



**SCHOOL DISTRICT OF WALLKILL  
VALLEY REGIONAL**

**Wallkill Valley Regional High School District  
Hamburg, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual  
Financial Report**

**of the**

**Wallkill Valley Regional  
High School District**

**Hamburg, New Jersey**

**For the Fiscal Year Ended June 30, 2010**

**Prepared by**

**Wallkill Valley Regional High School  
For the Fiscal Year Ended June 30, 2010**

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
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INTRODUCTORY SECTION



*Board of Education*  
**Wallkill Valley Regional High School District**

*10 Grumm Road, Hamburg, NJ 07419*

*Phone (973) 827-4100*

*Fax (973) 827-8318*

October 16, 2010

The Honorable President and Members of  
 the Board of Education  
 Wallkill Valley Regional High School District  
 Hamburg, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Wallkill Valley Regional High School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and fiscal capacity, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the State Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Wallkill Valley Regional High School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Wallkill Valley Regional High School District constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12 for the students residing in the Township of Hardyston, Borough of Ogdensburg, Borough of Hamburg and Borough of Franklin. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2009-10 fiscal year with an average daily enrollment of 790 students, which is a decrease of 34 students from the previous year's average daily enrollment.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2009-2010	790	-4.13%
2008-2009	824	-3.85%
2007-2008	857	-1.61%
2006-2007	871	-2.24%
2005-2006	891	7.87%
2004-2005	826	-3.48%
2003-2004	855	5.57%
2002-2003	810	2.69%
2001-2002	789	3.18%
2000-2001	765	9.34%

2) ECONOMIC CONDITION AND OUTLOOK: The growth in the constituent communities has slowed down considerably. New school construction in the constituent districts, particularly Hamburg and Hardyston are at or near completion. Average daily enrollment at the high school decreased by 34 students over the previous year. As of June 30, 2010, the enrollment was 785; as of September 1, 2010 we had 783 students enrolled at Wallkill Valley Regional High School, a decrease of 2 students over the summer.

3) MAJOR INITIATIVES: The District underwent QSAC in December, 2009 and passed all elements. Quality Assessment Reports are no longer required.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION: As of June 30, 2010, the District's outstanding debt totals \$2,825,000. This debt consists of \$2,825,000 of refunding serial bonds issued on May 15, 2001, as voted upon and approved by the community.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

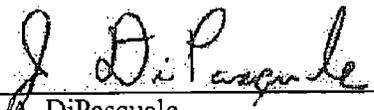
9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on J-20.

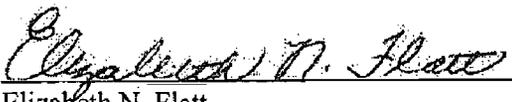
10) OTHER INFORMATION:

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's Circular NJOMB 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The independent auditors' report on basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

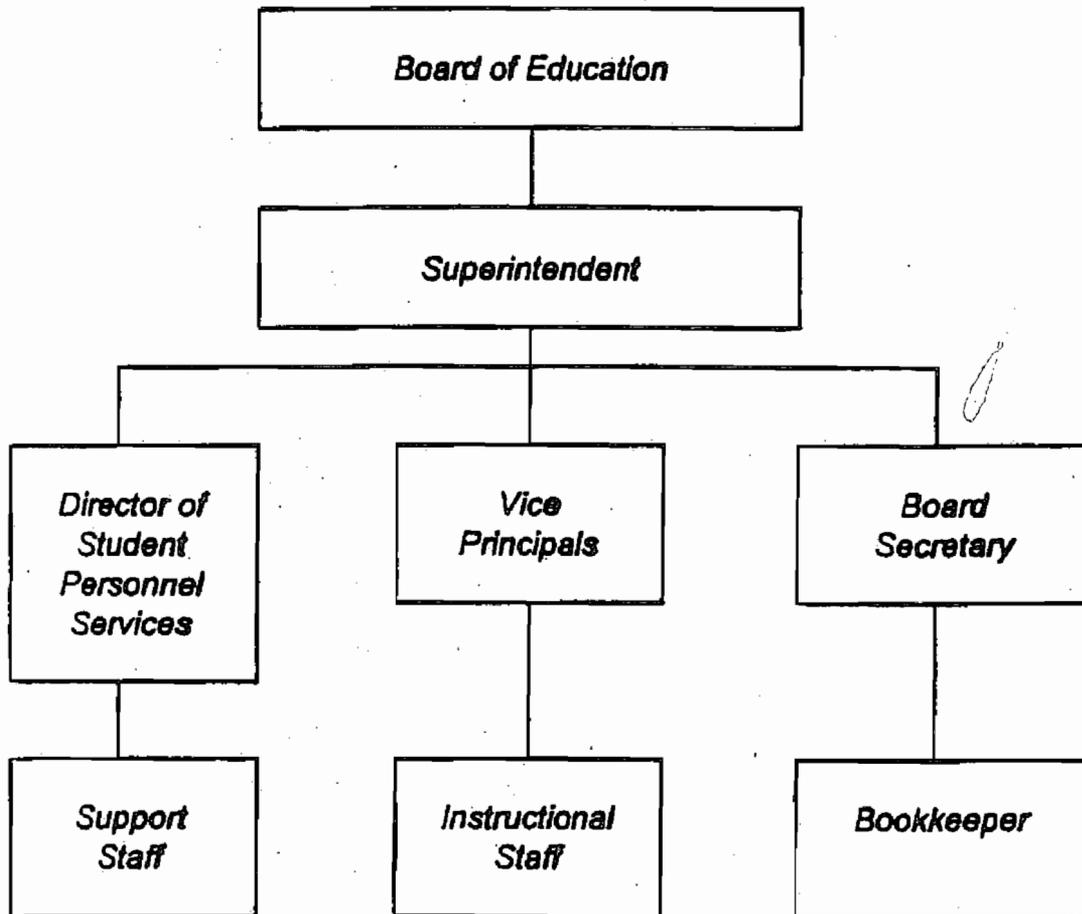
11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Wallkill Valley Regional High School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development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

Respectfully submitted,

  
\_\_\_\_\_  
Joseph A. DiPasquale  
Superintendent and Chief Administrator

  
\_\_\_\_\_  
Elizabeth N. Flatt  
Business Administrator/Board Secretary

**WALLKILL VALLEY REGIONAL HIGH SCHOOL BOARD OF EDUCATION**  
**Organization Chart**  
**(Unit Control)**



**WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2010**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Robert Carlson, President	Hardyston Township	2013
Ronald Neal, Vice-President	Franklin Borough	2013
Aida Mulvanerton	Hardyston Township	2011
Lynette Apolito	Hamburg Borough	2011
Marie J. Scott	Franklin Borough	2011
Thomas Kabatra	Franklin Borough	2012
Guy G. McHugh	Hamburg Borough	2012
William M. Castiglione	Hardyston Township	2012
Stanley V. Dabrowski	Ogdensburg Borough	2013

Other Officers

Joseph A. DiPasquale	Superintendent and Chief School Administrator
Elizabeth N. Flatt	Business Administrator/Board Secretary
Sarah Anne McGrath	Treasurer

**Audit Firm**

Nisivoccia & Company LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Rd Suite 300  
Mount Arlington, NJ 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorney**

Algeier Woodruff, P.C.  
60 Washington Street  
Morristown, NJ 07960

**Official Depository**

Sussex Bank  
399 Route 23  
Franklin, NJ 07416

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FINANCIAL SECTION

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Mount Arlington Corporate Center  
200 Valley Road Suite 300  
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Phone: 973-328-1825  
Fax: 973-328-0507

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860  
Phone: 973-383-6699  
Fax: 973-383-6555

### Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Wallkill Valley Regional High School District  
Hamburg, New Jersey

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 Board of Education of the Wallkill Valley Regional High School District in the County of Sussex as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Wallkill Valley Regional High School District in the County of Sussex as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

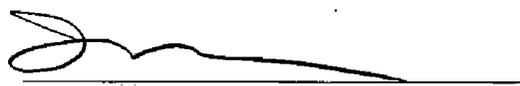
In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2010 on our consideration of the Board of Education of the Wallkill Valley Regional High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information listed on Exhibits C-1 through C-3 and I-3 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Wallkill Valley Regional High School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining fund and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 16, 2010  
Mount Arlington, New Jersey

  
NISIVOCCIA & COMPANY LLP

  
David H. Evans  
Licensed Public School Accountant #740  
Certified Public Accountant

