

**NEW ISSUE – Book-Entry Only**

**Rating: S&P: “AA”**  
**See “RATING” herein**

*In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as herein defined) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See “TAX EXEMPTION” herein.*

**\$21,810,000\***  
**REFUNDING SCHOOL BONDS, SERIES 2025**  
**THE BOARD OF EDUCATION OF THE**  
**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT**  
**IN THE COUNTY OF MERCER, NEW JERSEY**  
**(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)**

**NON-CALLABLE**

**Dated: Date of Delivery**

**Due: January 15, as shown on inside cover**

The \$21,810,000\* aggregate principal amount of Refunding School Bonds, Series 2025 (the “Bonds”), of The Board of Education of the Hopewell Valley Regional School District in the County of Mercer, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board) are valid and legally binding general obligations of the Board, and unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount. Payment of the principal of and interest on the Bonds is also secured under the provisions of the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

The Bonds will be issued as fully registered bonds in book-entry only form (without certificates) in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York (“DTC”). Individual purchases may be made in the principal amount of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of January and July in each year, commencing January 15, 2026, until maturity. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each immediately preceding January 1 and July 1 (the “Record Dates” for the payment of interest on the Bonds).

The Bonds are not subject to redemption prior to their stated maturities.

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Board, and certain other conditions described herein. Certain legal matters will be passed upon for the Board by Schenck, Price, Smith & King, LLP, Florham Park, New Jersey, General Counsel to the Board. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, served as Municipal Advisor to the Board in connection with the issuance of the Bonds. Delivery of the Bonds in definitive form to DTC in Jersey City, New Jersey, is anticipated to occur on or about November 13, 2025.

**ELECTRONIC SUBMISSIONS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, MUST BE MADE VIA PARITY PRIOR TO 11:00 A.M. EASTERN DAYLIGHT SAVING TIME ON OCTOBER 30, 2025. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT [WWW.MUNIHub.COM](http://WWW.MUNIHub.COM).**

\* Preliminary, subject to change.

**\$21,810,000\***  
**THE BOARD OF EDUCATION OF THE**  
**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT**  
**IN THE COUNTY OF MERCER, NEW JERSEY**  
**REFUNDING SCHOOL BONDS, SERIES 2025**

**(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)**

**NON-CALLABLE**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,  
YIELDS AND CUSIP NUMBERS**

<u>Maturity</u> <u>(January 15)</u>	<u>Principal</u> <u>Amounts*</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u>	<u>CUSIP</u> <u>Numbers**</u>
2026	\$ 250,000			439686__
2027	3,320,000			439686__
2028	3,430,000			439686__
2029	3,540,000			439686__
2030	3,655,000			439686__
2031	3,755,000			439686__
2032	3,860,000			439686__

---

\* Preliminary, subject to change.

\*\* A registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THE BOARD OF EDUCATION OF THE  
HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT  
IN THE COUNTY OF MERCER, NEW JERSEY**

**BOARD MEMBERS**

President – Anita Williams Galiano  
Vice President – Jacquie Genovesi

Dhruv Kapadia  
Pamela Lilleston  
Mark Peters  
Alex Reznik  
John Slotman  
Amanda Stylianou  
Michael Wilson

**SUPERINTENDENT**

Dr. Rosetta D. Treece

**ASSISTANT SUPERINTENDENT FOR BUSINESS/BOARD SECRETARY**

Robert Colavita

**BOARD ATTORNEY**

Schenck, Price, Smith & King, LLP  
Florham Park, New Jersey

**BOARD AUDITOR**

PKF O'Connor Davies, LLP

**MUNICIPAL ADVISOR**

Phoenix Advisors,  
a division of First Security Municipal Advisors, Inc.  
Hamilton, New Jersey

**BOND COUNSEL**

Wilentz, Goldman & Spitzer, P.A.  
Woodbridge, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Board, DTC and other sources deemed reliable by the Board; however, such information is not guaranteed as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Board, as to information from sources other than itself. The Board has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the owners of any of the Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to the Constitution of the State of New Jersey, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents or laws are qualified in their entirety by reference to the particular source, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board during normal business hours.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

## TABLE OF CONTENTS

	PAGE
INTRODUCTION.....	1
DESCRIPTION OF THE BONDS .....	1
Terms and Interest Payment Dates .....	1
Redemption .....	2
Security for the Bonds.....	2
School Bond Reserve Act (1980 N.J. Laws c. 72).....	2
Authorization and Purpose.....	3
Escrow Deposit Agreement .....	3
ESTIMATED SOURCES AND USES OF FUNDS.....	4
BOOK-ENTRY ONLY SYSTEM.....	4
Discontinuance of Book-Entry Only System .....	6
THE SCHOOL DISTRICT AND THE BOARD .....	6
THE STATE'S ROLE IN PUBLIC EDUCATION .....	6
STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY .....	7
Categories of School Districts.....	7
School Budgetary Process (N.J.S.A. 18A:22-1 et seq.) .....	8
SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT.....	8
Levy and Collection of Taxes.....	8
Budgets and Appropriations.....	9
Tax and Spending Limitations.....	9
Issuance of Debt .....	10
Annual Audit (N.J.S.A. 18A:23-1 et seq.).....	10
Temporary Financing (N.J.S.A. 18A:24-3).....	11
Capital Lease Financing.....	11
Financing Under County School Construction Financing Law.....	11
Debt Limitation (N.J.S.A. 18A:24-19).....	12
Exceptions to Debt Limitation .....	12
Energy Saving Obligations.....	12
SUMMARY OF STATE AID TO SCHOOL DISTRICTS.....	12
SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS.....	13
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES.....	13
Local Bond Law (N.J.S.A. 40A:2-1 et seq.) .....	13
Local Budget Law (N.J.S.A. 40A:4-1 et seq.) .....	14
Fiscal Year Adjustment Law (1991 N.J. Laws c. 75) .....	16
State Supervision .....	16
Appropriations "Cap" .....	16
Tax Assessment and Collection Procedure .....	17
Tax Appeals .....	18
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.) .....	18
FINANCIAL STATEMENTS .....	18
MUNICIPAL ADVISOR .....	18
LITIGATION .....	18
TAX EXEMPTION .....	19
Federal Income Tax Treatment.....	19
Premium Bonds.....	19
Discount Bonds .....	19
Additional Federal Income Tax Consequences Relating to Bonds .....	19
State Taxation .....	20
Prospective Tax Law Changes .....	20
Other Tax Consequences .....	20
RISK TO HOLDERS OF BONDS .....	20
Municipal Bankruptcy .....	20

Cyber Security .....	21
Climate Change .....	22
RECENT HEALTHCARE DEVELOPMENTS .....	22
APPROVAL OF LEGAL PROCEEDINGS .....	22
PREPARATION OF OFFICIAL STATEMENT .....	22
RATING .....	23
UNDERWRITING .....	23
VERIFICATION OF MATHEMATICAL COMPUTATIONS .....	23
SECONDARY MARKET DISCLOSURE .....	24
ADDITIONAL INFORMATION .....	24
CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT .....	24
MISCELLANEOUS .....	24

#### APPENDIX A

Certain Economic and Demographic Information Relating to the School District and the Constituent Municipalities .....	A-1
--	-----

#### APPENDIX B

Financial Statements of The Board of Education of the Hopewell Valley Regional School District in the County of Mercer, New Jersey .....	B-1
---	-----

#### APPENDIX C

Form of Bond Counsel's Approving Legal Opinion .....	C-1
--	-----

#### APPENDIX D

Form of Continuing Disclosure Certificate .....	D-1
---	-----

**OFFICIAL STATEMENT**  
**OF**  
**THE BOARD OF EDUCATION OF THE**  
**HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT**  
**IN THE COUNTY OF MERCER, NEW JERSEY**

**\$21,810,000\***  
**REFUNDING SCHOOL BONDS, SERIES 2025**  
**(NEW JERSEY SCHOOL BOND RESERVE ACT, 1980 N.J. Laws c. 72, as amended)**

**NON-CALLABLE**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by The Board of Education of the Hopewell Valley Regional School District in the County of Mercer, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the offering, sale and issuance of its \$21,810,000\* aggregate principal amount of Refunding School Bonds, Series 2025 (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Assistant Superintendent for Business/Board Secretary and its distribution and use in connection with the offering and sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

**DESCRIPTION OF THE BONDS**

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

**Terms and Interest Payment Dates**

The Bonds shall be dated their date of delivery and shall mature on January 15 in each of the years and in the amounts set forth on the inside cover page hereof. The Bonds shall bear interest from their date of delivery which interest shall be payable semi-annually on the fifteenth day of January and July (each an "Interest Payment Date"), commencing on January 15, 2026, in each of the years and at the interest rates set forth on the inside cover page hereof until maturity by check mailed by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each January 1 and July 1 immediately preceding the respective Interest Payment Date (the "Record Dates"). So long as The Depository Trust Company, Brooklyn, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC participants, which will in turn remit such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

---

\* Preliminary, subject to change.

The Bonds will be issued in fully registered book-entry only form, without certificates. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Bonds (the "Securities Depository"). The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 each, or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "BOOK-ENTRY ONLY SYSTEM" herein.

### **Redemption**

The Bonds of this issue are not subject to redemption prior to their stated maturities.

### **Security for the Bonds**

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable real property within the School District without limitation as to rate or amount. The Bonds are additionally secured by the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

### **School Bond Reserve Act (1980 N.J. Laws c. 72)**

All school bonds are secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The 2003 amendments to the Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one-and-a-half (1.5%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one percent (1%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State agrees that the Treasurer of the State of New Jersey (the "State") shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be



necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive, any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

### **Authorization and Purpose**

The Bonds have been authorized by and are issued pursuant to Title 18A, Chapter 24 of the New Jersey Statutes, Chapter 271 of the Laws of 1967, as amended and supplemented (the "School Bond Law") (N.J.S.A. 18A:24-1 *et seq.*), a refunding bond ordinance entitled "REFUNDING BOND ORDINANCE OF THE BOARD OF EDUCATION OF THE HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT IN THE COUNTY OF MERCER, NEW JERSEY PROVIDING FOR THE REFUNDING OF ALL OR A PORTION OF ITS OUTSTANDING SCHOOL BONDS, DATED DECEMBER 15, 2016, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$35,855,000 AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$21,900,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING SCHOOL BONDS OF THE BOARD TO EFFECT SUCH REFUNDING," finally adopted by the Board on October 13, 2025 (the "Refunding Bond Ordinance") and a resolution duly adopted by the Board on October 13, 2025 (the "Resolution").

The proceeds of the Bonds will be used to refund, on a current basis, all or a portion of the Board's \$21,400,000 aggregate principal amount of the outstanding School Bonds, Series 2016, dated December 15, 2016 maturing on or after January 15, 2027 (the "Refunded Bonds"), at a redemption price equal to one hundred percent (100%) of the principal amount thereof (the "Redemption Price"). Specifically, the proceeds of the Bonds will be used to pay: (i) the interest, when due, on the Refunded Bonds on January 15, 2026 (the "Call Date"); (ii) the Redemption Price due on the Call Date and (iii) the costs associated with the issuance of the Bonds.

### **Escrow Deposit Agreement**

A portion of the proceeds of the Bonds may be used to purchase United States Treasury Securities and/or direct non-callable obligations of the United States of America (the "Escrow Securities"). The Escrow Securities will be deposited into an escrow account that will be created pursuant to an Escrow Deposit Agreement. The Escrow Deposit Agreement will be executed between the Board and Manufacturers and Traders Trust Company, Iselin, New Jersey as escrow agent (the "Escrow Agent"), and will be dated as of the date of closing on the Bonds. All moneys and Escrow Securities, if any, deposited into the escrow account created pursuant to the Escrow Deposit Agreement for payment of the Refunded Bonds are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds. The Escrow Securities will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, the proceeds of the Escrow Securities will be sufficient to make full and timely payments of: (i) the interest, when due, on the Refunded Bonds to the Call Date; and (ii) the Redemption Price due on the Call Date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

## ESTIMATED SOURCES AND USES OF FUNDS

The Board expects to use the proceeds from the sale of the Bonds as provided in the chart below:

### Sources of Funds:

Par Amount of the Bonds.....	\$
Plus Original Issue Premium.....	
Other Available Funds of the Board.....	
<b>Total Sources of Funds .....</b>	<b>\$</b>

### Uses of Funds:

Deposit to Escrow Fund .....	\$
Costs of Issuance* .....	
<b>Total Uses of Funds.....</b>	<b>\$</b>

## BOOK-ENTRY ONLY SYSTEM\*\*

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, as set forth on the inside cover hereof, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

\* Includes Underwriter's discount, legal, accounting, printing, municipal advisory, verification, escrow agent, rating agency and fiduciary fees and other expenses incurred in connection with the issuance of the Bonds

\*\* Source: The Depository Trust Company

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Notices of Redemption shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct and Indirect Participant and not of DTC, nor its nominee, Paying Agent or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Board or Paying Agent. Under such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered.

The Paying Agent, upon direction of the Board, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). In that event, Bond certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.**

### **Discontinuance of Book-Entry Only System**

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board or its paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the registrar for such purposes only upon the surrender thereof to the Board or its paying agent together with the duly executed assignment in form satisfactory to the Board or its paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board or its paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

## **THE SCHOOL DISTRICT AND THE BOARD**

The Board is a nine (9) member board with members from the Borough of Hopewell, the Township of Hopewell and the Borough of Pennington (the "Constituent Municipalities") elected for staggered three (3) year terms. The Superintendent of Schools is the chief administrative officer of the School District. The Assistant Superintendent for Business/Board Secretary is the chief financial officer of the School District and oversees the Board's business functions. The Assistant Superintendent for Business/Board Secretary reports to the Superintendent of Schools.

The School District is a Type II school district and provides a full range of educational services appropriate to grades pre-kindergarten ("Pre-K") through twelve (12), including regular and special education programs for the Constituent Municipalities. The School District operates four (4) elementary schools, one (1) middle school and one (1) high school. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the Constituent Municipalities."

## **THE STATE'S ROLE IN PUBLIC EDUCATION**

The Constitution of the State of New Jersey provides that the State shall provide for the maintenance and support of a thorough and efficient ("T&E") system of free public schools for the instruction of all children between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey State Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these

responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts, to acquire land and other property.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been approved by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63, effective April 3, 2007, the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

## **STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY**

### **Categories of School Districts**

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally classified in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate. The board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, and approves all fiscal matters;

(2) Type II, in which the registered voters within a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters with the exception set forth in the new Budget Election Law (as hereinafter defined in "School Budgetary Process"), or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, and approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters within the school district elect members of the board of education and vote upon all fiscal matters with certain exceptions. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State-operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of county commissioners appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of county commissioners and a fifth member being the county executive or the director of the board of county commissioners, which approves all fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of county commissioners. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of county commissioners and a fifth member being the commissioner-director of the board of county commissioners, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district without a board of school estimate.

#### **School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)**

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, a budget is no longer required to be submitted to the voters for approval if the budget is at or below the two percent (2%) property tax levy cap as provided in the Tax Levy Cap Law (as hereinafter defined).

The Budget Election Law, P.L. 2011, c. 202, effective January 17, 2012 (the "Budget Election Law") establishes procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least fifteen percent (15%) of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four (4) years.

The Board conducts its annual election in November.

### **SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT**

#### **Levy and Collection of Taxes**

School districts in the State do not levy or collect taxes to pay those budgeted amounts which are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

## **Budgets and Appropriations**

School districts in the State must operate in accordance with the requirements of the New Jersey Department of Education. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State Constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards (as defined herein) required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

## **Tax and Spending Limitations**

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed), first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitations were known as a "cap" on expenditures. The "cap" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (the "QEA") (now repealed), also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (the "CEIFA"), as amended by P.L. 2004, c. 732, effective July 1, 2004, also limited the annual increase in a school district's net budget by a spending growth limitation. The CEIFA limited the amount school districts can increase their annual current expense and capital outlay budgets (the "Spending Growth Limitations"). Generally, budgets could increase either by two-and-a-half percent (2.5%) or the consumer price index, whichever is greater. Amendments to the CEIFA decreased the budget cap to two-and-a-half percent (2.5%) from three percent (3%). Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of sixty percent (60%) at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007, provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by four percent (4%) over the prior budget year's tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2010 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expense and capital outlay budgets created by CEIFA (as amended by P.L. 2004, c. 73, effective July 1, 2004). However, chapter 62 was in effect only through fiscal year 2012.

Without an extension of chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the four percent (4%) cap on the tax levy increase imposed by chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, effective July 13, 2010 and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of two percent (2%) over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of two percent (2%), certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election (the "Tax Levy Cap Law"). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy cap by a separate proposal can bank the unused tax levy for use in any of the next three (3) succeeding budget years. A school district can request a use of "banked cap" only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, effective July 24, 2018, which increases State school aid to underfunded school districts and decreases state school aid to overfunded school districts, during the 2018-2019 through 2024-2025 fiscal years, SDA Districts, which are certain urban districts formerly referred to as Abbott Districts referred to herein under "SUMMARY OF STATE AID TO SCHOOL DISTRICTS", are permitted increases in the tax levy over the two percent (2%) limit to raise a general fund tax levy to an amount that does not exceed its local share of the adequacy budget.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one (1) year must be treated as operating expenses. Accordingly, under the Department of Education's Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its two percent (2%) tax levy cap on spending.

### **Issuance of Debt**

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years; (ii) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district); and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

### **Annual Audit (N.J.S.A. 18A:23-1 et seq.)**

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. The audit must be performed by a licensed public school accountant no later than five (5) months after the end of the school fiscal year or by the date extended by statute or by the State of New Jersey Department of Education. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.



### **Temporary Financing (N.J.S.A. 18A:24-3)**

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

### **Capital Lease Financing**

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five (5) years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the "EFCFA"), repealed the authorization to enter into facilities leases in excess of five (5) years. The payment of rent on an equipment lease and on a five (5) year and under facilities lease is treated as a current expense and within the cap on the school district's budget. Under the CEIFA, lease purchase payments on leases in excess of five (5) years issued under prior law are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's tax levy cap.

### **Financing Under County School Construction Financing Law**

Recently enacted P.L. 2023, c. 311, approved January 16, 2024, as amended by P.L. 2024, c. 79, approved September 12, 2024, provides a means by which a county and a county improvement authority can assist a local school district with financing and construction of a school capital project without the school district authorizing and issuing school bonds. Under the newly enacted legislation, a school district can lease a school property to a county improvement authority, which would issue its bonds for the financing and construction of a school project. The county improvement authority would then lease the school property to the county and the county would further lease it back to the school district. The school district would be obligated to cover the cost of principal and interest on the authority bonds through its lease payments to the county, and the county would pass through the payments to the authority through its lease to the authority for the payment of the bonds. The leases would remain valid and binding and in effect until the bonds are fully paid off. When the leases expire, the school property will be fully vested in the school district. The lease payments would be outside the caps on spending and raising taxes for both the school district and the county. The obligation would not be limited by the school district's legal borrowing limit as the school district is not issuing school bonds. The law requires the annual school district lease payments to be included in each school budget over the life of the bonds. The county improvement authority bonds would receive debt service aid otherwise available to the school district project as if the school district had authorized and issued school bonds. The program requires the cooperation of the county, the county improvement authority and the school district. Under the county improvement authorities law, the county or municipality could agree to guaranty the authority bonds as well if the credit support would help reduce financing costs. The program could help school districts that otherwise have difficulty getting voter approval to be able to obtain financing at a reduced cost, as (i) the State would still pay a share of the debt service due on the improvement authority bonds for which the project is entitled under the Educational Facilities Construction and Financing Act and (ii) if guaranteed, the improvement authority bonds could benefit from the credit enhancement provided by a county or municipality.

## **Debt Limitation (N.J.S.A. 18A:24-19)**

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a grades Pre-K through twelve (12) school district, the School District can borrow up to four percent (4%) of the average equalized valuation of taxable property in the School District. The School District has not exceeded its four percent (4%) debt limit. See “APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the Constituent Municipalities.”

## **Exceptions to Debt Limitation**

A Type II school district (other than a regional district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e. the excess of three-and-a-half percent (3.5%) of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

## **Energy Saving Obligations**

Under P.L. 2010, c. 4, effective January 21, 2010 and effective sixty (60) days thereafter, school districts may issue “energy savings obligations” without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the amount of the savings will cover the cost of the improvements.

## **SUMMARY OF STATE AID TO SCHOOL DISTRICTS**

In 1973, the Supreme Court of the State of New Jersey (the “Court”) ruled in *Robinson v. Cahill* that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (the “Public School Education Act”) (as amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, as amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in *Abbott v. Burke* that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts (previously called “Abbott Districts”, now referred to as “SDA Districts”) were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included QEA, CEIFA and EFCFA. For many years aid has simply been determined in the State budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, effective January 1, 2008, attempts to remove the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State's then current plan for school aid was a “constitutionally adequate scheme.” However, the State continued to underfund certain school districts and to overfund other school districts in its budgets based on the statutory scheme. In its budget process for

fiscal year 2019 and with the enactment of P.L. 2018, c. 67, effective July 24, 2018, the State moved the school districts toward the intent of the statutory scheme by increasing funding for underfunded school districts and decreasing funding for overfunded school districts over the next seven (7) years and providing cap relief for overfunded school districts to enable them to pick up more of the local share.

