4,286,660
Noncurrent portion of long-term obligations	27,036,953		27,036,953
Total liabilities	<u>54,026,982</u>	<u>99,115</u>	<u>54,126,097</u>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	1,209,930		1,209,930
	<u>1,209,930</u>		<u>1,209,930</u>
<b>Net position</b>			
Net investment in capital assets	33,969,867	162,155	34,132,022
Restricted for:			
Capital projects	254,134		254,134
Other purposes	4,058,841		4,058,841
Unrestricted	(19,538,608)	465,305	(19,073,303)
Total net position	<u>\$ 18,744,234</u>	<u>\$ 627,460</u>	<u>\$ 19,371,694</u>

## Hopewell Valley Regional School District

## Statement of Activities

Year ended June 30, 2015

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	
<b>Governmental activities</b>						
Instruction	\$ 53,243,800	\$ 312,585	\$ 1,019,396		\$ (51,911,819)	\$ (51,911,819)
Support services:						
Instruction	2,193,302				(2,193,302)	(2,193,302)
Attendance/social work	62,277				(62,277)	(62,277)
Health services	991,027				(991,027)	(991,027)
Other support services	6,638,830		155,595		(6,483,235)	(6,483,235)
Improvement of instruction	2,611,637				(2,611,637)	(2,611,637)
School library	1,531,022				(1,531,022)	(1,531,022)
General administration	1,033,693				(1,033,693)	(1,033,693)
School administration	3,501,032				(3,501,032)	(3,501,032)
Central services	1,494,292				(1,494,292)	(1,494,292)
Admin info technology	344,129				(344,129)	(344,129)
Required maintenance of plant services	1,892,149			\$ 222,058	(1,670,091)	(1,670,091)
Operation of plant	5,314,754				(5,314,754)	(5,314,754)
Care & upkeep of grounds	402,551				(402,551)	(402,551)
Security	290,918				(290,918)	(290,918)
Student transportation	4,885,981	80,419			(4,805,562)	(4,805,562)
Special Schools	299,101				(299,101)	(299,101)
Interest on long-term debt	1,141,961				(1,141,961)	(1,141,961)
Total governmental activities	87,872,456	393,004	1,174,991	222,058	(86,082,403)	(86,082,403)
<b>Business-type activities</b>						
Enterprise Funds	1,787,924	1,720,143	140,305			\$ 72,524
Total business-type activities	1,787,924	1,720,143	140,305			72,524
Total primary government	\$ 89,660,380	\$ 2,113,147	\$ 1,315,296	\$ 222,058	(86,082,403)	72,524
						(86,009,879)

## General revenues:

Property taxes, levied for general purposes	68,227,094		68,227,094
Property taxes, levied for debt service	3,847,443		3,847,443
State sources	17,294,614		17,294,614
Investment earnings	28,112		28,112
Miscellaneous income	605,313		605,313
Total general revenues and transfers	90,002,576	-	90,002,576
Change in net position	3,920,173	72,524	3,992,697

Net position—beginning (as restated)

Net position—beginning (as restated)	14,824,061	554,936	15,378,997
--------------------------------------	------------	---------	------------

Net position—ending	\$ 18,744,234	\$ 627,460	\$ 19,371,694
---------------------	---------------	------------	---------------

# Fund Financial Statements

# Governmental Funds

Hopewell Valley Regional School District  
Governmental Funds

Balance Sheet

June 30, 2015

	Major Funds				Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,941,423			\$ 3,066	\$ 2,944,489
Accounts receivable:					
Intergovernmental:					
State	541,615	\$ 73	\$ 333,178		874,866
Federal		411,918			411,918
Other	88,018	8,679			96,697
Interfund receivable	356,544				356,544
Restricted cash and cash equivalents	4,058,841				4,058,841
<b>Total assets</b>	<b>\$ 7,986,441</b>	<b>\$ 420,670</b>	<b>\$ 333,178</b>	<b>\$ 3,066</b>	<b>\$ 8,743,355</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 818,352	\$ 85,015			\$ 903,367
Intergovernmental payables:					
State		8,679			8,679
Federal		506			506
Interfunds payable		277,500	\$ 79,044		356,544
Unearned revenue	18,294	48,970			67,264
<b>Total liabilities</b>	<b>836,646</b>	<b>420,670</b>	<b>79,044</b>		<b>1,336,360</b>
<b>Fund balances:</b>					
Restricted for:					
Capital reserve	3,970,353				3,970,353
Maintenance reserve	88,488				88,488
Capital projects			254,134		254,134
Debt service				\$ 3,066	3,066
Assigned to:					
Designated for subsequent year expenditures	1,180,282				1,180,282
Other purposes	285,002				285,002
Unassigned	1,625,670				1,625,670
<b>Total fund balances</b>	<b>7,149,795</b>	<b>-</b>	<b>254,134</b>	<b>3,066</b>	<b>7,406,995</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,986,441</b>	<b>\$ 420,670</b>	<b>\$ 333,178</b>	<b>\$ 3,066</b>	

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 \$96,008,223 and the accumulated depreciation is \$33,617,753.	\$ 62,390,470
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.	(454,533)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	1,203,358
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	790,577
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(20,302,690)
Accrued pension contributions for the June 30, 2015 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.	(966,330)
Long-term liabilities, including bonds payable, capital leases, compensated absences, net pension liability and unamortized premium on bonds are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(31,323,613)
<b>Net position of governmental activities</b>	<b>\$ 18,744,234</b>

Hopewell Valley Regional School District  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Revenues:</b>					
Local sources:					
Local tax levy	\$ 68,227,094			\$ 3,847,443	\$ 72,074,537
Tuition	312,585				312,585
Interest on investments	25,210				25,210
Interest earned on investments - capital reserve fund	2,902				2,902
Transportation	80,419				80,419
Miscellaneous	603,560	\$ 9,270		1,753	614,583
Total local sources	69,251,770	9,270		3,849,196	73,110,236
State sources	9,863,169	114,505	\$ 222,058		10,199,732
Federal sources		1,051,216			1,051,216
Total revenues	79,114,939	1,174,991	222,058	3,849,196	84,361,184
<b>Expenditures:</b>					
Current:					
Instruction	32,814,277	1,019,396			33,833,673
Undistributed:					
Instruction	2,115,895				2,115,895
Attendance/social work	38,449				38,449
Health services	619,696				619,696
Support services	4,260,405	155,595			4,416,000
Improvement of instruction	1,623,087				1,623,087
School library	975,637				975,637
General administration	853,455				853,455
School administration	2,180,114				2,180,114
Central services	973,273				973,273
Administration information technology	217,584				217,584
Required maintenance of plant services	1,589,991				1,589,991
Operation of plant-custodial services	3,993,144				3,993,144
Care & upkeep of grounds	274,240				274,240
Security	179,613				179,613
Student transportation	3,774,863				3,774,863
Employee benefits	11,561,506				11,561,506
On-behalf pension contributions	4,416,285				4,416,285
On-behalf TPAF social security contributions	2,330,190				2,330,190
Special Schools	187,323				187,323
Capital outlay	2,029,502		197,945		2,227,447
Debt Service:					
Principal	212,209			3,525,000	3,737,209
Interest	11,017			1,239,612	1,250,629
Total expenditures	77,231,755	1,174,991	197,945	4,764,612	83,369,303
Excess (deficiency) of revenues over (under) expenditures	1,883,184		24,113	(915,416)	991,881
Other financing sources (uses):					
Transfers in			8,587		8,587
Transfers out	(8,587)				(8,587)
Capital leases (non-budgeted)	48,610				48,610
Total other financing sources (uses)	40,023		8,587	-	48,610
Net change in fund balances	1,923,207		32,700	(915,416)	1,040,491
Fund balances, July 1	5,226,588		221,434	918,482	6,366,504
Fund balances, June 30	\$ 7,149,795	\$ -	\$ 254,134	\$ 3,066	\$ 7,406,995

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, 2015

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>\$ 1,040,491</b>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions exceeded depreciation in the period.		
Capital additions	\$ 1,594,967	
Depreciation expense	<u>(2,124,380)</u>	(529,413)
Repayments of bond principal and capital lease obligations are expenditures		
Serial Bonds Payable	3,525,000	
Obligations Under Capital Leases	<u>212,209</u>	3,737,209
Proceeds from debt issues are a financing source in the governmental funds.		
Capital Lease Proceeds		(48,610)
Governmental funds report the effect of premiums and similar items when due		
Amortization of Premium on Bonds	295,580	
Amortization of Deferred Interest Costs	<u>(240,526)</u>	55,054
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		(298,031)
In the statement of activities, interest on long-term debt/capital leases is accrued, regardless of when due. In the governmental funds, interest is reported when due. The amount presented is the change from prior year.		
		42,597
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).		
		(79,124)
<b>Change in net position of governmental activities (A-2)</b>		<u><u>\$ 3,920,173</u></u>

# Proprietary Funds

Hopewell Valley Regional School District  
Proprietary Funds

Combining Statements of Net Position

June 30, 2015

	Major Funds			
	Business Type Activities -			Totals
	Enterprise Funds			
Food Service	Driver Education	Kindergarten Extension		
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 66,568	\$ 76,660	\$ 360,833	\$ 504,061
Accounts receivable:				
State	465			465
Federal	5,567			5,567
Other	18,491		3,600	22,091
Inventories	32,236			32,236
Total current assets	<u>123,327</u>	<u>76,660</u>	<u>364,433</u>	<u>564,420</u>
Non-current assets:				
Capital assets:				
Equipment	612,805			612,805
Accumulated depreciation	(450,650)			(450,650)
Total capital assets, net	<u>162,155</u>			<u>162,155</u>
Total assets	<u>285,482</u>	<u>76,660</u>	<u>364,433</u>	<u>726,575</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	28,294	1,113		29,407
Unearned revenue	69,708			69,708
Total current liabilities	<u>98,002</u>	<u>1,113</u>	<u>-</u>	<u>99,115</u>
<b>Net position</b>				
Net investment in capital assets	162,155			162,155
Unrestricted	25,325	75,547	364,433	465,305
Total net position	<u>\$ 187,480</u>	<u>\$ 75,547</u>	<u>\$ 364,433</u>	<u>\$ 627,460</u>

Hopewell Valley Regional School District  
Proprietary Funds

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

Year ended June 30, 2015

	Major Funds			Totals
	Business Type Activities -			
	Food Service	Driver Education	Kindergarten Extension	
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 1,309,772			\$ 1,309,772
Tuition			\$ 388,549	388,549
Fees		\$ 21,822		21,822
Total operating revenues	1,309,772	21,822	388,549	1,720,143
Operating expenses:				
Salaries	394,039	15,873	215,820	625,732
Employee benefits	90,828		16,510	107,338
Supplies and materials	70,351		2,280	72,631
Depreciation	32,026			32,026
Insurance	40,487			40,487
Cost of sales	720,884			720,884
Management and administrative fees	75,073			75,073
Other	111,303	2,450		113,753
Total operating expenses	1,534,991	18,323	234,610	1,787,924
Operating (loss) income	(225,219)	3,499	153,939	(67,781)
Nonoperating revenues:				
State sources:				
State school lunch program	6,562			6,562
Federal sources:				
National school lunch program	79,861			79,861
Food donation program	53,882			53,882
Total nonoperating revenues	140,305	-	-	140,305
Change in net position	(84,914)	3,499	153,939	72,524
Total net position-beginning	272,394	72,048	210,494	554,936
Total net position-ending	\$ 187,480	\$ 75,547	\$ 364,433	\$ 627,460

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District  
Proprietary Funds

Combining Statements of Cash Flows

Year ended June 30, 2015

	Major Funds			Totals
	Business Type Activities - Enterprise Funds			
	Food Service	Driver Education	Kindergarten Extension	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 1,302,872	\$ 21,822	\$ 347,769	\$ 1,672,463
Payments to employees	(394,039)	(15,873)	(215,820)	(625,732)
Payments for employee benefits	(90,828)		(16,510)	(107,338)
Payments to suppliers	(1,083,677)	(2,410)	(2,280)	(1,088,367)
Net cash (used in) provided by operating activities	(265,672)	3,539	113,159	(148,974)
<b>Cash flows from noncapital financing activities:</b>				
Cash received from state and federal reimbursements	87,771			87,771
Cash received from food donation program	47,764			47,764
Net cash provided by noncapital financing activities	135,535			135,535
<b>Cash flows from capital financing activities:</b>				
Acquisition of assets	(7,782)			(7,782)
Net cash (used in) capital financing activities	(7,782)			(7,782)
Net (decrease) increase in cash and cash equivalents	(137,919)	3,539	113,159	(21,221)
Cash and cash equivalents, beginning of year	204,487	73,121	247,674	525,282
Cash and cash equivalents, end of year	\$ 66,568	\$ 76,660	\$ 360,833	\$ 504,061
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities</b>				
Operating (loss) income	\$ (225,219)	\$ 3,499	\$ 153,939	\$ (67,781)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	32,026			32,026
Change in assets and liabilities:				
Increase in accounts receivable	(4,370)		(2,800)	(7,170)
Decrease in inventory	10,662			10,662
(Decrease) increase in accounts payable	(82,359)	40		(82,319)
Increase (decrease) in unearned revenue	3,588		(37,980)	(34,392)
Net cash (used in) provided by operating activities	\$ (265,672)	\$ 3,539	\$ 113,159	\$ (148,974)

**Noncash noncapital financing activities:**

The District received \$47,764 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2015.

# Fiduciary Funds

Hopewell Valley Regional School District  
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2015

	<b>Private- Purpose Scholarship Trust Funds</b>	<b>Unemployment Compensation Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 23,385		\$ 1,619,949
Total assets	<u>23,385</u>		<u>\$ 1,619,949</u>
<b>Liabilities</b>			
Payroll deductions and withholdings payable			\$ 1,190,047
Due to student groups			429,902
Total liabilities		<u>-</u>	<u>\$ 1,619,949</u>
<b>Net position</b>			
Held in trust for scholarships	<u>\$ 23,385</u>		
Held in trust for unemployment claims		<u>\$ -</u>	

Hopewell Valley Regional School District  
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2015

	<b>Private- Purpose Scholarship Trust Funds</b>	<b>Unemployment Compensation Trust Fund</b>
<b>Additions</b>		
Contributions:		
Board contributions		\$ 159,480
Plan member contributions		117,686
Scholarship donations	\$ 15,966	
Total additions	15,966	277,166
<b>Deductions</b>		
Unemployment benefit payments		277,166
Scholarship payments	12,880	
Total deductions	12,880	277,166
Change in net position	3,086	-
Net position-beginning	20,299	-
Net position-ending	\$ 23,385	\$ -

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies**

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

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

#### **A. Reporting Entity**

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

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

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies (continued)**

#### **B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

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

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

The District has reported the following major governmental funds:

*General Fund:* The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional 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 and local funds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

The District reports the following major proprietary funds:

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

Additionally, the District reports the following fiduciary fund types:

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

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

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

*Agency Funds (Payroll and Student Activity Fund):* Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. In accordance with P.L. 2011, c.202, which became effective January 17, 2012, the District elected to move the April school board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments must be approved by School Board resolution and certain other matters require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines.