*[Handwritten signature]*

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2010**  
**Unaudited**

This section of Wallkill Valley Regional High School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial status remains relatively strong despite a loss of state aid totaling \$689,471. At the close of 2009-10 school year, the District's General Fund surplus was well in excess of the allowed amount due to careful spending and cost controls. Excess surplus to be returned to the taxpayers in the 2011-12 fiscal year will be \$454,343.
- The overall revenue of the District totaled \$14,470,121 which was a decrease of \$230,978 compared to the prior year. This was due to decreased interest earnings, building use fees, as well as less than anticipated funds in the Special Revenue Fund from federal, state and local sources.
- Net assets of the District's business-type activity – food service program – increased by \$476 over the previous year.
- The District's long term debt continues to decrease as the result of scheduled debt service payments. In 2009-10 the District paid down \$240,000 of serial bond debt.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited**

This section of Wallkill Valley Regional High School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

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**Figure A-1**  
**Organization of Walkkill Valley Regional High School Financial Report**

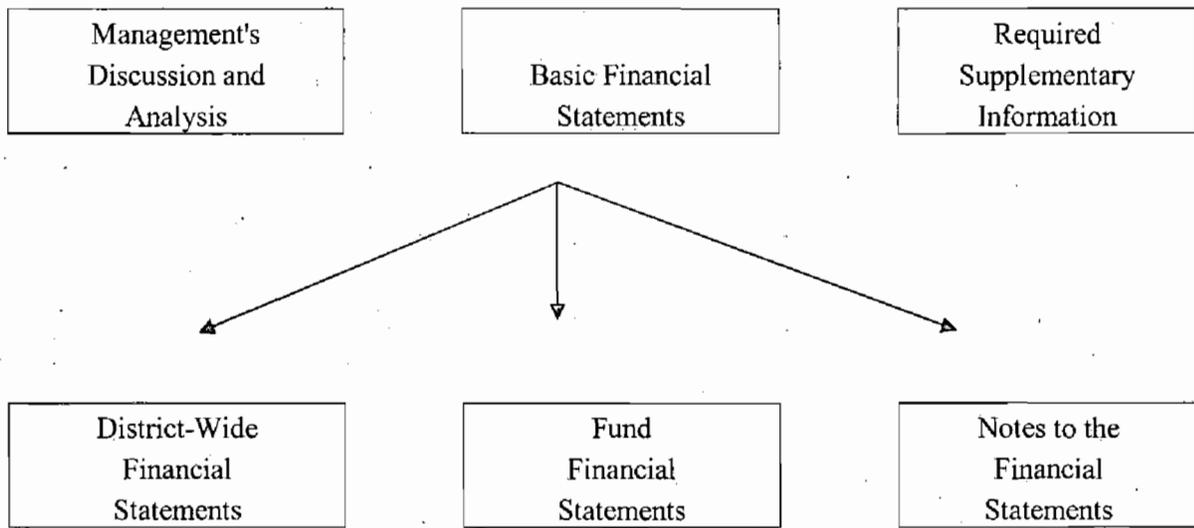


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenue, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

### ***District-wide Statements***

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District does not utilize internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to Financial Statements:* The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

### Financial Analysis of the District as a Whole

*Net Assets.* The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a school's financial position.

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Figure A-3

#### Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	
Current and							
Other Assets	\$ 3,792,275	\$ 3,067,547	\$ 105,115	\$ 117,194	\$ 3,897,390	\$ 3,184,741	-18.29%
Capital Assets	9,548,309	9,210,952	19,760	18,079	9,568,069	9,229,031	-3.54%
Total Assets	13,340,584	12,278,499	124,875	135,273	13,465,459	12,413,772	-7.81%
Long-term							
Debt Outstanding	3,713,142	3,513,121			3,713,142	3,513,121	-5.39%
Other Liabilities	270,014	314,518	2,023	3,136	272,037	317,654	16.77%
Total Liabilities	3,983,156	3,827,639	2,023	3,136	3,985,179	3,830,775	-3.87%
Net Assets							
Invested in							
Capital Assets,							
Net of Related Debt	6,483,309	6,385,952	19,760	18,079	6,503,069	6,404,031	-1.52%
Restricted	3,682,052	2,967,475			3,682,052	2,967,475	-19.41%
Unrestricted/							
(Deficit)	(807,933)	(902,565)	111,901	114,058	(696,032)	(788,507)	-13.29%
Total Net Assets	\$ 9,357,428	\$ 8,450,862	\$ 131,661	\$ 132,137	\$ 9,489,089	\$ 8,582,999	-9.55%

*Changes in Net Assets.* The District's combined net assets were \$8,582,999 on June 30, 2010, \$906,090 or 9.55% less than they were the year before. (See Figure A-3). The depreciation factored into the net assets of the District as a decrease is \$359,583. The net assets of the business-type activities increased \$476 (See Figure A-4).

## Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	
Revenue:							
Program Revenue:							
Charges for Services			\$ 236,878	\$ 223,240	\$ 236,878	\$ 223,240	-5.76%
Operating Grants and Contributions	\$ 5,954,780	\$ 5,265,169	40,705	51,847	5,995,485	5,317,016	-11.32%
General Revenue:							
Property Taxes	8,305,138	8,249,911			8,305,138	8,249,911	-0.66%
Unrestricted State Aid		546,750				546,750	100.00%
Other	160,092	131,465	3,506	1,739	163,598	133,204	-18.58%
Total Revenue	<u>14,420,010</u>	<u>14,193,295</u>	<u>281,089</u>	<u>276,826</u>	<u>14,701,099</u>	<u>14,470,121</u>	-1.57%
Expenses:							
Instruction	8,469,316	9,334,994			8,469,316	\$ 9,334,994	10.22%
Pupil and Instruction Services	2,662,667	1,741,503			2,662,667	1,741,503	-34.60%
Administrative and Business	1,143,889	1,173,671			1,143,889	1,173,671	2.60%
Maintenance and Operations	1,417,863	1,451,067			1,417,863	1,451,067	2.34%
Transportation	1,342,996	1,219,697			1,342,996	1,219,697	-9.18%
Other	155,155	140,129	301,441	276,350	456,596	416,479	-8.79%
Total Expenses	<u>15,191,886</u>	<u>15,061,061</u>	<u>301,441</u>	<u>276,350</u>	<u>15,493,327</u>	<u>15,337,411</u>	-1.01%
Adjustment to Fixed Asset Report	<u>(579,417)</u>	<u>(38,800)</u>	<u>4,203</u>		<u>(575,214)</u>	<u>(38,800)</u>	-93.25%
Increase/(Decrease) in Net Assets	<u>\$ (1,351,293)</u>	<u>\$ (906,566)</u>	<u>\$ (16,149)</u>	<u>\$ 476</u>	<u>\$ (792,228)</u>	<u>\$ (906,090)</u>	14.37%

*Revenue Sources.* The District's total revenue for the 2009/10 school year was \$14,470,121. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$8,249,911 of the total, or 57.01 percent. (See Figure A-5). Another 36.75 percent came from state and federal aid for specific programs and the remainder from miscellaneous sources, state formula aid, and charges for services. Wallkill Valley Regional High School District basically conducts its operations from the revenue it receives from its local taxpayers and state sources. It is important to note that of the categorical grants amount, \$438,697 is included in funds that are not paid to the District, but are included in funding for non-contributory insurance and post retirement contributions that the State of New Jersey is paying on behalf of the District.

**Figure A-5****Sources of Revenue for Fiscal Year 2010**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 546,750	3.78%
Property Taxes	8,249,911	57.01%
Federal and State Categorical Grants	5,317,016	36.75%
Charges for Services	223,240	1.54%
Other	133,204	0.92%
Total Revenue	<u>\$ 14,470,121</u>	<u>100.00%</u>

The total cost of all programs and services was \$15,337,411. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (80.17 percent). (See Figure A-6). The District's administrative and business activities accounted for 7.65 percent of total costs. It is important to note that expenses include \$357,902 and \$1,681 of depreciation related to governmental and business-type capital assets, respectively.

**Figure A-6**  
**Expenses for Fiscal Year 2010**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 9,334,994	60.87%
Pupil and Instruction Services	1,741,503	11.35%
Administrative and Business	1,173,671	7.65%
Maintenance and Operations	1,451,067	9.46%
Transportation	1,219,697	7.95%
Other	416,479	2.72%
<b>Total Expenses</b>	<b>\$ 15,337,411</b>	<b>100.00%</b>

***Governmental Activities***

As discussed elsewhere in this commentary, the financial position of the District remains relatively stable. Maintaining existing programs with increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year was:

- Increased use of federal funds for tuition and related service costs.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7**  
**Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008/09</u>	<u>2009/10</u>	<u>2008/09</u>	<u>2009/10</u>
Instruction	\$ 8,469,316	\$ 9,334,994	\$ 3,200,895	\$ 4,640,782
Pupil and Instruction Services	2,662,667	1,741,503	2,504,427	1,627,805
Administrative and Business	1,143,889	1,173,671	1,063,360	1,083,532
Maintenance and Operations	1,417,863	1,451,067	1,360,318	1,388,172
Transportation	1,342,996	1,219,697	952,951	915,472
Other	155,155	140,129	155,155	140,129
	<b>\$ 15,191,886</b>	<b>\$ 15,061,061</b>	<b>\$ 9,237,106</b>	<b>\$ 9,795,892</b>

- The cost of all governmental activities this year was \$15.06 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$5.81 million).
- Most of the District's costs (\$8.25 million), however, were financed by District taxpayers.