Notwithstanding over thirty-five (35) years of litigation, the State provides State aid to school districts of the State in amounts provided in the State budget each year. These now include equalization aid, special education categorical aid, transportation aid, preschool education aid, instructional supplement aid, supplemental core curriculum standards aid, distance learning network aid, bilingual aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or forty percent (40%) times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State upfront and debt service aid must be appropriated annually by the State.

The State reduced debt service aid by fifteen percent (15%) annually since fiscal year 2011. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in each fiscal year budget since 2011 representing fifteen percent (15%) of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

Pursuant to P.L. 2018, c. 67, effective July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State ("SFRA Modification Law"). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a seven (7) year transition period during which funding will be reduced (with the exception of The Board of Education of the City of Jersey City, where the transition period will be five (5) years). For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one (1) year.

## **SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS**

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

## **MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), governs the issuance of bonds and notes to finance certain municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and

that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Constituent Municipalities are general full faith and credit obligations.

The authorized bonded indebtedness of the Constituent Municipalities is limited by statute, subject to certain exceptions noted below, to an amount equal to three-and-a-half percent (3.5%) of its average equalized valuation basis. The average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the Constituent Municipalities as annually determined by the New Jersey Board of Taxation are set forth in APPENDIX A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

A municipality may exceed its debt limit with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, a municipality may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the municipality or substantially reduce the ability of the municipality to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the municipality to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

A municipality may sell "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as it may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

#### **Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the State local finance system is the annual cash basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government Services, New Jersey Department of Community Affairs (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it has been certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law, N.J.S.A. 40A:4-1 et seq. (the "Local Budget Law") requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit, may review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year in which they were issued.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

A provision in the Local Budget Law, N.J.S.A. 40A:4-26, provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues, except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with a municipality's calendar fiscal year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as: (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years; and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between appropriation accounts are prohibited until the last two (2) months of the year. Appropriation reserves may be transferred during the first three (3) months of the year, to the previous year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a 2/3 vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Certain types of appropriations are excluded from the provisions permitting transfers. Generally, transfers cannot be made from the down payment account, interest or debt redemption charges or the capital improvement fund or for contingent expenses.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon taxable property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

### **Fiscal Year Adjustment Law (1991 N.J. Laws c. 75)**

Chapter 75 of the Laws of New Jersey of 1991, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year. Municipalities that change fiscal years must adopt a six (6) month transition budget for January 1 through June 30. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the act authorizes the issuance of Fiscal Year Adjustment Bonds to fund the one time deficit for the six (6) month transition budget. The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue Fiscal Year Adjustment Bonds to finance the deficit on a permanent basis. The purpose of the act is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue Fiscal Year Adjustment Bonds as well.

### **State Supervision**

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law, or the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

### **Appropriations "Cap"**

The New Jersey "Cap Law" (the "Cap Law") (N.J.S.A. 40A:4-45.1 et seq.) places limits on municipal tax levies and expenditures. The Cap Law provides that a local unit shall limit any increase in its budget to two-and-a half percent (2.5%) or the Cost-Of-Living Adjustment (as defined in the Cap Law), whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living

Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than two-and-a-half percent (2.5%), a local unit may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the local unit for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than three-and-a-half percent (3.5%) over the previous year's final appropriations. In addition, N.J.S.A. 40A:4-45.15a restored "cap" banking to the Local Budget Law. Municipalities are permitted to appropriate available "cap bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "cap".

Additionally, P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care over two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division has advised that counties and municipalities must comply with both the budget "cap" and the tax levy limitation. Neither the tax levy limitation nor the "Cap" Law, however, limits the obligation of the county or municipality to levy *ad valorem* taxes upon all taxable property within its boundaries to pay debt service on its bonds and notes.

### **Tax Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income (where appropriate). Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. However, a divergence of the assessment ratio to true value is typically due to changes in market value over time.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the county Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Generally, tax bills are mailed annually in June of the current fiscal year. The taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged for the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00. Pursuant to 1991 N.J. Laws c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest rates are the highest permitted under State

statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

### **Tax Appeals**

State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the county Board of Taxation on or before April 1 of the current year for review. The county Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the county Board of Taxation, appeal may be made to the Tax Court of the State of New Jersey (the "State Tax Court") for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

### **Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Board as of and for the year ended June 30, 2024 together with the notes to the financial statements have been provided by the Board and are presented in APPENDIX B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by the Board's Auditor, PFK O' Connor Davies, LLP (the "Auditor"). See "APPENDIX B – Financial Statements of The Board of Education of the Hopewell Valley Regional School District in the County of Mercer, New Jersey."

## **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Board with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **LITIGATION**

To the knowledge of the Board Attorney, Schenck, Price, Smith & King, LLP, Florham Park, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened against the Board, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a materially adverse impact on the financial condition of the



Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter (as hereinafter defined) of the Bonds at the closing.

## **TAX EXEMPTION**

### **Federal Income Tax Treatment**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause such interest to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Board with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax.

The Bonds shall not be deemed bank qualified pursuant to Section 265 of the Code.

### **Premium Bonds**

[The Bonds [maturing on January 15 in the years 20\_\_ through 20\_\_, inclusive (collectively, the "Premium Bonds")], have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

### **Discount Bonds**

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on January 15 in the years 20\_\_ through 20\_\_, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In the case of any holder of the [Discount] Bonds, the amount of such original issue discount which is treated as having accrued with respect to the [Discount] Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the [Discount] Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

### **Additional Federal Income Tax Consequences Relating to Bonds**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income

credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

## **State Taxation**

Bond Counsel is also of the opinion that interest on the Bonds, and any gain on the sale of the Bonds, are not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds. See “APPENDIX C – Form of Approving Legal Opinion” for the complete text of the proposed form of Bond Counsel's approving legal opinion.

## **Prospective Tax Law Changes**

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal and State tax-exempt status of interest on the Bonds and the State tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds or the marketability of the Bonds. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

## **Other Tax Consequences**

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, State, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

**PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO ALL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF HOLDING THE BONDS.**

## **RISK TO HOLDERS OF BONDS**

It is understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

## **Municipal Bankruptcy**

**THE BOARD HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE BOARD EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.**

The undertakings of the Board should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a political subdivision must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a political subdivision, including the Board, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

## **Cyber Security**

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. To mitigate these risks to the greatest extent possible, the School District uses multi-factor authentication for all staff members accessing systems storing sensitive information. Furthermore, the School District leverages network segmentation to harden security, and all workstations and servers are running Endpoint Detection and Response (EDR) with 24/7 Managed Detection and Response (MDR). In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

## **Climate Change**

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District maintains a comprehensive insurance policy and maintains adequate reserves that could be used in the event of extreme weather.

## **RECENT HEALTHCARE DEVELOPMENTS**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$1,628,790 in federal aid to address the effects of the COVID-19 pandemic.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as APPENDIX C. Certain legal matters will be passed upon for the Board by its Board Attorney.

## **PREPARATION OF OFFICIAL STATEMENT**

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter (as hereinafter defined) by a certificate signed by the Board President and Assistant Superintendent for Business/Board Secretary. See "CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT" herein.

Bond Counsel has participated in the preparation and review of this Official Statement but has not participated in the collection of financial, statistical or demographic information contained in APPENDIX A to this Official Statement nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Municipal Advisor has participated in the review of this Official Statement and in the collection of financial, statistical and demographic information contained in APPENDIX A to this Official Statement but has not verified the accuracy, completeness or fairness thereof, and, accordingly, takes no responsibility and expresses no opinion with respect thereto.

The Board Auditor takes responsibility for the Financial Statements to the extent specified in the Independent Auditor's Report appearing in APPENDIX B hereto.

The Board Attorney has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the Board considers to be reliable, but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

## **RATING**

S&P Global Ratings, acting through Standard & Poor's Financial Services, LLC (the "Rating Agency"), has assigned a rating of "AA" to the Bonds based upon the creditworthiness of the School District. The Bonds are additionally secured by the New Jersey School Bond Reserve Act.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Board forwarded to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

## **UNDERWRITING**

The Bonds are being purchased from the Board by \_\_\_\_\_ (the "Underwriter"), at a price of \$\_\_\_\_\_ (the "Purchase Price"). The Purchase Price reflects the principal amount of the Bonds minus an Underwriter's discount of \$\_\_\_\_\_ less/plus a[n] [net] original issue discount/premium of \$\_\_\_\_\_. The Underwriter is obligated to purchase all of the Bonds if any Bonds are so purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the mathematical computations supporting the conclusion that the portion of the proceeds of the Bonds to be deposited in the escrow account is sufficient to pay interest on the Refunded

Bonds on the Call Date and the Redemption Price due on the Call Date, will be independently verified by PKF O'Connor Davies, LLP, Cranford, New Jersey.

## **SECONDARY MARKET DISCLOSURE**

The Board has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Board, as set forth in "APPENDIX D – Form of Continuing Disclosure Certificate," commencing with the fiscal year ending June 30, 2025 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Board with the Municipal Securities Rulemaking Board (the "MSRB") or any other entity designated by the MSRB. The notices of material events will be filed by the Board with the MSRB through its Electronic Municipal Market Access ("EMMA") system and with any other entity designated by the MSRB, as applicable. The nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "SEC Rule").

The Board has previously entered into secondary market disclosure undertakings in accordance with the SEC Rule. The Board appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Assistant Superintendent for Business/Board Secretary, Robert Colavita, (609) 737-4002, ext. 2201 or to Charles Anthony Solimine, Esq., Wilentz, Goldman & Spitzer, P.A., Bond Counsel to the Board, (732) 855-6430.

## **CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT**

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one or more of its authorized officials to the effect that he/she has examined this Official Statement (including the Appendices) and the financial and other data concerning the School District contained herein and that, to the best of his knowledge and belief: (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (ii) between the date of this Official Statement and the date of delivery of the Bonds, there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by this Official Statement.

## **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Board since the date hereof.

The Board has authorized the preparation of this final Official Statement containing pertinent information relative to the Bonds, and this Official Statement is deemed to be the final Official Statement as required by Rule 15c2-12, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. By awarding the Bonds to the Underwriter, the Board agrees that, within the earlier of seven (7) business days following the date of such award or to accompany the purchasers' confirmations requesting payment for the Bonds, it shall provide without cost to the Underwriter, for distribution purposes, copies of this final Official Statement. The underwriter agrees that (i) it shall accept such designation, and (ii) it shall assure the distribution of the final Official Statement.

**THE BOARD OF EDUCATION OF THE HOPEWELL VALLEY  
REGIONAL SCHOOL DISTRICT IN THE COUNTY OF  
MERCER, NEW JERSEY**

---

**ROBERT COLAVITA,  
Assistant Superintendent for Business/  
Board Secretary**

DATED: \_\_\_\_\_, 2025

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



## **APPENDIX A**

### **Certain Economic and Demographic Information Relating to the School District and the Constituent Municipalities**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## **INFORMATION REGARDING THE SCHOOL DISTRICT<sup>1</sup>**

### **Type**

The Board is comprised of nine (9) elected members. Pursuant to State statute, the Board appoints a Superintendent and Business Administrator/Board Secretary.

The Board of Education is a Type II school district (Grades Pre-K through 12) serving the Township of Hopewell, the Borough of Pennington and the Borough of Hopewell. The Board of Education provides a full range of educational services appropriate to grades Pre-K through twelve (12), including regular and special education programs. The Board of Education provides education to its students through four (4) elementary schools, one (1) 6 - 8 middle school and one (1) high school for grades 9 - 12.

### **Description of Facilities**

The Board presently operates the following school facilities:

<b>Facility</b>	<b>Construction Date</b>	<b>Grade Level</b>	<b>Student Enrollment (As of 6/30/24)</b>
Bear Tavern Elementary	1961	Pre-K- 5	457
Toll Gate Grammar	1928	Pre-K- 5	296
Hopewell Elementary	1926	Pre-K- 5	415
Stony Brook Elementary	2002	Pre-K- 5	412
Timberlane Middle School	1961	6-8	777
Hopewell Valley Central High	1958	9-12	1,072

Source: Annual Comprehensive Financial Report of the School District

### **Staff**

The Superintendent is the chief executive officer of the Board and is in charge of carrying out Board policies. The Business Administrator/Board Secretary is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education.

	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Teaching Professionals	418	427	422	409	408
Support Staff	288	292	292	275	273
Total Full & Part Time Employees	<u>706</u>	<u>719</u>	<u>714</u>	<u>684</u>	<u>682</u>

Source: Annual Comprehensive Financial Report of the School District

---

<sup>1</sup> Source: The Board, unless otherwise indicated.

## **Pupil Enrollments**

The following table presents the historical average daily pupil enrollments for the past five (5) school years.

<b>Pupil Enrollments</b>	
<b><u>School Year</u></b>	<b><u>Enrollment</u></b>
2023-2024	3,429
2022-2023	4,212
2021-2022	3,794
2020-2021	3,468
2019-2020	3,468

Source: School District and Annual Comprehensive Financial Report of the School District

## **Pensions**

Those employees of the School District who are eligible for pension coverage are enrolled in one of the two State-administered multi-employer pension systems (the “Pension System”). The Pension System was established by an act of the State Legislature. The Board of Trustees for the Pension System is responsible for the organization and administration of the Pension System. The two State-administered pension funds are: (1) the Teacher's Pension and Annuity Fund (“TPAF”) and (2) the Public Employee's Retirement System (“PERS”). The Division of Pensions and Benefits, within the State of New Jersey Department of the Treasury (the “Division”), charges the participating school districts annually for their respective contributions. The School District raises its contributions through taxation and the State contributes the employer's share of the annual Social Security and Pension contribution for employees enrolled in the TPAF. The Pension System is a cost sharing multiple employer contributory defined benefit plan. The Pension System's designated purpose is to provide retirement and medical benefits for qualified retirees and other benefits to its members. Membership in the Pension System is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State administered retirement system or other state or local jurisdiction.

*[Remainder of Page Intentionally Left Blank]*

### **Fiscal 2025-2026 Budget**

The General Fund budget is the sum of all State aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board's General Fund Budget for the 2025-2026 fiscal year is \$100,729,977. The major sources of revenue are \$89,504,447 from the local tax levy and \$6,813,419 from State aid.

Source: Annual User-Friendly Budget of the School District

### **Budget History**

The results of the last five budgets of the Board are as follows:

<b><u>Budget Year</u></b>	<b><u>Amount Raised in Taxes</u></b>	<b><u>Budget Amount</u></b>
2025-2026	\$89,504,447	\$100,729,977
2024-2025	85,784,421	97,561,270
2023-2024	83,515,163	95,470,291
2022-2023	80,097,110	90,124,563
2021-2022	78,526,578	88,287,900

Source: Annual User-Friendly Budget of the School District and NJ State DOE Website – School Election Results

*[Remainder of Page Intentionally Left Blank]*

## **Financial Operations**

The following table summarizes information on the changes in general fund revenues and expenditures for the school years ending June 30, 2021 through June 30, 2025 for the general fund.

### **GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED JUNE 30:**

	<b><u>2025*</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$85,784,421	\$83,515,163	\$80,097,110	\$78,526,578	\$77,175,998
Other Local Revenue	<u>2,560,779</u>	<u>2,398,116</u>	<u>1,311,827</u>	<u>1,249,163</u>	<u>849,549</u>
Total Revenues-Local Sources	88,345,200	85,913,279	81,408,937	79,775,741	78,025,547
State Sources	27,889,839	27,124,779	25,093,562	24,469,936	19,755,327
Federal Sources	<u>30,123</u>	<u>33,868</u>	<u>174,112</u>	<u>57,943</u>	<u>54,184</u>
Total Revenues	\$116,265,162	\$113,071,926	\$106,676,611	\$104,303,620	\$97,835,058
<b>EXPENDITURES</b>					
General Fund:					
Instruction	\$39,615,746	\$39,565,954	\$39,996,875	\$37,855,048	\$37,634,947
Undistributed Expenditures	76,704,231	70,835,177	67,175,889	63,126,677	54,708,049
Capital Outlay	<u>986,685</u>	<u>2,717,828</u>	<u>2,181,494</u>	<u>7,460,126</u>	<u>2,699,287</u>
Total Expenditures	117,306,662	113,118,959	109,354,258	108,441,851	95,042,283
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,041,500)	(47,033)	(2,677,647)	(4,138,231)	2,792,775
Other Financing Sources (Uses):					
Financed Purchases	470,000	315,000	0	4,475,761	1,200,000
Transfers In	56,787	0	1,486,411	0	0
Transfers Out	<u>0</u>	<u>(870,000)</u>	<u>0</u>	<u>(1,523,813)</u>	<u>0</u>
Total Other Financing Sources (Uses)	526,787	(555,000)	1,486,411	2,951,948	1,200,000
Net Change in Fund Balance	(514,713)	(602,033)	(1,191,236)	(1,186,283)	3,992,775
Fund Balance, July 1	<u>14,916,419</u>	<u>15,518,452</u>	<u>16,709,688</u>	<u>17,895,971</u>	<u>13,903,196</u>
Fund Balance, June 30	<u>\$14,401,706</u>	<u>\$14,916,419</u>	<u>\$15,518,452</u>	<u>\$16,709,688</u>	<u>\$17,895,971</u>

Source: Annual Comprehensive Financial Report of the School District. Statement of Revenues, Expenditures Governmental Funds and Changes In Fund Balances on a GAAP basis (Exhibit B-2).

## **Financed Purchases**

As of June 30, 2024, the Board has financed purchases outstanding with payments due through year ending June 30, 2029, totaling \$2,577,195.

Source: Annual Comprehensive Financial Report of the School District

## **Leases**

As of June 30, 2024, the Board has no leases outstanding.

Source: Annual Comprehensive Financial Report of the School District

## **Short-Term Debt**

As of June 30, 2024, the Board has no short-term debt outstanding.

Source: Annual Comprehensive Financial Report of the School District

## **Long-Term Debt**

The following table outlines the outstanding long-term debt of the Board as of June 30, 2024.

<b><u>Fiscal Year Ending</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	\$3,155,000	\$1,012,513	\$4,167,513
2026	3,240,000	909,975	4,149,975
2027	3,330,000	804,675	4,134,675
2028	3,420,000	688,125	4,108,125
2029	3,515,000	568,425	4,083,425
2030	3,610,000	445,400	4,055,400
2031	3,710,000	301,000	4,011,000
2032	<u>3,815,000</u>	<u>152,600</u>	<u>3,967,600</u>
<b>TOTALS</b>	<b><u>\$27,795,000</u></b>	<b><u>\$4,882,713</u></b>	<b><u>\$32,677,713</u></b>

Source: Annual Comprehensive Financial Report of the School District

*[Remainder of Page Intentionally Left Blank]*

### **Debt Limit of the Board**

The debt limitation of the Board is established by statute (N.J.S.A. 18A:24-19). The Board is permitted to incur debt up to 4% of the average equalized valuation for the past three years. (See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT- Exceptions to Debt Limitation”). The following is a summation of the Board’s debt limitations as of June 30, 2024:

Average Equalized Real Property Valuation (2021, 2022, and 2023)	\$5,531,059,037
<b>School District Debt Analysis</b>	
Permitted Debt Limitation (4% of AEVP)	\$221,242,361
Less: Bonds and Notes Authorized and Outstanding	<u>21,400,000</u>
Remaining Limitation of Indebtedness	\$199,842,361
Percentage of Net School Debt to Average Equalized Valuation	0.39%

Source: Annual Comprehensive Financial Report of the School District

*[Remainder of Page Intentionally Left Blank]*



## **INFORMATION REGARDING THE TOWNSHIP OF HOPEWELL<sup>1</sup>**

The following material presents certain economic and demographic information of the Township of Hopewell (the “Township”), in the County of Mercer (the “County”), in the State of New Jersey (the “State”).

### **General Information**

The Township is comprised of an area of approximately sixty (60) square miles and it is bounded by Hunterdon County to the north, the Delaware River to the west, Lawrence and Ewing Townships to the south and Princeton to the east. The Township also surrounds the Boroughs of Hopewell and Pennington. The Township is divided by New Jersey State Highway Route 31. The cities of Philadelphia and New York provide cultural and economic centers which are easily accessible via Interstates 95 and 295 which run through the Township, commuter railroad transportation and/or bus service. Air travel connections are available at the Trenton/Mercer Airport which is located just over the Township's southern border in Ewing Township.

The area encompassing the Township is bucolic in nature. A mixture of pastoral, wooded and rugged terrain guarantees that future development will be limited to suitable areas, allowing the Township to retain its rural and unspoiled characteristics.