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

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**1. Summary of Significant Accounting Policies (continued)**

**E. Cash, Cash Equivalents and Investments**

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

**F. Interfund Receivables/Payables**

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

**G. Inventories**

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

The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2015, the unused Food Donation Program commodities of \$3,030 are reported as unearned revenue in the food service enterprise fund.

**H. Capital Assets**

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

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

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies (continued)**

#### **I. Compensated Absences**

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

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

The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$2,112,433 at June 30, 2015. 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 and unused donated food commodities.

#### **K. Deferred Outflows / Inflows or Resources**

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### L. Deferred Loss on Defeasance of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The amortization expense for the year ended June 30, 2015 amounted to \$240,526. As of June 30, 2015, the District has recorded an unamortized balance of \$790,577 as a deferred outflow of resources.

#### M. Long-Term Obligations

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

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

#### N. Fund Balances

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### N Fund Balances (continued)

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

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

Of the \$7,149,795 of fund balance in the General Fund, \$3,970,353 has been restricted in the capital reserve account, \$88,488 has been restricted in the maintenance reserve account, \$1,180,282 has been assigned to designated for subsequent year expenditures, \$285,002 of encumbrances are assigned to other purposes and \$1,625,670 is unassigned. Of the \$3,066 of fund balance in the Debt Service Fund, \$1,312 has been budgeted for use in the 2015-16 budget and is included in restricted for debt service. The District has \$254,134 of fund balance in the Capital Projects Fund, which is restricted for capital projects.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### O. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in its subsequent years' budget. The District did not generate any excess fund balance during the 2015 fiscal year.

#### P. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

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

#### Q. GASB Pronouncements

##### GASBs Implemented in the 2015 Fiscal Year

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### Q. GASB Pronouncements (continued)

##### GASBs Implemented in the 2015 Fiscal Year (continued)

liability and a more comprehensive measure of pension expense. This Statement replaces the requirement of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* (“GASB 71”). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement will eliminate the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies (continued)**

#### **Q. GASB Pronouncements (continued)**

##### **GASBs Implemented in the 2015 Fiscal Year (continued)**

all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

#### **R. Management Estimates**

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

#### **S. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and post-retirement medical and pension benefits for certified members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$7,431,445 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, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and December 11, 2015, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

### 2. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The detail of this \$31,323,613 difference is as follows:

Bonds payable	\$	27,920,000
Premium on bonds		846,530
Capital leases payable		444,650
Compensated absences		2,112,433
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>31,323,613</u>

### 3. Deposits and Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 3. Deposits and Investments (continued)

Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at last equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

#### Deposits

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

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

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

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

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

The District’s cash and cash equivalents are classified below to inform financial statement users about the extent to which a government’s deposits and investments are exposed to custodial credit risk. Pursuant to GASB Statement No. 40, “Deposit and Investment Risk Disclosures” (“GASB 40”), the District’s operating cash and money market accounts are

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 3. Deposits and Investments (continued)

profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

At June 30, 2015, the District's carrying value of its deposits was \$9,150,725 and the bank balance was \$10,563,627. Of the bank balance, \$250,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$8,028,329. \$2,285,297 held in the District agency accounts are not covered by GUDPA.

#### Investments

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

- a. Bonds or 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.

The District did not have any investments as of June 30, 2015.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2015.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,546,691			\$ 2,546,691
Construction in progress	1,126,332	\$ 1,368,127		2,494,459
Total capital assets, not being depreciated	3,673,023	1,368,127		5,041,150
Capital assets, being depreciated				
Land improvements	3,425,279			3,425,279
Buildings and building improvements	80,531,323			80,531,323
Machinery, equipment, and vehicles	6,874,841	226,840	\$ 91,210	7,010,471
Total capital assets being depreciated	90,831,443	226,840	91,210	90,967,073
Less accumulated depreciation for:				
Land improvements	777,159	168,329		945,488
Buildings and building improvements	25,545,623	1,522,981		27,068,604
Machinery, equipment, and vehicles	5,261,801	433,070	91,201	5,603,661
Total accumulated depreciation	31,584,583	2,124,380	91,210	33,617,753
Total capital assets, being depreciated, net	59,246,860	(1,897,540)		57,349,320
Governmental activities capital assets, net	<u>\$ 62,919,883</u>	<u>\$ (529,413)</u>		<u>\$ 62,390,470</u>

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2015 as follows:

Instruction	\$1,315,162
Attendance/social work	1,407
Health services	22,671
Other support services	161,553
Improvement of instruction	59,378
School library	35,692
General administration	31,222
School administration	79,756
Central services	35,606
Information technology	7,960
Required maintenance of plant services	58,168
Operation of plant	149,837
Care & upkeep of grounds	10,033
Security	6,571
Student transportation	142,511
Special Schools	6,853
	<u>\$2,124,380</u>

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2015:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Ending Balance</b>
<b>Business-type activities</b>			
Capital assets, being depreciated:			
Equipment	\$ 605,023	\$ 7,782	\$ 612,805
Less accumulated depreciation for:			
Equipment	418,624	32,026	450,650
<b>Total business-type activities capital assets, net</b>	<b>\$ 186,399</b>	<b>\$ (24,244)</b>	<b>\$ 162,155</b>

### 5. Long-Term Liabilities

#### Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipalities through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on all serial bonds outstanding are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Fiscal year ending June 30:			
2016	\$ 3,645,000	\$ 1,116,438	\$ 4,761,438
2017	3,790,000	970,138	4,760,138
2018	4,155,000	797,813	4,952,813
2019	4,355,000	600,188	4,955,188
2020	4,535,000	408,600	4,943,600
2021-2022	7,440,000	300,400	7,740,400
	<b>\$ 27,920,000</b>	<b>\$ 4,193,576</b>	<b>\$ 32,113,576</b>

Bonds payable at June 30, 2014 are comprised of the following issues:

\$20,080,000, 2005 refunding bonds, due in annual installments ranging from \$330,000 to \$3,790,000 through August 15, 2021 at interest rates ranging from 4.00% to 5.00%.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**5. Long-Term Liabilities (continued)**

**Bonds Payable (continued)**

\$13,265,000, 2010 refunding bonds, due in annual installments ranging from \$1,435,000 to \$2,420,000 through August 15, 2016 at an interest rate of 4.00%.

\$5,665,000, 2012 refunding bonds, due in annual installments ranging from \$895,000 to \$1,015,000 through January 15, 2020 at interest rates ranging from 3.00% to 4.00%.

*Defeased Debt*

In March 2012, the District issued \$5,665,000 of refunding bonds to provide resources to refund \$4,755,000 of the District's 2004 bonds. As of June 30, 2015, none of the defeased debt remained outstanding.

**Bonds Authorized But Not Issued**

As of June 30, 2015, the District had no authorized but not issued bonds.

**Capital Leases Payable**

The District entered into a capital lease for transportation and maintenance equipment in the amount of \$293,808. The equipment is being leased with an interest rate of 2.01%. The capital lease for the equipment is for a term of five years. In March 2014, the District entered into a capital lease for maintenance equipment in the amount of \$665,000. The equipment is being leased with an interest rate of 1.52%. In August, 2014, the District entered into a capital lease for cardiac emergency equipment in the amount of \$48,610. The equipment is being leased with an interest rate of 3.33%.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015:

	<u>Amount</u>
Year:	
2016	\$ 130,315
2017	130,326
2018	136,127
2019	<u>70,363</u>
Total minimum lease payments	467,131
Less amounts representing interest	<u>(22,481)</u>
Present value of net minimum lease payments	<u>\$ 444,650</u>

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 5. Long-Term Liabilities (continued)

#### Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$ 31,445,000		\$ 3,525,000	\$ 27,920,000	\$ 3,645,000
Premium on bonds	1,142,110		295,580	846,530	295,580
Capital leases	608,249	\$ 48,610	212,209	444,650	122,970
Compensated absences	2,033,309	345,931	266,807	2,112,433	223,110
Governmental activity long-term liabilities	<u>\$ 35,228,668</u>	<u>\$ 394,541</u>	<u>\$ 4,299,596</u>	<u>\$ 31,323,613</u>	<u>\$ 4,286,660</u>

Compensated absences and capital lease liabilities are liquidated by expenditures charged to the general fund. Bonds payable are liquidated by expenditures charged to the debt service fund.

### 6. Pension Plans

#### Description of Systems

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

#### Teachers' Pension and Annuity Fund

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **6. Pension Plans (continued)**

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

#### **Public Employee's Retirement System**

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

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

#### **Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Public Employee's Retirement System (PERS)*

At June 30, 2015, the District reported a liability of \$20,302,690 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. 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, 2014, the District's proportion was 0.1084386997 percent, which was an increase of 0.0050081588 from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the District recognized full accrual pension expense of \$1,215,250 in the government-wide financial statements. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	638,426	-
Net difference between projected and actual earnings on pension plan investments	-	1,209,930
Changes in proportion and differences between District contributions and proportionate share of contributions	808,532	-
District contributions subsequent to the measurement date	966,330	-
	<u>\$ 2,413,288</u>	<u>\$ 1,209,930</u>

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 6. Pension Plans (continued)

\$966,330 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:

<b>Year ended June 30:</b>	
2016	\$ (36,498)
2017	(36,498)
2018	(36,498)
2019	(36,497)
2020	265,986
Thereafter	117,033
	<u>\$ 237,028</u>

#### *Actuarial Assumptions*

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

#### *Mortality Rates*

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 25,541,475	\$ 20,302,690	\$ 15,903,444

*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 at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$ 1,452,705,538
Collective deferred inflows of resources	\$ 2,146,719,012
Collective net pension liability - Local Group	\$ 18,722,735,003
District's Proportion	0.1084386997%

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is \$968,532,408.

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, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

*Teachers Pensions and Annuity Fund (TPAF)*

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2014 was \$169,825,780. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. 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, 2014, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3177476544 percent, which was a decrease of 0.0042315140 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$9,138,221 for contributions incurred by the State.

*Actuarial assumptions*

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

Inflation rate	2.50%
Salary increases	
2012-2021	aries based on experience
Thereafter	aries based on experience
Investment rate of return	7.90%

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 6. Pension Plans (continued)

#### *Mortality Rates*

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

#### *Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments 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.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Fund / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	100.00%	

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>At 1% Decrease (3.68%)</b>	<b>At Current Discount Rate (4.68%)</b>	<b>At 1% Increase (5.68%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 204,255,803	\$ 169,825,780	\$ 141,189,007

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 6. Pension Plans (continued)

#### Additional Information

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$	2,389,959,068
Collective deferred inflows of resources	\$	1,846,540,800
Collective net pension liability - Local Group	\$	53,813,067,539

State's proportionate share associated with the District	0.3177476544%
---	---------------

Collective pension expense for the plan for the measurement period ended June 30, 2014 is \$2,906,835,786.

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, 2013 (the beginning of the measurement period ended June 30, 2014) is 8.5 years.

### 7. Post-retirement Benefits

During the year ended June 30, 2015, the State of New Jersey contributed \$4,416,285 to the TPAF for post-retirement medical benefits 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 \$2,330,190 during the year ended June 30, 2015 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, 2015, 2014 and 2013 were \$893,953, \$867,788, and \$808,013 respectively, equal to the required contributions for each year.

#### Plan Description

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 7. Post-retirement Benefits (continued)

#### Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, Chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 C.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SEHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2015, 2014 and 2013 were \$2,709,509, \$2,203,986, and \$2,352,502, respectively, which equaled the required contributions for each year. The State's contributions to the SEHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **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 accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

#### **New Jersey Unemployment Compensation Insurance**

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

### **9. Deferred Compensation**

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

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

The plan members' contributions to the deferred compensation plans for the years ended June 30, 2015, 2014 and 2013 were \$1,244,057, \$1,200,953, and \$1,050,678 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, 2015

### 10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2015 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 356,544	\$ -
Special Revenue Fund		277,500
Capital Projects Fund	-	79,044
	<u>\$ 356,544</u>	<u>\$ 356,544</u>

The interfund between the general fund and the special revenue fund represents an allocation of internally pooled cash from the general fund and represents a short-term loan. The interfund between the general fund and the capital projects fund also represents an allocation of internally pooled cash from the general fund and represents a short-term loan.

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, 2015 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with capital projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**12. Contingent Liabilities (continued)**

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

The District is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

**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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$	1,887,147
Deposit:		
Approved by board resolution in June 2015		2,102,000
Interest on Capital Reserve		2,902
Withdrawals:		
Approved by various Board resolutions		(21,696)
Ending balance, June 30, 2015	\$	<u>3,970,353</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve. The District budgeted a withdrawal of \$763,000 from the capital reserve in its 2015-16 budget.

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**14. Transfers**

The following presents a reconciliation of transfers during the 2015 fiscal year:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund		\$ 8,587
Capital Projects Fund	\$ 8,587	
	<u>\$ 8,587</u>	<u>\$ 8,587</u>

The transfer of \$8,587 from the general fund to the capital projects fund was to fund additional costs associated with the District's ongoing capital projects.

**15. Restricted Assets**

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

**16. Commitments**

The District has contractual commitments at June 30, 2015 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$285,002.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 17. Change in Accounting Principle

Effective in the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. The implementation of the Statements required a restatement of prior year net position in the government-wide financial statements.

	<b>Governmental Activities</b>
Beginning Net Position - June 30, 2014	<u>\$ 34,591,692</u>
Adjustments:	
Recognition of Net Pension Liability	(19,767,631)
Deferred outflow for PERS FY2015 Pension Payment	966,330
Accounts Payable for PERS FY2015 Pension Payment	<u>(966,330)</u>
Adjustment	<u>(19,767,631)</u>
Beginning Net Position - June 30, 2014 (as restated)	<u>\$ 14,824,061</u>

Required Supplementary Information  
Part II

Hopewell Valley Regional School District  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Public Employee's Retirement System

Last Ten Fiscal Years\*

	Year Ended June 30, 2015
District's proportion of the net pension liability (asset) - Local Group	0.1084386997%
District's proportionate share of the net pension liability (asset)	\$ 20,302,690
District's covered-employee payroll	\$ 7,614,532
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	266.63%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	52.08%

\* 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.

**Notes to Required Supplementary Information:**

Benefit Changes

None

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014.

Hopewell Valley Regional School District  
 Schedule of District Contributions  
 Public Employee's Retirement System

Last Ten Fiscal Years\*

	Year Ended June 30,
	2015
Contractually required contribution	\$ 966,330
Contributions in relation to the contractually required contribution	(966,330)
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 7,614,532
 Contributions as a percentage of covered-employee payroll	12.69%

\*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.

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

Last Ten Fiscal Years\*

	Year Ended June 30, 2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	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	\$ 169,825,780
Total proportionate share of the net pension liability (asset) associated with the District	\$ 169,825,780
Plan fiduciary net position as a percentage of the total pension liability	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.