### ***Business-Type Activities***

Net assets from the District's business-type activity increased by \$476. (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenue exceeded expenses by over \$476, accounting for the increase in the net assets of the business-type activities. The current operation is run by Maschio's Food Service, Inc.

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

The District's financial position remains relatively stable despite significant changes in the student clientele and difficult economic conditions. Expenditures related to special needs children have increased significantly due to additional students, requiring related services and material needs, as well as transportation to special schools. Salaries of staff have been increased by prior year negotiated agreements. Health costs have been contained for several years, however, significantly increased premiums are anticipated in the next few years. The Board has been able to save health premium costs by offering a program to staff whereby they can waive certain benefits under certain conditions. While a small increase in state aid will be realized in 2010-11, it is not guaranteed that this will continue. A building entry security system was installed this summer using funds earmarked in the 2010-11 budget for this project.

### **General Fund Budgetary Highlights**

The District did not increase its original budget other than for encumbrances carried over from the previous year. Changes were made within budgetary line items for changes in school based needs in programs, supplies and equipment but these changes did not increase the budget.

### **Capital Asset and Debt Administration**

Figure A-8

#### **Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	Change 2009/10
Buildings, Building and Site Improvements	\$ 9,214,677	\$ 8,896,769			\$ 9,214,677	\$ 8,896,769	-3.45%
Machinery and Equipment	333,632	314,183	\$ 19,760	\$ 18,079	353,392	332,262	-5.98%
Total Capital Assets - (Net of Depreciation)	<u>\$ 9,548,309</u>	<u>\$ 9,210,952</u>	<u>\$ 19,760</u>	<u>\$ 18,079</u>	<u>\$ 9,568,069</u>	<u>\$ 9,229,031</u>	-3.54%

The District's overall capital assets decreased from the prior year due to depreciation expenses exceeding expenditures associated with the District's capital projects. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

At year-end, the District had \$2,825,000 in general obligation bonds outstanding – a reduction of \$240,000 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

**Outstanding Long-Term Debt**

	Total School District		Percentage Change
	2008/09	2009/10	
General Obligation Bonds (Financed with Property Taxes)	\$ 3,065,000	\$ 2,825,000	-7.83%
Less: Deferred Amount on Refunding	(22,842)	(21,085)	-7.69%
	<u>3,042,158</u>	<u>2,803,915</u>	
Other Long Term Liabilities	<u>670,984</u>	<u>709,206</u>	5.70%
	<u>\$ 3,713,142</u>	<u>\$ 3,513,121</u>	-5.39%

- The District continued to pay down its debt, retiring \$240,000 of outstanding bonds.
- The District did not issue any new bonds during this past fiscal year.

**Factors Bearing on the District’s Future Revenue/Expense Changes**

- The Wallkill Valley Regional High School District is presently in good financial condition. The District is proud of its community support of the public school and the pride that the students take in their building. A major concern is that community support will not continue to be as strong if tax increases are necessitated by flat funding or minimal increases in state aid. Another concern is that the school building is getting older and will require more repairs and upgrades in the future.
- Wallkill Valley Regional High School District’s budget for 2010-11 passed by a margin of 1217 yes and 1128 no votes. The approval rate represents 52% of the votes cast, a decrease of 9% over the previous year.
- A new labor agreement for teachers was reached in September 2008 which will expire June 30, 2011. The new agreement lends stability to the budget needs for the next year.
- The District routinely monitors the rules and regulations of the No Child Left Behind federal legislation to assess and ensure financial compliance.
- It is important that the District continues to be able to complete capital improvement projects and to maintain the physical plant of the District.

**Contacting the District’s Financial Management**

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, Wallkill Valley Regional High School District, 10 Grumm Road, Hamburg, New Jersey.

~~SECRET~~

**BASIC FINANCIAL STATEMENTS**

SECRET

DISTRICT-WIDE FINANCIAL STATEMENTS

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,452,362	\$ 102,771	\$ 2,555,133
Receivables from Other Governments	532,778	2,644	535,422
Internal Balances	(4,563)	4,563	
Other Receivables	865		865
Inventory		7,216	7,216
Bond Issuance Costs	85,369		85,369
Restricted Assets:			
Capital Reserve Account - Cash	736		736
Capital Assets:			
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	9,210,952	18,079	9,229,031
Total Assets	<u>12,278,499</u>	<u>135,273</u>	<u>12,413,772</u>
<b>LIABILITIES</b>			
Accounts Payable	121,831		121,831
Deferred Revenue		3,136	3,136
Accrued Interest Payable	57,947		57,947
Unamortized Bond Premium	134,740		134,740
Noncurrent Liabilities:			
Due Within One Year	332,483		332,483
Due Beyond One Year	3,180,638		3,180,638
Total Liabilities	<u>3,827,639</u>	<u>3,136</u>	<u>3,830,775</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	6,385,952	18,079	6,404,031
Restricted for:			
Capital Projects Fund	1,792,321		1,792,321
Debt Service Fund	34,439		34,439
Other Purposes	1,140,715		1,140,715
Unrestricted/(Deficit)	(902,565)	114,058	(788,507)
Total Net Assets	<u>\$ 8,450,862</u>	<u>\$ 132,137</u>	<u>\$ 8,582,999</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 7,130,288		\$ 4,083,696		\$ (3,046,592)	\$ (3,046,592)	
Special Education	805,127		544,597		(260,530)	(260,530)	
Other Special Instruction	70,524		7,454		(63,070)	(63,070)	
Other Instruction	782,306		58,465		(723,841)	(723,841)	
Support services:							
Tuition	806,107				(806,107)	(806,107)	
Student & Instruction Related Services	1,482,145		113,698		(1,368,447)	(1,368,447)	
General Administrative Services	449,174		28,632		(420,542)	(420,542)	
School Administrative Services	534,469		45,429		(489,040)	(489,040)	
Central Services	190,028		16,078		(173,950)	(173,950)	
Plant Operations and Maintenance	1,451,067		62,895		(1,388,172)	(1,388,172)	
Pupil Transportation	1,219,697		304,225		(915,472)	(915,472)	
Interest on Long-Term Debt	120,907				(120,907)	(120,907)	
Unallocated Depreciation	7,563				(7,563)	(7,563)	
Capital Outlay	11,659				(11,659)	(11,659)	
Total Governmental Activities	15,061,061	\$ -0-	5,265,169	\$ -0-	(9,795,892)	\$ -0-	(9,795,892)

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Business-Type Activities:						
Food Service	\$ 276,350	\$ 223,240	\$ 51,847		\$ (1,263)	\$ (1,263)
Total Business-Type Activities	276,350	223,240	51,847		(1,263)	(1,263)
Total Primary Government	\$ 15,337,411	\$ 223,240	\$ 5,317,016	\$ (9,795,892)	\$ (1,263)	\$ (9,797,155)
General Revenues:						
Taxes:						
				\$ 8,249,911		\$ 8,249,911
				546,750		546,750
				9		9
				131,456	\$ 1,739	133,195
				8,928,126	1,739	8,929,865
				(38,800)		(38,800)
				(906,566)	476	(906,090)
Net Assets - Beginning				9,357,428	131,661	9,489,089
Net Assets - Ending				\$ 8,450,862	\$ 132,137	\$ 8,582,999

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 570,284		\$ 1,882,078		\$ 2,452,362
Receivables From Other Governments	197,011	\$ 335,737	30		532,778
Interfund Receivable	433,176			\$ 151,048	584,224
Other Receivables	865				865
Restricted Cash and Cash Equivalents	736				736
<b>Total Assets</b>	<b>\$ 1,202,072</b>	<b>\$ 335,737</b>	<b>\$ 1,882,108</b>	<b>\$ 151,048</b>	<b>\$ 3,570,965</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	102,661	19,170			121,831
Interfund Payable	4,563	316,567	151,048	116,609	588,787
<b>Total Liabilities</b>	<b>107,224</b>	<b>335,737</b>	<b>151,048</b>	<b>116,609</b>	<b>710,618</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	16,168				16,168
Capital Reserve Account	736				736
Excess Surplus	516,079				516,079
Excess Surplus - Designated for Subsequent Year's Expenditures	670,204				670,204
<b>Unreserved, Reported in:</b>					
<b>General Fund:</b>					
<b>Designated For</b>					
Subsequent Year's Expenditures	74,613			105,557	180,170
Unreserved/Undesignated/(Deficit)	(182,950)				(182,950)
Capital Projects Fund			1,731,060		1,731,060
Debt Service Fund				(71,118)	(71,118)
<b>Total Fund Balances</b>	<b>1,094,850</b>		<b>1,731,060</b>	<b>34,439</b>	<b>2,860,349</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,202,074</b>	<b>\$ 335,737</b>	<b>\$ 1,882,108</b>	<b>\$ 151,048</b>	