A full range of commercial establishments are located in the Township. Restaurants, service stations, grocery and food specialty shops, banks and offices complement the residential nature of the Township's developed areas. Additional commercial and retail shopping is available in the Boroughs of Hopewell and Pennington. Major corporate employers are Janssen Pharmaceutical (a division of Johnson & Johnson) and Capital Health Systems.

Public and quasi-public land uses in the Township include the Mercer County Howell Living History Farm and the Mercer County Belle Mountain recreation area in the northwest section of the Township. Washington Crossing State Park, Mercer County Park Northwest and Mercer County's Rosedale Park provide both passive and active recreation areas within the Township. Baldpate Mountain, owned by the County, the State and the Township; the Aliger property which is owned by the Township; and Independence Park which is owned by the Township, also provide for passive and active recreation.

Vacant land area is predominately zoned for residential development, which provides for several zoning classifications from five units per acre in the Township's growth zone up to fourteen acre sites in the mountainous areas.

---

<sup>1</sup> Source: The Township (unless otherwise indicated).

## **Education**

The Township is served by the Hopewell Valley Regional School District, an all-purpose regional school district which is comprised of Hopewell Borough, the Township, and Pennington Borough (the "School District"). The School District is a type II school district and currently provides education for grades pre-K through 12. There are four (4) elementary schools that house grades pre-K through 5; one (1) middle school that houses grades 6 through 8; and one (1) high school for grades 9 through 12.

The School District's Board of Education is comprised of nine (9) elected members, elected for staggered three (3) year terms. Pursuant to State statute, the Board of Education appoints a Superintendent and Business Administrator/Board Secretary.

In addition to the schools of the Hopewell Valley Regional School District, there are several private schools conveniently available in the adjacent communities. Area higher education is provided by The College of New Jersey, Princeton University, Rider University and Mercer County Community College, all of which are located in adjacent communities. These universities and colleges offer a full range of curriculum in undergraduate, graduate and doctoral studies.

## **Form of Government**

The Township is governed by a five-member Township Committee elected on an at-large basis. Each year the elected body selects one of its members to serve as Mayor for a one-year term. The Township Committee has responsibility for all executive and legislative matters, including the enactment of all ordinances and resolutions.

Administrative responsibilities are vested in a full-time professionally trained Township Administrator, who is charged with overseeing the "day-to-day" operations of the municipal government. Township offices and departments include: the Office of the Township Administrator, Municipal Court, the Office of the Township Clerk, the Department of Finance, the Department of Revenue Collection, the Offices of Planning, Zoning and Affordable Housing, the Municipal Construction Department, the Police Department, the Department of Public Works and the Health Department.

The Township Committee formulates policy with input from the Township's professional staff, as well as resident volunteers who serve on various boards, commissions or committees.

The volunteer boards of the municipal government are: Zoning Board of Adjustment, Planning Board, Environmental Commission, Historic Preservation Commission, Affordable Housing Committee, Board of Health, the Agricultural Advisory Committee, the Open Space Advisory Committee, Citizens Equality Advisory Committee, Deer Management Advisory Committee, Recreation Advisory Committee, Senior Advisory Committee, Senior Advisory Board and Woolsey Park Advisory Committee.

## **Public Works**

Public Works provides curbside service Township-wide including: bulky waste (January, April, May, June, September and October) and brush pickup monthly by zone (exceptions: the months of July, August, November and December), Freon disposal (monthly), leaf pickup (spring and autumn) and tire pickup (twice during the year). Additionally, this department maintains 144 miles of Township roadway (including surface repairs and snow removal), all Township vehicles, all municipal buildings and any parks or recreational facilities that are the responsibility of the Township.

## **Utilities**

Electric and gas service is provided by Jersey Central Power & Light, PSE&G Gas Company, and Elizabethtown Gas Company. Private companies supply garbage collection. Comcast Cablevision and Verizon Fios provide cable television service. Seventy percent of Township residents have septic systems and well water. Trenton Water Works supplies water to neighborhoods south of Lawrenceville-Pennington and Washington Crossing-Pennington Roads. Elizabethtown Water Company has a limited franchise to provide water for a few neighborhoods in the northern section of the Township. Stony Brook Regional Sewerage Authority and the Ewing-Lawrence Sewerage Authority provide sewage treatment to those areas which are sewered.

## **Public Safety**

The Police Department provides 24-hour service to the residents of the Township and to the residents of Hopewell Borough via an interlocal service agreement that has been in place since January 1983. The department consists of a Chief, Lieutenants, Sergeants, Patrol Officers, Dispatchers, Secretary and a Discovery Clerk. Services to the public include: Resident Identification Cards, Crime Watch, Domestic Violence Task Force, a Traffic Service Unit and educational services in local schools.

## **Recreation**

The Hopewell Valley Recreation Department was created to foster a regional approach to the delivery of recreation and leisure services.

The department sponsors a comprehensive array of recreation and leisure services and a wide variety of community trips, senior citizens activities and programs for children and teens. More than 40 programs were offered throughout the year, including senior breakfasts, community trips, baseball games, a weekly senior bridge program, voice and dance lessons, a youth wrestling program and a youth field hockey program.

The department also manages the Township's parks, playgrounds and athletic facilities, including the Municipal Athletic Complex, the 22-acre Independence Park, the 173 acre Woolsey Park and the 49-acre Twin Pines facility that is currently being used as a practice sight for many of the community's soccer and lacrosse teams. The Township continues its partnership with neighboring Lawrence Township in the maintenance and development of the Twin Pines Site.

The Township is the recreation department's fiscal agent and provides salary and certain operating expenses through its annual municipal budget. A trust fund was established for fee-based programs that are designed to be self-supporting and provide employment to part-time staff members.

### **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2024	9,159	8,881	278	3.0%
2023	9,113	8,867	246	2.7%
2022	9,011	8,790	221	2.5%
2021	8,819	8,463	356	4.0%
2020	8,627	8,175	452	5.2%
<b><u>County</u></b>				
2024	199,583	190,833	8,750	4.4%
2023	198,699	190,533	8,166	4.1%
2022	195,425	188,302	7,123	3.6%
2021	192,685	180,980	11,705	6.1%
2020	192,510	177,193	15,317	8.0%
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income (as of 2023)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$177,088	\$96,333	\$101,050
Median Family Income	208,052	124,699	123,892
Per Capita Income	77,201	52,101	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

## **Population**

The following tables summarize population increases and the decreases for the Township, the County, and the State.

<b><u>Year</u></b>	<b><u>Township</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2024 est.	17,916	2.43%	392,138	1.24%	9,500,851	2.28%
2020	17,491	1.08	387,340	5.68	9,288,994	5.65
2010	17,304	7.44	366,513	4.49	8,791,894	4.49
2000	16,105	38.96	350,761	7.65	8,414,350	8.85
1990	11,590	6.40	325,824	5.83	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

## **Largest Taxpayers**

The ten largest taxpayers in the Township and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2024</u></b>	<b><u>% of Total</u></b>
	<b><u>Assessed Valuation</u></b>	<b><u>Assessed Valuation</u></b>
American Blvd SPV#	\$108,763,504	2.72%
Cole Hopewell Twp	92,400,000	2.31%
Janssen Pharmaceutical	91,230,100	2.28%
Beigene Hopewell Urban Renewal	75,000,000	1.88%
AREP Hopewell LLC	72,035,000	1.80%
Hopewell Campus Owner LLC	60,000,000	1.50%
US Home Corp DBA Lennar	52,800,000	1.32%
One Talent	49,583,400	1.24%
Trustees of Princeton	35,770,100	0.90%
Hopewell TC Associates	<u>24,646,100</u>	<u>0.62%</u>
<b>Total</b>	<b><u>\$662,228,204</u></b>	<b><u>16.58%</u></b>

Source: School District Annual Comprehensive Financial Report & Municipal Tax Assessor

*[Remainder of page intentionally left blank]*

### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2024	\$127,483,286	\$126,592,512	99.30%
2023	122,048,246	119,561,478	97.96%
2022	118,978,587	118,232,937	99.37%
2021	116,808,474	115,661,661	99.02%
2020	117,155,619	115,832,713	98.87%

Source: Annual Audit Reports of the Township

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2024	\$446,323	\$571,929	\$1,018,253	0.80%
2023	382,547	2,344,181	2,726,728	2.23%
2022	385,716	614,306	1,000,022	0.84%
2021	318,563	1,008,058	1,326,621	1.14%
2020	310,332	1,444,356	1,754,688	1.50%

Source: Annual Audit Reports of the Township

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2024	\$0
2023	0
2022	0
2021	0
2020	0

Source: Annual Audit Reports of the Township

*[Remainder of page intentionally left blank]*

### **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists components of the tax rates for Township residents, per \$100 of assessed valuation, for the past five (5) years.

<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>Municipal Open Space</u></b>	<b><u>Regional School</u></b>	<b><u>County</u></b>	<b><u>Fire District</u></b>	<b><u>Total</u></b>
2025	\$0.440	\$0.030	N/A	N/A	N/A	N/A
2024	0.443	0.030	1.836	0.783	0.119	3.211
2023	0.435	0.030	1.752	0.727	0.112	3.056
2022	0.438	0.030	1.715	0.701	0.109	2.993
2021	0.437	0.030	1.782	0.701	0.109	3.059

Source: Abstract of Ratables and State of New Jersey – Property Taxes

### **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2024	\$3,989,523,500	\$4,848,126,747	82.29%	\$5,086,981	\$4,853,213,728
2023	3,983,007,840	4,840,208,822	82.29	5,206,725	4,845,415,547
2022	3,878,045,310	4,576,404,661	84.74	6,076,246	4,582,480,907
2021	3,810,168,570	4,213,855,972	90.42	6,031,203	4,219,887,175
2020	3,919,619,970	4,161,397,144	94.19	5,228,162	4,166,625,306

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

### **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2024	\$92,714,400	\$2,820,927,300	\$257,162,900	\$510,011,900	\$304,017,000	\$4,690,000	\$3,989,523,500
2023	77,068,300	2,802,849,900	252,428,460	508,013,700	338,028,500	4,618,980	3,983,007,840
2022	30,657,000	2,777,645,400	259,075,830	500,894,600	305,153,500	4,618,980	3,878,045,310
2021	30,077,200	2,758,499,500	254,671,970	503,361,900	259,006,400	4,551,600	3,810,168,570
2020	35,978,000	2,751,990,400	260,974,570	501,663,300	364,462,100	4,551,600	3,919,619,970

Source: Abstract of Ratables and State of New Jersey – Property Value Classification



## **Financial Operations**

The following table summarizes the Township's Current fund budget for the past five (5) fiscal years ending December 31. This summary should be used in conjunction with the tables from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Fund Balance Utilized	\$1,730,000	\$1,311,000	\$1,995,000	\$800,000	\$3,350,000
Miscellaneous Revenues	5,020,408	5,815,637	6,154,291	6,783,682	8,899,311
Receipts from Delinquent Taxes	1,363,000	1,113,300	800,000	1,800,000	525,000
Amount to be Raised by Taxation	<u>16,672,293</u>	<u>17,002,487</u>	<u>17,339,859</u>	<u>17,684,867</u>	<u>17,548,972</u>
Total Revenue:	<u>\$24,785,701</u>	<u>\$25,242,425</u>	<u>\$26,289,150</u>	<u>\$27,068,548</u>	<u>\$30,323,282</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$15,253,671	\$15,747,348	\$16,408,314	\$16,408,000	\$17,968,793
Operations (Excluded from CAPS)	1,521,993	1,708,540	1,616,201	1,875,558	2,225,605
Deferred Charges and Statutory Expenditures	175,000	242,000	0	0	0
Capital Improvement Fund	250,000	258,000	670,000	400,000	1,795,000
Municipal Debt Service	6,326,326	6,081,087	6,384,263	6,782,486	6,733,550
Reserve for Uncollected Taxes	<u>1,258,711</u>	<u>1,205,450</u>	<u>1,210,372</u>	<u>1,602,505</u>	<u>1,600,335</u>
Total Appropriations:	<u>\$24,785,701</u>	<u>\$25,242,425</u>	<u>\$26,289,150</u>	<u>\$27,068,548</u>	<u>\$30,323,282</u>

Source: Annual Adopted Budgets of the Township

## **Fund Balance**

### **Current Fund**

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b> <b><u>12/31</u></b>	<b><u>Utilized in Budget</u></b> <b><u>of Succeeding Year</u></b>
2024	\$14,277,467	\$3,350,000
2023	10,143,560	800,000
2022	11,808,778	1,995,000
2021	8,722,873	1,311,000
2020	8,979,773	1,730,000

Source: Annual Audit Reports of the Township

Water Utility Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Water Utility Fund for the past five (5) fiscal years ending December 31.

**Fund Balance - Water Utility Operating Fund**

<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2024	\$168,362	\$28,840
2023	130,145	22,825
2022	156,358	55,000
2021	230,488	104,260
2020	205,817	91,400

Source: Annual Audit Reports of the Township

Sewer Utility Fund (ELSA)/(SBRSA)

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Sewer Utility Fund for the past five (5) fiscal years ending December 31.

**Fund Balance - Sewer Utility Operating Fund (ELSA)/(SBRSA)**

<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2024	\$259,975	\$220,000
2023	280,662	198,327
2022	483,256	269,554
2021	616,827	99,275
2020	588,348	356,416

Source: Annual Audit Reports of the Township

*[Remainder of page intentionally left blank]*

## **Township Indebtedness as of December 31, 2024**

### **General Purpose Debt**

Serial Bonds	\$35,277,000
Bond Anticipation Notes	15,302,000
Bonds and Notes Authorized but Not Issued	770,000
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$51,349,000

### **Regional School District Debt**

Serial Bonds	\$22,825,200
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$22,825,200

### **Self-Liquidating Debt**

Serial Bonds	\$711,000
Bond Anticipation Notes	108,000
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$819,000

### **TOTAL GROSS DEBT \$74,993,200**

Less: Statutory Deductions	
General Purpose Debt	\$5,860,637
Regional School District Debt	22,825,200
Self-Liquidating Debt	<u>819,000</u>
Total:	\$29,504,837

### **TOTAL NET DEBT \$45,488,363**

Source: Annual Debt Statement of the Township

*[Remainder of page intentionally left blank]*

**Overlapping Debt (as of December 31, 2024)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Regional School District	\$27,795,000	82.12%	\$22,825,200
County	635,709,173	7.55%	<u>48,024,338</u>
Net Indirect Debt			\$70,849,538
Net Direct Debt			<u>45,488,363</u>
Total Net Direct and Indirect Debt			<b><u>\$116,337,901</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2022, 2023, 2024)	\$4,754,913,410
Permitted Debt Limitation (3 1/2%)	166,421,969
Less: Net Debt	<u>45,488,363</u>
Remaining Borrowing Power	<u>\$120,933,606</u>
Percentage of Net Debt to Average Equalized Valuation	0.957%
Gross Debt Per Capita based on 2024 population of 17,916	\$4,186
Net Debt Per Capita based on 2024 population of 17,916	\$2,539

Source: Annual Debt Statement of the Township

*[Remainder of page intentionally left blank]*

---

<sup>2</sup> Municipality's percentage of County debt is based on the Municipality's share of total equalized valuation in the County.

## **INFORMATION REGARDING THE BOROUGH OF HOPEWELL<sup>1</sup>**

The following material presents certain economic and demographic information of the Borough of Hopewell (the “Borough”), in the County of Mercer (the “County”), State of New Jersey (the “State”).

### **General Information**

The Borough was incorporated in 1891 and is located in the central portion of the County, midway between Philadelphia and New York City. The Borough operates under the Borough Council form of government. The Council is the legislative body of the Borough and consists of six (6) members elected by popular vote to a three (3) year term. The terms are staggered so that two members are elected each year.

### **Public Safety**

The Borough has an interlocal service agreement with Hopewell Township for police service which provides 24-hour protection to the residents of the Borough. The interlocal service agreement has been in place since January 1983. Fire protection is provided by the Hopewell Borough Fire District which also provides 24-hour protection. The Fire District is governed by five (5) elected commissioners. Ambulance service is provided by the local volunteer rescue squad.

### **Utilities**

The Borough maintains a Water Utility which supplies well water to the Borough residents. Sewer service is provided by Stony Brook Regional Sewerage Authority. Electric and gas service is provided by Public Service Electric and Gas.

### **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees’ Retirement System, the Police and Firemen’s Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the “Division”). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees’ Retirement System (“PERS”) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions

---

<sup>1</sup> Source: The Borough, unless otherwise indicated.

of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

*[Remainder of Page Intentionally Left Blank]*

## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Borough</u></b>				
2024	1,060	1,030	30	2.8%
2023	1,054	1,028	26	2.5%
2022	1,049	1,019	30	2.9%
2021	1,020	978	42	4.1%
2020	1,004	946	58	5.8%
<b><u>County</u></b>				
2024	199,583	190,833	8,750	4.4%
2023	198,699	190,533	8,166	4.1%
2022	195,425	188,302	7,123	3.6%
2021	192,685	180,980	11,705	6.1%
2020	192,510	177,193	15,317	8.0%
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## **Income (as of 2023)**

	<b><u>Borough</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$142,396	\$96,333	\$101,050
Median Family Income	187,679	124,699	123,892
Per Capita Income	78,642	52,101	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

## **Population**

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

<b><u>Year</u></b>	<b><u>Borough</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2023 est.	1,894	-1.25%	392,138	1.24%	9,500,851	2.28%
2020	1,918	-0.21	387,340	5.68	9,288,994	5.65
2010	1,922	-5.55	366,513	4.49	8,791,894	4.49
2000	2,035	3.40	350,761	7.65	8,414,350	8.85
1990	1,968	-1.65	325,824	5.83	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

## **Largest Taxpayers**

The ten largest taxpayers in the Borough and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2024</u></b>	<b><u>% of Total</u></b>
	<b><u>Assessed Valuation</u></b>	<b><u>Assessed Valuation</u></b>
Freedman, Gerald	\$2,200,000	0.69%
Hopewell Village Square	2,048,900	0.64%
Rockwell Automation, Inc	1,444,100	0.45%
71 E. Broad LLC	1,340,600	0.42%
Brick Farm Market, LLC	1,276,400	0.40%
PNC Bank	1,029,600	0.32%
Pashley, Peter & Katharine H/W	1,027,400	0.32%
Hopewell Special LLC C/O Moseley,	1,022,300	0.32%
Jeffers James & Raquel	1,019,500	0.32%
Prewitt Incorporated	<u>994,600</u>	<u>0.31%</u>
<b>Total</b>	<b><u>\$13,403,400</u></b>	<b><u>4.22%</u></b>

Source: Annual Comprehensive Financial Report of the School District and Municipal Tax Assessor

*[Remainder of Page Intentionally Left Blank]*



### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2024	\$10,941,582	\$10,799,680	98.70%
2023	10,549,179	10,319,165	97.82%
2022	10,208,530	10,026,624	98.22%
2021	10,003,034	9,843,967	98.41%
2020	9,834,009	9,707,964	98.72%

Source: Annual Audit Reports of the Borough

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2024	\$0	\$137,119	\$137,119	1.25%
2023	-	230,014	230,014	2.18%
2022	-	177,241	177,241	1.74%
2021	-	138,905	138,905	1.39%
2020	83,125	99,716	182,841	1.86%

Source: Annual Audit Reports of the Borough

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2024	\$187,700
2023	187,700
2022	187,700
2021	187,700
2020	187,700

Source: Annual Audit Reports of the Borough

*[Remainder of Page Intentionally Left Blank]*

### **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists the tax rates for Borough residents for the past five (5) years.