**Notes to Required Supplementary Information:**

Benefit Changes

None

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014.

Required Supplementary Information  
Part III

Budgetary Comparison Schedules

Hopewell Valley Regional School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 68,227,094		\$ 68,227,094	\$ 68,227,094	
Tuition	220,093		220,093	312,585	\$ 92,492
Interest earned on capital reserve funds				2,902	2,902
Interest on investments				25,210	25,210
Transportation	138,000	\$ (50,000)	88,000	80,419	(7,581)
Miscellaneous	555,500	50,000	605,500	603,560	(1,940)
<b>Total revenues - local sources</b>	<b>69,140,687</b>	<b>-</b>	<b>69,140,687</b>	<b>69,251,770</b>	<b>111,083</b>
State sources:					
School choice aid	176,202		176,202	176,202	
Special education categorical aid	2,087,038		2,087,038	2,087,038	
Security categorical aid	54,445		54,445	54,445	
Transportation categorical aid	349,130		349,130	349,130	
Extraordinary aid				375,103	375,103
PARCC Readiness aid	35,060		35,060	35,060	
Per pupil growth aid	35,060		35,060	35,060	
Non-public transportation aid				52,866	52,866
On-behalf TPAF pension contributions				4,416,285	4,416,285
Reimbursed TPAF social security contributions				2,330,190	2,330,190
<b>Total - state sources</b>	<b>2,736,935</b>	<b>-</b>	<b>2,736,935</b>	<b>9,911,379</b>	<b>7,174,444</b>
<b>Total revenues</b>	<b>71,877,622</b>	<b>-</b>	<b>71,877,622</b>	<b>79,163,149</b>	<b>7,285,527</b>
<b>Expenditures</b>					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	480,443	25,081	505,524	501,096	4,428
Grades 1-5	8,266,724	(5,079)	8,261,645	8,223,786	37,859
Grades 6-8	5,153,363	227,558	5,380,921	5,380,525	396
Grades 9-12	6,786,041	297,830	7,083,871	7,068,233	15,638
Home instruction:					
Salaries of teachers	80,000	(18,630)	61,370	44,840	16,530
Purchased professional-educational services		18,500	18,500	13,917	4,583
Undistributed instruction:					
Other salaries for instruction	2,162,269	(46,902)	2,115,367	2,115,367	
Purchased professional-educational services	313,888	(45,357)	268,531	232,624	35,907
Purchased technical services	22,000		22,000	20,747	1,253
Other purchased services	399,247	(21,908)	377,339	309,427	67,912
General supplies	1,499,501	182,695	1,682,196	1,611,645	70,551
Textbooks	161,720	(17,782)	143,938	119,203	24,735
Other objects	29,626	(5,849)	23,777	17,862	5,915
<b>Total instruction - regular programs</b>	<b>25,354,822</b>	<b>590,157</b>	<b>25,944,979</b>	<b>25,659,272</b>	<b>285,707</b>
Special education:					
Autism:					
Salaries of teachers	158,029		158,029	95,373	62,656
<b>Total autism</b>	<b>158,029</b>	<b>-</b>	<b>158,029</b>	<b>95,373</b>	<b>62,656</b>
Learning and/or language disabilities:					
Salaries of teachers	55,914	(42,285)	13,629		13,629
General supplies	2,000	425	2,425	1,741	684
<b>Total learning and/or language disabilities</b>	<b>57,914</b>	<b>(41,860)</b>	<b>16,054</b>	<b>1,741</b>	<b>14,313</b>

Hopewell Valley Regional School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Special education (continued):					
Multiple disabilities:					
Salaries of teachers	\$ 332,955		\$ 332,955	\$ 332,955	
Total multiple disabilities	332,955		332,955	332,955	
Resource room/center:					
Salaries of teachers	3,988,577	\$ 42,580	4,031,157	4,004,631	\$ 26,526
Other salaries for instruction	44,830	3,029	47,859	47,859	
Other purchased services	1,032		1,032	935	97
General supplies	25,375	(618)	24,757	20,823	3,934
Textbooks	4,000	(500)	3,500	2,226	1,274
Total resource room/center	4,063,814	44,491	4,108,305	4,076,474	31,831
Preschool disabilities - part - time					
Salaries of teachers	288,577	10,649	299,226	292,472	6,754
General supplies	1,625	4,626	6,251	6,014	237
Total preschool disabilities - part - time	290,202	15,275	305,477	298,486	6,991
Total special education	4,902,914	17,906	4,920,820	4,805,029	115,791
Bilingual education:					
Salaries of teachers	69,185	1	69,186	69,185	1
General supplies	500		500	400	100
Total bilingual education	69,685	1	69,686	69,585	101
Basic skills/remedial instruction:					
Salaries of teachers	1,182,154	(59,260)	1,122,894	1,099,546	23,348
General supplies	9,000	(1,050)	7,950	6,281	1,669
Textbooks	500		500	413	87
Total basic skills/remedial instruction	1,191,654	(60,310)	1,131,344	1,106,240	25,104
School-sponsored cocurricular activities:					
Salaries	146,234	27,250	173,484	164,460	9,024
Purchased services	23,930	(3,651)	20,279	15,655	4,624
Supplies and materials	38,250	2,473	40,723	38,231	2,492
Other objects	26,372	9,320	35,692	34,455	1,237
Total school-sponsored cocurricular activities	234,786	35,392	270,178	252,801	17,377

Hopewell Valley Regional School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
School-sponsored athletics - instruction:					
Salaries	\$ 630,904	\$ 10,120	\$ 641,024	\$ 639,503	\$ 1,521
Purchased services	196,619	(28,455)	168,164	153,090	15,074
Supplies and materials	93,251	22,554	115,805	104,153	11,652
Other objects	11,420	13,185	24,605	24,604	1
Total school-sponsored athletics - instruction	932,194	17,404	949,598	921,350	28,248
Total instruction	32,686,055	600,550	33,286,605	32,814,277	472,328
Undistributed expenditures:					
Instruction:					
Tuition to county voc. school dist.-special	58,000	(7,030)	50,970	7,500	43,470
Tuition to CSSD and regional day schools	665,610	91,608	757,218	622,768	134,450
Tuition to private school for the disabled - within state	1,692,175	(130,032)	1,562,143	1,245,853	316,290
Tuition to private school for the disabled and other LEAs-special-outside state	43,150		43,150	25,061	18,089
Tuition - state facilities	337,333		337,333	214,713	122,620
Total undistributed instruction	2,796,268	(45,454)	2,750,814	2,115,895	634,919
Attendance and social work services:					
Salaries	39,874		39,874	38,449	1,425
Other purchased services	255		255		255
Total attendance and social work service	40,129		40,129	38,449	1,680
Health services:					
Salaries	670,856	(36,388)	634,468	597,929	36,539
Purchased services		10,714	10,714	10,713	1
Supplies and materials	11,558		11,558	10,859	699
Other objects	1,300		1,300	195	1,105
Total health services	683,714	(25,674)	658,040	619,696	38,344
Speech, OT, PT & related services:					
Salaries	742,329	(5,400)	736,929	723,128	13,801
Purchased professional educational services		5,400	5,400	5,400	
Supplies and materials	3,100	(1,192)	1,908	1,528	380
Total speech, OT, PT & related services	745,429	(1,192)	744,237	730,056	14,181

Hopewell Valley Regional School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$1,127,177	\$ 34,523	\$1,161,700	\$ 1,161,700	
Salaries of secretarial and clerical assistants	121,132		121,132	118,552	\$ 2,580
Other purchased services	853	26,416	27,269	21,685	5,584
Supplies and materials	3,200	374	3,574	2,800	774
Total guidance	1,252,362	61,313	1,313,675	1,304,737	8,938
Child study teams:					
Salaries of other professional staff	1,552,089	(190,642)	1,361,447	1,345,508	15,939
Salaries of secretarial and clerical assistants	186,902		186,902	186,075	827
Purchased professional and educational services	78,500	39,021	117,521	116,808	713
Other purchased professional and technical services	648,535	(47,731)	600,804	491,503	109,301
Miscellaneous purchased services	29,600	(205)	29,395	19,887	9,508
Supplies and materials	79,380		79,380	64,596	14,784
Other objects	1,139	205	1,344	1,235	109
Total child study teams	2,576,145	(199,352)	2,376,793	2,225,612	151,181
Improvement of instructional services:					
Salaries of supervisors of instruction	1,348,429	(60,618)	1,287,811	1,287,811	
Salaries of other professional staff	218,406	9,861	228,267	224,735	3,532
Salaries of secretarial and clerical assistants	85,537		85,537	80,927	4,610
Salaries of facilitators and coaches	52,500	(52,500)			
Other purchased services	9,100	(50)	9,050	3,447	5,603
Supplies and materials	8,500		8,500	4,209	4,291
Other objects	19,645	2,410	22,055	21,958	97
Total improvement of instructional services	1,742,117	(100,897)	1,641,220	1,623,087	18,133
Educational media services/school library:					
Salaries	469,459		469,459	469,459	
Salaries of technology coordinators	475,027	17,000	492,027	421,782	70,245
Purchased professional and technical services	35,467	(8,200)	27,267	26,670	597
Supplies and materials	68,335	(2,009)	66,326	57,623	8,703
Other objects	1,080	(650)	430	103	327
Total educational media services/school library	1,049,368	6,141	1,055,509	975,637	79,872

Hopewell Valley Regional School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Support services-general administration:					
Salaries	\$ 248,278	\$ 7,275	\$ 255,553	\$ 255,553	
Other purchased professional services	228,500	4,800	233,300	221,871	\$ 11,429
Architectural/engineering services	234,072	(12,076)	221,996	83,713	138,283
Communications/telephone	202,014	(5,594)	196,420	118,597	77,823
Other purchased services	109,643	14,610	124,253	121,938	2,315
General supplies	3,000	550	3,550	2,829	721
Miscellaneous expenditures	48,145	2,434	50,579	48,954	1,625
Total support services-general administration	1,073,652	11,999	1,085,651	853,455	232,196
Support services-school administration:					
Salaries of principals/ assistant principals	1,393,008	(6,069)	1,386,939	1,384,484	2,455
Salaries of secretarial and clerical assistants	735,477	18,129	753,606	744,033	9,573
Other purchased services	41,005	(12,124)	28,881	17,742	11,139
Supplies and materials	27,100	(3,192)	23,908	22,355	1,553
Other objects	21,430	(2,813)	18,617	11,500	7,117
Total support services-school administration	2,218,020	(6,069)	2,211,951	2,180,114	31,837
Central services:					
Salaries	829,828	5,545	835,373	832,453	2,920
Purchased professional services	52,925	(5,545)	47,380	26,045	21,335
Purchased technical services	37,612		37,612	34,610	3,002
Miscellaneous purchased services	87,926		87,926	53,629	34,297
Supplies and materials	26,520		26,520	18,370	8,150
Miscellaneous expenditures	11,600		11,600	8,166	3,434
Total support services-central services	1,046,411	-	1,046,411	973,273	73,138
Administration information technology:					
Salaries	237,988	(31,267)	206,721	203,367	3,354
Other purchased services	20,876	(6,446)	14,430	14,217	213
Total administration information technology	258,864	(37,713)	221,151	217,584	3,567
Operation and maintenance of plant services:					
Required maintenance for school facilities:					
Salaries	747,970	35,037	783,007	782,353	654
Cleaning, repair and maintenance services	657,406	74,310	731,716	568,404	163,312
General supplies	196,550	82,421	278,971	239,234	39,737
Total required maintenance for school facilities	1,601,926	191,768	1,793,694	1,589,991	203,703

Hopewell Valley Regional School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operation and maintenance of plant services					
Custodial services:					
Salaries	\$ 1,838,517	\$ (4,951)	\$ 1,833,566	\$ 1,833,565	\$ 1
Cleaning, repair and maintenance services	216,750	(9,402)	207,348	190,062	17,286
Other purchased property services	281,656	(51,292)	230,364	203,161	27,203
Insurance	210,152	64,193	274,345	274,345	
Travel	12,750	(8,750)	4,000	2,956	1,044
General supplies	166,699	17,716	184,415	167,914	16,501
Energy (electricity)	1,187,453	(68,567)	1,118,886	1,011,912	106,974
Energy (natural gas)	435,260	(2,144)	433,116	404,833	28,283
Energy (oil)	15,799	(15,799)			
Other objects		7,644	7,644	6,996	648
Total custodial services	4,365,036	(71,352)	4,293,684	4,095,744	197,940
Care & upkeep of grounds:					
Salaries	202,646	194	202,840	202,840	
Cleaning, repair and maintenance services	14,000	(14,000)			
General supplies	122,000	(38,987)	83,013	71,400	11,613
Total care & upkeep of grounds	338,646	(52,793)	285,853	274,240	11,613
Security:					
Salaries	176,322	5,418	181,740	179,613	2,127
Total security	176,322	5,418	181,740	179,613	2,127
Total operations and maintenance of plant	6,481,930	73,041	6,554,971	6,139,588	415,383
Student transportation services:					
Salaries of non-instructional aides	210,274	75,324	285,598	285,598	
Salaries for pupil transportation:					
Between home and school - regular	352,949	41,156	394,105	390,326	3,779
Between home and school - special	727,196	17,591	744,787	742,299	2,488
Other than between home and school	39,716	(1,963)	37,753	36,011	1,742
Management fee - ESC & CTSA trans. program	2,000	5,803	7,803	6,600	1,203
Other purchased professional and technical services	19,575	(1,575)	18,000	8,934	9,066
Cleaning repair and maintenance services	84,500	(14,143)	70,357	61,348	9,009
Rental payments - school buses	3,000		3,000	2,750	250
Lease purchase payments - school buses	96,915	23,618	120,533	120,533	
Contracted services:					
Between home and school - vendors	1,516,193	(66,619)	1,449,574	1,389,871	59,703
Other than between home and school - vendors	278,723	11,132	289,855	248,134	41,721
Between home and school - joint agreements	1,500		1,500		1,500
Special ed stds- vendors	216,554	(205,464)	11,090		11,090
Special ed stds- joint agreements	10,000	(9,450)	550		550
Special ed stds- ESC & CTSAAs	2,000	97,230	99,230	99,227	3
Aid in lieu of payments	205,531	15,950	221,481	221,477	4
Travel		2,325	2,325	2,325	
Transportation supplies	324,937	21,216	346,153	280,056	66,097
Other objects	1,250		1,250		1,250
Total student transportation services	4,093,813	11,131	4,104,944	3,895,489	209,455