Amounts Reported for *Governmental Activities* in the Statement of  
Net Assets (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 \$15,558,640 and the accumulated depreciation is \$6,347,688.	9,210,952
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	(3,534,206)
Bond Issuance Costs are Reported as expenditures in the Governmental Funds. The Cost is \$99,597 and the Amortization is \$7,114.	85,369
Deferred Interest is Reported as expenditures in the Governmental Funds. The Cost is \$24,599 and the accumulated Amortization is \$3,514.	21,085
Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$157,196 and the accumulated Amortization is \$22,456.	(134,740)
Accrued Interest on General Obligation Debt	(57,947)
<b>Net Assets of Governmental Activities</b>	<b>\$ 8,450,862</b>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 8,249,911				\$ 8,249,911
Tuition	4,000				4,000
Other Restricted Miscellaneous	20,690		\$ 26,217	\$ 8,222	55,129
Interest Earned on Capital Reserve Funds	9				9
Unrestricted Miscellaneous	72,327				72,327
<b>Total - Local Sources</b>	<b>8,346,937</b>		<b>26,217</b>	<b>8,222</b>	<b>8,381,376</b>
State Sources	4,834,181				4,834,181
Federal Sources	546,749	\$ 430,989			977,738
<b>Total Revenue</b>	<b>13,727,867</b>	<b>430,989</b>	<b>26,217</b>	<b>8,222</b>	<b>14,193,295</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	4,690,837	371,807			5,062,644
Special Education Instruction	549,183	59,182			608,365
Other Special Instruction	63,070				63,070
Other Instruction	658,555				658,555
<b>Support Services and Undistributed Costs:</b>					
Tuition	806,107				806,107
Student & Instruction Related Services	1,110,653				1,110,653
General Administrative Services	362,816				362,816
School Administrative Services	395,146				395,146

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES (Cont'd):</b>					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 147,847				\$ 147,847
Plant Operations and Maintenance	1,154,694				1,154,694
Pupil Transportation	1,219,697				1,219,697
Benefits - Allocated and Unallocated	2,942,777				2,942,777
Debt Service:					
Principal				\$ 240,000	240,000
Interest and Other Charges				124,138	124,138
Capital Outlay	71,004				71,004
Total Expenditures	<u>14,172,386</u>	<u>\$ 430,989</u>		<u>364,138</u>	<u>14,967,513</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	<u>(444,519)</u>		<u>\$ 26,217</u>	<u>(355,916)</u>	<u>(774,218)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Transfers In				284,798	284,798
Transfers Out			(284,798)		(284,798)
Total Other Financing Sources/(Uses)			<u>(284,798)</u>	<u>284,798</u>	
Net Change in Fund Balances	(444,519)		(258,581)	(71,118)	(774,218)
Fund Balance—July 1	1,539,369		1,989,641	105,557	3,634,567
Fund Balance—June 30	<u>\$ 1,094,850</u>	<u>\$ -0-</u>	<u>\$ 1,731,060</u>	<u>\$ 34,439</u>	<u>\$ 2,860,349</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (774,218)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and adjustments to fixed assets report in the period.		
	Depreciation expense	\$ (357,902)
	Adjustment to fixed asset appraisal report	(38,800)
	Capital outlays	<u>59,345</u>
		(337,357)
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		240,000
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). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(38,222)
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		874
The Governmental Funds report the effect of issuance costs and deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		<u>2,357</u>
Change in Net Assets of Governmental Activities		<u>\$ (906,566)</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 102,771
Accounts Receivable:	
State	190
Federal	2,454
Interfund Receivable	4,563
Inventories	<u>7,216</u>
Total Current Assets	<u>117,194</u>
Non-Current Assets:	
Capital Assets	70,085
Less: Accumulated Depreciation	<u>(52,006)</u>
Total Non-Current Assets	<u>18,079</u>
Total Assets	<u>135,273</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Deferred Revenue	<u>3,136</u>
Total Current Liabilities	<u>3,136</u>
<u>NET ASSETS:</u>	
Invested in Capital Assets, Net of Related Debt	18,079
Unrestricted	<u>114,058</u>
Total Net Assets	<u>\$ 132,137</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds
	<u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 93,295
Daily Sales - Non-Reimbursable Programs	129,945
	<hr/>
Total Operating Revenue	223,240
	<hr/>
Operating Expenses:	
Cost of Sales	157,178
Salaries & Payroll Taxes	94,458
Employee Benefits	11,390
Management Fee	8,686
Professional and Technical Services	1,848
Depreciation Expense	1,681
Other Miscellaneous Expenses	1,109
	<hr/>
Total Operating Expenses	276,350
	<hr/>
Operating (Loss)	(53,110)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,806
Federal Sources	
National School Lunch Program	36,456
Food Distribution Program	12,585
Local Sources:	
Interest on Investments	1,739
	<hr/>
Total Non-Operating Revenue	53,586
	<hr/>
Change in Net Assets	476
	<hr/>
Net Assets - Beginning of Year	131,661
	<hr/>
Net Assets - End of Year	\$ 132,137
	<hr/> <hr/>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 223,240
Payments to Employees	(94,458)
Payments for Benefits	(11,390)
Payments to Food Service Vendor	(8,686)
Payments to Suppliers	(145,951)
	(37,245)
Net Cash Used for Operating Activities	(37,245)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	36,618
	36,618
Net Cash Provided by Noncapital Financing Activities	36,618
Cash Flows from Investing Activities:	
Investment Income	1,739
	1,739
Net Cash Flows Provided by Investing Activities	1,739
Net Increase in Cash and Cash Equivalents	1,112
Cash and Cash Equivalents, July 1	101,659
Cash and Cash Equivalents, June 30	\$ 102,771
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (53,110)
Adjustment to Reconcile Operating Income to Cash used for Operating Activities:	
Federal Food Distribution Program	12,585
Depreciation	1,681
Changes in Assets and Liabilities:	
(Increase) in Inventory	(3,760)
Decrease in Interfund Receivable	4,246
Increase in Deferred Revenue	1,113
	1,113
Net Cash Used for Operating Activities	\$ (37,245)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$13,698 and utilized commodities valued at \$12,585.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Payroll Agency</u>	<u>Student Activity</u>	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<b><u>ASSETS:</u></b>					
Cash and Cash Equivalents	\$ 11,547	\$ 132,070	\$ 54,003	\$ 7,730	\$ 205,350
Total Assets	<u>11,547</u>	<u>132,070</u>	<u>54,003</u>	<u>7,730</u>	<u>205,350</u>
<b><u>LIABILITIES:</u></b>					
Net Salaries and Wages	1,729				1,729
Payroll Deductions and Withholdings	9,818				9,818
Due to Student Groups		132,070			132,070
Total Liabilities	<u>11,547</u>	<u>132,070</u>			<u>143,617</u>
<b><u>NET ASSETS:</u></b>					
Held in Trust for Unemployment Claims				7,730	7,730
Reserved For Scholarships			54,003		54,003
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 54,003</u>	<u>\$ 7,730</u>	<u>\$ 61,733</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Scholarship Trust	Totals
<b>ADDITIONS:</b>			
Contributions:			
Plan Member	\$ 190		\$ 190
Other		\$ 2,400	2,400
Total Contributions	190	2,400	2,590
Investment Earnings:			
Interest	101	202	303
Net Investment Earnings	101	202	303
Total Additions	291	2,602	2,893
<b>DEDUCTIONS:</b>			
Unemployment Compensation Claims	2,198		
Scholarships Awarded		6,112	6,112
Total Deductions	2,198	6,112	6,112
Change in Net Assets	(1,907)	(3,510)	(3,219)
Net Assets - Beginning of the Year	9,637	57,513	67,150
Net Assets - End of the Year	\$ 7,730	\$ 54,003	\$ 63,931

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Wallkill Valley Regional High School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include a senior high school located in the Borough of Hamburg. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary*- are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from state and federal governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria program. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers are made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

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

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

The Special Revenue Fund and General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 13,734,109	\$ 418,518
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures, and Revenue while the GAAP Basis does not.		12,471
Prior Year State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	493,436	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(499,678)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 13,727,867</u>	<u>\$ 430,989</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,172,386	\$ 418,518
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered outstanding at June 30, 2010		<u>12,471</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,172,386</u>	<u>\$ 430,989</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, amounts in deposits, 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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Amounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances: (Cont'd)

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

I. Short-Term Interfund Receivable/Payable:

Short-term 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.