		<b>Regional</b>		<b>Fire</b>
<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>County</u></b>	<b><u>District</u></b>
2024	\$0.801	\$1.848	\$0.720	\$0.070
2023	0.763	1.822	0.655	0.070
2022	0.732	1.749	0.648	0.070
2021	0.685	1.736	0.650	0.070
2020	0.674	1.715	0.638	0.070

Source: Abstract of Ratables and State of New Jersey – Property Taxes

### **Valuation of Property**

	<b>Aggregate Assessed</b>	<b>Aggregate True</b>	<b>Ratio of</b>	<b>Assessed</b>	
<b><u>Year</u></b>	<b><u>Valuation of</u></b>	<b><u>Value of</u></b>	<b><u>Assessed to</u></b>	<b><u>Value of</u></b>	<b><u>Equalized</u></b>
	<b><u>Real Property</u></b>	<b><u>Real Property</u></b>	<b><u>True Value</u></b>	<b><u>Personal Property</u></b>	<b><u>Valuation</u></b>
2024	\$317,972,400	\$396,079,223	80.28%	\$0	\$396,079,223
2023	318,522,900	396,764,948	80.28	0	396,764,948
2022	318,574,800	372,210,305	85.59	0	372,210,305
2021	317,351,900	358,184,989	88.6	0	358,184,989
2020	317,263,500	343,470,283	92.37	0	343,470,283

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

### **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2024	\$4,566,400	\$272,433,100	\$1,770,700	\$36,428,900	\$1,270,100	\$1,503,200	\$317,972,400
2023	5,005,800	272,544,200	1,770,700	36,428,900	1,270,100	1,503,200	318,522,900
2022	4,442,500	272,376,300	1,775,800	37,206,900	1,270,100	1,503,200	318,574,800
2021	5,264,000	270,089,200	1,775,800	37,449,600	1,270,100	1,503,200	317,351,900
2020	5,264,000	270,073,900	1,776,100	37,376,200	1,270,100	1,503,200	317,263,500

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

The following table summarizes the Borough's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Fund Balance Utilized	\$393,200	\$541,500	\$600,000	\$630,000	\$653,000
Miscellaneous Revenues	904,366	1,060,273	922,969	1,057,397	1,106,344
Receipts from Delinquent Taxes	99,700	100,000	140,000	155,000	135,000
Amount to be Raised by Taxation	<u>2,142,259</u>	<u>2,297,715</u>	<u>2,396,457</u>	<u>2,514,026</u>	<u>2,606,566</u>
Total Revenue:	<u>\$3,539,525</u>	<u>\$3,999,488</u>	<u>\$4,059,426</u>	<u>\$4,356,424</u>	<u>\$4,500,910</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$1,485,094	\$1,619,037	\$1,692,303	\$1,760,564	\$1,847,828
Operations (Excluded from CAPS)	900,085	930,962	969,525	1,158,363	1,065,133
Deferred Charges and Statutory Expenditures	24,107	143,650	0	0	600
Capital Improvement Fund	175,000	199,498	0	0	150,000
Municipal Debt Service	548,349	689,232	976,540	1,001,736	986,686
Reserve for Uncollected Taxes	<u>406,890</u>	<u>417,109</u>	<u>421,058</u>	<u>435,761</u>	<u>450,663</u>
Total Appropriations:	<u>\$3,539,525</u>	<u>\$3,999,488</u>	<u>\$4,059,426</u>	<u>\$4,356,424</u>	<u>\$4,500,910</u>

Source: Annual Adopted Budgets of the Borough

## **Fund Balance**

### **Current Fund**

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024	\$2,526,706	\$653,000
2023	2,266,068	630,000
2022	2,309,922	600,000
2021	2,209,524	541,500
2020	1,866,266	393,200

Source: Annual Audit Reports of the Borough

Water Utility Operating Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Water Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance - Water Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024	\$28,142	\$10,000
2023	23,890	-
2022	48,880	26,000
2021	74,125	64,262
2020	133,820	90,000

Source: Annual Audit Reports of the Borough

*[Remainder of Page Intentionally Left Blank]*

**Borough Indebtedness as of December 31, 2024****General Purpose Debt**

Serial Bonds	\$7,158,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	2,786,448
Other Bonds, Notes and Loans	0
Total:	<u>\$9,944,448</u>

**Local School District Debt**

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$0</u>

**Regional School District Debt**

Serial Bonds	\$1,866,336
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$1,866,336</u>

**Self-Liquidating Debt**

Serial Bonds	\$538,000
Bond Anticipation Notes	95,000
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	<u>\$633,000</u>

**TOTAL GROSS DEBT****\$12,443,784**

Less: Statutory Deductions	
General Purpose Debt	\$1,747,615
Local School District Debt	0
Regional School District Debt	1,866,336
Self-Liquidating Debt	633,000
Total:	<u>\$4,246,951</u>

**TOTAL NET DEBT****\$8,196,833**

Source: Annual Debt Statement of the Borough

**Overlapping Debt (as of December 31, 2024)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Borough Percentage</u></b>	<b><u>Borough Share</u></b>
Local School District	\$0	100.00%	\$0
Regional School District	27,795,000	6.71%	1,866,336
County	635,709,173	0.68%	<u>4,296,215</u>
Net Indirect Debt			\$6,162,551
Net Direct Debt			<u>8,196,833</u>
Total Net Direct and Indirect Debt			<b><u>\$14,359,384</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2022, 2023, 2024)	\$388,351,492
Permitted Debt Limitation (3 1/2%)	13,592,302
Less: Net Debt	<u>8,196,833</u>
Remaining Borrowing Power	<u>\$5,395,469</u>
Percentage of Net Debt to Average Equalized Valuation	2.111%
 Gross Debt Per Capita based on 2023 population of 1,894	 \$6,570
Net Debt Per Capita based on 2023 population of 1,894	\$4,328

Source: Annual Debt Statement of the Borough

*[Remainder of Page Intentionally Left Blank]*

---

<sup>2</sup> Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County.

## **INFORMATION REGARDING THE BOROUGH OF PENNINGTON<sup>1</sup>**

The following material presents certain economic and demographic information of the Borough of Pennington (the “Borough”), in the County of Mercer (the “County”), State of New Jersey (the “State”).

### **General Information**

The Borough is comprised of an area of approximately one square mile and is a small suburban community. The Borough is located in the west central portion of the State, in the northwest portion of the County.

### **Form of Government**

The Borough operates under a form of the Mayor-Council Plan in which authority is decentralized. Under this form the Mayor, elected directly by the voters, shares administrative power and responsibility with the Council.

The Mayor, as chief executive officer of the Borough, serves on a part-time basis. The Mayor is elected for a four-year term. The Mayor nominates appointees to boards and commissions of the Borough, subject to the ratification of Council, and presides over meetings of the Borough Council. The Mayor may vote on actions being considered by the Council only to break a tied vote.

The Borough Council is the policy making body of Borough government, but also has certain administrative powers. The Council is comprised of six members, two of whom are elected at-large each year to three-year terms. The Council is responsible for passing ordinances, adopting operating budgets, and approving appointments made by the Mayor. Through its standing committees, the Council exercises significant policy oversight in the Borough's operations.

The day-to-day operations of the Borough are managed by the Borough Administrator, who is the chief administrative officer and heads a workforce of approximately 37 employees. The Borough Administrator is appointed by the Mayor and Council and carries out the Council's plans and orders. All Borough departments report to the Administrator, who is responsible for personnel policy and organization, interdepartmental coordination, budget planning and procurement of goods and services necessary to the Borough's operations.

### **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the “Division”). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually

---

<sup>1</sup> Source: The Borough, unless otherwise indicated.

charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

*[Remainder of page intentionally left blank]*



## **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County, and the State:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Borough</u></b>				
2024	1,648	1,608	40	2.4%
2023	1,648	1,606	42	2.5%
2022	1,611	1,577	34	2.1%
2021	1,542	1,499	43	2.8%
2020	1,512	1,453	59	3.9%
<b><u>County</u></b>				
2024	199,583	190,833	8,750	4.4%
2023	198,699	190,533	8,166	4.1%
2022	195,425	188,302	7,123	3.6%
2021	192,685	180,980	11,705	6.1%
2020	192,510	177,193	15,317	8.0%
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

*[Remainder of page intentionally left blank]*

### **Income (as of 2023)**

	<b><u>Borough</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$171,282	\$96,333	\$101,050
Median Family Income	212,273	124,699	123,892
Per Capita Income	88,350	52,101	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

### **Population**

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

	<b><u>Borough</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
<b><u>Year</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2023 est.	2,840	1.36%	392,138	1.24%	9,500,851	2.28%
2020	2,802	8.39	387,340	5.68	9,288,994	5.65
2010	2,585	-4.12	366,513	4.49	8,791,894	4.49
2000	2,696	6.27	350,761	7.65	8,414,350	8.85
1990	2,537	20.29	325,824	5.83	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

### **Largest Taxpayers**

The ten largest taxpayers in the Borough and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2024 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
143 West Franklin Ave., LLC	\$7,600,000	1.44%
Pennington Square Shop. Cntr.	3,900,000	0.74%
21 Pennington, LLC	3,700,000	0.70%
Straube Regional Center	3,531,800	0.67%
Straube Center	3,300,000	0.62%
Scope Flip Pennington SM, LLC	3,241,600	0.61%
ECS Holding LLC	3,000,000	0.57%
Pennington Court, Inc.	2,078,200	0.39%
Chill Properties, LLC	2,000,000	0.38%
Montpen SC LLC	<u>1,956,900</u>	<u>0.37%</u>
<b>Total</b>	<b><u>\$34,308,500</u></b>	<b><u>6.49%</u></b>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2024	\$17,208,601	\$17,112,904	99.44%
2023	16,097,485	15,960,204	99.15%
2022	14,956,973	14,830,946	99.16%
2021	14,797,484	14,592,597	98.62%
2020	14,324,026	14,170,770	98.93%

Source: Annual Audit Reports of the Borough

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2024	\$8,007	\$67,084	\$75,091	0.44%
2023	8,007	117,010	125,017	0.78%
2022	7,943	141,587	149,530	1.00%
2021	7,943	189,465	197,408	1.33%
2020	7,943	152,428	160,371	1.12%

Source: Annual Audit Reports of the Borough

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2024	\$17,810
2023	17,810
2022	17,810
2021	17,810
2020	17,810

Source: Annual Audit Reports of the Borough

### **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists the tax rates for Borough residents for the past five (5) years.

	<b>Regional</b>			
<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
2024	\$0.603	\$1.862	\$0.736	\$3.201
2023	0.589	1.758	0.653	3.000
2022	0.545	1.614	0.615	2.774
2021	0.580	1.621	0.608	2.809
2020	0.550	1.620	0.620	2.790

Source: Abstract of Ratables and State of New Jersey – Property Taxes

### **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2024	\$526,703,500	\$672,587,792	78.31%	\$1,556,000	\$674,143,792
2023	525,630,100	671,217,086	78.31	1,704,600	672,921,686
2022	525,531,200	612,650,035	85.78	2,118,491	614,768,526
2021	514,221,200	551,680,292	93.21	2,118,491	553,798,783
2020	508,958,100	516,289,410	98.58	2,026,596	518,316,006

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

### **Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2024	\$1,653,800	\$466,656,900	\$0	\$51,322,400	\$6,283,800	\$786,600	\$526,703,500
2023	1,678,800	465,526,700	0	51,322,400	6,283,800	818,400	525,630,100
2022	1,315,300	465,791,300	0	51,322,400	6,283,800	818,400	525,531,200
2021	5,347,400	450,787,100	0	50,984,500	6,283,800	818,400	514,221,200
2020	4,271,700	446,599,700	0	50,984,500	6,283,800	818,400	508,958,100

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## **Financial Operations**

The following table summarizes the Borough's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

### **Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Fund Balance Utilized	\$438,915	\$492,299	\$496,085	\$578,753	\$818,288
Miscellaneous Revenues	1,196,260	664,476	766,715	683,085	646,403
Receipts from Delinquent Taxes	154,000	150,000	120,000	116,000	70,000
Amount to be Raised by Taxation	<u>2,701,467</u>	<u>2,822,848</u>	<u>3,052,530</u>	<u>3,129,734</u>	<u>3,279,118</u>
Total Revenue:	<u>\$4,490,642</u>	<u>\$4,129,624</u>	<u>\$4,435,330</u>	<u>\$4,507,573</u>	<u>\$4,813,808</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$2,927,716	\$3,077,702	\$3,250,037	\$3,344,013	\$3,557,385
Operations (Excluded from CAPS)	898,626	397,545	493,293	508,560	595,678
Deferred Charges and Statutory Expenditures	74,300	53,200	80,000	30,000	30,000
Capital Improvement Fund	15,000	15,000	15,000	15,000	15,000
Municipal Debt Service	315,000	321,177	327,000	330,000	325,745
Reserve for Uncollected Taxes	<u>260,000</u>	<u>265,000</u>	<u>270,000</u>	<u>280,000</u>	<u>290,000</u>
Total Appropriations:	<u>\$4,490,642</u>	<u>\$4,129,624</u>	<u>\$4,435,330</u>	<u>\$4,507,573</u>	<u>\$4,813,808</u>

Source: Annual Adopted Budgets of the Borough

## **Fund Balance**

### **Current Fund**

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024	\$1,123,553	\$818,288
2023	723,272	578,753
2022	839,234	496,085
2021	829,168	492,299
2020	722,919	438,915

Source: Annual Audit Reports of the Borough

Water/Sewer Utility Operating Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Water/Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

<b><u>Fund Balance - Water/Sewer Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2024	\$879,484	\$281,089
2023	895,182	393,530
2022	743,202	397,007
2021	444,478	222,976
2020	566,615	158,464

Source: Annual Audit Reports of the Borough

*[Remainder of page intentionally left blank]*

**Borough Indebtedness (as of December 31, 2024)****General Purpose Debt**

Serial Bonds	\$2,238,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	1,877,355
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$4,115,355

**Local School District Debt**

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$0

**Regional School District Debt**

Serial Bonds	\$27,795,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$27,795,000

**Self-Liquidating Debt**

Serial Bonds	\$471,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	1,446,616
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$1,917,616

**TOTAL GROSS DEBT****\$33,827,972**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	0
Regional School District Debt	27,795,000
Self-Liquidating Debt	<u>1,917,616</u>
Total:	\$29,712,616

**TOTAL NET DEBT****\$4,115,355**

Source: Annual Debt Statement of the Borough

**Overlapping Debt (as of December 31, 2024)**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Borough Percentage</u></b>	<b><u>Borough Share</u></b>
Regional School District	\$27,795,000	11.17%	\$3,103,464
County	635,709,173	1.15%	<u>7,299,086</u>
Net Indirect Debt			\$10,402,550
Net Direct Debt			<u>4,115,355</u>
Total Net Direct and Indirect Debt			<b><u>\$14,517,905</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2022, 2023, 2024)	\$652,151,638
Permitted Debt Limitation (3 1/2%)	22,825,307
Less: Net Debt	<u>4,115,355</u>
Remaining Borrowing Power	<u>\$18,709,952</u>
Percentage of Net Debt to Average Equalized Valuation	0.631%
Gross Debt Per Capita based on 2023 population of 2,840	\$11,911
Net Debt Per Capita based on 2023 population of 2,840	\$1,449

Source: Annual Debt Statement of the Borough



## **APPENDIX B**

**Financial Statements of The Board of Education  
of the Hopewell Valley Regional School District  
in the County of Mercer, New Jersey**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

# **Hopewell Valley**

## **Regional School District**

Hopewell Valley Regional Board of Education  
Pennington, New Jersey 08534

Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024



# **Hopewell Valley Regional School District**

Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024

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

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

## Table of Contents

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	4
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Position	11
A-2 Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	13
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	14
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Funds:	
B-4 Combining Statement of Net Position	16
B-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	17
B-6 Combining Statement of Cash Flows	18
Notes to the Basic Financial Statements	19

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Required Supplementary Information – Part II</b>	
Schedules and Note Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System (PERS)	57
L-2 Schedule of District Pension Contributions – Public Employees' Retirement System (PERS)	58
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District – Teacher's Pension and Annuity Fund (TPAF)	59
Schedule Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of the State's Proportionate Share of the District's Net OPEB Liability Associated with the District and Changes in the Total OPEB Liability and Related Ratios – (PERS and TPAF)	60
Notes to Required Supplementary Information	61
<b>Required Supplementary Information – Part III</b>	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund – Budgetary Basis	62
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	68
C-3 Budget to GAAP Reconciliation – Note to Required Supplementary Information	69

## Financial Section

[ THIS PAGE INTENTIONALLY LEFT BLANK ]





## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hopewell Valley Regional School District, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

PKF O'CONNOR DAVIES, LLP  
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | [www.pkfod.com](http://www.pkfod.com)

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

*Page 2*

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

*Page 3*

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
January 13, 2025

*Scott A. Clelland*

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

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

Required Supplementary Information  
Part I

Management's Discussion and Analysis

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

Year ended June 30, 2024

As management of the Hopewell Valley Regional School District (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2024. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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

## **Overview of the Financial Statements**

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

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

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

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

The government-wide financial statements are Schedules A-1 and A-2.

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

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

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

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

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

The basic governmental fund financial statements are Schedules B-1, B-2 and B-3.

**Proprietary funds.** The District maintains two proprietary fund types as enterprise funds and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service and driver education programs. Also, a self-insurance internal service fund is used to record the activity of the District's health insurance program.

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

**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The required supplementary information and the individual and combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements.

## Financial Highlights

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$42,671,423 (net position) at the close of 2024 and our overall net position increased in the current year. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2024 and 2023:

Hopewell Valley Board of Education						
Net Position						
June 30,						
	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 23,261,871	\$ 688,555	\$ 23,950,426	\$ 22,091,574	\$ 668,601	\$ 22,760,175
Restricted cash	702,247		702,247	793,918		793,918
Capital assets, net	77,265,231	208,096	77,473,327	79,084,435	131,302	79,215,737
Total assets	101,229,349	896,651	102,126,000	101,969,927	799,903	102,769,830
Deferred Outflow of Resources	2,117,536		2,117,536	2,910,270		2,910,270
Current liabilities	13,373,005	74,926	13,447,931	13,853,865	82,594	13,936,459
Net pension liability	16,548,772		16,548,772	17,359,532		17,359,532
Long-term liabilities outstanding	29,297,574		29,297,574	33,312,896		33,312,896
Total liabilities	59,219,351	74,926	59,294,277	64,526,293	82,594	64,608,887
Deferred Inflow of Resources	1,456,111		1,456,111	3,110,157		3,110,157
Net position:						
Net investment in capital assets	47,860,510	208,096	48,068,606	44,955,914	131,302	45,087,216
Restricted	8,027,740		8,027,740	8,659,562		8,659,562
Unrestricted (deficit)	(13,216,827)	613,629	(12,603,198)	(16,371,729)	586,007	(15,785,722)
Total net position	\$ 42,671,423	\$ 821,725	\$ 43,493,148	\$ 37,243,747	\$ 717,309	\$ 37,961,056

The increase in current and other assets is mainly the result of current year operations. The decrease in restricted cash is mainly due to the use of unspent portion of financed purchases payable proceeds in the current year.

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



Deferred outflow of resources represents deferred pension costs associated with the District's net pension liability. Deferred inflows of resources represent the District's proportionate share of earnings and assumptions associated with the District's net pension liability. Long-term liabilities decreased due to the current year payments made on existing obligations. The net pension liability decreased due to the changes in the actuarial inputs during the current year.

**Government-wide activities.** The key elements of the District's changes in net position for the years ended June 30, 2024 and 2023 are as follows:

Hopewell Valley Board of Education Changes in Net Position Year Ended June 30,						
	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 1,426,647	\$ 1,454,959	\$ 2,881,606	\$ 1,735,514	\$ 1,477,325	\$ 3,212,839
Operating and capital grants and contributions	1,803,724	341,842	2,145,566	2,379,138	469,332	2,848,470
Capital grants and contributions	22,452		22,452	251,458		251,458
General revenues:						
Property taxes	86,662,125		86,662,125	83,255,812		83,255,812
Grants and contributions not restricted to specific programs	33,162,046		33,162,046	33,816,453		33,816,453
Investment Earnings	1,109,929	25,196	1,135,125	152,487	3,600	156,087
Other	588,109	1,319	589,428	351,508		351,508
Gain on disposal of assets				869,809	27,330	897,139
Total Revenues	124,775,032	1,823,316	126,598,348	122,812,179	1,977,587	124,789,766
Expenses:						
Instructional services	70,167,891		70,167,891	73,046,985		73,046,985
Support services	47,691,520	1,718,900	49,410,420	45,487,608	1,820,428	47,308,036
Special schools	440,231		440,231	491,161		491,161
Interest and other charges on long-term debt	1,047,714		1,047,714	1,128,574		1,128,574
Total Expenses	119,347,356	1,718,900	121,066,256	120,154,328	1,820,428	121,974,756
Change in net position	5,427,676	104,416	5,532,092	2,657,851	157,159	2,815,010
Net position-beginning of year	37,243,747	717,309	37,961,056	34,585,896	560,150	35,146,046
Net position-end of year	\$ 42,671,423	\$ 821,725	\$ 43,493,148	\$ 37,243,747	\$ 717,309	\$ 37,961,056

Charges for services decreased due to a decrease in tuition in the current year. Operating and capital grants and contributions decreased due to the decrease in grant revenue in the current year. Capital grants and contributions decreased due a decrease in the grant funded capital projects.

Governmental instructional expenses decreased due to the decreased enrollment. Governmental support services increased because of the needs of the district in the current year.

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

## Financial Analysis of the District's Funds

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

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

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,052,228, while total fund balance was \$14,916,419. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 1.8% of the total general fund expenditures while total fund balance represents 13.2% of that same amount.

The fund balance of the District's general fund decreased by \$602,033 during the current fiscal year. Factors in this decrease include the revenues exceeding expenditures by approximately \$267.9 thousand less other financing uses of \$870 thousand.

The Capital Projects Fund was active once again during the fiscal year. Fund balance restricted for capital projects increased by \$723,372 to \$1,419,223 which represents the unspent balance of bond proceeds and the local contribution of \$870,000 to fund the local portion of the new SDA ROD grant. The increase is attributed to the transfer in from capital reserve related to the local portion of the state funded ongoing capital projects.