Hopewell Valley Regional School District  
General Fund

Budgetary Comparison Schedule

(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated benefits - employee benefits:					
Social security contributions	\$ 959,800		\$ 959,800	\$ 942,505	\$ 17,295
Other retirement contributions - PERS	991,393	\$ (25,333)	966,060	893,659	72,401
Other retirement contributions - regular	13,000	17,000	30,000	29,358	642
Unemployment	167,775		167,775	159,480	8,295
Workers' compensation	375,119		375,119	375,119	
Health benefits	9,761,989	(300,169)	9,461,820	8,942,770	519,050
Tuition reimbursement	165,000	55,600	220,600	218,615	1,985
Total unallocated benefits	12,434,076	(252,902)	12,181,174	11,561,506	619,668
On-behalf TPAF pension contributions (non-budgeted)				4,416,285	(4,416,285)
Reimbursed TPAF social security (non-budgeted) contributions				2,330,190	(2,330,190)
Total on-behalf payments				6,746,475	(6,746,475)
Total undistributed expenditures	38,492,298	(505,628)	37,986,670	42,200,653	(4,213,983)
Total expenditures - current	71,178,353	94,922	71,273,275	75,014,930	(3,741,655)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Undistributed expenditures - instruction	834,125	(83,592)	750,533	703,456	47,077
Undistributed expenditures - pupil services	15,580		15,580	6,186	9,394
Total equipment	849,705	(83,592)	766,113	709,642	56,471
Facilities acquisition and construction services:					
Construction services	1,191,558	13,109	1,204,667	1,170,182	34,485
Other objects - debt service assessment	101,068		101,068	101,068	
Total facilities acquisition and construction services	1,292,626	13,109	1,305,735	1,271,250	34,485
Assets acquired under capital leases (Non-budgeted):					
Undistributed expenditures:					
Assets acquired under capital leases (Non-budgeted)				48,610	(48,610)
Total expenditures - capital outlay	2,142,331	(70,483)	2,071,848	2,029,502	42,346

Hopewell Valley Regional School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Special schools:					
Summer school - instruction:					
Salaries of teachers	\$ 175,500	\$ 10,320	\$ 185,820	\$ 179,941	\$ 5,879
Purchased professional educational services	29,230	(23,950)	5,280	5,280	
General supplies	1,500	2,300	3,800	2,102	1,698
Total summer school - instruction	206,230	(11,330)	194,900	187,323	7,577
Total expenditures	73,526,914	13,109	73,540,023	77,231,755	(3,691,732)
(Deficiency) excess of revenues (under) over expenditures	(1,649,292)	(13,109)	(1,662,401)	1,931,394	3,593,795
Other financing sources (uses):					
Transfer from Capital Reserve to Capital Projects Fund				(8,587)	(8,587)
Capital leases - (non-budgeted)				48,610	48,610
Total other financing sources (uses)	-	-	-	40,023	40,023
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(1,649,292)	(13,109)	(1,662,401)	1,971,417	3,633,818
Fund balances, July 1	5,389,123	-	5,389,123	5,389,123	-
Fund balances, June 30	\$ 3,739,831	\$ (13,109)	\$ 3,726,722	\$ 7,360,540	\$ 3,633,818
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 3,970,353	
Maintenance reserve account - restricted				88,488	
Designated for subsequent year's expenditures - assigned				1,180,282	
Year end encumbrances - assigned				285,002	
Unassigned				1,836,415	
				7,360,540	
Reconciliation to Government Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(210,745)	
Fund balance per Governmental Funds (GAAP)				\$ 7,149,795	

Hopewell Valley Regional School District  
Special Revenue Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
State sources	\$ 81,483	\$ 41,628	\$ 123,111	\$ 114,505	\$ (8,606)
Federal sources	841,933	260,551	1,102,484	1,046,678	(55,806)
Local sources		60,280	60,280	9,270	(51,010)
Total revenues	<u>923,416</u>	<u>362,459</u>	<u>1,285,875</u>	<u>1,170,453</u>	<u>(115,422)</u>
<b>Expenditures</b>					
Current expenditures:					
Instruction:					
Salaries of teachers	75,779	72,216	147,995	116,766	31,229
Other purchased services	714,296	165,311	879,607	859,291	20,316
General supplies		1,000	1,000	1,000	
Textbooks	20,606	7,040	27,646	26,281	1,365
Other Objects	13,277	2,740	16,017	16,017	
Total instruction	<u>823,958</u>	<u>248,307</u>	<u>1,072,265</u>	<u>1,019,355</u>	<u>52,910</u>
Support services:					
Salaries		5,561	5,561	1,300	4,261
Personal services—employee benefits		7,218	7,218	7,218	
Purchased professional services	38,581	24,315	62,896	38,386	24,510
Other purchased professional services	60,877	77,058	137,935	104,194	33,741
Total support services	<u>99,458</u>	<u>114,152</u>	<u>213,610</u>	<u>151,098</u>	<u>62,512</u>
Total expenditures	<u>923,416</u>	<u>362,459</u>	<u>1,285,875</u>	<u>1,170,453</u>	<u>115,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Hopewell Valley Regional School District  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2015

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 79,163,149	\$ 1,170,453
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current year		-
Prior year		4,538
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	162,535	
Current year	(210,745)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 79,114,939	\$ 1,174,991
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 77,231,755	\$ 1,170,453
Differences - budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current year		-
Prior year		4,538
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 77,231,755	\$ 1,174,991

## 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, 2015

<u>Nonpublic Aid</u>							
	<u>Textbooks</u>	<u>Nursing</u>	<u>Technology</u>	<u>Transportation</u>	<u>Corrective Speech</u>	<u>Examination &amp; Classification</u>	<u>Home Instruction</u>
Revenues:							
State sources	\$ 26,281	\$ 59,675	\$ 14,080	\$ 1,283	\$ 1,767	\$ 11,346	\$ 73
Federal sources							
Local sources							
Total revenues	<u>\$ 26,281</u>	<u>\$ 59,675</u>	<u>\$ 14,080</u>	<u>\$ 1,283</u>	<u>\$ 1,767</u>	<u>\$ 11,346</u>	<u>\$ 73</u>
Expenditures:							
Instruction:							
Salaries of teachers							
Other purchased services							
General supplies							
Textbooks	\$ 26,281						
Other Objects							
Total instruction	<u>26,281</u>						
Undistributed:							
Support services:							
Salaries							
Personal services—employee benefits							
Purchased professional services							
Other purchased professional services		\$ 59,675	\$ 14,080	\$ 1,283	\$ 1,767	\$ 11,346	\$ 73
Total support services		<u>59,675</u>	<u>14,080</u>	<u>1,283</u>	<u>1,767</u>	<u>11,346</u>	<u>73</u>
Total expenditures	<u>\$ 26,281</u>	<u>\$ 59,675</u>	<u>\$ 14,080</u>	<u>\$ 1,283</u>	<u>\$ 1,767</u>	<u>\$ 11,346</u>	<u>\$ 73</u>

Hopewell Valley Regional School District  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2015

	<u>Title I A</u>	<u>Title II A</u>	<u>Title III</u>	<u>I.D.E.A.</u>			<u>Totals</u>
	<u>Current</u>	<u>Current</u>	<u>Current</u>	<u>Part B</u>	<u>Preschool</u>	<u>Perkins</u>	
Revenues:							
State sources							\$ 114,505
Federal sources	\$ 117,113	\$ 45,086	\$ 7,771	\$ 835,329	\$ 23,962	\$ 17,417	1,046,678
Local sources							\$ 9,270
Total revenues	\$ 117,113	\$ 45,086	\$ 7,771	\$ 835,329	\$ 23,962	\$ 17,417	\$ 9,270
Expenditures:							
Instruction:							
Salaries of teachers	\$ 109,823		\$ 6,943				116,766
Other purchased services				\$ 835,329	\$ 23,962		859,291
General supplies	1,000						1,000
Textbooks							26,281
Other Objects						\$ 16,017	16,017
Total instruction	110,823		6,943	835,329	23,962	16,017	1,019,355
Undistributed:							
Support services:							
Salaries						1,300	1,300
Personal services—employee benefits	6,290		828			100	7,218
Purchased professional services		\$ 38,386					38,386
Other purchased professional		6,700					6,700
Total support services	6,290	45,086	828			1,400	151,098
Total expenditures	\$ 117,113	\$ 45,086	\$ 7,771	\$ 835,329	\$ 23,962	\$ 17,417	\$ 9,270

# 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, 2015

<b>Revenues</b>	
State Sources - SDA/ROD Grants	\$ (299,022)
Other local sources	-
Total revenues	<u>(299,022)</u>
<b>Expenditures</b>	
Construction services	197,945
Total expenditures	<u>197,945</u>
(Deficiency) of revenues under expenditures	(496,967)
<b>Other financing sources:</b>	
Transfer in from capital reserve	8,587
Total other financing sources	<u>8,587</u>
(Deficiency) of revenues and other financing sources under expenditures and other financing (uses)	(488,380)
Fund Balance, July 1	742,514
Fund Balance, June 30	<u><u>\$ 254,134</u></u>
 <u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund balance, budgetary basis, June 30, 2015	\$ 254,134
Less: Revenue not recognized on a GAAP basis	-
Fund balance, GAAP basis, June 30, 2015	<u><u>\$ 254,134</u></u>

Hopewell Valley Regional School District  
Capital Projects Fund

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

2009/2010 ROD Grant Projects

From Inception and for the year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and other financing sources</b>				
State Sources - SDA/ROD Grants	\$ 128,669		\$ 128,669	\$ 128,669
Transfer from Capital Reserve	201,172		201,172	201,172
Other local sources	20,220		20,220	20,220
Total revenues and other financing sources	<u>350,061</u>	<u>-</u>	<u>350,061</u>	<u>350,061</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services				
Construction services	285,963		285,963	312,482
Equipment				
Miscellaneous				
Transfer to Capital Reserve	37,579		37,579	37,579
Total expenditures	<u>323,542</u>	<u>-</u>	<u>323,542</u>	<u>350,061</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 26,519</u>	<u>\$ -</u>	<u>\$ 26,519</u>	<u>\$ -</u>
<b>Additional project information</b>				
Project numbers	2280-0XX-09-OZXX-00			
Grant dates	Various			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$ 376,440			
Additional authorized cost	(26,379)			
Revised authorized cost	<u>\$ 350,061</u>			
Percentage decrease over original authorized cost	-7.01%			
Percentage completion	100.00%			
Original target completion date	6/30/2011			
Revised target completion date	Complete			

Hopewell Valley Regional School District  
Capital Projects Fund

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

2010/2011 ROD Grant Projects

From Inception and for the year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and other financing sources</b>				
State Sources - SDA/ROD Grants	\$ 691,303	\$ (274,200)	\$ 417,103	\$ 430,303
Transfer from Capital Reserve	1,053,397		1,053,397	1,053,397
Other local sources	83,327		83,327	83,327
Total revenues and other financing sources	<u>1,828,027</u>	<u>(274,200)</u>	<u>1,553,827</u>	<u>1,567,027</u>
<b>Expenditures</b>				
Purchased professional and technical services				
Construction services	1,395,490	4,200	1,399,690	1,567,027
Equipment				
Miscellaneous				
Transfer to Capital Reserve				
Total expenditures	<u>1,395,490</u>	<u>4,200</u>	<u>1,399,690</u>	<u>1,567,027</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 432,537</u>	<u>\$ (278,400)</u>	<u>\$ 154,137</u>	<u>\$ -</u>
<b>Additional project information</b>				
Project numbers		Various		
Grant dates		Various		
Bond authorization date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost	\$ 1,365,088			
Additional authorized cost	201,939			
Revised authorized cost	<u>\$ 1,567,027</u>			
Percentage increase over original authorized cost		14.79%		
Percentage completion		89.32%		
Original target completion date		6/30/2012		
Revised target completion date		Complete		

Hopewell Valley Regional School District  
Capital Projects Fund

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

HVAC

From Inception and for the year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and other financing sources</b>				
State Sources - SDA/ROD Grants	\$ 266,800	\$ (24,822)	\$ 241,978	\$ 241,978
Transfer from Capital Reserve	400,200	8,587	408,787	408,787
Other local sources				
Total revenues and other financing sources	<u>667,000</u>	<u>(16,235)</u>	<u>650,765</u>	<u>650,765</u>
Purchased professional and technical services				
Construction services	383,542	193,745	577,287	650,765
Equipment				
Miscellaneous				
Transfer to Capital Reserve				
Total expenditures	<u>383,542</u>	<u>193,745</u>	<u>577,287</u>	<u>650,765</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 283,458</u>	<u>\$ (209,980)</u>	<u>\$ 73,478</u>	<u>\$ -</u>
<b>Additional project information</b>				
Project numbers	Various			
Grant dates	Various			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$ 667,000			
Additional authorized cost	(16,235)			
Revised authorized cost	<u>\$ 650,765</u>			
Percentage decrease over original authorized cost	-2.43%			
Percentage completion	88.71%			
Original target completion date	Not determinable			
Revised target completion date	Not determinable			

Fiduciary Funds  
Detail Statements

Hopewell Valley Regional School District  
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2015

	Trust			Agency		
	Private Purpose Scholarship Funds	Unemployment Compensation	Total Trust	Student Activity	Payroll	Total Agency
<b>Assets</b>						
Cash and cash equivalents	\$ 23,385		\$ 23,385	\$ 429,902	\$1,190,047	\$ 1,619,949
Total assets	<u>23,385</u>	-	<u>23,385</u>	<u>\$ 429,902</u>	<u>\$1,190,047</u>	<u>\$ 1,619,949</u>
<b>Liabilities</b>						
Payroll deductions and withholdings payable					\$1,190,047	\$ 1,190,047
Due to student groups				\$ 429,902		429,902
Total liabilities				<u>\$ 429,902</u>	<u>\$1,190,047</u>	<u>\$ 1,619,949</u>
<b>Net position</b>						
Held in trust	23,385		23,385			
Total net position	<u>\$ 23,385</u>	<u>\$ -</u>	<u>\$ 23,385</u>			

Hopewell Valley Regional School District  
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2015

	<b>Balance July 1, 2014</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2015</b>
Elementary Schools:				
Bear Tavern	\$ 2,016	\$ 11,298	\$ 11,806	\$ 1,508
Hopewell	5,226	23,584	20,544	8,266
Stony Brook	332	1	208	125
Toll Gate	11,480	15,353	13,599	13,234
Junior High School:				
Timberlane	1,434	121,453	117,154	5,733
High School:				
Student Fund	323,131	595,315	517,410	401,036
Total all schools	<u>\$ 343,619</u>	<u>\$ 767,004</u>	<u>\$ 680,721</u>	<u>\$ 429,902</u>

Hopewell Valley Regional School District  
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
<b>Assets</b>				
Cash and equivalents	\$1,008,857	\$ 80,523,335	\$ 80,342,145	\$ 1,190,047
Interfund receivable	21,693		21,693	-
Total assets	<u>\$1,030,550</u>	<u>\$ 80,523,335</u>	<u>\$ 80,363,838</u>	<u>\$ 1,190,047</u>
<b>Liabilities</b>				
Payroll deductions and withholdings payable	\$1,030,550	\$ 80,523,335	\$ 80,363,838	\$ 1,190,047
Total liabilities	<u>\$1,030,550</u>	<u>\$ 80,523,335</u>	<u>\$ 80,363,838</u>	<u>\$ 1,190,047</u>