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2010.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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 fifteen years of service.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,094,850 General Fund fund balance at June 30, 2010, \$16,168 is reserved for encumbrances; \$736 is reserved in the capital reserve account; \$670,204 is the prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2011; \$516,079 is the current year excess surplus in accordance with N.J.S.A 18A:7F-7 as amended by P.L. 2004, C.73 (\$1701) and will be appropriated included as anticipated revenue for the fiscal year ending June 30, 2012; \$74,613 is designated for subsequent year's expenditures; and (\$182,950) is unreserved and undesignated which is \$499,678 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

Debt Service Fund: Of the \$34,439 Debt Service Fund fund balance at June 30, 2010, (\$71,118) is unreserved and undesignated. \$105,557 is designated for subsequent year's expenditures.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2010 of \$1,731,060 is unreserved and undesignated.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2008, C.73 (\$1701) the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2010 as noted above.

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$499,678 as reported in the fund statements (modified accrual basis). P.L. 2004, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Fund Balances/Net Assets

The District has a deficit in unreserved/undesignated fund balance of \$182,950 in the General Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis) due to the final two state aid payments of \$499,678, which are not recognized on a GAAP basis until the fiscal year ended June 30, 2010.

The District has a deficit in unreserved/undesignated fund balance of \$71,118 in the Debt Service fund as of June 30, 2010.

The District also has a deficit in unrestricted net assets from governmental activities in the amount of \$902,565. This primarily due to the accrual of compensated absences of \$709,206 and the deficit in unreserved/undesignated General Fund fund balance of \$182,950.

These deficits do not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

S. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, capital reserve and excess surplus as defined by State law.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which 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.

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.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Capital Reserve Account</u>	<u>Total</u>
Checking and Savings Accounts	\$ 2,760,483	\$ 736	\$ 2,761,219
	<u>\$ 2,760,483</u>	<u>\$ 736</u>	<u>\$ 2,761,219</u>

During the period ended June 30, 2010, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2010, was \$2,761,219 and the bank balance was \$3,193,871.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on September 26, 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. 6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$ 1,727
Budgeted Withdrawal	(1,000)
Interest Earnings	<u>9</u>
Ending Balance, June 30, 2010	<u>\$ 736</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010.

NOTE 5. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2010, the District made no transfers to the Capital Outlay accounts.

NOTE 6. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 327,676
Other Instruction	8,285
General Administrative Services	606
School Administrative Services	617
Plant Operation and Maintenance	13,155
Unallocated	<u>7,563</u>
	<u>\$ 357,902</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	Beginning Balance	Increases	Adjustments to Fixed Assets Appraisal/ Decreases	Ending Balance
Capital Assets Being Depreciated:				
Buildings, Building Improvements and Site Improvements	\$ 14,623,036			\$ 14,623,036
Machinery and Equipment	950,577	\$ 59,345	\$ (74,318)	935,604
Total Capital Assets Being Depreciated	<u>15,573,613</u>	<u>59,345</u>	<u>(74,318)</u>	<u>15,558,640</u>
Governmental Activities Capital Assets	<u>15,573,613</u>	<u>59,345</u>	<u>(74,318)</u>	<u>15,558,640</u>
Less Accumulated Depreciation for:				
Buildings, Building Improvements and Site Improvements	(5,408,359)	(317,988)	80	(5,726,267)
Machinery and Equipment	(616,945)	(39,914)	35,438	(621,421)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,548,309</u>	<u>\$ (298,557)</u>	<u>\$ (38,800)</u>	<u>\$ 9,210,952</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	70,085			70,085
Less Accumulated Depreciation	(50,325)	(1,681)		(52,006)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,760</u>	<u>\$ (1,681)</u>	<u>\$ -0-</u>	<u>\$ 18,079</u>

The District had no active construction projects as of June 30, 2010.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2009	Accrued	Retired	Balance 6/30/2010
Bond Payable	\$ 3,065,000		\$ 240,000	\$ 2,825,000
Less: Deferred Amount on Refunding	(22,842)		1,757	(21,085)
Net Serial Bonds Payable	<u>3,042,158</u>		<u>241,757</u>	<u>2,803,915</u>
Compensated Absences Payable	670,984	\$ 55,722	17,500	709,206
	<u>\$ 3,713,142</u>	<u>\$ 55,722</u>	<u>\$ 501,014</u>	<u>\$ 3,513,121</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had bonds and loans outstanding as of June 30, 2010 as follows:

<u>Maturity Date</u>	<u>Serial Bonds Interest Rate</u>	<u>Amount</u>
7/15/2021	4.00%-5.00%	\$ 2,825,000
		<u>\$ 2,825,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 240,000	\$ 115,738	\$ 355,738
2012	235,000	106,838	341,838
2013	235,000	97,438	332,438
2014	235,000	88,038	323,038
2015	235,000	78,637	313,637
2016-2020	1,160,000	232,875	1,392,875
2021-2022	485,000	21,144	506,144
	<u>\$ 2,825,000</u>	<u>\$ 740,706</u>	<u>\$ 3,565,706</u>

On January 22, 2008, the Wallkill Valley Regional High School District issued \$3,075,000 refunding bonds with interest rates ranging from 3.50% to 5.00% to advance refund \$3,108,000 school bonds with interest rates ranging from 4.50% to 5.00%. The refunding bonds mature on July 15, 2008 through 2022 and September 15, 2009 was the first optional redemption date at 100% of par. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were eliminated from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$181,490, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$141,925. Interest in the amount of \$24,599 was deferred upon issuance, \$21,085 is deferred at June 30, 2010.

B. Capital Leases Payable:

The District had no capital leases payable at June 30, 2010.

C. Bonds and Notes Authorized but not Issued

The District had no bonds and notes authorized but not issued at June 30, 2010.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 7. GENERAL LONG-TERM DEBT (Cont'd)

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$94,240 and is separated from the long-term liability balance of compensated absences of \$709,206. Compensated absences will be liquidated through the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, no liability existed for compensated absences in the Food Service Fund.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF 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 Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

<u>Three-Year Trend for TPAF (Paid on-behalf of District)</u>			
<u>Year Funding</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>June 30,</u>	<u>Pension cost</u>	<u>of APC</u>	<u>Pension</u>
	<u>(APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2010	\$ -0-	100%	\$ -0-
2009	-0-	100%	-0-
2008	476,615	100%	476,615

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$-0- to the TPAF for normal pension benefits on behalf of the District.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Year Funding June 30,	Three-Year Trend for PERS		
	Annual Pension cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 107,771	100%	\$ 107,771
2009	67,854	100%	67,854
2008	68,996	80%	55,197

Effective July 1, 2003, Chapter 108, P.L. 2004 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (TPAF) and Public Employees' Retirement Systems (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$416,520, \$410,472, and \$324,638 for 2010, 2009, and 2008, respectively.

NOTE 10. RISK MANAGEMENT

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability

The District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The Wallkill Valley Regional High School District is a member of the New Jersey School Boards Association Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the Group as of June 30, 2009:

	New Jersey School Board Association Insurance Group (NJSBAIG) 2009
Total Assets	\$ 224,271,687
Net Assets	\$ 49,065,640
Total Revenue	\$ 86,948,579
Total Expenses	\$ 73,775,715
Change in Net Assets	\$ 13,172,864
Net Asset Distribution to Participating Members	\$ -0-

Financial statements for the Group are available at the Group's Executive Director's Office:

Willis Pooling  
450 Veterans Drive  
Burlington, NJ 08628  
(609) 386-6060

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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 is required to remit the entire employee deduction to the Commissioner of Labor. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous year.

<u>Fiscal Year</u>	<u>District Contribution</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ -0-	\$ 101	190	2,198	\$ 7,730
2008-2009	-0-	172	-0-	-0-	9,637
2007-2008	-0-	299	-0-	-0-	9,465

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the fund financial statements at June 30, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 433,176	\$ 65,088
Special Revenue Fund		316,567
Capital Projects Fund		90,523
Debt Service Fund	151,048	116,609
Enterprise Fund - Food Service	4,563	
	<u>\$ 588,787</u>	<u>\$ 588,787</u>

During the year interest is earned in the Capital Projects Fund and is subsequently transferred to the Debt Service Fund. At the end of the year there was \$90,523 due from the Capital Projects Fund to Debt Service Fund for interest earned in the current and prior years. \$4,563 is due from General Fund to Enterprise Fund for Federal and State Lunch reimbursements. The interfund payable in the Special Revenue Fund due to the General Fund is the amount of the cash deficit in the Special Revenue Fund due to a timing lag in the reimbursement of federal grant funds from the state.