The Debt Service Fund has a total fund balance of \$144,834, all of which is restricted for the payment of debt service and \$5,949 of which has been anticipated in the District's 2024-25 budget. The net increase in fund balance during the current year was \$138,885, which is mainly attributable to the transfer in during the year. The District received \$3,146,962 from the local tax levy and \$1,034,845 in state aid and paid \$3,070,000 and \$1,112,288 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, 2024, and the increases and decreases in relation to the prior year.

	Amount	Percent of Total	Increase (Decrease) from 2023	Percent of Increase (Decrease)
Local sources	\$ 89,843,463	75.1%	\$ 4,265,453	5.0%
State sources	28,524,891	23.8%	1,838,560	6.9%
Federal sources	1,376,306	1.1%	(786,570)	-36.4%
Total	<u>\$ 119,744,660</u>	<u>100.0%</u>	<u>\$ 5,317,443</u>	4.6%

The increase in local sources is due to an increase in the tax levy, and interest revenue, which mainly stems from an increase in interest rates.

The increase in state sources is mainly attributable to increases in on-behalf TPAF pension, medical and long-term disability contributions paid by the State as well as additional state grants received in the current year.

The decrease in federal sources is mainly attributable to decreases due to the completion of the COVID-19 ESSER grants in the current year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2024, and the increases and decreases in relation to the prior year.

	Amount	Percent of Total	(Decrease) Increase from 2023	Percent of (Decrease) Increase
Current expenditures:				
Instruction	\$ 40,805,943	34.1%	\$ (741,341)	-1.8%
Support services	70,570,587	58.9%	3,284,454	4.9%
Capital outlay	2,717,828	2.3%	284,876	11.7%
Special schools	240,504	0.2%	(26,735)	-10.0%
Debt service:				
Principal	4,262,019	3.6%	(24,057)	-0.6%
Interest and costs	1,154,312	0.9%	(99,707)	-8.0%
Total	<u>\$ 119,751,193</u>	<u>100.0%</u>	<u>\$ 2,677,490</u>	2.3%

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

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

### **General Fund Budgetary Highlights**

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

State sources exceeded anticipated revenues by \$21,351,418 as a result of the District not anticipating revenues related to Extraordinary Aid, Non-public transportation aid, State on-behalf TPAF pension, medical and disability contributions, and State reimbursed TPAF social security contributions.

### **Capital Assets**

At the end of the fiscal years ended June 30, 2024 and 2023, the District had \$77,473,327 and \$79,215,737, respectively, invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-Type Activities	
	2024	2023	2024	2023
Land	\$ 2,508,679	\$ 2,546,691		
Construction in progress	1,687,975			
Land improvements	1,608,769	1,801,058		
Building and building improvements	67,199,862	70,345,231		
Machinery and equipment	4,259,946	4,391,455	\$ 208,096	\$ 131,302
Total	\$ 77,265,231	\$ 79,084,435	\$ 208,096	\$ 131,302

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

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

### **Debt Administration**

At June 30, 2024, the District had \$53,663,816 of outstanding long-term liabilities. Of this amount, \$16,548,772 represents the District's net pension liability, \$2,896,708 is for compensated absences; \$2,577,195 for financed purchases payable; \$27,795,000 of serial bonds payable; \$668,568 has been accrued to pay for legal settlements and \$451,749 is for the unamortized premium on bonds. In addition, the District has \$2,725,824 accrued as a liability for insurance claims related to its self-insured health benefits. For more detailed information, refer to Note 5 of the basic financial statements.

### **Economic Factors and Next Year's Budget**

- Local aid related to the tax levy has increased approximately \$2.3 million.
- State aid has increased approximately \$530,000.
- The cost of providing employee health benefits are expected to continue to increase.
- The District budgeted \$3,950,163 of its 2024 fund balance to partially fund the 2024-25 operations, a decrease of \$797,732 from the prior year.

All of the above factors were considered in preparing the District's 2024-25 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, 2024.

## Hopewell Valley Regional School District

## Statement of Net Position

June 30, 2024

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 21,857,368	\$ 624,305	\$ 22,481,673
Accounts receivable	1,404,503	44,393	1,448,896
Inventories		19,857	19,857
Restricted assets:			
Cash and cash equivalents	702,247		702,247
Capital assets, non-depreciable	4,196,654		4,196,654
Capital assets, depreciable, net	73,068,577	208,096	73,276,673
Total assets	101,229,349	896,651	102,126,000
<b>Deferred Outflows of Resources</b>			
Pension deferrals	2,117,536		2,117,536
Total deferred outflows of resources	2,117,536		2,117,536
<b>Liabilities</b>			
Accounts payable	4,506,263	3,351	4,509,614
Accrued interest payable	479,809		479,809
Other current liabilities	377,627		377,627
Intergovernmental payables:			
State	18,438		18,438
Unearned revenue	173,398	71,575	244,973
Accrued expenses	2,725,824		2,725,824
Net pension liability	16,548,772		16,548,772
Current portion of long-term obligations	5,091,646		5,091,646
Noncurrent portion of long-term obligations	29,297,574		29,297,574
Total liabilities	59,219,351	74,926	59,294,277
<b>Deferred Inflows of Resources</b>			
Pension deferrals	1,456,111		1,456,111
Total deferred inflows of resources	1,456,111		1,456,111
<b>Net position</b>			
Net investment in capital assets	47,860,510	208,096	48,068,606
Restricted for:			
Capital reserve	7,373,539		7,373,539
Maintenance reserve	96,369		96,369
Scholarships	34,013		34,013
Student activities	523,819		523,819
Unrestricted (deficit)	(13,216,827)	613,629	(12,603,198)
Total net position	\$ 42,671,423	\$ 821,725	\$ 43,493,148

See accompanying notes to the basic financial statements.

## Hopewell Valley Regional School District

## Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
						Total
<b>Governmental activities</b>						
Instruction	\$ 70,167,891	\$ 1,306,528	\$ 593,767		\$ (68,267,596)	\$ (68,267,596)
Support services:						
Instruction	2,050,361				(2,050,361)	(2,050,361)
Attendance/social work	1,040				(1,040)	(1,040)
Health services	1,362,932				(1,362,932)	(1,362,932)
Other support services	12,206,772		1,209,957		(10,996,815)	(10,996,815)
Improvement of instruction	3,699,774				(3,699,774)	(3,699,774)
School library	2,560,663				(2,560,663)	(2,560,663)
General administration	1,640,015				(1,640,015)	(1,640,015)
School administration	4,166,680				(4,166,680)	(4,166,680)
Central services	2,080,690				(2,080,690)	(2,080,690)
Admin info technology	441,099				(441,099)	(441,099)
Instructional staff training services	80,667				(80,667)	(80,667)
Required maintenance of plant services	2,262,243			\$ 22,452	(2,239,791)	(2,239,791)
Operation of plant	6,447,149				(6,447,149)	(6,447,149)
Care and upkeep of grounds	479,229				(479,229)	(479,229)
Security	858,199				(858,199)	(858,199)
Student transportation	7,335,727	120,119			(7,215,608)	(7,215,608)
Special Schools	440,231				(440,231)	(440,231)
Contribution to charter schools	18,280				(18,280)	(18,280)
Interest and other charges on long-term debt	1,047,714				(1,047,714)	(1,047,714)
Total governmental activities	119,347,356	1,426,647	1,803,724	22,452	(116,094,533)	(116,094,533)
<b>Business-type activities</b>						
Food service	1,650,714	1,396,948	341,842			\$ 88,076
Driver education	59,489	58,011				(1,478)
After school	8,697					(8,697)
Total business-type activities	1,718,900	1,454,959	341,842			77,901
Total primary government	\$ 121,066,256	\$ 2,881,606	\$ 2,145,566	\$ 22,452	(116,094,533)	77,901
						(116,016,632)
General revenues:						
Property taxes, levied for general purposes					83,515,163	83,515,163
Property taxes, levied for debt service					3,146,962	3,146,962
State and federal sources					33,162,046	33,162,046
Investment earnings					1,109,929	25,196
Miscellaneous income					588,109	1,319
Total general revenues					121,522,209	26,515
Change in net position					5,427,676	104,416
Net position—beginning					37,243,747	717,309
Net position—ending					\$ 42,671,423	\$ 821,725
						\$ 43,493,148

See accompanying notes to the basic financial statements.



## Fund Financial Statements

## Governmental Funds

Hopewell Valley Regional School District  
Governmental Funds

Balance Sheet

June 30, 2024

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 17,350,802	\$ 934,288	\$ 1,719,732		\$ 20,004,822
Accounts receivable:					
Intergovernmental:					
State	1,048,942	8,106	22,452		1,079,500
Federal	1,654	290,418			292,072
Other	25,931	7,000			32,931
Interfund receivable	375,534	21,938		\$ 144,834	542,306
Restricted cash and cash equivalents	377,627				377,627
Total assets	<u>\$ 19,180,490</u>	<u>\$ 1,261,750</u>	<u>\$ 1,742,184</u>	<u>\$ 144,834</u>	<u>\$ 22,329,258</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 305,474	\$ 260,307	\$ 56,130		\$ 621,911
Intergovernmental payables:					
State		18,438			18,438
Interfunds payable	1,642,281	275,475	266,831		2,184,587
Payroll deductions and withholdings payable	1,914,989				1,914,989
Other current liabilities	377,627				377,627
Unearned revenue	23,700	149,698			173,398
Total liabilities	<u>4,264,071</u>	<u>703,918</u>	<u>322,961</u>		<u>5,290,950</u>
Fund balances:					
Restricted for:					
Capital reserve	7,373,539				7,373,539
Maintenance reserve	96,369				96,369
Capital projects			1,419,223		1,419,223
Debt service				\$ 144,834	144,834
Scholarships		34,013			34,013
Student activities		523,819			523,819
Assigned to:					
Designated for subsequent year expenditures	3,950,163				3,950,163
Other purposes	1,444,120				1,444,120
Unassigned	2,052,228				2,052,228
Total fund balances	<u>14,916,419</u>	<u>557,832</u>	<u>1,419,223</u>	<u>144,834</u>	<u>17,038,308</u>
Total liabilities and fund balances	<u>\$ 19,180,490</u>	<u>\$ 1,261,750</u>	<u>\$ 1,742,184</u>	<u>\$ 144,834</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$137,488,649 and the accumulated depreciation is \$60,223,418.	77,265,231
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.	(479,809)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	661,425
Internal service funds are used by the District to charge the costs of the District's self-insurance fund to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	740,283
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(16,548,772)
Accrued pension contributions for the June 30, 2024 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,616,023)
Long-term liabilities, including bonds payable, financed purchases payable, compensated absences, settlements arising from litigation and unamortized premium on bonds are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(34,389,220)
Net position of governmental activities	<u>\$ 42,671,423</u>

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2024

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Revenues:</b>					
Local sources:					
Local tax levy	\$ 83,515,163			\$3,146,962	\$ 86,662,125
Tuition	619,325				619,325
Interest on investments	1,070,563		\$ 39,366		1,109,929
Transportation	120,119				120,119
Miscellaneous	588,109	\$ 783,222			1,371,331
Total local sources	85,913,279	783,222	39,366	3,146,962	89,882,829
State sources	27,124,779	365,267	22,452	1,034,845	28,547,343
Federal sources	33,868	1,342,438			1,376,306
Total revenues	113,071,926	2,490,927	61,818	4,181,807	119,806,478
<b>Expenditures:</b>					
Current:					
Instruction	39,565,954	1,239,989			40,805,943
Support services:					
Instruction	1,920,514				1,920,514
Attendance/social work	567				567
Health services	835,962				835,962
Support services	2,395,784	1,209,957			3,605,741
Guidance	1,567,165				1,567,165
Child study team	2,216,752				2,216,752
Improvement of instruction	2,038,892				2,038,892
School library	1,440,152				1,440,152
General administration	1,344,258				1,344,258
School administration	2,566,335				2,566,335
Central services	1,219,605				1,219,605
Administration information technology	245,430				245,430
Instructional staff training services	75,558				75,558
Required maintenance of plant services	1,534,484				1,534,484
Operation of plant-custodial services	4,535,162				4,535,162
Care and upkeep of grounds	303,906				303,906
Security	473,358				473,358
Student transportation	5,250,163				5,250,163
Employee benefits	18,753,197				18,753,197
On-behalf pension, medical and disability contributions	17,792,537				17,792,537
On-behalf TPAF social security contributions	2,832,569				2,832,569
Special Schools	240,504				240,504
Contribution to charter schools	18,280				18,280
Capital outlay	2,717,828		69,080		2,786,908
Debt Service:					
Principal	1,192,019			3,070,000	4,262,019
Interest	42,024			1,112,288	1,154,312
Total expenditures	113,118,959	2,449,946	69,080	4,182,288	119,820,273
Excess (Deficiency) of revenues over (under) expenditures	(47,033)	40,981	(7,262)	(481)	(13,795)
Other financing sources (uses):					
Transfers in			870,000	139,366	1,009,366
Transfers out	(870,000)		(139,366)		(1,009,366)
Financed purchases (non-budgeted)	315,000				315,000
Total other financing sources (uses)	(555,000)		730,634	139,366	315,000
Net change in fund balances	(602,033)	40,981	723,372	138,885	301,205
Fund balances, July 1	15,518,452	516,851	695,851	5,949	16,737,103
Fund balances, June 30	<u>\$ 14,916,419</u>	<u>\$ 557,832</u>	<u>\$ 1,419,223</u>	<u>\$ 144,834</u>	<u>\$ 17,038,308</u>

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

See accompanying notes to the basic financial statements.

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, 2024

**Total net change in fund balances - governmental funds (from B-2)** **\$ 301,205**

Amounts reported for governmental activities in the statement  
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.  
However, in the statement of activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense.  
This is the amount by which depreciation expense exceeded capital asset additions  
in the period.

Capital additions	\$ 3,105,015	
Depreciation expense	(4,882,866)	
		(1,777,851)

Loss on disposal of assets.		(41,353)
-----------------------------	--	----------

Proceeds from leases are a financing source in the governmental funds. They are not  
revenue in the statement of activities; leases increase long-term liabilities in the statement of  
net position.

Obligations Under Financed Purchases Payable - Leases		(315,000)
---	--	-----------

Repayments of bond principal and financed purchases payable are expenditures in the  
governmental funds, but the repayment reduces long-term liabilities in the statement of net  
position and is not reported in the statement of activities.

Serial Bonds Payable	3,070,000	
Financed Purchases Payable	1,192,019	
		4,262,019

Governmental funds report the effect of premiums and similar items when debt is first issued,  
whereas these amounts are deferred and amortized in the statement of activities. This  
amount is the net effect of these differences.

Amortization of Premium on Bonds		53,409
----------------------------------	--	--------

The Internal Service Fund is used by the District to charge the costs of self insurance to other funds.  
The activity of this fund is included in the Statement of Activities.

Change in net position		1,615,089
------------------------	--	-----------

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		1,583,068
-----------------	--	-----------

In the statement of activities, provision for litigation settlements are measured in the  
period the incident occurred. In the governmental funds however, expenditures for these items  
are reported in the amount of financial resources paid.

		(291,323)
--	--	-----------

In the statement of activities, interest on long-term debt/ leases is  
accrued, regardless of when due. In the governmental funds, interest is  
reported when due. The amount presented is the change from prior year.

		53,189
--	--	--------

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).

		(14,776)
--	--	----------

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

		<u><u>\$ 5,427,676</u></u>
--	--	----------------------------

See accompanying notes to the basic financial statements.

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## Proprietary Funds

Hopewell Valley Regional School District  
Proprietary Funds

Combining Statement of Net Position

June 30, 2024

	Major Funds			Governmental Activity -
	Business-Type Activities -			Internal Service Fund
	Enterprise Funds			
	Food	Driver		
	Service	Education	Totals	Self-Insurance
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 567,727	\$ 56,578	\$ 624,305	\$ 1,852,546
Accounts receivable:				
State	2,922		2,922	
Federal	28,078		28,078	
Other	13,243	150	13,393	
Interfund receivable				1,642,281
Inventories	19,857		19,857	
Restricted cash				324,620
Total current assets	631,827	56,728	688,555	3,819,447
Non-current assets:				
Capital assets:				
Equipment	643,120	50,855	693,975	
Accumulated depreciation	(455,021)	(30,858)	(485,879)	
Total capital assets, net	188,099	19,997	208,096	
Total assets	819,926	76,725	896,651	3,819,447
<b>Liabilities</b>				
Current liabilities:				
Accounts payable		3,351	3,351	353,340
Accrued liability for insurance claims				1,231,105
Unearned revenue	71,575		71,575	
Total current liabilities	71,575	3,351	74,926	1,584,445
Long-term liabilities:				
Accrued liability for insurance claims				1,494,719
Total long-term liabilities				1,494,719
Total liabilities	71,575	3,351	74,926	3,079,164
<b>Net position</b>				
Investment in capital assets	188,099	19,997	208,096	
Unrestricted	560,252	53,377	613,629	740,283
Total net position	\$ 748,351	\$ 73,374	\$ 821,725	\$ 740,283

See accompanying notes to the basic financial statements.



Hopewell Valley Regional School District  
Proprietary Funds

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

Year Ended June 30, 2024

	Major Funds				
	Business Type Activities - Enterprise Funds				Governmental Activity - Internal Service Fund
	Food Service	Driver Education	After School	Totals	Self-Insurance
Operating revenues:					
Local sources:					
Daily food sales-reimbursable programs	\$ 669,226			\$ 669,226	
Daily food sales- non reimbursable programs	727,722			727,722	
Charges for services - district contributions					\$ 15,738,962
Charges for services - employee contributions					2,918,681
Fees		\$ 58,011		58,011	
Total operating revenues	1,396,948	58,011		1,454,959	18,657,643
Operating expenses:					
Salaries	466,783	46,101		512,884	
Employee benefits	131,663	3,405	\$ 8,697	143,765	
Supplies and materials	94,884	3,176		98,060	
Purchased services		450		450	
Depreciation	24,228	6,357		30,585	
Insurance	37,976			37,976	
Cost of sales - reimbursable programs	467,682			467,682	
Cost of sales - non reimbursable programs	294,263			294,263	
Management and administrative fees	87,312			87,312	
Insurance Claims					15,436,254
Loss on disposal of equipment	1,845			1,845	
Other	44,078			44,078	2,526,857
Total operating expenses	1,650,714	59,489	8,697	1,718,900	17,963,111
Operating (loss) income	(253,766)	(1,478)	(8,697)	(263,941)	694,532
Nonoperating revenues:					
Other sources:					
Re-insurance proceeds					835,806
Interest and investment revenue	25,196			25,196	84,751
Refunds	1,319			1,319	
State sources:					
State school lunch program	10,871			10,871	
State school lunch reduced supplement	1,594			1,594	
State school lunch NJEIE	485			485	
Summer EBT - State	322			322	
Federal sources:					
National School lunch program	140,835			140,835	
Summer EBT - Federal	322			322	
Local Food for Schools Cooperative	4,739			4,739	
Food donation program	99,983			99,983	
COVID-19 Supply Chain Assistance	82,691			82,691	
Total nonoperating revenues	368,357			368,357	920,557
Change in net position	114,591	(1,478)	(8,697)	104,416	1,615,089
Total net position (deficit)-beginning	633,760	74,852	8,697	717,309	(874,806)
Total net position-ending	\$ 748,351	\$ 73,374	\$ -	\$ 821,725	\$ 740,283

See accompanying notes to the basic financial statements.

Hopewell Valley Regional School District  
Proprietary Funds

Combining Statement of Cash Flows

Year Ended June 30, 2024

	Major Funds				Governmental Activity -
	Business Type Activities - Enterprise Funds				Internal Service Fund
	Food Service	Driver Education	After School	Totals	Self-Insurance
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 1,391,177	\$ 57,861	\$ 10,025	\$ 1,459,063	
Payments to employees	(466,783)	(47,213)	(2,904)	(516,900)	
Payments for employee benefits	(131,663)	(3,612)	(8,697)	(143,972)	
Receipts from services provided					\$ 17,558,909
Payments for insurance claims					(17,228,463)
Payments to suppliers	(1,027,099)	(3,941)		(1,031,040)	(2,526,857)
Net cash (used in) provided by operating activities	(234,368)	3,095	(1,576)	(232,849)	(2,196,411)
<b>Cash flows from noncapital financing activities:</b>					
Cash received from state and federal reimbursements	227,796			227,796	
Cash received from food donation program	103,293			103,293	
Re-insurance proceeds					835,806
Net cash provided by noncapital financing activities	331,089			331,089	835,806
<b>Cash flows from capital and related financing activity:</b>					
Acquisition of capital assets	(109,223)			(109,223)	
Net cash (used in) capital and related financing activity	(109,223)			(109,223)	
<b>Cash flows from investing activity:</b>					
Interest	25,196			25,196	84,751
Net cash provided by investing activity	25,196			25,196	84,751
Net increase (decrease) in cash and cash equivalents	12,694	3,095	(1,576)	14,213	(1,275,854)
Cash and cash equivalents, beginning of year	555,033	53,483	1,576	610,092	3,128,400
Cash and cash equivalents, end of year	\$ 567,727	\$ 56,578	\$ -	\$ 624,305	\$ 1,852,546
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities</b>					
Operating (loss) income	\$ (253,766)	\$ (1,478)	\$ (8,697)	\$ (263,941)	\$ 694,532
Adjustments to reconcile operating (loss) to net cash (used in) provided by operating activities:					
Depreciation	24,228	6,357		30,585	
Loss on disposal of assets	1,845			1,845	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(7,031)	(150)	10,025	2,844	412,662
(Increase) in interfund receivable					(1,511,396)
Decrease in inventory	8,890			8,890	
(Increase) in deposit/restricted cash					(49,005)
(Decrease) in accounts payable	(6,484)	(1,634)	(2,904)	(11,022)	(59,323)
(Decrease) in interfund payable					(1,486,411)
(Decrease) in accrued liability for insurance claims					(197,470)
(Decrease) in unearned revenue	(2,050)			(2,050)	
Net cash (used in) provided by operating activities	\$ (234,368)	\$ 3,095	\$ (1,576)	\$ (232,849)	\$ (2,196,411)

**Noncash noncapital financing activities:**

The District received \$103,293 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2024.