## Long-Term Debt

Hopewell Valley Regional School District  
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance June 30, 2014	Retired	Balance June 30, 2015
2005 Refunding of October 2001 Bonds for the Construction of New School and Additions & Renovations to Bear Tavern & the Hopewell Valley Central High Schools	9/15/05	\$ 20,080,000	8/15/2015	\$ 330,000	4.000%	\$ 19,520,000	\$ 225,000	\$ 19,295,000
			8/15/2016	1,430,000	5.000%			
			8/15/2017	3,205,000	5.000%			
			8/15/2018	3,370,000	5.000%			
			8/15/2019	3,520,000	4.000%			
			8/15/2020	3,650,000	4.000%			
2010 Refunding of March 2001 Refunding Bonds	5/4/10	13,265,000	8/15/2015	2,420,000	4.000%	6,285,000	2,430,000	3,855,000
			8/15/2016	1,435,000	4.000%			
2012 Refunding of December 2004 and January 2005 Bonds	3/15/12	5,665,000	1/15/2016	895,000	3.000%	5,640,000	870,000	4,770,000
			1/15/2017	925,000	3.000%			
			1/15/2018	950,000	3.500%			
			1/15/2019	985,000	3.750%			
			1/15/2020	1,015,000	4.000%			
						<u>\$ 31,445,000</u>	<u>\$ 3,525,000</u>	<u>\$ 27,920,000</u>

Hopewell Valley Regional School District  
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2015

	<b>Interest Rate</b>	<b>Amount of Original Issue</b>	<b>Balance Outstanding June 30, 2014</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance Outstanding June 30, 2015</b>
Transportation and Maintenance Equipment	2.01%	\$ 293,808	\$ 91,249		\$ 91,249	
Various Equipment	1.52%	665,000	517,000		111,864	\$ 405,136
Emergency Cardiac Equipment	3.33%	48,610		\$ 48,610	9,096	39,514
			<u>\$ 608,249</u>	<u>\$ 48,610</u>	<u>\$ 212,209</u>	<u>\$ 444,650</u>

Hopewell Valley Regional School District  
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 3,847,443		\$ 3,847,443	\$ 3,847,443	
Miscellaneous				1,753	\$ 1,753
Total revenues	<u>3,847,443</u>		<u>3,847,443</u>	<u>3,849,196</u>	<u>1,753</u>
Expenditures:					
Principal on bonds	3,525,000		3,525,000	3,525,000	
Interest on bonds	<u>1,239,612</u>		<u>1,239,612</u>	<u>1,239,612</u>	
Total expenditures	<u>4,764,612</u>		<u>4,764,612</u>	<u>4,764,612</u>	
Net change in fund balance	(917,169)	-	(917,169)	(915,416)	1,753
Fund balance, July 1	918,482	-	918,482	918,482	-
Fund balance, June 30	<u>\$ 1,313</u>	<u>\$ -</u>	<u>\$ 1,313</u>	<u>\$ 3,066</u>	<u>\$ 1,753</u>

**Statistical Section  
Unaudited**

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 7,513,840	\$ 10,620,407	\$ 11,454,652	\$ 15,655,759	\$ 17,581,226	\$ 19,808,415	\$ 21,552,025	\$ 26,145,876	\$ 30,755,627	\$ 33,969,867
Restricted	9,912,723	3,876,011	2,592,635	1,728,390	1,054,122	4,940,503	4,486,124	2,571,167	2,618,421	4,312,975
Unrestricted (deficit)	(774,047)	4,441,737	4,917,580	2,987,704	3,902,541	(649,001)	1,372,735	1,587,725	1,217,644	(19,538,608)
<b>Total governmental activities net position</b>	<u>\$ 16,652,516</u>	<u>\$ 18,938,155</u>	<u>\$ 18,964,867</u>	<u>\$ 20,371,853</u>	<u>\$ 22,537,889</u>	<u>\$ 24,099,917</u>	<u>\$ 27,410,884</u>	<u>\$ 30,304,768</u>	<u>\$ 34,591,692</u>	<u>\$ 18,744,234</u>
<b>Business-type activities</b>										
Net investment in capital assets						\$ 297,117	\$ 249,788	\$ 217,906	\$ 186,399	\$ 162,155
Restricted							6,000			
Unrestricted	\$ 415,015	\$ 437,884	\$ 451,060	\$ 570,404	\$ 774,727	524,775	378,323	212,550	368,537	465,305
<b>Total business-type activities net position</b>	<u>\$ 415,015</u>	<u>\$ 437,884</u>	<u>\$ 451,060</u>	<u>\$ 570,404</u>	<u>\$ 774,727</u>	<u>\$ 821,892</u>	<u>\$ 634,111</u>	<u>\$ 430,456</u>	<u>\$ 554,936</u>	<u>\$ 627,460</u>
<b>District-wide</b>										
Net investment in capital assets	\$ 7,513,840	\$ 10,620,407	\$ 11,454,652	\$ 15,655,759	\$ 17,581,226	\$ 20,105,532	\$ 21,801,813	\$ 26,363,782	\$ 30,942,026	\$ 34,132,022
Restricted	9,912,723	3,876,011	2,592,635	1,728,390	1,054,122	4,940,503	4,492,124	2,571,167	2,618,421	4,312,975
Unrestricted (deficit)	(359,032)	4,879,621	5,368,640	3,558,108	4,677,268	(124,226)	1,751,058	1,800,275	1,586,181	(19,073,303)
<b>Total district net position</b>	<u>\$ 17,067,531</u>	<u>\$ 19,376,039</u>	<u>\$ 19,415,927</u>	<u>\$ 20,942,257</u>	<u>\$ 23,312,616</u>	<u>\$ 24,921,809</u>	<u>\$ 28,044,995</u>	<u>\$ 30,735,224</u>	<u>\$ 35,146,628</u>	<u>\$ 19,371,694</u>

Source: CAFR Schedule A-1 and District records.

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

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

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

Unaudited

	Year ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction										
Regular	\$ 22,311,118	\$ 23,169,833	\$ 25,056,229	\$ 25,649,031	\$ 25,369,974	\$ 38,474,095	\$ 38,348,315	\$ 40,154,834	\$ 38,474,839	\$ 46,088,795
Special Education	2,884,208	270,270	3,511,503	3,849,353	3,937,730	4,098,629	3,896,521	4,327,908	4,505,729	4,805,029
Other Special Education	596,872	615,585	577,360	642,476	865,459	1,176,851	1,255,196	1,314,999	1,251,839	1,175,825
Other Instruction	881,658	966,133	992,828	1,088,269	1,015,542	992,587	1,025,751	1,094,548	1,093,794	1,174,151
Support Services:										
Tuition	3,479,423	3,273,947	2,948,865	3,315,547	3,051,668	2,363,433	3,156,898	2,860,047	3,039,226	2,193,302
Student Instruction Related Services	5,722,289	6,112,212	6,397,211	6,674,157	7,051,312	11,734,782	9,640,544	9,895,406	9,642,213	11,834,793
School Administrative Services	2,119,679	2,102,846	2,176,308	2,154,697	2,276,639	2,307,087	3,077,089	3,044,680	3,056,317	3,501,032
General & Business Administrative Services	1,804,667	2,187,344	2,389,404	2,269,402	1,829,313	1,817,961	2,691,751	2,578,362	2,539,152	2,872,114
Plant Operations & Maintenance	4,486,855	5,270,821	5,760,698	5,804,510	5,503,697	5,625,781	7,092,165	7,229,580	7,512,004	7,900,372
Pupil Transportation	3,751,984	3,803,673	3,723,208	3,857,662	3,621,103	3,574,367	4,315,962	4,443,311	4,575,819	4,885,981
Unallocated Benefits	11,370,924	13,224,354	14,473,823	13,668,256	14,880,721	-	-	-	-	-
Special Schools	122,823	150,163	94,793	225,068	223,387	204,354	275,885	267,396	306,639	299,101
Amortization of Debt Issuance Costs	-	-	84,827	84,828	74,282	-	-	-	-	-
Transfer to Charter schools	-	-	94,101	22,967	-	-	-	-	-	-
Interest on long-term debt	2,496,604	2,462,986	2,255,606	2,152,114	2,023,644	1,612,892	1,552,917	1,428,558	1,540,050	1,141,961
Unallocated Loss on Revaluation of Fixed Assets	-	-	-	-	(9,649)	-	-	-	-	-
Unallocated Depreciation	1,791,066	2,398,465	2,128,671	2,125,291	2,216,991	-	-	-	-	-
Total governmental activities expenses	63,820,170	66,008,632	72,665,435	73,583,628	73,931,813	73,982,819	76,328,994	78,639,629	77,537,621	87,872,456
<b>Business-type activities:</b>										
Enterprise Funds	1,156,303	1,267,501	1,305,424	1,432,034	1,438,982	1,545,845	1,673,819	1,870,915	1,899,054	1,787,924
Total business-type activities expense	1,156,303	1,267,501	1,305,424	1,432,034	1,438,982	1,545,845	1,673,819	1,870,915	1,899,054	1,787,924
Total district expenses	\$ 64,976,473	\$ 67,276,133	\$ 73,970,859	\$ 75,015,662	\$ 75,370,795	\$ 75,528,664	\$ 78,002,813	\$ 80,510,544	\$ 79,436,675	\$ 89,660,380
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services	\$ 254,594	\$ 254,427	\$ 270,270	\$ 290,043	\$ 313,796	\$ 255,912	\$ 375,680	\$ 406,890	\$ 477,057	\$ 393,004
Operating grants and contributions	909,607	1,740,316	1,088,881	1,083,915	1,160,809	1,975,135	1,046,906	1,119,982	1,107,751	1,174,991
Capital grants and contributions	-	-	-	-	-	195,683	251,944	31,935	137,586	222,058
Total governmental activities program revenues	\$ 1,164,201	\$ 1,994,743	\$ 1,359,151	\$ 1,373,958	\$ 1,474,605	\$ 2,426,730	\$ 1,674,530	\$ 1,558,807	\$ 1,722,394	\$ 1,790,053
<b>Business-type activities:</b>										
Charges for services	\$ 1,206,474	\$ 1,161,241	\$ 1,258,312	\$ 1,217,014	\$ 1,277,425	\$ 1,551,416	\$ 1,501,886	\$ 1,537,045	\$ 1,675,203	\$ 1,720,143
Operating grants and contributions	150,548	143,321	149,058	146,790	191,341	169,568	176,099	150,312	148,331	140,305
Total business type activities program revenues	1,357,022	1,304,562	1,407,370	1,363,804	1,468,766	1,720,984	1,677,985	1,687,357	1,823,534	1,860,448
Total district program revenues	\$ 2,521,223	\$ 3,299,305	\$ 2,766,521	\$ 2,737,762	\$ 2,943,371	\$ 4,147,714	\$ 3,352,515	\$ 3,246,164	\$ 3,545,928	\$ 3,650,501
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (62,655,969)	\$ (64,013,889)	\$ (71,306,284)	\$ (72,209,670)	\$ (72,457,208)	\$ (71,556,089)	\$ (74,654,464)	\$ (77,080,822)	\$ (75,815,227)	\$ (86,082,403)
Business-type activities	200,719	37,061	101,946	(68,230)	29,784	175,139	4,166	(183,558)	(75,520)	72,524
Total government-wide net expense	\$ (62,455,250)	\$ (63,976,828)	\$ (71,204,338)	\$ (72,277,900)	\$ (72,427,424)	\$ (71,380,950)	\$ (74,650,298)	\$ (77,264,380)	\$ (75,890,747)	\$ (86,009,879)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 53,071,724	\$ 55,061,914	\$ 57,921,491	\$ 59,554,967	\$ 61,332,166	\$ 62,360,557	\$ 63,295,965	\$ 64,435,292	\$ 65,955,801	\$ 68,227,094
Property taxes levied for debt service	4,390,108	4,766,504	4,289,009	4,814,862	3,940,662	4,266,500	4,788,911	4,558,625	4,746,743	3,847,443
Governmental units other than LEAs	-	-	-	-	-	-	500,000	-	-	-
Unrestricted grants and contributions	7,725,133	8,903,831	9,758,592	8,412,237	8,322,621	5,692,215	7,568,775	9,677,242	8,700,418	17,294,614
Investment earnings	-	-	-	-	-	-	13,583	28,284	27,369	28,112
Miscellaneous income	1,057,482	1,716,729	1,017,033	834,590	1,364,258	798,845	2,303,346	872,927	871,820	605,313
Transfers	(18,507)	(15,000)	-	-	-	(5,149)	(97,664)	(200,000)	-	-
Gain/(Loss) on revalue of fixed assets	-	(1,252,025)	(1,653,129)	-	-	-	-	-	-	-
Total governmental activities	66,225,940	70,433,978	71,332,996	73,616,656	74,959,707	73,118,117	77,965,431	79,974,706	80,102,151	90,002,576
<b>Business-type activities:</b>										
Interest earnings	1,065	8,731	37,840	103,803	281,401	-	-	-	-	-
Transfers	18,507	15,000	-	-	-	5,149	97,664	200,000	-	-
Total business-type activities	19,572	23,731	37,840	103,803	281,401	5,149	102,664	200,000	-	-
Total government-wide	\$ 66,244,447	\$ 70,448,978	\$ 71,332,996	\$ 73,720,459	\$ 75,241,108	\$ 73,118,117	\$ 77,970,580	\$ 80,072,370	\$ 80,302,151	\$ 90,002,576
<b>Change in Net Position</b>										
Governmental activities	\$ 3,569,971	\$ 6,420,089	\$ 26,712	\$ 1,406,986	\$ 2,502,499	\$ 1,562,028	\$ 3,310,967	\$ 2,893,884	\$ 4,286,924	\$ 3,920,173
Business-type activities	219,226	52,061	101,946	35,573	311,185	175,139	9,315	(85,894)	124,480	72,524
Total district	\$ 3,789,197	\$ 6,472,150	\$ 128,658	\$ 1,442,559	\$ 2,813,684	\$ 1,737,167	\$ 3,320,282	\$ 2,807,990	\$ 4,411,404	\$ 3,992,697

Source: CAFR Schedule A-2 and District records.