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2010, were:

	<u>Governmental-Type Activities</u>		<u>Total Governmental Type-Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Vendors	\$ 102,661	\$ 19,170	\$ 121,831
	<u>\$ 102,661</u>	<u>\$ 19,170</u>	<u>\$ 121,831</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 14. DEFERRED COMPENSATION

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

VALIC	Lincoln National
Equitable Financial Companies	Siracusa Benefits
Metropolitan Life	

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local and regional school districts on predetermined, agreed-upon schedules.

NOTE 16. CONTINGENT LIABILITY

Grant Programs

The school district participates in federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

02

**BUDGETARY COMPARISON SCHEDULES**

WALL KILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,249,911		\$ 8,249,911	\$ 8,249,911	
Tuition				4,000	\$ 4,000
Other Restricted Miscellaneous	780		780	20,690	19,910
Interest Earned on Capital Reserve Funds	15		15	9	(6)
Unrestricted Miscellaneous	48,000		48,000	72,327	24,327
<b>Total - Local Sources</b>	<b>8,298,706</b>		<b>8,298,706</b>	<b>8,346,937</b>	<b>48,231</b>
State Sources:					
Transportation Aid	468,039		468,039	304,225	(163,814)
Special Education Aid	420,730		420,730	420,730	
Equalization Aid	3,013,282	\$ (546,749)	2,466,533	2,336,941	(129,592)
Security Aid	59,793		59,793	38,865	(20,928)
Adjustment Aid	1,071,820		1,071,820	696,683	(375,137)
Extraordinary Aid	60,570		60,570	108,970	48,400
Aid In Lieu Reimbursement				3,491	3,491
On-Behalf TPAF Non-contributory Insurance (Non-Budgeted)				22,177	22,177
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				416,520	416,520
TPAF Social Security (Reimbursed - Non-Budgeted)				491,821	491,821
<b>Total State Sources</b>	<b>5,094,234</b>	<b>(546,749)</b>	<b>4,547,485</b>	<b>4,840,423</b>	<b>292,938</b>
Federal Sources:					
Equalization Aid - ARRA ESF		526,372	526,372	526,372	
Equalization Aid - ARRA GSF		20,377	20,377	20,377	
<b>Total Federal Sources</b>		<b>546,749</b>	<b>546,749</b>	<b>546,749</b>	
<b>TOTAL REVENUES</b>	<b>13,392,940</b>		<b>13,392,940</b>	<b>13,734,109</b>	<b>341,169</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 4,769,521	\$ (132,383)	\$ 4,637,138	\$ 4,481,496	\$ 155,642
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	5,000	10,000	693	9,307
Purchased Professional/Educational Services	15,000	5,000	20,000	1,021	18,979
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,500		1,500	1,500	
Other Purchased Services	33,570	5,000	38,570	32,126	6,444
General Supplies	184,000	(2,680)	181,320	133,281	48,039
Textbooks	59,000	(2,620)	56,380	39,088	17,292
Other Objects	4,250		4,250	1,632	2,618
<b>Total Regular Programs - Instruction</b>	<b>5,071,841</b>	<b>(122,683)</b>	<b>4,949,158</b>	<b>4,690,837</b>	<b>258,321</b>
Resource Room/Resource Center:					
Salaries of Teachers	555,095		555,095	543,958	11,137
Other Purchased Services (400-500 Series)	400		400	220	180
General Supplies	3,500		3,500	2,010	1,490
Textbooks	4,000		4,000	2,995	1,005
Other Objects	300		300		300
<b>Total Resource Room/Resource Center</b>	<b>563,295</b>		<b>563,295</b>	<b>549,183</b>	<b>14,112</b>
<b>Total Special Education Instruction</b>	<b>563,295</b>		<b>563,295</b>	<b>549,183</b>	<b>14,112</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010.

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 81,900		\$ 81,900	\$ 57,685	\$ 24,215
Total Basic Skills/Remedial - Instruction	81,900		81,900	57,685	24,215
Bilingual Education - Instruction:					
Salaries of Teachers	5,000		5,000	5,000	
General Supplies	100	\$ 300	400	385	15
Total Bilingual Education - Instruction	5,100	300	5,400	5,385	15
School-Sponsored Co curricular Activities - Instruction:					
Salaries	57,165		57,165	51,955	5,210
Transfers to Cover Deficit (Agency Funds)	33,000		33,000	33,000	
Total School-Sponsored Co curricular Activities - Instruction	90,165		90,165	84,955	5,210
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	434,343	16,715	451,058	438,697	12,361
Other Purchased Services	2,000	500	2,500	2,406	94
Supplies and Materials	65,169	(13,050)	52,119	48,520	3,599
Other Objects	25,000	12,000	37,000	35,977	1,023
Transfer to Cover Deficit	44,000	3,000	47,000	47,000	
Total School-Sponsored Co curricular Athletics - Instruction	570,512	19,165	589,677	572,600	17,077

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Instructional Programs:					
Salaries		\$ 1,000	\$ 1,000	\$ 1,000	
Total Other Instructional Programs		1,000	1,000	1,000	
Total Instruction	\$ 6,382,813	(102,218)	6,280,595	5,961,645	\$ 318,950
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's Within the State - Special	412,479	(238,400)	174,079	121,987	52,092
Tuition - State Facilities	30,750	3,250	34,000	30,750	3,250
Tuition - Other	59,226	(8,926)	50,300	50,278	22
Tuition to Private Schools for the Disabled Within State	572,325	244,076	816,401	603,092	213,309
Total Undistributed Expenditures - Instruction	1,074,780		1,074,780	806,107	268,673
Health Services:					
Salaries	90,350		90,350	90,350	
Purchased Professional/Technical Services	11,500		11,500	9,479	2,021
Other Purchased Services	500		500	172	328
Supplies and Materials	4,200		4,200	3,987	213
Other Objects	200		200	125	75
Total Health Services	106,750		106,750	104,113	2,637
Speech, OT, PT and Related Services:					
Purchased Professional/Educational Services	133,000		133,000	40,859	92,141
Total Speech, OT, PT and Related Services	133,000		133,000	40,859	92,141

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Guidance:</b>					
Salaries of Other Professional Staff	\$ 395,741	\$ 4,950	\$ 400,691	\$ 395,550	\$ 5,141
Salaries of Secretaries and Clerical Assistants	52,310		52,310	52,310	
Purchased Professional/Educational Services	2,500		2,500	75	2,425
Other Purchased Services (400-500 Services)	7,300	(500)	6,800	2,436	4,364
Supplies and Materials	16,806	2,625	19,431	13,156	6,275
Other Objects	1,700		1,700	1,302	398
<b>Total Guidance</b>	<b>476,357</b>	<b>7,075</b>	<b>483,432</b>	<b>464,829</b>	<b>18,603</b>
<b>Child Study Teams:</b>					
Salaries of Other Professional Staff	276,540		276,540	276,540	
Salaries of Secretarial and Clerical Assistants	31,213	450	31,663	31,663	
Miscellaneous Purchased Services	1,500		1,500	1,179	321
Supplies and Materials	3,500	(1,460)	2,040	317	1,723
Other Objects	600		600	143	457
<b>Total Child Study Teams</b>	<b>313,353</b>	<b>(1,010)</b>	<b>312,343</b>	<b>309,842</b>	<b>2,501</b>
<b>Improvement of Instructional Services:</b>					
Salaries of Other Professional Staff	13,000		13,000	11,414	1,586
<b>Total Improvement of Instructional Services</b>	<b>13,000</b>		<b>13,000</b>	<b>11,414</b>	<b>1,586</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Educational Media Services/School Library:					
Salaries	\$ 133,498	\$ 3,950	\$ 137,448	\$ 129,958	\$ 7,490
Purchased Professional/Technical Services	16,000		16,000	9,935	6,065
Other Purchased Services	500		500	199	301
Supplies and Materials	32,900	5,000	37,900	34,462	3,438
Other Objects	50		50	50	
<b>Total Educational Media Services/School Library</b>	<b>182,948</b>	<b>8,950</b>	<b>191,898</b>	<b>174,604</b>	<b>17,294</b>
Instructional Staff Training Services:					
Purchased Professional/Educational Services	3,900		3,900	2,419	1,481
Other Purchased Services	7,675		7,675	2,573	5,102
<b>Total Instructional Staff Training Services</b>	<b>11,575</b>		<b>11,575</b>	<b>4,992</b>	<b>6,583</b>
Support Services - General Administration:					
Salaries	241,529	5	241,534	240,779	755
Legal Services	15,000	(11,335)	3,665	1,950	1,715
Audit Fees	30,000	65	30,065	30,065	
Other Purchased Professional Services		8,000	8,000	8,000	
Purchased Technical Services	1,000	2,700	3,700	3,700	
Communications/Telephones	54,000	(2,930)	51,070	27,605	23,465
Board of Education Other Purchased Services	7,000		7,000	3,376	3,624
Other Purchased Services	34,563		34,563	33,913	650
General Supplies	2,400	500	2,900	2,471	429
Miscellaneous Expenditures	5,000		5,000	3,622	1,378
BOE Membership Dues and Fees	8,000	(500)	7,500	7,335	165
<b>Total Support Services - General Administration</b>	<b>398,492</b>	<b>(3,495)</b>	<b>394,997</b>	<b>362,816</b>	<b>32,181</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	\$ 290,976		\$ 290,976	\$ 289,999	\$ 977
Salaries of Secretarial and Clerical Assistants	88,431	\$ 3,900	92,331	92,031	300
Purchased Professional/Technical Services	550		550	500	50
Other Purchased Services (400-500 Services)	300		300	243	57
Supplies and Materials	12,100		12,100	9,315	2,785
Other Objects	3,200		3,200	3,058	142
<b>Total Support Services - School Administration</b>	<b>395,557</b>	<b>3,900</b>	<b>399,457</b>	<b>395,146</b>	<b>4,311</b>
<b>Central Services:</b>					
Salaries	135,418		135,418	135,204	214
Purchased Technical Services	10,000	(1,950)	8,050	7,215	835
Miscellaneous Purchased Services	1,000		1,000	746	254
Supplies and Materials	2,039	1,750	3,789	3,537	252
Miscellaneous Expenditures	1,500	(300)	1,200	1,145	55
<b>Total Central Services</b>	<b>149,957</b>	<b>(500)</b>	<b>149,457</b>	<b>147,847</b>	<b>1,610</b>
<b>Required Maintenance of School Facilities:</b>					
Salaries	59,289		59,289	58,637	652
Cleaning, Repair and Maintenance Services	80,850	12,000	92,850	92,535	315
General Supplies	39,000	(12,000)	27,000	3,286	23,714
<b>Total Required Maintenance of School Facilities</b>	<b>179,139</b>		<b>179,139</b>	<b>154,458</b>	<b>24,681</b>