See accompanying notes to the basic financial statements.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements

Year ended June 30, 2024

### 1. Summary of Significant Accounting Policies

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

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

#### A. Reporting Entity

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

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

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

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

#### B. Government-wide and Fund Financial Statements

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### **B. Government-wide and Fund Financial Statements (continued)**

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements. Except for the internal service fund, the New Jersey Department of Education requires that all funds be reported as major to promote consistency of reporting among the school districts in the State of New Jersey.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues, except property taxes, to be available if they are collected within 60 days of the end of the current fiscal year. Property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and net pension liability are recorded only when payment is due.

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

Hopewell Valley Regional School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

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

The District has reported the following major governmental funds:

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

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

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

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

The District reports the following major proprietary funds:

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

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

As a general rule, the effect of internal activity has been eliminated from the Government-wide financial statements. Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

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

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

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

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

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

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

#### D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### **D. Budgets/Budgetary Control (continued)**

each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23.

The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments must be approved by School Board resolution and certain other matters require approval by the formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

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

#### **F. Interfund Receivables/Payables**

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### G. Inventories

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method amounted to \$19,857 at June 30, 2024. At June 30, 2024, the unused Food Donation Program commodities of \$3,310 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 performed by an independent appraisal company. Donated capital assets are valued at acquisition value at the date of acquisition.

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

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

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

#### I. Compensated Absences

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

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



# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### **I. Compensated Absences (continued)**

The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$2,896,708 at June 30, 2024. 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 general fund and special revenue fund represents cash which has been received but not yet earned. Unearned revenue in the enterprise fund represents unused food donation commodities and student deposits made for the use of purchasing food to be consumed in a future period.

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

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

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

#### **L. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### L. Long-Term Obligations (continued)

sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as either capital projects fund or debt service fund expenditures in the year of issuance.

#### M. Fund Balances

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### M. Fund Balances (continued)

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

Of the \$14,916,419 of fund balance in the General Fund, \$7,373,539 has been restricted in the capital reserve account, \$96,369 has been restricted in the maintenance reserve account, \$1,444,120 of encumbrances are assigned to other purposes, \$3,950,163 has been assigned as designated for subsequent years expenditures and \$2,052,228 is unassigned. All of the \$1,419,223 fund balance in the Capital Projects Fund is restricted for capital projects. Of the \$144,834 fund balance in the Debt Service Fund, \$5,468 has been budgeted for use in the 2024-25 budget and is included in restricted for debt service. Of the \$557,832 of fund balance in Special Revenue Fund, \$34,013 has been restricted for scholarships and \$523,819 has been restricted for student activities.

#### N. Calculation of Excess Surplus

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

#### O. Net Position

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

#### P. GASB Pronouncements

##### Recently Issued Accounting Pronouncements

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### P. GASB Pronouncements (continued)

aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 102, *Certain Risk Disclosures* in January 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* in September 2024. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

#### Q. Management Estimates

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

#### R. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and post-retirement medical and pension benefits for certified members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### R. On-Behalf Payments (continued)

expenses related to on-behalf pension, medical and long-term disability contributions in the government-wide financial statements have been adjusted by \$3,805,410 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.

#### S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2024 and January 13, 2025, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The detail of this \$34,389,220 difference is as follows:

Bonds payable	\$ 27,795,000
Premium on bonds	451,749
Litigation payable	668,568
Financed purchases payable	2,577,195
Compensated absences	<u>2,896,708</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities	<u>\$ 34,389,220</u>

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 3. Deposits and Investments

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

#### Deposits

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

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

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

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 3. Deposits and Investments (continued)

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

At June 30, 2024, the District's carrying value of its deposits was \$22,481,673 and the bank balance was \$25,382,014. Of the bank balance, \$341,854 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$23,184,578. \$1,153,334 held in the District agency accounts are not covered by GUDPA. In addition, the District has cash held with fiscal agents in the amount of \$702,247.

GASB Statement No. 40, *Deposits and Investment Risk Disclosures* ("GASB 40") requires that the District disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the District would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA.

At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

#### Investments

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

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 3. Deposits and Investments (continued)

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

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

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

The District had no investments at June 30, 2024.

### 4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2024:

	Beginning Balance	Increases	Transfers/ Dispositions	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,546,691		\$ (38,012)	\$ 2,508,679
Construction in progress		\$ 1,687,975		1,687,975
Total capital assets, not being depreciated	2,546,691	1,687,975	(38,012)	4,196,654
Capital assets, being depreciated				
Land improvements	4,373,610			4,373,610
Buildings and building improvements	113,962,093			113,962,093
Machinery, equipment, and vehicles	13,560,681	1,417,040	(21,429)	14,956,292
Total capital assets being depreciated	131,896,384	1,417,040	(21,429)	133,291,995
Less accumulated depreciation for:				
Land improvements	2,572,552	192,289		2,764,841
Buildings and building improvements	43,616,862	3,145,369		46,762,231
Machinery, equipment, and vehicles	9,169,226	1,545,208	(18,088)	10,696,346
Total accumulated depreciation	55,358,640	4,882,866	(18,088)	60,223,418
Total capital assets being depreciated, net	76,537,744	(3,465,826)	(3,341)	73,068,577
Governmental activities capital assets, net	\$79,084,435	\$ (1,777,851)	\$ (41,353)	\$ 77,265,231

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



# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2024 as follows:

Regular Instruction	\$ 2,758,912
Undistributed Instruction	129,847
Attendance/social work	38
Health services	56,520
Other support services	499,619
Improvement of instruction	137,851
School library	97,370
General administration	90,886
School administration	173,511
Central services	82,458
Information technology	16,594
Instructional staff training services	5,109
Required maintenance of plant services	103,747
Operation of plant	306,625
Care & upkeep of grounds	20,547
Security	32,004
Student transportation	354,967
Special schools	16,261
	<u>\$ 4,882,866</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2024:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Dispositions</b>	<b>Ending Balance</b>
<b>Business-type activities</b>				
Capital assets, being depreciated:				
Equipment	\$ 606,382	\$ 109,223	\$ 21,630	\$ 693,975
Less accumulated depreciation for:				
Equipment	475,079	30,585	19,785	485,879
Total business-type activities capital assets, net	<u>\$ 131,303</u>	<u>\$ 78,638</u>	<u>\$ 1,845</u>	<u>\$ 208,096</u>

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 5. Long-Term Liabilities

During the fiscal year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$ 30,865,000		\$ 3,070,000	\$ 27,795,000	\$ 3,155,000
Premium on bonds	505,158		53,409	451,749	53,409
Litigation payable	377,245	\$ 748,139	456,816	668,568	379,446
Compensated absences	2,881,932	243,536	228,760	2,896,708	237,289
Financed purchases payable	3,454,214	315,000	1,192,019	2,577,195	1,266,502
Subtotal	38,083,549	1,306,675	5,001,004	34,389,220	5,091,646
Accrued Liability for Insurance Claims	2,923,294	13,370,830	13,568,300	2,725,824	1,231,105
Net pension liability	17,359,532		810,760	16,548,772	
Total governmental activities long-term liabilities	<u>\$ 58,366,375</u>	<u>\$ 14,677,505</u>	<u>\$ 19,380,064</u>	<u>\$ 53,663,816</u>	<u>\$ 6,322,751</u>

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

### Bonds Payable

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

Bonds payable at June 30, 2024 is comprised of the following issue:

\$35,855,000, 2016 school bonds, due in annual installments ranging from \$3,155,000 to \$3,815,000 through January 15, 2032 at interest rates ranging from 3.25% to 4.00%.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

Principal and interest due on all bonds outstanding at June 30, 2024 are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2025	\$ 3,155,000	\$ 1,012,513	\$ 4,167,513
2026	3,240,000	909,975	4,149,975
2027	3,330,000	804,675	4,134,675
2028	3,420,000	688,125	4,108,125
2029	3,515,000	568,425	4,083,425
2030-2032	11,135,000	899,000	12,034,000
	<u>\$ 27,795,000</u>	<u>\$ 4,882,713</u>	<u>\$ 32,677,713</u>

### Bonds Authorized But Not Issued

As of June 30, 2024, the District had no authorized but not issued bonds.

### Financed Purchases Payable - Leases

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

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

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

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

In April 2024, the District entered into a lease for acquisition of buses in the amount of \$315,000. The buses are being leased with an interest rate of 4.880%.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

The following is a table of financed purchases payable at June 30, 2024:

	Principal	Interest	Total
Year Ending June 30:			
2025	\$ 1,266,502	\$ 38,942	\$ 1,305,444
2026	934,927	27,449	962,376
2027	242,777	14,626	257,403
2028	64,911	6,490	71,401
2029	68,078	3,322	71,400
	<u>\$ 2,577,195</u>	<u>\$ 90,829</u>	<u>\$ 2,668,024</u>

The assets acquired through financed purchases payables - leases are as follows at June 30, 2024:

#### Assets:

Machinery, equipment, and vehicles	\$1,617,845
Less accumulated depreciation	<u>(427,700)</u>
Total	<u>\$1,190,145</u>

### 6. Pension Plans

#### Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan. District employees employed by the Enterprise Funds are not eligible for pension benefits. Employees in the Food Service Enterprise Fund are employees of the Food Service Management Company and therefore not eligible for pension benefits. Employees of the remaining Enterprise Funds are either part-time or stipend employees and are therefore not eligible for pension benefits.

#### 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. Members are fully vested for their own contributions and,

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

after three years of service credit, become vested for 2% of related interest earned on contributions. In the case of death before retirement, members beneficiaries are entitled to full interest credited to the members accounts.

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

### Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established in January 1955 and the contribution policy is set by 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 of New Jersey or any county, municipality, school Board or public agency, provided the employee is not a member of another State-administered retirement system or other state pension fund or local jurisdiction's pension fund. Pursuant to the provisions of P.L. 2022, C.78, the member contribution rate was 7.5% in State fiscal year 2023.

Members are classified into one of five tiers dependent upon the date of their enrollment. Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to Tier 1 and 2 members upon reaching the age of 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tier 1 and 2 members with 25 years or more of service credit before reaching age 60, Tier 3 and 4 members with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

## Hopewell Valley Regional School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

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. Employee contribution rates for TPAF and PERS are 7.5% of employees' pensionable compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2024, the State of New Jersey contributed \$17,792,537 to the TPAF for on-behalf pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,832,569 during the year ended June 30, 2024 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2024, 2023 and 2022 were \$1,527,019, \$1,222,318, and \$1,370,870, respectively.

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

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

##### **Public Employees' Retirement System (PERS)**

At June 30, 2024, the District reported a liability of \$16,548,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2022, which was rolled forward to June 30, 2023. 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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

June 30, 2023, the District's proportion was 0.1142525893 percent, which was a decrease of 0.0007768921 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized full accrual pension benefit of \$1,583,068 in the government-wide financial statements. At June 30, 2024, 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>
Changes of assumptions	\$ 36,354	\$ 1,002,927
Difference between expected and actual experience	158,228	67,646
Net difference between projected and actual earnings on pension plan investments	76,209	
Changes in proportion and differences between District contributions and proportionate share of contributions	230,722	385,538
District contributions subsequent to the measurement date	1,616,023	
	<u>\$ 2,117,536</u>	<u>\$ 1,456,111</u>

\$1,616,023 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2025	\$	(665,445)
2026		(149,569)
2027		(34,915)
2028		(96,710)
2029		(7,959)
	<u>\$</u>	<u>(954,598)</u>

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

#### Additional Information

##### *Actuarial Assumptions*

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

##### *Mortality Rates*

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are



# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

#### *Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2023, 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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
District's proportionate share of the net pension liability	\$ 21,542,980	\$ 16,548,772	\$ 12,298,041

#### *Pension Plan Fiduciary Net Position*

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

#### *Additional Information*

Collective balances of the Local Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 1,080,204,730
Deferred inflows of resources	\$ 1,780,216,457
Net pension liability	\$14,606,489,066
District's Proportion	0.1142525893%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2023 is \$79,181,803.

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, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.08, 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years, respectively.

#### *Special Funding Situation*

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a non-employer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2023 State special funding situation net pension liability amount of \$122.1 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). AS of June 30, 2023, there was no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$55.7 million, for the fiscal year ending June 30, 2023, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2023. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense related to the special funding situation is \$51,609.

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2023 was \$162,894,725. The District's proportionate share was \$0. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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, 2023, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3191969501 percent, which was a decrease of 0.0011330527 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$4,001,849 for contributions incurred by the State.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

#### *Actuarial assumptions*

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases	2.75 - 4.25%
	based on years of service
Investment rate of return	7.00%

#### *Mortality Rates*

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2023 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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 6. Pension Plans (continued)

were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 192,082,440	\$162,894,725	\$138,311,731

#### *Pension plan fiduciary net position*

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

### Additional Information

Collective balances of the Local Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 2,502,380,838
Deferred inflows of resources	\$14,830,205,473
Net pension liability	\$51,109,961,824

District's Proportion	0.3191969501%
-----------------------	---------------

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2023 is \$1,292,291,943.

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, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.93, 7.83, 7.93, 8.04, 8.29, 8.30, 8.30 and 8.30, years, respectively.

### 7. Post-Retirement Benefits

#### *General Information about the OPEB Plan*

#### **State Health Benefit State Retired Employee Plan**

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepting actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2022 which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs.

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

#### *Total OPEB Liability*

The Nonemployer OPEB liability from the State of New Jersey's plan is \$52,361,668,239.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### *Changes in Total Non-employer OPEB Liability*

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2023:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2022	\$ 151,003,885
Changes for the year:	
Service cost	6,453,481
Interest	5,498,872
Differences between expected and actual experiences	(2,990,741)
Changes in assumptions or other inputs	314,703
Member contributions	140,917
Benefit payments	(4,286,460)
Net changes	<u>5,130,772</u>
Ending Total OPEB Liability, June 30, 2023	<u>\$ 156,134,657</u>

#### *Employees covered by benefit terms*

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2023</u>
Active Plan Members	217,212
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	152,383
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>369,595</u>

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2023 was \$156,134,657. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

#### *Actuarial assumptions and other inputs*

The total non-employer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:



# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

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

#### *Mortality Rates*

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the actual experience studies for July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the Plan upon retirement.

#### *Discount Rate*

The discount rate used to measure the total OPEB liability for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

#### *Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend was (1.99%) in fiscal year 2023, increasing to 13.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

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

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2023 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	At 1% decrease (2.65%)	At Current discount rate (3.65%)	At 1% increase (4.65%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 183,041,081	\$ 156,134,657	\$ 134,531,923

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2023 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	At Healthcare Cost Trend Rate	At 1% increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 129,615,837	\$ 156,134,657	\$ 190,834,601

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

For the year ended June 30, 2024, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$4,960,449 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 17,347,811,894
Deferred inflows of resources	\$ 30,503,688,706
Collective OPEB Expense	\$ 1,389,124,126
District's Proportion	0.30%

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

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

#### *Special Funding Situation*

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

### 8. Risk Management

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

#### **Property and Liability Insurance**

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

#### **Self-Insurance**

The District is self-insured for medical, prescription and dental benefits and uses an internal service fund to account for its self-insurance activities. At June 30, 2024, the accrued liability for unpaid medical, prescription and dental claims of \$2,725,824 has been recorded in the internal service fund financial statements for Incurred But Not Reported Claims (IBNR), which is subject to modification and/or assessment of existing or additional claims. The medical, prescription, and dental benefits IBNR liability has been calculated by an actuary employed by the District's claims administrator.

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

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2023-2024	\$ 2,923,294	\$ 13,370,830	\$13,568,300	\$ 2,725,824
2022-2023	3,095,270	13,646,587	13,818,563	2,923,294
2021-2022	2,893,935	11,879,210	11,677,875	3,095,270

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 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, 2024, 2023 and 2022 were \$1,359,776, \$1,326,655, and \$1,282,226, respectively. The District does not contribute to these plans on behalf of plan members.

### 10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2024 are as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 375,534	\$ 1,642,281
Special Revenue Fund	21,938	275,475
Capital Projects Fund		266,831
Debt Service Fund	144,834	
Self-Insurance Internal Service Fund	1,642,281	
	<u>\$ 2,184,587</u>	<u>\$ 2,184,587</u>

The interfund between general fund and the self-insurance internal service fund represents monies collected in the general fund that are related to health insurance claims due to the self-insurance internal service fund. The interfund between the capital projects fund and the debt service fund represent interest earned in the capital projects fund that is due to the debt service fund to offset the debt issued on capital projects. The interfund between general fund and special revenue fund represents monies collected in general fund that are related to the special revenue fund and expenditures paid out of the general fund on behalf of the special revenue fund. The interfund between the general fund and the capital projects fund represent grant funds received in capital projects fund related to general fund. All interfunds are expected to be repaid within one year.

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### **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, 2024 may be impaired. As a result of the impact of COVID-19, the District has received funding under the American Rescue Plan Act (ARP), Elementary and Secondary School Emergency Relief (ESSER) Fund and the Coronavirus Relief Fund (CRF). To the extent that the District has not complied with the rules governing the ARP, ESSER and CRF funds, money may be required to be returned. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The District is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will have a material adverse effect on the financial position of the District. Therefore, the District has accrued a total of \$668,568 in the government-wide financial statements as a result of the actual and expected outcomes of these claims and lawsuits. The estimated settlement of these claims is not expected to be paid with current financial resources.

### **13. Capital Reserve Account**

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 13. Capital Reserve Account (continued)

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, 2023 to June 30, 2024 fiscal year is as follows:

Beginning balance July 1, 2023	\$ 8,050,784
Withdrawals:	
Capital Outlay – Budgeted Withdrawal	(304,245)
Capital Outlay – Withdrawal	(431,935)
Transfer to Capital Projects Fund	(870,000)
Deposits:	
Unspent capital outlay funds not utilized in 2023-24	321,852
Interest earned on capital reserve funds	358,625
Deposit into Capital Reserve (June 2024 Board Resolution)	248,458
Ending balance, June 30, 2024	<u>\$ 7,373,539</u>

The June 30, 2024 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve. The District did not budgeted any of the June 30, 2024 capital reserve balance in its 2024-25 fiscal year budget.

### 14. Maintenance Reserve Account

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

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

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 14. Maintenance Reserve Account (continued)

The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning balance July 1, 2023	\$ 91,927
Deposits:	
Interest earned on maintenance reserve funds	<u>4,442</u>
Ending balance, June 30, 2024	<u>\$ 96,369</u>

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2024. The District did not budget any of the June 30, 2024 maintenance reserve balance in its 2024-25 fiscal year budget.

### 15. Commitments

The District also has contracts with several vendors for goods and services that have not been received as of June 30, 2024. These encumbrances in the amount of \$1,444,120 are recorded as assigned to other purposes on the general fund balance sheet and in the capital projects fund in the amount of \$59,770, which are recorded as part of fund balance restricted for capital projects.

### 16. Transfers

The following presents a reconciliation of transfers during the 2024 fiscal year:

	Transfer In	Transfer Out
General Fund		\$ 870,000
Capital Projects Fund	\$ 870,000	139,366
Debt Service Fund	139,366	
	<u>\$ 1,009,366</u>	<u>\$ 1,009,366</u>

The District transferred \$139,366 from the capital projects fund to the debt service fund. The transfer was required to move interest earned on the unspent bond proceeds in the capital projects fund to the debt service fund to offset future debt service tax levies. The District transferred \$870,000 from the capital reserve in the general fund to fund the local share of the SDA project in the capital projects fund.

### 17. Net Position – Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$47,860,510 indicated as part

# Hopewell Valley Regional School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2024

### 17. Net Position – Net Investment in Capital Assets (continued)

of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 77,265,231
Bonds payable (used to build or acquire capital assets)	(27,795,000)
Unspent bond proceeds	1,419,223
Unamortized premium	(451,749)
Financed purchases payable	<u>(2,577,195)</u>
Total net investment in capital assets	<u>\$ 47,860,510</u>

### 18. Tax Abatements

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

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

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

Hopewell Township recognized revenue of \$445,017 from the annual service charge in lieu of payment of taxes in 2023 and taxes in 2023 that otherwise would have been due on these long-term tax exemptions amount to \$5,759,288, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$5,314,271 abatement would have been allocated to the District.