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

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

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

Unaudited

	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 3,999,694	\$ 5,615,018	\$ 5,128,631	\$ 3,950,291	\$ 4,957,858					
Unreserved	1,800,772	1,496,910	1,670,516	1,160,423	1,119,135					
Restricted						\$ 2,920,640	\$ 3,270,750	\$ 1,609,971	\$ 1,975,635	\$ 4,058,841
Assigned						796,063	2,017,979	2,235,500	1,649,292	1,465,284
Unassigned						<u>1,618,340</u>	<u>1,478,156</u>	<u>1,683,208</u>	<u>1,601,661</u>	<u>1,625,670</u>
Total general fund	<u>\$ 5,800,466</u>	<u>\$ 7,111,928</u>	<u>\$ 6,799,147</u>	<u>\$ 5,110,714</u>	<u>\$ 6,076,993</u>	<u>\$ 5,335,043</u>	<u>\$ 6,766,885</u>	<u>\$ 5,528,679</u>	<u>\$ 5,226,588</u>	<u>\$ 7,149,795</u>
All Other Governmental Funds										
Reserved	\$ 8,089,570	\$ 1,042,700		\$ 10,000	\$ 13,000					
Reserved, reported in:										
Capital projects fund	1,142,694	458,313	\$ 1,172,237	928,766	1,017,780					
Debt service fund	875,964	835,675	183,360	30,405	3,554					
Restricted for										
Capital Projects						\$ 1,811,952	\$ 1,003,774	\$ 948,863	\$ 221,434	\$ 254,134
Debt service						<u>250,398</u>	<u>211,600</u>	<u>12,333</u>	<u>918,482</u>	<u>3,066</u>
Total all other governmental funds	<u>\$ 10,108,228</u>	<u>\$ 2,336,688</u>	<u>\$ 1,355,597</u>	<u>\$ 969,171</u>	<u>\$ 1,034,334</u>	<u>\$ 2,062,350</u>	<u>\$ 1,215,374</u>	<u>\$ 961,196</u>	<u>\$ 1,139,916</u>	<u>\$ 257,200</u>

Source: CAFR Schedule B-1 and District records.

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

GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years. (See footnote 1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

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

Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 57,461,832	\$ 59,828,418	\$ 62,210,500	\$ 64,369,829	\$ 65,272,828	\$ 66,627,057	\$ 68,084,876	\$ 68,993,917	\$ 70,702,544	\$ 72,074,537
Governmental units other than LEAs								500,000		
Tuition charges	254,594	254,427	270,270	290,043	313,796	255,912	301,560	289,469	355,645	312,585
Miscellaneous	1,057,481	1,716,729	1,017,033	1,064,590	1,380,964	837,861	2,397,424	1,024,762	1,042,211	723,114
State sources	7,861,146	9,786,366	9,971,035	8,547,670	8,459,557	5,956,739	7,743,517	9,776,450	8,929,487	10,199,732
Federal sources	773,594	857,781	876,438	948,482	1,023,873	1,867,278	1,117,733	1,046,579	994,658	1,051,216
<b>Total revenue</b>	<b>67,408,647</b>	<b>72,443,721</b>	<b>74,345,276</b>	<b>75,220,614</b>	<b>76,451,018</b>	<b>75,544,847</b>	<b>79,645,110</b>	<b>81,631,177</b>	<b>82,024,545</b>	<b>84,361,184</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	22,976,296	23,792,960	25,615,848	26,098,757	25,732,584	25,742,391	24,360,440	26,293,465	26,685,545	26,678,668
Special Education Instruction	2,884,208	3,152,694	3,511,503	3,849,353	3,937,730	4,098,629	3,896,521	4,327,908	4,505,729	4,805,029
Other Special Instruction	596,872	615,585	577,360	642,476	865,459	1,176,851	1,255,196	1,314,999	1,251,839	1,175,825
Other Instruction	881,658	966,133	992,828	1,088,269	1,015,542	992,587	1,025,751	1,094,548	1,093,794	1,174,151
<b>Support Services:</b>										
Tuition	3,479,423	3,273,947	2,948,865	3,315,547	3,051,668	2,363,433	3,996,670	2,751,131	2,921,329	2,115,895
Student Instruction Related Services	5,722,289	6,112,212	6,397,211	6,674,157	7,051,312	6,749,694	6,860,038	7,018,387	6,961,331	7,517,274
School Administration	2,119,679	2,102,846	2,176,308	2,154,697	2,276,639	2,307,087	2,156,209	2,104,952	2,139,668	2,180,114
General & Business Administration Services	1,804,667	2,187,344	2,389,404	2,269,402	1,829,313	1,817,961	2,121,536	1,985,448	1,962,691	2,044,312
Plant Operations & Maintenance	4,486,855	5,270,821	5,760,698	5,804,510	5,503,697	5,625,781	5,767,119	5,824,184	6,210,284	6,036,988
Pupil Transportation	3,751,984	3,803,673	3,723,208	3,857,662	3,621,103	3,574,367	3,683,525	3,778,793	3,968,789	3,774,863
Other Support Services	11,294,113	13,152,151	14,369,436	13,501,639	14,842,674	15,386,075	16,803,758	18,008,482	17,536,370	18,463,576
Special Schools	122,823	150,163	94,793	225,068	223,387	204,354	197,188	188,702	230,581	187,323
Capital outlay	7,040,961	9,632,972	2,018,657	3,808,648	500,199	1,054,224	1,491,616	3,576,631	2,385,029	2,227,447
<b>Debt service:</b>										
Principal	1,795,000	2,546,000	2,665,000	2,780,000	2,895,000	3,170,000	3,160,000	3,315,000	3,405,000	3,737,209
Interest and other charges	2,503,045	2,416,546	2,303,929	2,190,615	2,073,269	1,614,285	1,714,197	1,443,267	1,353,700	1,250,629
<b>Total expenditures</b>	<b>71,459,873</b>	<b>79,176,047</b>	<b>75,545,048</b>	<b>78,260,800</b>	<b>75,419,576</b>	<b>75,877,719</b>	<b>78,489,764</b>	<b>83,025,897</b>	<b>82,611,679</b>	<b>83,369,303</b>
Excess (Deficiency) of revenues over (under) expenditures	(4,051,226)	(6,732,326)	(1,199,772)	(3,040,186)	1,031,442	(332,872)	1,155,346	(1,394,720)	(587,134)	991,881
<b>Other financing sources (uses)</b>										
Transfer to cover deficits:										
Food Services	(24,535)	(15,000)						(97,664)	(200,000)	
Drivers Education	(5,000)									
Performing Arts Center	(50,000)						(5,149)			
Transfer to Charter School			(94,101)	(22,967)						
Payment to Escrow Agent							(6,171,175)			
Proceeds from Borrowing	11,434,000						5,665,000			
Premium on Bond Refunding							602,437			
Capital Leases (non-budgeted)	728,642	287,250		988,294		293,808			663,763	48,610
Transfers in	196,042	146,382	27,605	2,798	1,201,928	1,587,517	191,279			8,587
Transfers out	(196,042)	(146,382)	(27,605)	(2,798)	(1,201,928)	(1,587,517)	(191,279)			(8,587)
<b>Total other financing sources (uses)</b>	<b>12,083,107</b>	<b>272,250</b>	<b>(94,101)</b>	<b>965,327</b>	<b>-</b>	<b>293,808</b>	<b>91,113</b>	<b>(97,664)</b>	<b>463,763</b>	<b>48,610</b>
<b>Net change in fund balances</b>	<b>\$ 8,031,881</b>	<b>\$ (6,460,076)</b>	<b>\$ (1,293,873)</b>	<b>\$ (2,074,859)</b>	<b>\$ 1,031,442</b>	<b>\$ (39,064)</b>	<b>\$ 1,246,459</b>	<b>\$ (1,492,384)</b>	<b>\$ (123,371)</b>	<b>\$ 1,040,491</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.7%</b>	<b>7.1%</b>	<b>6.8%</b>	<b>6.7%</b>	<b>6.6%</b>	<b>6.4%</b>	<b>6.3%</b>	<b>6.0%</b>	<b>5.9%</b>	<b>6.1%</b>

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Summer School		Transportation Fees	Interest Earned	Other Refunds	Refunded Prior Year Expenditures	Refund of Health Insurance Premium	Rental Of Facilities	Health Insurance Cobra	Scholastic Fees and Parking	Misc.	Total
	Tuition	Program Fees										
2006	\$ 223,911	\$ 16,003		\$ 272,079		\$ 36,497		\$ 77,914	\$ 97,170		\$ 84,483	\$ 808,057
2007	254,427	19,433		503,547		64,061		28,446	93,302		24,310	987,526
2008	263,705	6,565	\$ 63,892	410,417		32,749		62,427	105,723	\$ 112,950	57,270	1,115,698
2009	270,693	19,350	61,571	98,147	\$ 55,429	284,873		106,332	93,726	115,000	216,695	1,321,816
2010	304,761	9,035	84,360	31,545				152,241	93,225	113,720	831,120	1,620,007
2011	255,912		80,373	23,377				152,142	121,556	162,025	245,138	1,040,523
2012	301,560		74,120	13,583	82,732	96,967	\$ 1,428,967	175,616	129,356	167,130	222,352	2,692,383
2013	289,469		117,421	28,284		87,180		150,124	79,177	168,700	387,371	1,307,726
2014	355,645		121,412	27,369		50,612		200,335	65,596	169,475	301,164	1,291,608
2015	312,585		80,419	28,112		84,422		230,808	70,135		218,195	1,024,676

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
<b>Borough of Hopewell</b>													
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	2.70	\$ 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	1.36	314,986,120
2013	5,549,000	281,632,600	1,890,200	28,000	49,329,900	857,700	1,697,900	342,882,955	24,499,300	1,897,655	342,882,955	1.36	314,372,549
2012	5,251,100	285,641,000	1,890,200	28,000	49,958,300	857,700	1,697,900	345,324,200	24,499,300	1,897,655	347,221,855	1.29	329,715,622
2011	5,344,500	288,293,900	1,890,200	28,900	50,221,900	857,700	1,697,900	350,232,655	24,499,300	1,897,655	350,232,655	1.18	314,751,062
2010	5,531,800	294,090,700	2,032,500	28,800	53,135,255	857,700	1,697,900	357,374,655	24,992,100	1,897,655	359,272,310	1.18	320,364,996
2009	4,512,700	296,872,200	2,032,500	28,700	51,614,400	857,700	2,322,900	358,241,100	25,390,700	1,897,655	360,138,755	1.18	334,375,220
2008	4,177,000	300,098,300	2,079,800	28,000	53,868,400	857,700	2,322,900	363,432,100	25,390,760	1,897,655	365,329,755	1.06	362,149,155
2007	4,323,900	301,240,200	2,032,500	28,000	50,635,300	857,700	2,322,900	361,440,500	24,446,900	1,746,450	363,186,950	1.06	342,696,137
2006	4,355,200	301,622,700	2,032,500	28,000	51,593,400	857,700	2,322,900	362,812,400	24,446,900	1,643,545	364,455,945	1.06	308,920,341
<b>Borough of Pennington</b>													
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	2.62	\$ 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	1.40	501,198,918
2013	1,712,500	433,816,000	-	-	56,674,200	6,633,300	818,400	499,655,000	59,355,200	1,884,914	501,539,914	1.40	493,891,906
2012	2,020,300	434,578,600	-	-	49,894,800	6,633,300	818,400	493,945,400	86,852,200	2,481,413	496,426,813	1.38	492,619,487
2011	1,782,600	436,168,000	-	-	50,486,900	6,633,300	818,400	495,889,200	72,753,900	2,246,505	498,135,705	1.37	502,330,276
2010	2,294,000	436,728,800	-	-	50,844,600	6,633,300	1,729,100	498,229,800	N/A	2,523,765	500,753,565	1.33	494,093,543
2009	2,568,100	456,274,500	-	-	53,672,000	7,594,900	1,729,100	521,838,600	N/A	2,510,108	524,348,708	1.20	518,981,236
2008	2,416,800	455,363,500	-	-	54,101,600	7,594,900	1,630,800	521,107,600	72,833,500	2,354,625	523,462,225	1.15	506,721,797
2007	3,324,400	452,711,100	-	-	51,354,100	7,417,400	1,728,800	516,535,800	73,333,000	1,712,252	518,248,052	1.10	481,492,643
2006	3,133,000	454,413,200	-	-	49,395,000	7,417,400	1,728,800	516,087,400	73,200,000	2,090,316	518,177,716	1.08	439,725,005
<b>Township of Hopewell</b>													
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	2.58	\$ 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	4,006,497,207	1.45	3,915,117,682
2013	48,281,400	2,750,531,200	263,373,600	5,339,400	523,657,700	402,985,600	5,621,400	3,999,790,300	511,021,000	6,706,907	4,006,497,207	1.45	3,929,681,004
2012	54,584,900	2,784,798,700	267,518,400	5,397,400	529,848,000	403,178,400	5,621,400	4,050,947,200	507,402,000	6,828,000	4,057,775,200	1.41	4,003,841,822
2011	54,450,500	2,903,055,600	268,462,800	5,620,600	533,613,400	406,027,400	5,033,800	4,176,452,489	351,462,600	7,188,189	4,183,452,489	1.35	4,073,248,162
2010	57,451,500	3,021,846,700	275,012,100	5,693,500	559,276,600	407,811,400	5,065,000	4,332,156,800	355,210,100	9,703,188	4,341,859,988	1.27	4,159,076,020
2009	73,046,500	3,133,774,300	277,719,300	5,840,500	585,026,000	401,139,500	5,231,600	4,481,777,700	N/A	7,222,300	4,489,000,000	1.21	4,322,023,148
2008	74,087,600	3,212,378,300	274,180,900	5,685,000	581,069,700	391,819,200	5,231,600	4,544,452,300	333,056,600	6,124,267	4,550,576,567	1.16	4,379,444,863
2007	75,740,200	3,237,955,500	266,468,900	5,714,700	582,520,300	378,220,600	5,831,600	4,552,451,800	328,295,000	5,711,534	4,558,163,334	1.12	4,200,442,082
2006	91,364,800	3,225,312,900	274,465,300	5,719,300	579,207,500	404,540,400	8,325,900	4,588,936,100	306,526,700	4,667,934	4,593,604,034	1.10	4,089,970,287