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Custodial Services:					
Salaries	\$ 470,341	\$ 4,450	\$ 474,791	\$ 470,269	\$ 4,522
Purchased Professional/Technical Services	5,000	(15)	4,985	3,689	1,296
Cleaning, Repair and Maintenance Services	143,683		143,683	115,396	28,287
Other Purchased Property Services	18,500	15	18,515	18,511	4
Insurance	50,706		50,706	50,352	354
Miscellaneous Purchased Services	2,650		2,650	1,342	1,308
General Supplies	118,731	(1,950)	116,781	69,198	47,583
Energy (Electricity)	310,000		310,000	270,094	39,906
Other Objects	2,000		2,000	1,385	615
<b>Total Custodial Services</b>	<b>1,121,611</b>	<b>2,500</b>	<b>1,124,111</b>	<b>1,000,236</b>	<b>123,875</b>
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	40,286		40,286	33,062	7,224
Contracted Services:					
Between Home and School - Vendors	665,505		665,505	664,215	1,290
Other than Between Home and School - Vendors	87,400	7,700	95,100	91,870	3,230
Reg. Students - ESCs & CTSA	122,130		122,130	115,789	6,341
Spl. Ed. Students - ESCs & CTSA	452,483	(7,700)	444,783	314,319	130,464
Aid In Lieu Payments - Non Public Schools	1,652		1,652	442	1,210
<b>Total Student Transportation Services</b>	<b>1,369,456</b>		<b>1,369,456</b>	<b>1,219,697</b>	<b>149,759</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Regular Programs - Instruction - Employee Benefits</b>					
Social Security Contributions	\$ 32,457	\$ 32,610	\$ 65,067	\$ 63,386	\$ 1,681
Unemployment Compensation	8,702	3,000	11,702	10,656	1,046
Workmen's Compensation	43,437	(3,810)	39,627	39,626	1
Health Benefits	999,295	14,100	1,013,395	1,009,186	4,209
Tuition Reimbursement	43,527	(4,610)	38,917	28,642	10,275
Other Employee Benefits		33,340	33,340	33,340	
<b>Total Regular Programs - Instruction</b>	<b>1,127,418</b>	<b>74,630</b>	<b>1,202,048</b>	<b>1,184,836</b>	<b>17,212</b>
<b>Special Programs - Instruction - Employee Benefits</b>					
Social Security Contributions	8,512	(850)	7,662	7,397	265
Unemployment Compensation	828	850	1,678	1,242	436
Workmen's Compensation	5,075		5,075	4,106	969
Health Benefits	145,419	(22,100)	123,319	119,332	3,987
<b>Total Special Programs - Instruction</b>	<b>159,834</b>	<b>(22,100)</b>	<b>137,734</b>	<b>132,077</b>	<b>5,657</b>
<b>Other Instructional Programs - Instruction - Employee Benefits</b>					
Social Security Contributions	12,629		12,629	4,066	8,563
Other Retirement Contributions - Regular	2,815	1,564	4,379	4,378	1
Unemployment Compensation	1,383		1,383	554	829
Workmen's Compensation	7,975		7,975	6,842	1,133
Health Benefits	61,126		61,126	49,446	11,680
<b>Total Other Instructional Programs - Instruction</b>	<b>85,928</b>	<b>1,564</b>	<b>87,492</b>	<b>65,286</b>	<b>22,206</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Health Services - Employee Benefits					
Social Security Contributions	\$ 1,202		\$ 1,202	\$ 1,057	\$ 145
Unemployment Compensation	94	\$ 185	279	179	100
Workmen's Compensation	725		725	677	48
Health Benefits	9,987		9,987	9,768	219
Total Health Services	12,008	185	12,193	11,681	512
Guidance - Employee Benefits					
Social Security Contributions	12,614	(2,950)	9,664	6,627	3,037
Other Retirement Contributions - Regular	2,815	1,564	4,379	4,378	1
Unemployment Compensation	908	350	1,258	921	337
Workmen's Compensation	3,625	(185)	3,440	2,738	702
Health Benefits	105,745	2,600	108,345	108,322	23
Total Guidance	125,707	1,379	127,086	122,986	4,100