Hopewell Borough and Pennington Borough do not currently have any such long-term tax exemptions in place.



## Required Supplementary Information Part II

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset) - Local Group	0.1142525893%	0.1150294814%	0.1170566995%	0.1146451393%	0.1156124926%	0.1142608200%	0.1105497103%	0.1111144609%	0.1123990058%	0.1084386997%
District's proportionate share of the net pension liability (asset)	\$ 16,548,772	\$ 17,359,532	\$ 13,867,121	\$ 18,695,624	\$ 20,831,617	\$ 22,497,386	\$ 25,734,206	\$ 32,908,916	\$ 25,231,324	\$ 20,302,690
District's covered-employee payroll	\$ 9,254,164	\$ 8,989,894	\$ 8,567,034	\$ 8,481,274	\$ 8,484,842	\$ 8,255,182	\$ 8,039,792	\$ 7,728,853	\$ 7,569,463	\$ 7,614,532
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	178.83%	193.10%	161.87%	220.43%	245.52%	272.52%	320.09%	425.79%	333.33%	266.63%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,527,019	\$ 1,450,577	\$ 1,370,870	\$ 1,254,162	\$ 1,124,575	\$ 1,142,038	\$ 1,039,948	\$ 987,125	\$ 735,000	\$ 709,412
Contributions in relation to the contractually required contribution	(1,527,019)	(1,450,577)	(1,370,870)	(1,254,162)	(1,124,575)	(1,142,038)	(1,039,948)	(987,125)	(735,000)	(709,412)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,989,894	\$ 8,567,034	\$ 8,481,274	\$ 8,484,842	\$ 8,255,182	\$ 8,039,792	\$ 7,728,853	\$ 7,569,463	\$ 7,614,532	\$ 7,708,670
Contributions as a percentage of covered-employee payroll	16.99%	16.93%	16.16%	14.78%	13.62%	14.20%	13.46%	13.04%	9.65%	9.20%

*See accompanying notes to required supplementary information.*

Hopewell Valley Regional School District  
Schedule of the State's Proportionate Share of the Net Pension  
Liability Associated with the District  
Teachers' Pension and Annuity Fund  
Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3191969501%	0.3203300028%	0.3234095105%	0.3221734740%	0.3213292076%	0.3204881619%	0.3148182207%	0.3193640991%	0.3156974568%	0.3177476544%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 162,894,725	\$ 165,272,394	\$ 155,479,732	\$ 212,147,356	\$ 197,202,768	\$ 203,887,685	\$ 212,261,796	\$ 251,232,134	\$ 199,534,274	\$ 169,825,780
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 162,894,725</u>	<u>\$ 165,272,394</u>	<u>\$ 155,479,732</u>	<u>\$ 212,147,356</u>	<u>\$ 197,202,768</u>	<u>\$ 203,887,685</u>	<u>\$ 212,261,796</u>	<u>\$ 251,232,134</u>	<u>\$ 199,534,274</u>	<u>\$ 169,825,780</u>
Plan fiduciary net position as a percentage of the total pension liability	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

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

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years\*

	Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset)	0.30%	0.29%	0.30%	0.29%	0.29%	0.29%	0.29%	0.29%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 156,134,657	\$ 151,003,885	\$ 179,423,866	\$ 197,513,121	\$ 121,555,911	\$ 132,400,824	\$ 153,498,657	\$ 165,557,124
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 156,134,657</u>	<u>\$ 151,003,885</u>	<u>\$ 179,423,866</u>	<u>\$ 197,513,121</u>	<u>\$ 121,555,911</u>	<u>\$ 132,400,824</u>	<u>\$ 153,498,657</u>	<u>\$ 165,557,124</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	2024	2023	2022	2021	2020	2019	2018	2017**
<b>Total OPEB Liability</b>								
Service cost	\$ 6,453,481	\$ 8,171,661	\$ 9,420,306	\$ 5,211,370	\$ 5,132,335	\$ 5,664,106	\$ 6,825,202	
Interest cost	5,498,872	4,001,770	4,654,444	4,379,006	5,253,136	5,637,383	4,864,441	
Changes of benefit terms	-	-	(190,975)	-	-	-	-	
Differences between expected and actual experiences	(2,990,741)	3,751,443	(28,602,638)	33,622,293	(19,421,998)	(13,787,674)	-	
Changes of assumptions	314,703	(40,508,147)	177,015	36,078,860	1,812,409	(15,193,657)	(20,323,672)	
Member contributions	140,917	127,163	118,991	104,222	110,609	122,360	130,917	
Gross benefit payments	<u>(4,286,460)</u>	<u>(3,963,871)</u>	<u>(3,666,398)</u>	<u>(3,438,541)</u>	<u>(3,731,404)</u>	<u>(3,540,351)</u>	<u>(3,555,355)</u>	
Net change in total OPEB liability	5,130,772	(28,419,981)	(18,089,255)	75,957,210	(10,844,913)	(21,097,833)	(12,058,467)	
Total OPEB liability - beginning	<u>151,003,885</u>	<u>179,423,866</u>	<u>197,513,121</u>	<u>121,555,911</u>	<u>132,400,824</u>	<u>153,498,657</u>	<u>165,557,124</u>	
Total OPEB liability - ending	<u>\$ 156,134,657</u>	<u>\$ 151,003,885</u>	<u>\$ 179,423,866</u>	<u>\$ 197,513,121</u>	<u>\$ 121,555,911</u>	<u>\$ 132,400,824</u>	<u>\$ 153,498,657</u>	
Covered-employee payroll	<u>\$ 48,848,759</u>	<u>\$ 48,114,539</u>	<u>\$ 45,962,722</u>	<u>\$ 44,893,289</u>	<u>\$ 44,791,075</u>	<u>\$ 42,878,604</u>	<u>\$ 41,315,611</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>319.63%</u>	<u>313.84%</u>	<u>390.37%</u>	<u>439.96%</u>	<u>271.38%</u>	<u>308.78%</u>	<u>371.53%</u>	

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

\*\* Information not available

See accompanying notes to required supplementary information.

Hopewell Valley Board of Education  
Notes to Required Supplementary Information  
Year Ended June 30, 2024

**1. PENSION - PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Benefit Changes

There were none.

Changes of Assumptions

There were none.

**2. PENSION – TEACHERS' PENSION AND ANNUITY FUND**

Benefit Changes

There were none.

Changes of Assumptions

There were none.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

Required Supplementary Information  
Part III

Budgetary Comparison Schedules

**Hopewell Valley Regional School District**  
**General Fund**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 83,515,163		\$ 83,515,163	\$ 83,515,163	
Tuition	600,524		600,524	619,325	\$ 18,801
Transportation - Hazardous Routes	100,000		100,000	120,119	20,119
Interest Earned on Investments	12,000		12,000	1,070,563	1,058,563
Rentals	75,000		75,000	121,752	46,752
Miscellaneous	208,000		208,000	466,357	258,357
Total - Local Sources	84,510,687		84,510,687	85,913,279	1,402,592
State Sources:					
Categorical Special Education Aid	3,717,860		3,717,860	3,717,860	
Transportation Aid	1,571,094		1,571,094	1,571,094	
Security Aid	315,541		315,541	315,541	
School Choice Aid	283,480		283,480	283,480	
Non-Public Transportation Aid				127,855	127,855
Extraordinary Aid				598,457	598,457
TPAF Pension (On-Behalf - Non-Budgeted)				13,982,079	13,982,079
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				3,805,410	3,805,410
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				5,048	5,048
TPAF Social Security (Reimbursed - Non-Budgeted)				2,832,569	2,832,569
Total State Sources	5,887,975		5,887,975	27,239,393	21,351,418
Federal Sources:					
Medical Assistance Program	19,489		19,489	33,868	14,379
Total - Federal Sources	19,489		19,489	33,868	14,379
<b>Total Revenues</b>	<b>90,418,151</b>		<b>90,418,151</b>	<b>113,186,540</b>	<b>22,768,389</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	1,145,198	\$ (206,379)	938,819	927,666	11,153
Grades 1-5 - Salaries of Teachers	8,225,321	(317,295)	7,908,026	7,592,933	315,093
Grades 6-8 - Salaries of Teachers	5,986,447	(30,838)	5,955,609	5,847,835	107,774
Grades 9-12 - Salaries of Teachers	8,027,942	23,979	8,051,921	8,050,727	1,194
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	50,000	5,927	55,927	55,343	584
Purchased Professional-Educational Services	17,000	(2,933)	14,067	10,297	3,770
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	935,194	(6,879)	928,315	859,550	68,765
Purchased Professional-Educational Services	996,876	(91,675)	905,201	771,409	133,792
Purchased Technical Services	6,500	59,350	65,850	41,980	23,870
Other Purchased Services	1,536,979	14,460	1,551,439	1,344,110	207,329
General Supplies	1,349,878	40,278	1,390,156	1,164,093	226,063
Textbooks	367,666	(1,618)	366,048	280,817	85,231
Other Objects	19,531	(4,251)	15,280	6,875	8,405
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>28,664,532</b>	<b>(517,874)</b>	<b>28,146,658</b>	<b>26,953,635</b>	<b>1,193,023</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	343,277	(68,014)	275,263	274,347	916
Other Salaries for Instruction	111,924	65,632	177,556	175,133	2,423
<b>Total Learning and/or Language Disabilities</b>	<b>455,201</b>	<b>(2,382)</b>	<b>452,819</b>	<b>449,480</b>	<b>3,339</b>
<b>Emotional Regulation Impairments</b>					
Salaries of Teachers	244,466	42,169	286,635	286,635	
Other Salaries for Instruction	127,130	54,878	182,008	179,665	2,343
<b>Total Emotional Regulation Impairments</b>	<b>371,596</b>	<b>97,047</b>	<b>468,643</b>	<b>466,300</b>	<b>2,343</b>
<b>Multiple Disabilities</b>					
Salaries of Teachers	561,732	(73,181)	488,551	488,551	
Other Salaries for Instruction	342,891	(86,804)	256,087	256,087	
General Supplies	1,500		1,500	388	1,112
<b>Total Multiple Disabilities</b>	<b>906,123</b>	<b>(159,985)</b>	<b>746,138</b>	<b>745,026</b>	<b>1,112</b>



Hopewell Valley Regional School District  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	\$ 5,386,440	\$ (20,540)	\$ 5,365,900	\$ 5,329,032	\$ 36,868
Other Salaries for Instruction	630,204	(114,278)	515,926	515,922	4
Other Purchased Services	300		300		300
General Supplies	25,900	2,704	28,604	16,470	12,134
Textbooks	3,650		3,650	1,266	2,384
<b>Total Resource Room/Resource Center</b>	<b>6,046,494</b>	<b>(132,114)</b>	<b>5,914,380</b>	<b>5,862,690</b>	<b>51,690</b>
<b>Autism:</b>					
Salaries of Teachers	322,826	(186,608)	136,218	136,218	
Other Salaries for Instruction	442,830	(341,661)	101,169	101,169	
<b>Total Autism</b>	<b>765,656</b>	<b>(528,269)</b>	<b>237,387</b>	<b>237,387</b>	
<b>Preschool Disabilities - Full-Time</b>					
Salaries of Teachers	515,898	126,926	642,824	641,517	1,307
Other Salaries for Instruction	253,687	296,822	550,509	545,457	5,052
General Supplies	6,975		6,975	2,876	4,099
<b>Total Preschool Disabilities - Full-Time</b>	<b>776,560</b>	<b>423,748</b>	<b>1,200,308</b>	<b>1,189,850</b>	<b>10,458</b>
<b>Home Instruction</b>					
Purchased Prof. - Ed. Services	17,000	(360)	16,640	5,595	11,045
<b>Total Home Instruction</b>	<b>17,000</b>	<b>(360)</b>	<b>16,640</b>	<b>5,595</b>	<b>11,045</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>9,338,630</b>	<b>(302,315)</b>	<b>9,036,315</b>	<b>8,956,328</b>	<b>79,987</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	1,366,190	364,058	1,730,248	1,703,500	26,748
General Supplies	7,400		7,400	4,646	2,754
<b>Total Basic Skills/Remedial - Instruction</b>	<b>1,373,590</b>	<b>364,058</b>	<b>1,737,648</b>	<b>1,708,146</b>	<b>29,502</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	204,137	20,133	224,270	224,270	
General Supplies	1,000		1,000	237	763
<b>Total Bilingual Education - Instruction</b>	<b>205,137</b>	<b>20,133</b>	<b>225,270</b>	<b>224,507</b>	<b>763</b>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	239,762	52,655	292,417	292,417	
Purchased Services	50,100	(4,017)	46,083	45,108	975
Supplies and Materials	66,283	(22,089)	44,194	38,631	5,563
Other Objects	103,855	(47,922)	55,933	55,933	
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>460,000</b>	<b>(21,373)</b>	<b>438,627</b>	<b>432,089</b>	<b>6,538</b>
<b>School-Spon. Athletics</b>					
Salaries	946,384	60,933	1,007,317	1,005,936	1,381
Purchased Services	165,450	(5,224)	160,226	159,726	500
Supplies and Materials	120,900	(28,474)	92,426	91,858	568
Other Objects	33,520	209	33,729	33,729	
<b>Total School-Spon. Athletics</b>	<b>1,266,254</b>	<b>27,444</b>	<b>1,293,698</b>	<b>1,291,249</b>	<b>2,449</b>
<b>TOTAL INSTRUCTION</b>	<b>41,308,143</b>	<b>(429,927)</b>	<b>40,878,216</b>	<b>39,565,954</b>	<b>1,312,262</b>

**Hopewell Valley Regional School District  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undistributed Expenditures - Instruction</b>					
Tuition to County Voc. School Dist. - Regular	\$ 46,800	\$ 45,660	\$ 92,460	\$ 65,299	\$ 27,161
Tuition to County Voc. School Dist. - Special	132,300	(58,248)	74,052	68,544	5,508
Tuition to CSSD & Regional Day Schools	283,140	67,527	350,667	350,667	
Tuition to Private Schools for the Disabled - Within State	2,035,610	225,456	2,261,066	2,080,346	180,720
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	239,400	(113,477)	125,923	125,873	50
Tuition - Other	365,655	(177,837)	187,818	176,319	11,499
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,102,905</b>	<b>(10,919)</b>	<b>3,091,986</b>	<b>2,867,048</b>	<b>224,938</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	4,000		4,000	567	3,433
Other Purchased Services	255		255		255
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>4,255</b>		<b>4,255</b>	<b>567</b>	<b>3,688</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	628,344	(5,000)	623,344	613,950	9,394
Purchased Professional and Technical Services	41,500	7,127	48,627	45,107	3,520
Other Purchased Services	195,375	21,704	217,079	165,270	51,809
Rentals	11,893	(11,893)			
Supplies and Materials	17,815	(2,010)	15,805	11,635	4,170
<b>Total Undistributed Expenditures - Health Services</b>	<b>894,927</b>	<b>9,928</b>	<b>904,855</b>	<b>835,962</b>	<b>68,893</b>
<b>Undist. Expend. - Other Supp. Serv. Students - OT, PT, ReL Serv.</b>					
Salaries	1,356,163	(80,592)	1,275,571	1,232,393	43,178
Purchased Professional - Educational Services	155,000		155,000	113,470	41,530
Supplies and Materials	59,685	199	59,884	31,855	28,029
<b>Total Undist. Expend. - Other Supp. Serv. Students - OT, PT, ReL Serv.</b>	<b>1,570,848</b>	<b>(80,393)</b>	<b>1,490,455</b>	<b>1,377,718</b>	<b>112,737</b>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Salaries	712,893	82,068	794,961	794,176	785
Purchased Professional - Educational Services	475,000	(259,636)	215,364	214,387	977
Supplies and Materials	12,000	111	12,111	9,503	2,608
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<b>1,199,893</b>	<b>(177,457)</b>	<b>1,022,436</b>	<b>1,018,066</b>	<b>4,370</b>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	1,448,241	8,596	1,456,837	1,408,806	48,031
Salaries of Secretarial and Clerical Assistants	152,905	9,149	162,054	146,491	15,563
Unused Vacation Payment to Term/Ret Staff		9,305	9,305	9,305	
Other Purchased Services	5,680		5,680	1,300	4,380
Supplies and Materials	2,050		2,050	1,263	787
Other Objects	400		400		400
<b>Total Undist. Expend. - Guidance</b>	<b>1,609,276</b>	<b>27,050</b>	<b>1,636,326</b>	<b>1,567,165</b>	<b>69,161</b>
<b>Undist. Expend. - Child Study Team</b>					
Salaries of Other Professional Staff	1,774,196	88,200	1,862,396	1,837,093	25,303
Salaries of Secretarial and Clerical Assistants	206,800	8,685	215,485	215,485	
Purchased Prof. - Educational Services	50,000	(21,221)	28,779	16,802	11,977
Other Purchased Prof. and Tech. Services	100,000	2,251	102,251	91,171	11,080
Other Purchased Services	28,750	2,091	30,841	11,848	18,993
Supplies and Materials	50,300		50,300	33,691	16,609
Other Objects	11,329		11,329	10,662	667
<b>Total Undist. Expend. - Child Study Team</b>	<b>2,221,375</b>	<b>80,006</b>	<b>2,301,381</b>	<b>2,216,752</b>	<b>84,629</b>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisors of Instruction	925,478	1,249	926,727	926,727	
Salaries of Other Professional Staff	472,989	39,258	512,247	512,247	
Salaries of Secretarial and Clerical Assistants	96,550	(1,000)	95,550	95,550	
Salaries of Facilitators, Math Coaches, Literacy Coaches and Master Teachers		373,836	373,836	373,836	
Other Salaries	90,160	(9,063)	81,097	79,235	1,862
Unused Vacation Payment to Term/Ret Staff		31,678	31,678		31,678
Other Purchased Services	40,100	(16,222)	23,878	21,536	2,342
Supplies and Materials	9,500		9,500	6,826	2,674
Other Objects	25,950		25,950	22,935	3,015
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>1,660,727</b>	<b>419,736</b>	<b>2,080,463</b>	<b>2,038,892</b>	<b>41,571</b>

Hopewell Valley Regional School District  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	\$ 549,691	\$ (33,689)	\$ 516,002	\$ 513,488	\$ 2,514
Salaries of Technology Coordinators	932,827	(4,648)	928,179	821,738	106,441
Unused Vacation Payment to Term/Ret Staff		4,648	4,648	4,648	
Purchased Professional and Technical Services	34,768		34,768	32,756	2,012
Supplies and Materials	75,720		75,720	67,385	8,335
Other Objects	950		950	137	813
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>1,593,956</b>	<b>(33,689)</b>	<b>1,560,267</b>	<b>1,440,152</b>	<b>120,115</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Other Purchased Professional & Technical Services	53,994	(8,337)	45,657	45,627	30
Other Purchased Services	73,770	(27,373)	46,397	27,642	18,755
Supplies and Materials	3,700		3,700	2,289	1,411
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>131,464</b>	<b>(35,710)</b>	<b>95,754</b>	<b>75,558</b>	<b>20,196</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	275,602		275,602	267,362	8,240
Legal Services	150,000	(89,111)	60,889	51,837	9,052
Audit Fees	75,000	1,400	76,400	76,400	
Architectural/Engineering Services	200,000	6,418	206,418	154,493	51,925
Other Purchased Professional Services	13,500		13,500	8,615	4,885
Communications/Telephone	200,706	(73,466)	127,240	115,485	11,755
Miscellaneous Purchased Services	183,566	(42)	183,524	169,439	14,085
General Supplies	3,000		3,000	705	2,295
Judgements Against the School District	417,397	226,965	644,362	456,816	187,546
Miscellaneous Expenditures	58,300	(4,888)	53,412	43,106	10,306
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>1,577,071</b>	<b>67,276</b>	<b>1,644,347</b>	<b>1,344,258</b>	<b>300,089</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Assistant Principals	1,703,463	(37,012)	1,666,451	1,660,450	6,001
Salaries of Secretarial and Clerical Assistants	809,977	(9,695)	800,282	797,764	2,518
Unused Vacation Payment to Term/Ret Staff		60,706	60,706	60,706	
Other Purchased Services	34,929		34,929	11,153	23,776
Supplies and Materials	34,000	350	34,350	25,499	8,851
Other Objects	19,590	(350)	19,240	10,763	8,477
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>2,601,959</b>	<b>13,999</b>	<b>2,615,958</b>	<b>2,566,335</b>	<b>49,623</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	985,350	39,391	1,024,741	1,016,130	8,611
Unused Vacation Payment to Term/Ret Staff		21,201	21,201	20,979	222
Purchased Professional Services	50,340	(20,673)	29,667	28,355	1,312
Purchased Technical Services	66,444	10,006	76,450	73,788	2,662
Miscellaneous Purchased Services	80,333	5,613	85,946	57,694	28,252
Supplies and Materials	30,320		30,320	12,141	18,179
Miscellaneous Expenditures	11,500		11,500	10,518	982
<b>Total Undist. Expend. - Central Services</b>	<b>1,224,287</b>	<b>55,538</b>	<b>1,279,825</b>	<b>1,219,605</b>	<b>60,220</b>
<b>Undist. Expend. - Technology Admin.</b>					
Salaries	238,302		238,302	233,698	4,604
Other Purchased Services	15,085		15,085	11,732	3,353
<b>Total Undist. Expend. - Technology Admin.</b>	<b>253,387</b>		<b>253,387</b>	<b>245,430</b>	<b>7,957</b>
<b>Undist. Expend. - Required Maint. for Sch. Facil.</b>					
Salaries	822,701	1,338	824,039	814,353	9,686
Unused Vacation Payment to Term/Ret Staff		11,363	11,363	11,363	
Cleaning, Repair and Maintenance Services	616,600	164,094	780,694	532,332	248,362
General Supplies	343,600	(9,377)	334,223	289,725	44,498
<b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>	<b>1,782,901</b>	<b>167,418</b>	<b>1,950,319</b>	<b>1,647,773</b>	<b>302,546</b>