**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		
<b>Borough of Hopewell</b>										
2015	\$ 1.53	\$ 1.53	\$ 0.52	\$ 0.58	\$ 0.03	\$ 0.06	\$ 0.03	\$ 0.01	\$ 0.01	\$ 2.76
2014	1.40	1.40	0.48	0.55	0.03	0.06	0.02	0.01		2.55
2013	1.36	1.36	0.46	0.53	0.03	0.06	0.02	0.01		2.46
2012	1.29	1.29	0.44	0.50	.032	0.05	0.02	0.01		2.31
2011	1.22	1.22	0.41	0.44	.031	-	0.02	0.01		2.10
2010	1.18	1.18	0.41	0.42	-	-	0.03			2.04
2009	1.18	1.18	0.40	0.42	-	0.04	0.03	0.01		2.08
2008	1.06	1.06	0.27	0.44	-	0.04	-	0.01		1.82
2007	1.06	1.06	0.27	0.44	-	0.04	-	0.01		1.82
2006	1.06	1.06	0.27	0.41	-	0.09	0.03	0.01		1.87
<b>Borough of Pennington</b>										
2015	\$ 1.55	\$ 1.55	\$ 0.42	\$ 0.58	\$ 0.03	\$ 0.04	\$ 0.01	\$ 0.01	\$ 0.01	\$ 2.64
2014	1.49	1.49	0.40	0.60	0.03	0.04	0.03	0.01		2.60
2013	1.40	1.40	0.40	0.56	.033	0.03	0.02	0.01		2.44
2012	1.38	1.38	0.30	0.54	.033	0.03	0.02	0.01		2.28
2011	1.37	1.37	0.42	0.49	-	0.03	0.02	0.01		2.34
2010	1.33	1.33	0.43	0.51	-	0.03	0.03			2.33
2009	1.20	1.20	0.42	0.45	-	0.03	0.03	0.01		2.14
2008	1.15	1.15	0.42	0.42	-	0.03	0.03			2.05
2007	1.10	1.10	0.41	0.41	-	0.03	0.03	-		1.98
2006	1.08	1.08	0.35	0.41	-	0.03	0.03	0.01		1.91
<b>Township of Hopewell</b>										
2015	\$ 1.52	\$ 1.52	\$ 0.36	\$ 0.58	\$ 0.06	\$ 0.08	\$ 0.03	\$ 0.03	\$ 0.03	\$ 2.65
2014	1.48	1.48	0.34	0.58	0.06	0.08	0.02	0.02		2.58
2013	1.45	1.45	0.32	0.57	0.06	0.07	0.02	0.03		2.52
2012	1.41	1.41	0.30	0.54	0.06	0.05	0.02	0.03		2.27
2011	1.35	1.35	0.29	0.47	0.05	0.06	0.02	0.03		2.27
2010	1.27	1.27	0.30	0.51	-	0.06	0.02	0.02		2.18
2009	1.21	1.21	0.27	0.43	0.04	0.05	0.03	0.03		2.06
2008	1.16	1.16	0.29	0.46		0.05	0.03			1.99
2007	1.12	1.12	0.27	0.44	-	0.05	0.03	-		1.91
2006	1.10	1.10	0.24	0.43	0.04	0.08	0.02	0.04		1.95

Source: Municipal Tax Collector

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

Taxpayer	2015		2006	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
<b>Borough of Hopewell</b>				
Freedman, Gerald	\$2,909,300	0.97%	N.J. Bell	\$1,391,492 0.90%
Hopewell Village Square	2,048,900	0.72%	Freedman, Gerald H., et al.	1,225,000 0.79%
Jeffers James	1,019,500	0.56%	Hopewell Village Square	1,100,900 0.71%
Prewitt Incorporated	994,600	0.44%	Taxpayer #1	1,044,400 0.67%
Klesney, Frank Jr.	901,300	0.41%	PNC Bank	650,000 0.42%
MLN LLC	873,000	0.36%	Hopewell Valley Health Assoc	524,300 0.34%
West Broad Hopewell, LLC	865,100	0.36%	Mironov Brothers	485,200 0.31%
Llort, Frank & Maureen	794,000	0.34%	Bancsite Association	470,000 0.30%
Susan C. Molnar Real Estate, LLC	778,000	0.31%	Prewitt, Inc.	449,300 0.29%
Brick Farm Market, LLC	735,400	0.31%	Molnar Real Estate	439,300 0.28%
<b>Total</b>	<b>\$11,919,100</b>	<b>4.78%</b>	<b>Total</b>	<b>\$7,779,892 5.01%</b>
<b>Borough of Pennington</b>				
143 West Franklin Ave., LLC	\$7,600,000	1.06%	Presbyterian Home	\$9,328,400 4.14%
Mercer Mutual	5,319,500	0.94%	Mercer Mutal	3,272,900 1.45%
Pennington Investments	3,900,000	0.91%	Pennington Court, Inc.	2,493,700 1.11%
Pennington Square Shop. Cntr.	3,900,000	0.73%	Straube Center	2,301,200 1.02%
Straube Center	3,649,500	0.60%	First States Investors	1,957,900 0.87%
ECS Holding LLC	3,000,000	0.60%	James McNulty	1,956,300 0.87%
Straube Regional Center	2,983,800	0.57%	ECS Holdings	1,800,000 0.80%
Helene Fuld Medical Center	2,231,800	0.45%	N.J. Bell	1,198,275 0.53%
Chill Properties LLC	2,000,000	0.45%	Hilton Realty	1,124,300 0.50%
Montpen SC LLC	1,956,900	0.40%	Commerce Bank N.A.	1,101,900 0.49%
<b>Total</b>	<b>\$36,541,500</b>	<b>6.70%</b>	<b>Total</b>	<b>\$26,534,875 11.78%</b>
<b>Township of Hopewell</b>				
Bristol Myers Squibb	\$233,794,500	8.30%	Merrill Lynch	\$303,386,000 13.10%
ARC DB5PROP001 LLC	108,762,504	5.59%	Bristol Myers Squibb	146,572,596 6.33%
AREP Hopewell LLC	108,458,200	2.18%	Janssen Pharmaceutical	44,116,400 1.91%
Cole Hopewell Twp	92,400,000	0.66%	Carter Road LLC	13,816,200 0.60%
Janssen Pharmaceutical	91,230,100	0.53%	Carter Road LLC	10,144,200 0.44%
Hopewell TC Associates	24,646,100	0.44%	Trap Rock Industries	8,546,500 0.37%
Trap Rock Industries Inc	22,280,400	0.33%	Transcontinental Pipeline	8,279,400 0.36%
Transco Gas Pipeline	13,842,100	0.31%	Sands/Hilto Realty	7,096,300 0.31%
Montpen SC LLC	13,036,500	0.26%	Pennwell Holding, LLC	6,986,400 0.30%
CF Hopewell CC & LLC	12,161,200	0.24%	Ewing Pennytown	4,315,600 0.19%
<b>Total</b>	<b>\$720,611,604</b>	<b>18.84%</b>	<b>Total</b>	<b>\$553,259,596 23.91%</b>

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2015	\$ 72,074,537	\$ 72,074,537	100.00%	-
2014	70,702,544	70,702,544	100.00%	-
2013	68,993,917	68,993,917	100.00%	-
2012	68,084,876	68,084,876	100.00%	-
2011	66,627,057	66,627,057	100.00%	-
2010	65,272,828	65,272,828	100.00%	-
2009	64,369,829	64,369,829	100.00%	-
2008	62,210,500	62,210,500	100.00%	-
2007	59,828,418	59,828,418	100.00%	-
2006	57,461,832	57,461,832	100.00%	-

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

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

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES				
2015	\$ 27,920,000	\$ 444,650	\$	\$ 28,364,650	2.11%	\$ 1,303
2014	31,445,000	608,249		32,053,249	2.55%	1,405
2013	34,850,000	154,691		35,004,691	3.48%	1,605
2012	38,165,000	208,731		38,373,731	3.71%	1,741
2011	41,419,000	286,781		42,265,401	4.08%	1,918
2010	44,589,000	484,533		45,633,153	4.71%	2,198
2009	47,859,000	847,143		49,265,763	4.98%	2,175
2008	50,639,000	291,869		51,490,489	5.35%	2,310
2007	53,304,000	851,489		54,155,489	5.79%	2,599
2006	55,850,000	1,474,615		57,324,615	6.16%	2,751

**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			NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	LESS DEBT SERVICE FUND			
2015	\$27,920,000	-	\$3,066	\$27,916,934	0.584%	\$1,282
2014	31,445,000	-	918,482	30,526,518	0.630%	1,338
2013	34,850,000	-	12,333	34,837,667	0.718%	1,581
2012	38,165,000	-	211,600	37,953,400	0.703%	1,736
2011	41,419,000	-	200,398	41,218,602	0.758%	1,871
2010	44,589,000	-	N/A	44,589,000	0.820%	2,148
2009	47,859,000	-	N/A	47,859,000	0.880%	2,113
2008	50,639,000	-	N/A	50,639,000	0.931%	2,272
2007	53,304,000	-	N/A	53,304,000	0.980%	2,558
2006	55,850,000	-	N/A	55,850,000	1.020%	2,680

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2015**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Hopewell	\$2,964,355	100.000%	\$2,964,355
Borough of Pennington	1,867,436	100.000%	1,867,436
Township of Hopewell	23,088,209	100.000%	23,088,209
Total	<u>\$27,920,000</u>		
County of Mercer - Regional Share (Total Debt \$368,345,779)			
Borough of Hopewell		0.980%	3,609,787
Borough of Pennington		1.143%	4,210,192
Township of Hopewell		10.141%	<u>37,353,945</u>
Subtotal, Overlapping Debt			73,093,924
Hopewell Valley Regional School District Direct Debt			<u>35,926,023</u>
Total Direct & Overlapping Debt			<u>\$109,019,947</u>

Sources: Assessed value data used to estimate applicable percentages provided by Hopewell Borough,  
Debt outstanding data provided by each governmental unit.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$190,328,677	\$190,605,668	\$185,358,213	\$196,499,481	\$203,641,887	\$206,646,828	\$206,079,201	\$200,014,638	\$184,487,661	\$167,429,562
Total Net Debt Applicable to Limit	27,920,000	31,445,000	34,850,000	38,165,000	41,419,000	31,324,000	47,859,000	50,639,000	53,304,000	55,850,000
Legal Debt Margin	\$162,408,677	\$159,160,668	\$150,508,213	\$158,334,481	\$162,222,887	\$175,322,828	\$158,220,201	\$149,375,638	\$131,183,661	\$111,579,562
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.67%	16.50%	18.80%	19.42%	20.34%	15.16%	23.22%	25.32%	28.89%	33.36%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Equalized Valuation Basis

2015	\$ 4,805,402,585
2014	4,731,302,720
2013	<u>4,737,945,459</u>

\$ 14,274,650,764

Average Equalized Valuation of Taxable Property

\$ 4,758,216,921

Debt Limit (4% of Average Equalization Value)

\$ 190,328,677

Net Bonded School Debt

27,920,000

Legal Debt Margin

\$ 162,408,677

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

<sup>a</sup> 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)
<b>Borough of Hopewell</b>			
2015	1,917	\$53,455	5.0%
2014	1,922	50,910	5.9%
2013	1,921	52,294	8.3%
2012	2,035	49,986	1.0%
2011	2,035	49,986	1.0%
2010	1,992	50,590	1.0%
2009	2,022	38,413	1.3%
2008	2,544	38,413	1.1%
2007	2,035	38,413	1.1%
2006	2,035	44,661	1.1%
<b>Borough of Pennington</b>			
2015	2,587	\$59,810	5.3%
2014	2,585	56,962	5.9%
2013	2,583	56,004	8.3%
2012	2,696	63,990	2.6%
2011	2,696	63,990	2.6%
2010	2,661	60,376	2.6%
2009	2,656	45,843	4.6%
2008	2,696	43,120	1.1%
2007	2,696	43,947	1.1%
2006	2,696	44,661	1.1%
<b>Township of Hopewell</b>			
2015	17,265	\$62,979	5.0%
2014	18,302	55,219	5.0%
2013	17,304	43,947	7.4%
2012	17,304	43,947	8.3%
2011	17,304	43,947	8.3%
2010	16,105	43,947	7.7%
2009	17,968	43,947	3.4%
2008	17,051	43,947	1.2%
2007	16,105	45,843	1.2%
2006	16,105	44,661	1.2%

**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

**EXHIBIT J-15 IS NOT AVAILABLE**

J-16

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Instruction:</b>										
Regular	340.87	336.34	338.33	339.50	346.40	331.06	342.97	373.61	299.60	371.74
Special Education	66.39	63.64	59.14	57.90	50.20	55.04	55.04	54.27	66.25	59.56
Other Instruction							0.40	0.40	0.40	0.40
<b>Support Services:</b>										
Student & Instruction Related Services	110.38	109.06	107.92	94.60	94.90	102.08	116.95	92.99	146.24	74.80
School Administrative Services	24.60	24.55	23.55	27.70	24.20	25.20	25.80	25.60	25.40	28.50
General & Business Administrative Services	22.49	22.49	18.48	12.40	12.00	13.78	16.03	17.23	14.43	14.00
Plant Operations & Maintenance	48.00	47.00	53.00	52.20	52.00	52.45	54.45	55.75	55.75	45.25
Pupil Transportation	54.00	54.00	54.00	51.70	52.00	52.36	53.00	50.50	45.32	32.76
<b>Total</b>	<b>666.73</b>	<b>657.08</b>	<b>654.42</b>	<b>636.00</b>	<b>631.70</b>	<b>631.97</b>	<b>664.64</b>	<b>670.35</b>	<b>653.39</b>	<b>627.01</b>

**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				
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%	95.91%
2014	3,686	73,418,555	19,918	1.78%	395	10.1:1	10.1:1	12.1:1	3,688	3,542	-1.05%	96.04%
2013	3,735	73,093,370	19,570	3.05%	389	9.1:1	10.1:1	11.1:1	3,727	3,575	-1.77%	95.92%
2012	3,798	72,123,951	18,990	4.14%	383	9.1:1	10.1:1	11.1:1	3,794	3,658	-1.76%	96.42%
2011	3,841	70,039,210	18,235	3.10%	387	10.1:1	10.1:1	11.1:1	3,862	3,700	-2.40%	95.81%
2010	3,955	69,951,108	17,687	1.72%	411	10.1:1	10.1:1	11.1:1	3,955	3,779	-1.02%	95.55%
2009	3,996	69,481,537	17,388	1.96%	398	9.1:1	10.1:1	11.1:1	3,996	3,822	-0.60%	95.65%
2008	4,025	68,557,462	17,054	-0.05%	427	10.1:1	10.1:1	11.1:1	4,020	3,864	0.49%	96.12%
2007	4,063	64,580,529	17,063	14.34%	392	10.1:1	10.1:1	9.1:1	4,058	3,907	0.84%	96.28%
2006	4,029	60,120,867	14,922	1.51%	384	11.4:1	10.6:1	12.1:1	4,024	3,869	2.57%	96.15%