**Hopewell Valley Regional School District**  
**General Fund**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	\$ 2,147,781	\$ 13,594	\$ 2,161,375	\$ 2,095,040	\$ 66,335
Unused Vacation Payment to Term/Ret Staff		5,979	5,979	5,979	
Cleaning, Repair and Maintenance Services	132,500	(3,851)	128,649	105,179	23,470
Other Purchased Property Services	288,659	(6,722)	281,937	224,467	57,470
Insurance	554,142	(17,461)	536,681	521,465	15,216
General Supplies	208,000	707	208,707	173,394	35,313
Other Purchased Services	10,650		10,650	3,634	7,016
Natural Gas	316,000	25,484	341,484	341,325	159
Electricity	1,010,000	15,175	1,025,175	1,025,175	
Energy - Gasoline	31,600	(2,017)	29,583	29,583	
Other Objects	17,000	(7,079)	9,921	9,921	
<b>Total Undist. Expend. - Custodial Services</b>	<b>4,716,332</b>	<b>23,809</b>	<b>4,740,141</b>	<b>4,535,162</b>	<b>204,979</b>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>					
Salaries	224,896	(10,090)	214,806	201,987	12,819
Unused Vacation Payment to Term/Ret Staff		600	600	599	1
Cleaning, Repair and Maintenance Services	86,500	(12,505)	73,995	59,147	14,848
General Supplies	146,600	(76,630)	69,970	42,173	27,797
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<b>457,996</b>	<b>(98,625)</b>	<b>359,371</b>	<b>303,906</b>	<b>55,465</b>
<b>Undist. Expend. - Security</b>					
Salaries	479,199		479,199	460,463	18,736
Purchased Professional and Technical Services		3,129	3,129	3,129	
Cleaning, Repair and Maintenance Services		121,882	121,882		121,882
General Supplies	5,000	62,065	67,065	9,766	57,299
<b>Total Undist. Expend. - Security</b>	<b>484,199</b>	<b>187,076</b>	<b>671,275</b>	<b>473,358</b>	<b>197,917</b>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Salaries for Non-Instructional Aids	354,263	78,709	432,972	431,279	1,693
Salaries for Pupil Trans. (Between Home & School) - Regular	891,119	(62,698)	828,421	822,475	5,946
Salaries for Pupil Trans. (Between Home & School) - Sp. Ed.	1,003,222	4,959	1,008,181	974,432	33,749
Salaries for Pupil Trans. Other than Between Home & School	78,000	(33,355)	44,645	30,288	14,357
Management Fees - ESC & CTSA Transportation Programs	7,500	(7,350)	150	150	
Other Purchased Professional and Technical Services	22,935	11,964	34,899	32,011	2,888
Cleaning, Repair & Maintenance Services	84,500	23,965	108,465	100,003	8,462
Rental Payments - School Buses	3,000	(3,000)			
Lease Purchase Payments-School Buses	280,000		280,000	174,220	105,780
Contracted Services Aid In Lieu of Payment for Non-public School Students	255,000	115,000	370,000	287,694	82,306
Contracted Services (Between Home and School) - Vendors	1,981,901	(50,000)	1,931,901	1,929,341	2,560
Contracted Services (Other than Between Home and School) - Vendors	302,100	3,800	305,900	225,099	80,801
Contracted Services (Between Home and School) - Joint Agreements	1,500		1,500		1,500
Contracted Services (Sp. Ed.) - Vendors	175,341	(70,000)	105,341	83,096	22,245
Contracted Services (Sp. Ed.) - Joint Agreements	5,000	76,700	81,700	80,752	948
Contracted Services (Special Education Students) - ESCs	90,000	(90,000)			
Other Purchased Services	2,750		2,750	1,169	1,581
Transportation Supplies	318,403	(7,454)	310,949	252,058	58,891
Other Objects	1,250		1,250	316	934
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<b>5,857,784</b>	<b>(8,760)</b>	<b>5,849,024</b>	<b>5,424,383</b>	<b>424,641</b>
<b>Unallocated Benefits</b>					
Social Security Contributions	1,200,000	9,422	1,209,422	1,199,312	10,110
Other Retirement Contributions - PERS	1,489,151	37,868	1,527,019	1,527,019	
Other Retirement Contributions - Regular	47,310	7,442	54,752	53,221	1,531
Unemployment Compensation	181,156	5,500	186,656	186,656	
Workmen's Compensation	734,224	(125,553)	608,671	608,671	
Health Benefits	14,250,000	318,644	14,568,644	14,568,644	
Tuition Reimbursement	200,000	8,544	208,544	162,807	45,737
Other Employee Benefits	345,000	(13,262)	331,738	331,738	
Unused Vac. Payment to Term/Ret. Staff	127,000	11,217	138,217	115,129	23,088
<b>Total Unallocated Benefits</b>	<b>18,573,841</b>	<b>259,822</b>	<b>18,833,663</b>	<b>18,753,197</b>	<b>80,466</b>
On-behalf TPAF Pension Contributions (Non-budgeted)				13,982,079	(13,982,079)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				3,805,410	(3,805,410)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				5,048	(5,048)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				2,832,569	(2,832,569)
<b>Total On-behalf Contributions</b>				<b>20,625,106</b>	<b>(20,625,106)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>51,519,383</b>	<b>866,105</b>	<b>52,385,488</b>	<b>70,576,393</b>	<b>(18,190,905)</b>
<b>TOTAL GENERAL</b>	<b>92,827,526</b>	<b>436,178</b>	<b>93,263,704</b>	<b>110,142,347</b>	<b>(16,878,643)</b>

**Hopewell Valley Regional School District**  
**General Fund**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Undistributed Expenditures:</b>					
Instruction	\$ 194,410	\$ 154,818	\$ 349,228	\$ 348,991	\$ 237
Undistributed Exp.-Req. Maint. of School Facilities		21,172	21,172	13,744	7,428
Undistributed Exp.-Care and Upkeep of Grounds		2,707	2,707	2,707	
<b>Total Equipment</b>	194,410	178,697	373,107	365,442	7,665
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services		36,500	36,500	32,850	3,650
Construction Services	2,000,000	459,630	2,459,630	1,903,468	556,162
Other Objects - Debt Service Assessment	101,068		101,068	101,068	
Non-budgeted - Financed Purchases				315,000	
<b>Total Facilities Acquisition and Construction Services</b>	2,101,068	496,130	2,597,198	2,037,386	559,812
<b>TOTAL CAPITAL OUTLAY</b>	2,295,478	674,827	2,970,305	2,717,828	567,477
<b>Contribution to Charter Schools</b>	71,287		71,287	18,280	53,007
<b>SPECIAL SCHOOLS</b>					
<b>Summer School - Instruction</b>					
Salaries of Teachers	274,500	(27,173)	247,327	239,431	7,896
General Supplies	1,500	(427)	1,073	1,073	
<b>Total Summer School - Instruction</b>	276,000	(27,600)	248,400	240,504	7,896
<b>TOTAL SPECIAL SCHOOLS</b>	276,000	(27,600)	248,400	240,504	7,896
<b>TOTAL EXPENDITURES</b>	95,470,291	1,083,405	96,553,696	113,118,959	(16,250,263)
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	(5,052,140)	(1,083,405)	(6,135,545)	67,581	6,203,126
<b>Other Financing Sources (Uses):</b>					
Assets acquired under financed purchase - leases - (non-budgeted)				315,000	315,000
Transfer Out				(870,000)	(870,000)
<b>Total Other Financing Sources (Uses)</b>				(555,000)	(555,000)
<b>(Deficiency) Excess of Revenues     (Under) Over Expenditures and Other Financing Sources (Uses)</b>	(5,052,140)	(1,083,405)	(6,135,545)	(487,419)	5,648,126
<b>Fund Balance, July 1</b>	15,938,899		15,938,899	15,938,899	
<b>Fund Balance, June 30</b>	\$ 10,886,759	\$ (1,083,405)	\$ 9,803,354	\$ 15,451,480	\$ 5,648,126
<b>Recapitulation of (Deficiency) Excess of Revenues and     Other Financing Sources (uses) (Under) Over Expenditures:</b>					
Budgeted Fund Balance	\$ (4,747,895)		\$ (4,747,895)		\$ 4,747,895
Adjustment for Prior Year Encumbrances		\$ 621,125	621,125	\$ 621,125	
(Decrease) Increase in Capital Reserve	(304,245)	(1,704,530)	(2,008,775)	(1,108,544)	900,231
<b>Total</b>	\$ (5,052,140)	\$ (1,083,405)	\$ (6,135,545)	\$ (487,419)	\$ 5,648,126
<b>Recapitulation of Fund Balance:</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 7,373,539	
Maintenance Reserve				96,369	
Assigned to:					
Designated for Subsequent Year's Expenditures				3,950,163	
Year End Encumbrances				1,444,120	
Unassigned Fund Balance				2,587,289	
				15,451,480	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Final State Aid Payments Not Realized on GAAP Basis				(535,061)	
Fund balance per Governmental Funds (GAAP)				<u>14,916,419</u>	

**Hopewell Valley Regional School District**  
**Special Revenue Fund**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**(Budgetary Basis)**  
**Year ended June 30, 2024**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
State sources		\$ 380,703	\$ 380,703	\$ 361,929	\$ (18,774)
Federal sources	\$ 922,232	489,986	1,412,218	1,338,750	(73,468)
Local sources		215,488	215,488	764,857	549,369
Total revenues	<u>922,232</u>	<u>1,086,177</u>	<u>2,008,409</u>	<u>2,465,536</u>	<u>457,127</u>
<b>Expenditures</b>					
Current expenditures:					
Instruction:					
Salaries of teachers	72,873	17,248	90,121	62,369	27,752
Purchased professional services	8,500	(5,944)	2,556	1,840	716
Other purchased services	789,028	314,388	1,103,416	1,097,062	6,354
General supplies		147,500	147,500	71,692	75,808
Total instruction	<u>870,401</u>	<u>473,192</u>	<u>1,343,593</u>	<u>1,232,963</u>	<u>110,630</u>
Support services:					
Salaries		23,825	23,825	22,673	1,152
Personal services—employee benefits		1,808	1,808	1,784	24
Purchased professional services	51,831	123,328	175,159	149,912	25,247
Purchased property services		82,472	82,472	82,472	
Other purchased professional services		316,578	316,578	268,746	47,832
Supplies and materials		64,974	64,974	19,783	45,191
Student activities				626,273	(626,273)
Scholarships awarded				19,949	(19,949)
Total support services	<u>51,831</u>	<u>612,985</u>	<u>664,816</u>	<u>1,191,592</u>	<u>(526,776)</u>
Total expenditures	<u>922,232</u>	<u>1,086,177</u>	<u>2,008,409</u>	<u>2,424,555</u>	<u>(416,146)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	40,981	<u>\$ 40,981</u>
Fund Balance, July 1				<u>516,851</u>	
Fund Balance, June 30				<u>\$ 557,832</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 34,013	
Student Activities				523,819	
Total Fund Balance				<u>\$ 557,832</u>	

Hopewell Valley Regional School District  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2024

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

	<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)	\$ 113,186,540	\$ 2,465,536
<b>Differences - Budgetary to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		32,266
Current year		(6,875)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	420,447	
Current year	(535,061)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 113,071,926</u>	<u>\$ 2,490,927</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 113,118,959	\$ 2,424,555
<b>Differences - Budgetary to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		32,266
Current year		(6,875)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 113,118,959</u>	<u>\$ 2,449,946</u>

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



## **APPENDIX C**

### **Form of Bond Counsel's Approving Legal Opinion**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, NJ 07095-0958  
732.636.8000

\_\_\_\_\_, 2025

The Board of Education of the  
Hopewell Valley Regional School District  
Pennington, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale and issuance of \$\_\_\_\_\_ aggregate principal amount of Refunding School Bonds, Series 2025 (the “Bonds”) of The Board of Education of the Hopewell Valley Regional School District in the County of Mercer, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board).

The Bonds are authorized by and are issued pursuant to: (i) Title 18A, Chapter 24 of the New Jersey Statutes, Chapter 271 of the Laws of 1967 (the “Education Law”); (ii) a refunding bond ordinance finally adopted by the Board on October 13, 2025 (the “Refunding Bond Ordinance”) and (iii) a resolution duly adopted by the Board on October 13, 2025 (the “Resolution”).

The proceeds of the Bonds will be used to refund, on a current basis, all or a portion of the \$21,400,000 aggregate principal amount of the Board’s outstanding callable School Bonds, Series 2016, dated December 15, 2016 (the “Refunded Bonds”) at a redemption price of 100% of the principal amount thereof (the “Redemption Price”). Specifically, the proceeds of the Bonds will be used to pay: (i) the interest, when due, on the Refunded Bonds on January 15, 2026 (the “Call Date”); the Redemption Price on the Call Date and (iii) the costs associated with the issuance of the Bonds.

The Bonds are issued in fully registered book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), an automated depository for securities and clearing house for securities transactions. Purchases may be made in the principal amount of \$1,000 each, or any integral multiple thereof with a minimum purchase of \$5,000 required, through book entries made on the books and the records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or its designated paying agent, directly to Cede & Co., as nominee for DTC. Disbursement of such payments to the DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery which interest shall be payable semi-annually on the fifteenth day of January and July in each year, commencing January 15, 2026, until maturity and shall mature on January 15, in the years and in the principal amounts, and shall bear interest, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026			2030		
2027			2031		
2028			2032		
2029					

The Bonds are not subject to optional redemption prior to their stated dates of maturity.

We have examined such matters of law, certified copies of the proceedings, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Education Law, the Refunding Bond Ordinance and the Resolution, (ii) the Bonds are valid and legally binding obligations of the Board, and (iii) all the taxable real property within the School District is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds in order for the interest on the Bonds to be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of initial issuance and delivery of the Bonds. The Board has covenanted to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Board with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds

are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Under existing laws of the State of New Jersey, the interest on the Bonds and any gain on the sale of the Bonds are not includable as gross income under the New Jersey Gross Income Tax Act.

[The Bonds maturing on January 15 in the years 20\_\_ through 20\_\_, inclusive (the “[Premium] Bonds”), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on January 15 in the years 20\_\_ through 20\_\_, inclusive (the “[Discount] Bonds”) and their respective initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the [Discount] Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each [Discount] Bond and the basis of each [Discount] Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.]

Except as stated in the preceding paragraphs, we express no opinion as to any federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights or remedies

heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the executed Bonds and, in our opinion, its form and execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

## **APPENDIX D**

### **Form of Continuing Disclosure Certificate**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated as of \_\_\_\_\_, 2025 (the "Disclosure Certificate") is executed and delivered by The Board of Education of the Hopewell Valley Regional School District in the County of Mercer, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the issuance of its \$\_\_\_\_\_ aggregate principal amount of Refunding School Bonds, Series 2025 dated their date of delivery (the "Bonds"). The Bonds are being issued pursuant to a resolution duly adopted by the Board on October 13, 2025 (the "Bond Resolution"). The Board covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Board for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The Board acknowledges it is an "Obligated Person" under the Rule (as defined below).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

*"Annual Report"* shall mean any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

*"Beneficial Owner"* shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

*"Continuing Disclosure Information"* shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Board with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed by the Authority with EMMA pursuant to Section 5 of this Disclosure Agreement.

*"Disclosure Representative"* shall mean the Business Administrator/Board Secretary of the Board or his/her designee, or such other person as the Board shall designate in writing from time to time for the purposes of this Disclosure Certificate.

*"Dissemination Agent"* shall mean, initially, the Board or any Dissemination Agent subsequently designated in writing by the Board which has filed with the Board a written acceptance of such designation.

*“EMMA”* shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Board or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to [www.emma.msrb.org](http://www.emma.msrb.org).

*“Financial Obligation”* shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *“Financial Obligation”* shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

*“Listed Events”* shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

*“MSRB”* shall mean the Municipal Securities Rulemaking Board.

*“Rule”* shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

*“SEC”* shall mean the United States Securities and Exchange Commission.

*“SEC Release No. 34-59062”* shall mean Release No. 34-59062 of the SEC dated December 5, 2008.

*“State”* shall mean the State of New Jersey.

*“Underwriters”* shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

**SECTION 3. Provision of Annual Reports.** (a) The Board shall provide or cause to be provided to the Dissemination Agent not later than December 31 of each year, commencing December 31, 2025 (for the fiscal year ending June 30, 2025), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Board may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Board are not available by December 31, the Board shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Board, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Board.

(b) Not later than January 31 of each year (commencing January 31, 2026) the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Board does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall, in a timely manner, send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Board (if the Dissemination Agent is not the Board).

(d) Each year the Dissemination Agent shall file a report with the Board (if the Dissemination Agent is not the Board), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the Board changes, the Board shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Board, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

**SECTION 4. Content of Annual Reports.** The Board's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the Board (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available as described in 3(a) above).

The audited financial statements are to be prepared in accordance with generally accepted accounting principles (GAAP).

(2) The general financial information and operating data consistent with the information set forth in the Official Statement dated April 30, 2025, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (1) Board indebtedness; (2) property valuation information; (3) tax rate, levy and collection data; and (4) enrollment.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Board is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

**SECTION 5. Reporting of Significant Events.** (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances of the Bonds;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes of the Bonds;
- (12) Bankruptcy, insolvency, receivership or similar event of the Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;

- (15) Incurrence of a Financial Obligation of the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board, any of which affect Bondholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board, any of which reflect financial difficulties.

The Board shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in this subsection (a) of this Section 5, the Board may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Board has or obtains knowledge of the occurrence of any of the Listed Events, the Board shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Board determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Board is not the Dissemination Agent) and the Board shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Board determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Board) and the Dissemination Agent (if the Dissemination Agent is not the Board) shall be instructed by the Board not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the Board (if the Dissemination Agent is not the Board). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

**SECTION 6. Termination of Reporting Obligation.** The Board's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Board is no longer an "Obligated Person" (as defined in the Rule). The Board shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

**SECTION 7. Dissemination Agent; Compensation.** The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Board. The Board shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Board to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Board or “Obligated Person,” or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Bond Resolution at the time of the amendment. The Board shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Annual Report or notice

of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the Board to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Board agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Board) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Board further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 12. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Board, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

**SECTION 13. Notices.** All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Board of Education:

The Board of Education of the  
Hopewell Valley Regional School District  
425 South Main Street  
Pennington, New Jersey 08534  
Attention: Assistant Superintendent for Business/  
Board Secretary

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

The Board of Education of the  
Hopewell Valley Regional School District  
425 South Main Street  
Pennington, New Jersey 08534  
Attention: Assistant Superintendent for Business/  
Board Secretary

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

**SECTION 14. Counterparts.** This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Board and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

**SECTION 15. Severability.** If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Board and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

**SECTION 16. Governing Law.** This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

**THE BOARD OF EDUCATION OF THE  
HOPEWELL VALLEY REGIONAL SCHOOL  
DISTRICT**

By: \_\_\_\_\_  
**ROBERT COLAVITA,**  
**Assistant Superintendent for Business/**  
**Board Secretary**



**EXHIBIT A**

**NOTICE TO EMMA OF FAILURE  
TO FILE ANNUAL REPORT**

Name of Issuer:           The Board of Education of the  
Hopewell Valley Regional School District  
in the County of Mercer, New Jersey

Name of Issue:           \$\_\_\_\_\_ Refunding School Bonds, Series 2025  
Dated: \_\_\_\_\_, 2025  
(CUSIP Number: 439686\_\_\_\_)

Date of Issuance:       \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that the above designated Board has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the Bonds dated as of \_\_\_\_\_, 2025 executed by the Board.

DATED: \_\_\_\_\_

\_\_\_\_\_  
**DISSEMINATION AGENT**  
(on behalf of the Board)

cc: The Board

[ THIS PAGE INTENTIONALLY LEFT BLANK ]