**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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Elementary Schools:</b>										
<b>Bear Tavern Elementary (1961):</b>										
Square Feet	69,940	69,940	69,940	69,940	69,940	69,940	69,940	69,940	69,940	69,940
Capacity (Students)	550	550	550	550	550	550	550	550	550	550
Enrollment	407	407	407	439	475	541	576	529	529	519
<b>Toll Gate Grammar (1928):</b>										
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)	287	287	287	297	305	306	324	312	312	319
<b>Hopewell Elementary (1926):</b>										
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	468	468	468	479	475	452	470	520	520	509
<b>Stony Brook Elementary (2002):</b>										
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	428	428	428	412	452	460	488	522	522	499
<b>Middle School:</b>										
<b>Timberlane Middle School (1961):</b>										
Square Feet	169,066	169,066	169,066	169,066	169,066	169,066	169,066	169,066	144,101	144,101
Capacity (Students)	997	997	997	997	997	997	997	997	997	997
Enrollment	928	928	928	952	961	964	960	951	951	960
<b>High School:</b>										
<b>Central High School (1958):</b>										
Square Feet	215,507	215,507	215,507	215,507	215,507	215,507	215,507	215,507	215,507	215,507
Capacity (Students)	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Enrollment	1,217	1,217	1,217	1,215	1,194	1,226	1,200	1,167	1,167	1,110
<b>Other Buildings:</b>										
<b>After School Program Building (1946):</b>										
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>Central Administration (1926):</b>										
Square Feet	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
<b>Facilities Building (1946) (b):</b>										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
<b>Number of Schools at June 30, 2015:</b>										
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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Bear Tavern	N/A	\$ 229,992	\$ 172,689	\$ 245,415	\$ 179,623	\$ 300,476	\$ 73,630	\$ 161,763	\$ 236,854	\$ 85,706	\$ 91,638
Toll Gate	N/A	158,284	197,767	256,768	142,431	117,584	379,750	184,323	122,724	64,984	69,510
Central High School	N/A	453,106	373,789	449,019	311,861	309,514	248,792	339,625	326,692	113,006	120,818
Stony Brook	N/A	140,485	161,157	134,442	127,291	137,528	73,424	150,694	136,201	57,885	61,912
Hopewell	N/A	164,353	268,391	141,445	160,686	150,490	206,951	203,496	133,085	95,258	101,885
Timberlane	N/A	443,771	410,626	325,010	637,001	580,134	524,345	285,890	353,404	105,123	112,251
<b>Total School Facilities</b>		<b>\$1,589,991</b>	<b>\$1,584,419</b>	<b>\$ 1,552,099</b>	<b>\$ 1,558,893</b>	<b>\$1,595,726</b>	<b>\$ 1,506,892</b>	<b>\$ 1,325,791</b>	<b>\$ 1,308,960</b>	<b>\$ 521,962</b>	<b>\$ 558,014</b>

Source: District records

**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED**

	COVERAGE	DEDUCTIBLE
<b>Property- School Alliance Insurance:</b>		
Blanket Building & Contents	(a) \$159,980,875	\$ 500
Extra Expenses	1,000,000	-
<b>Liability-School Alliance</b>		
Bodily Injury & Property Damage		
Each Occurrence	5,000,000	-
Aggregate	5,000,000	-
Fire Damage	5,000,000	-
Employee Benefit Programs		
Each Occurrence	1,000,000	-
<b>Crime-School Alliance</b>		
Employee Dishonesty	500,000	500
Musical Instruments	134,066	500
Athletic Equipment	192,311	500
Mobile Equipment	9,000	500
<b>Automobile-School Alliance</b>		
Bodily Injury & Property	5,000,000	-
Personal Injury Protection	Statutory	-
Medical Payments	10,000	-
Uninsured/Underinsured	1,000,000	-
<b>Workers Compensation-School Alliance</b>		
Section "A"	Statutory	-
Section "B"	-	-
Each Accident	2,000,000	-
Each Employee	2,000,000	-
Aggregate	2,000,000	-

# Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hopewell Valley Regional School District, in the County of Mercer, New Jersey (the "District") as of and for the year ended June 30, 2015, 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 11, 2015.

**Internal Control Over Financial Reporting**

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

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

wiss.com

354 Eisenhower Parkway  
Suite 1850  
Livingston, NJ 07039  
973.994.9400

485C Route 1 South  
Suite 250  
Iselin, NJ 08830  
732.283.9300

14 Penn Plaza  
Suite 1010  
New York, NY 10122  
212.594.8155

5 Bartles Corner Road  
Flemington, NJ 08822  
908.782.7300

60 West Broad Street  
Suite 102  
Bethlehem, PA 18018  
484.821.5735

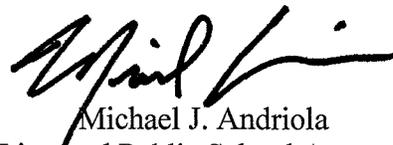
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Michael J. Andriola  
Licensed Public School Accountant  
No. 2429



WISS & COMPANY, LLP

December 11, 2015  
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and  
Report on Internal Control Over Compliance Required by  
OMB A-133 and New Jersey OMB 15-08

Independent Auditors' Report

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

**Report on Compliance for Each Major Federal and State Program**

We have audited Hopewell Valley Regional School District's, in the County of Mercer, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on an audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*;

wiss.com

354 Eisenhower Parkway  
Suite 1850  
Livingston, NJ 07039  
973.994.9400

485C Route 1 South  
Suite 250  
Iselin, NJ 08830  
732.283.9300

14 Penn Plaza  
Suite 1010  
New York, NY 10122  
212.594.8155

5 Barlles Corner Road  
Flemington, NJ 08822  
908.782.7300

60 West Broad Street  
Suite 102  
Bethlehem, PA 18018  
484.821.5735

and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and requirements, OMB Circular A-133 and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

### ***Report on Internal Control Over Compliance***

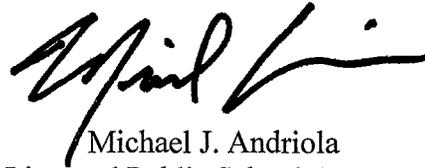
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Michael J. Andriola  
Licensed Public School Accountant  
No. 2429



WISS & COMPANY, LLP

December 11, 2015  
Iselin, New Jersey

Hopewell Valley Regional School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2014	Carryover/Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2015		
										Unearned Revenue	(Accounts Receivable)	Due to Grantor
<b>U.S. Department of Education—Passed-Through State</b>												
<b>Department of Education</b>												
Special Revenue Fund:												
Title I, Part A	84.010A	7/1/14-6/30/15	\$ 129,496	\$ (24,946)		\$ 106,862	\$ (117,113)			\$	(35,197)	
Title II A	84.367	7/1/14-6/30/15	45,086	(3,505)		26,394	(45,086)				(22,197)	
Title III	84.365	7/1/14-6/30/15	11,654	(2,045)		4,801	(7,771)				(5,015)	
Perkins	84.048A	9/1/12-8/31/13	18,132	(17,456)		17,962						\$ 506
Perkins	84.048A	7/1/14-6/30/15	17,417			17,417	(17,417)					
I.D.E.A., Part B	84.027A	7/1/14-6/30/15	840,259	(90,121)		600,827	(835,329)				(324,623)	
I.D.E.A. Preschool	84.173A	7/1/14-6/30/15	23,962	(24,309)		23,385	(23,962)				(24,886)	
Total Special Revenue Fund				(162,382)		797,648	(1,046,678)				(411,918)	506
<b>U.S. Department of Agriculture—Passed-Through State</b>												
<b>Department of Education</b>												
Enterprise Fund:												
Food Donation Program (NC)	10.555	7/1/14-6/30/15	47,764			47,764	(44,734)			\$	3,030	
Food Donation Program (NC)	10.555	7/1/13-6/30/14	56,279	9,148			(9,148)					
National School Lunch Program	10.555	7/1/14-6/30/15	79,861			74,294	(79,861)				(5,567)	
National School Lunch Program	10.555	7/1/13-6/30/14	83,231	(6,816)		6,816						
Total Enterprise Fund and Total U.S. Department of Agriculture—Passed-Through State Department of Education				2,332		128,874	(133,743)				3,030	(5,567)
Total Federal Awards				\$ (160,050)	\$ -	\$ 926,522	\$ (1,180,421)	\$ -	\$ -	\$ 3,030	\$ (417,485)	\$ 506
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, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2014		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2015			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<b>State Department of Education</b>															
<b>General Fund:</b>															
Special Education Categorical Aid	495-034-5120-089	7/1/14-6/30/15	\$ 2,087,038				\$ 1,926,336	\$ (2,087,038)						\$ (160,702)	\$ (2,087,038)
Special Education Categorical Aid	495-034-5120-089	7/1/13-6/30/14	2,095,033	\$ (136,198)			136,198								
Transportation Aid	495-034-5120-014	7/1/14-6/30/15	349,130				322,247	(349,130)						(26,883)	(349,130)
Transportation Aid	495-034-5120-014	7/1/13-6/30/14	349,130	(22,784)			22,784								
Security Aid	495-034-5120-089	7/1/14-6/30/15	54,445				50,253	(54,445)						(4,192)	(54,445)
Security Aid	495-034-5120-089	7/1/13-6/30/14	54,445	(3,553)			3,553								
School Choice Aid	495-034-5120-068	7/1/14-6/30/15	176,202				162,634	(176,202)						(13,568)	(176,202)
Extraordinary Aid	100-034-5120-473	7/1/14-6/30/15	375,103					(375,103)			\$ (375,103)				(375,103)
Extraordinary Aid	100-034-5120-473	7/1/13-6/30/14	312,869	(312,869)			312,869								
Non-Public Transportation Aid	495-034-5120-014	7/1/14-6/30/15	52,866					(52,866)				(52,866)			(52,866)
Non-Public Transportation Aid	495-034-5120-014	7/1/13-6/30/14	47,383	(47,383)			47,383								
PARCC Readiness Aid	495-034-5120-097	7/1/14-6/30/15	35,060				32,360	(35,060)						(2,700)	(35,060)
Per Pupil Growth Aid	495-034-5120-098	7/1/14-6/30/15	35,060				32,360	(35,060)						(2,700)	(35,060)
On Behalf TPAF Pension	495-034-5095-001	7/1/14-6/30/15	4,416,285				4,416,285	(4,416,285)							(4,416,285)
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/14-6/30/15	2,330,190				2,216,544	(2,330,190)				(113,646)			(2,330,190)
<b>Total General Fund</b>				<b>(522,787)</b>			<b>9,681,806</b>	<b>(9,911,379)</b>				<b>(541,615)</b>		<b>(210,745)</b>	<b>(9,911,379)</b>
<b>Special Revenue Fund:</b>															
<b>New Jersey Non-Public Aid:</b>															
Textbook Aid	100-034-5120-064	7/1/14-6/30/15	27,646				27,646	(26,281)					\$ 1,365		(26,281)
Textbook Aid	100-034-5120-064	7/1/13-6/30/14	24,243	\$ 1,363					\$ (1,363)						
Non Public Nursing Services	100-034-5120-070	7/1/14-6/30/15	61,557				61,557	(59,675)					1,882		(59,675)
Non Public Nursing Services	100-034-5120-070	7/1/13-6/30/14	47,709		964				(964)						
<b>Non Public Auxiliary Services (Ch. 192):</b>															
Home Instruction	100-034-5120-067	7/1/14-6/30/15	73					(73)				(73)			(73)
Technology		7/1/13-6/30/14	8,840		484				(484)						
Technology		7/1/14-6/30/15	14,848				14,848	(14,080)					768		(14,080)
<b>Non Public Handicapped Services (Ch. 193):</b>															
Supplemental Instruction	100-034-5120-066	7/1/13-6/30/14	278		278				(278)						
Examination and Classification		7/1/14-6/30/15	17,777				17,777	(13,113)					4,664		(13,113)
Examination and Classification		7/1/13-6/30/14	12,260		4,436				(4,436)						
Transportation		7/1/14-6/30/15	1,283				1,283	(1,283)							(1,283)
					7,525		123,111	(114,505)	(7,525)			(73)	8,679		(114,505)
<b>New Jersey School Development Authority</b>															
<b>Capital Projects Fund:</b>															
SDA ROD Grants	Various	Indefinite	586,700	(292,546)			148,112	(222,058)		33,314		(333,178)			(222,058)
<b>Total Capital Projects Fund</b>				<b>(292,546)</b>			<b>148,112</b>	<b>(222,058)</b>		<b>33,314</b>		<b>(333,178)</b>			<b>(222,058)</b>
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
State School Lunch Program (State share)	100-010-3360-023	7/1/14-6/30/15	6,562				6,097	(6,562)				(465)			(6,562)
State School Lunch Program (State share)	100-010-3360-023	7/1/13-6/30/14	6,761	(564)			564								
<b>Total Enterprise Fund</b>				<b>(564)</b>			<b>6,661</b>	<b>(6,562)</b>				<b>(465)</b>			<b>(6,562)</b>
<b>Total State Financial Assistance</b>				<b>\$ (815,897)</b>	<b>\$ 7,525</b>	<b>\$ -</b>	<b>\$ 9,959,690</b>	<b>\$ (10,254,504)</b>	<b>\$ (7,525)</b>	<b>\$ 33,314</b>	<b>\$ -</b>	<b>\$ (875,331)</b>	<b>\$ 8,679</b>	<b>\$ (210,745)</b>	<b>\$ (10,254,504)</b>
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>															
On Behalf TPAF Pension	495-034-5095-001	7/1/14-6/30/15	4,416,285				4,416,285	(4,416,285)							(4,416,285)
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (815,897)</b>	<b>\$ 7,525</b>	<b>\$ -</b>	<b>\$ 5,543,405</b>	<b>\$ (5,838,219)</b>	<b>\$ (7,525)</b>	<b>\$ 33,314</b>	<b>\$ -</b>	<b>\$ (875,331)</b>	<b>\$ 8,679</b>	<b>\$ (210,745)</b>	<b>\$ (5,838,219)</b>

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, 2015

**1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**2. Basis of Accounting**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

**3. Relationship to Basic Financial Statements**

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

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

Year ended June 30, 2015

**3. Relationship to Basic Financial Statements (continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two state aid payments in the subsequent year.

The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$48,210 for the general fund and \$4,538 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund		\$ 9,863,169	\$ 9,863,169
Special Revenue Fund	\$ 1,051,216	114,505	1,165,721
Capital Projects Fund		222,058	222,058
Food Service Enterprise Fund	133,743	6,562	140,305
Total financial award revenues	\$ 1,184,959	\$ 10,206,294	\$ 11,391,253

**4. Relationship to Federal and State Financial Reports**

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

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

Year ended June 30, 2015

**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, 2015.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2015 amounted to \$4,416,285. Since on-behalf post retirement pension and medical 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, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

**6. Adjustments**

The adjustments presented on Exhibit K-4 represent the cancellation of a prior year account receivable.

Hopewell Valley Regional School District  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2015

**Part I - Summary of Auditors' Results**

**Financial Statement Section**

Type of auditors' report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No	

**Federal Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>		
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	_____ No	
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>		
Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	_____ Yes	_____ <input checked="" type="checkbox"/> No	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027A	IDEA, Part B
84.173A	IDEA, Preschool

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

Year ended June 30, 2015

**Part I - Summary of Auditors' Results (continued)**

**State Awards Section**

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

\$300,000

Auditee qualified as low-risk auditee?

✓ Yes        No

Type of auditors' report on compliance for major programs:

Unmodified

Internal control over major programs:

Material weakness(es) identified?

       Yes ✓ No

Significant deficiency (ies) identified?

       Yes ✓ None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08?

       Yes ✓ No

Identification of major programs:

<u>GMIS/Program Number</u>	<u>Name of State Program or Cluster</u>
495-034-5094-003	Reimbursed TPAF Social Security Contributions

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

Year ended June 30, 2015

**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, 2015

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

No compliance or internal control findings noted that are required to be reported in accordance with OMB Circular A-133 and New Jersey State OMB Circular 15-08.

Hopewell Valley Regional School District  
Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2015

None.