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Child Study Teams - Employee Benefits					
Social Security Contributions	\$ 6,803	\$ (2,300)	\$ 4,503	\$ 4,341	\$ 162
Other Retirement Contributions - Regular	2,815	1,564	4,379	4,378	1
Unemployment Compensation	434	295	729	720	9
Workmen's Compensation	2,900		2,900	2,054	846
Health Benefits	61,270	3,465	64,735	64,521	214
<b>Total Child Study Teams</b>	<b>74,222</b>	<b>3,024</b>	<b>77,246</b>	<b>76,014</b>	<b>1,232</b>
Improvement of Instruction Services - Employee Benefits					
Social Security Contributions	884	550	1,434	1,328	106
Unemployment Compensation	10	10	20	14	6
<b>Total Improvement of Instruction Services</b>	<b>894</b>	<b>560</b>	<b>1,454</b>	<b>1,342</b>	<b>112</b>
Educational Media Services - School Library - Employee Benefits					
Social Security Contributions	5,017	(1,000)	4,017	2,053	1,964
Other Retirement Contributions - Regular	2,815	1,564	4,379	4,378	1
Unemployment Compensation	223	1,000	1,223	358	865
Workmen's Compensation	1,450		1,450	686	764
Health Benefits	30,765		30,765	30,011	754
Tuition Reimbursement	1,200		1,200		1,200
<b>Total Educational Media Services - Sch. Library</b>	<b>41,470</b>	<b>1,564</b>	<b>43,034</b>	<b>37,486</b>	<b>5,548</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - General Administration - Employee Benefits					
Social Security Contributions	\$ 1,045	\$ 3,500	\$ 4,545	\$ 2,949	\$ 1,596
Other Retirement Contributions - Regular	2,815	1,564	4,379	4,378	1
Unemployment Compensation	164	450	614	375	239
Workmen's Compensation	2,174	(450)	1,724	1,369	355
Health Benefits	35,362		35,362	35,339	23
Other Employee Benefits	3,000		3,000	3,000	
Total Support Services - General Administration	<u>44,560</u>	<u>5,064</u>	<u>49,624</u>	<u>47,410</u>	<u>2,214</u>
Support Services - School Administration - Employee Benefits					
Social Security Contributions	2,356	4,200	6,556	6,018	538
Other Retirement Contributions - Regular	5,630	3,128	8,758	8,757	1
Unemployment Compensation	340	800	1,140	750	390
Workmen's Compensation	2,900	(800)	2,100	2,054	46
Health Benefits	70,168	2,300	72,468	72,408	60
Total Support Services - School Administration	<u>81,394</u>	<u>9,628</u>	<u>91,022</u>	<u>89,987</u>	<u>1,035</u>
Support Services - Central Services - Employee Benefits					
Social Security Contributions	1,626	1,260	2,886	2,786	100
Other Retirement Contributions - Regular	2,815	1,564	4,379	4,378	1
Unemployment Compensation	127	600	727	538	189
Workmen's Compensation	1,449		1,449	685	764
Health Benefits	19,177	(450)	18,727	17,716	1,011
Total Support Services - Central Services	<u>25,194</u>	<u>2,974</u>	<u>28,168</u>	<u>26,103</u>	<u>2,065</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Custodial Services - Employee Benefits					
Social Security Contributions	\$ 21,531	\$ (6,750)	\$ 14,781	\$ 14,309	\$ 472
Other Retirement Contributions - Regular	25,335	14,076	39,411	39,406	5
Unemployment Compensation	1,902		1,902	1,722	180
Workmen's Compensation	7,250		7,250	6,158	1,092
Health Benefits	156,992		156,992	155,456	1,536
<b>Total Custodial Services</b>	<b>213,010</b>	<b>7,326</b>	<b>220,336</b>	<b>217,051</b>	<b>3,285</b>
On-Behalf Contributions:					
On-Behalf TPAF Non-contributory Insurance (Non-Budgeted)				22,177	(22,177)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				416,520	(416,520)
TPAF Social Security (Reimbursed - Non-Budgeted)				491,821	(491,821)
<b>Total On-Behalf Contributions</b>				<b>930,518</b>	<b>(930,518)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>1,991,639</b>	<b>85,798</b>	<b>2,077,437</b>	<b>2,942,777</b>	<b>(865,340)</b>
<b>Total Undistributed Expenses</b>	<b>7,917,614</b>	<b>103,218</b>	<b>8,020,832</b>	<b>8,139,737</b>	<b>(118,905)</b>
<b>TOTAL CURRENT EXPENSE</b>	<b>14,300,427</b>	<b>1,000</b>	<b>14,301,427</b>	<b>14,101,382</b>	<b>200,045</b>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Grades 9-12	9,500	31,500	41,000	41,000	
School - Sponsored and Other Instructional Program	7,500	(7,500)			
Undist. Expend.-Support Serv.-Students-Reg.	4,000	(4,000)			
Custodial Services	20,000	(20,000)			
<b>Total Equipment</b>	<b>41,000</b>		<b>41,000</b>	<b>41,000</b>	

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		\$ 8,300	\$ 8,300	\$ 8,246	\$ 54
Construction Services	\$ 50,000	(8,300)	41,700	21,758	19,942
Total Facilities Acquisition and Construction Services	50,000		50,000	30,004	19,996
TOTAL CAPITAL OUTLAY	91,000		91,000	71,004	19,996
TOTAL EXPENDITURES	14,391,427	1,000	14,392,427	14,172,386	220,041
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(998,487)	(1,000)	(999,487)	(438,277)	561,210
Fund Balance, July 1	2,032,805		2,032,805	2,032,805	
Fund Balance, June 30	\$ 1,034,318	\$ (1,000)	\$ 1,033,318	\$ 1,594,528	\$ 561,210
Recapitulation:					
Reserve for Encumbrances				\$ 16,168	
Reserve for Excess Surplus				516,079	
Excess Surplus - Designated for Subsequent Year's Expenditures				670,204	
Capital Reserve				736	
Unreserved - Designated for Subsequent Year's Expenditures				74,613	
Unreserved/Undesignated				316,728	
Reconciliation to Governmental Funds Statements (GAAP):				1,594,528	
Last State Aid Payment not recognized on GAAP basis				(499,678)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,094,850	

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 199,946	\$ 232,442	\$ 432,388	\$ 418,518	\$ (13,870)
Total Revenues	<u>199,946</u>	<u>232,442</u>	<u>432,388</u>	<u>418,518</u>	<u>(13,870)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	31,559	6,568	38,127	38,127	
Tuition	129,673	195,445	325,118	325,118	
General Supplies	27,451	19,932	47,383	33,513	13,870
Total Instruction	<u>188,683</u>	<u>221,945</u>	<u>410,628</u>	<u>396,758</u>	<u>13,870</u>
Support Services					
Personal Service - Employee Benefits	7,890	(265)	7,625	7,625	
Purchased Professional - Educational Services	1,227	2,784	4,011	4,011	
Other Purchased Services	1,346	270	1,616	1,616	
Supplies and Materials	800	(800)			
Total Support Services	<u>11,263</u>	<u>1,989</u>	<u>13,252</u>	<u>13,252</u>	
Facilities Acquisition and Construction Services:					
Instructional Equipment		8,508	8,508	8,508	
Total Facilities Acquisition and Construction Services		<u>8,508</u>	<u>8,508</u>	<u>8,508</u>	
Total Expenditures	<u>199,946</u>	<u>232,442</u>	<u>432,388</u>	<u>418,518</u>	<u>13,870</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 13,734,109	\$ 418,518
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures, and Revenue while the GAAP Basis does not.		12,471
Prior Year State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	493,436	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(499,678)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 13,727,867</u>	<u>\$ 430,989</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,172,386	\$ 418,518
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered outstanding at June 30, 2010		<u>12,471</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,172,386</u>	<u>\$ 430,989</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unnumbered appropriations lapse at fiscal year end.

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

The General Fund and Special Revenue Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last state aid payment for the current year. Since the State is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize this payment of the GAAP financial statements.



SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

3

SPECIAL REVENUE FUND

2

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind				IDEA Part B Basic
	Title I	Title I ARRA	Title IIA	Title IV	
REVENUE:					
Federal Sources	\$ 30,587	\$ 10,137	\$ 16,694	\$ 1,474	\$ 148,747
Total Revenue	<u>30,587</u>	<u>10,137</u>	<u>16,694</u>	<u>1,474</u>	<u>148,747</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	24,215		13,912		
Tuition					148,747
General Supplies		1,122			
Total Instruction	<u>24,215</u>	<u>1,122</u>	<u>13,912</u>		<u>148,747</u>
Support Services:					
Personal Service - Employee Benefits	4,843		2,782		
Purchased Professional - Educational Services		420		1,474	
Other Purchased Services	1,529	87			
Total Support Services	<u>6,372</u>	<u>507</u>	<u>2,782</u>	<u>1,474</u>	
Facilities Acquisition:					
Instructional Equipment		8,508			
Total Facilities Acquisition		<u>8,508</u>			
Total Expenditures	<u>\$ 30,587</u>	<u>\$ 10,137</u>	<u>\$ 16,694</u>	<u>\$ 1,474</u>	<u>\$ 148,747</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Part B Basic - ARRA	Perkins Vocational Education	Total
REVENUE:			
Federal Sources	\$ 178,488	\$ 32,391	\$ 418,518
Total Revenue	<u>178,488</u>	<u>32,391</u>	<u>418,518</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			38,127
Tuition	176,371		325,118
General Supplies		32,391	33,513
Total Instruction	<u>176,371</u>	<u>32,391</u>	<u>396,758</u>
Support Services:			
Personal Service - Employee Benefits			7,625
Purchased Professional/Educational Services	2,117		4,011
Other Purchased Services			1,616
Total Support Services	<u>2,117</u>		<u>13,252</u>
Facilities Acquisition:			
Instructional Equipment			8,508
Total Facilities Acquisition			<u>8,508</u>
Total Expenditures	<u>\$ 178,488</u>	<u>\$ 32,391</u>	<u>\$ 418,518</u>

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

CAPITAL PROJECTS FUND

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE- BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenue and Other Financing Sources:	
Interest Income	<u>\$ 26,217</u>
Total Revenue and Other Financing Sources	<u>26,217</u>
Expenditures and Other Financing Uses:	
Transfer to Debt Service Fund:	
Close out of Projects	198,056
Interest Earned	<u>26,217</u>
Total Expenditures and Other Financing Uses	<u>224,273</u>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	(198,056)
Fund Balance - Beginning of Year	<u>1,989,641</u>
Fund Balance - End of Year	<u><u>\$ 1,791,585</u></u>
Reconciliation of Fund Balance:	
Fund Balance - Budgetary Basis	<u>\$ 1,791,585</u>
Fund Balance - GAAP Basis	<u><u>\$ 1,791,585</u></u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ADDITIONS AND RENOVATIONS TO WALLKILL VALLEY REGIONAL HIGH SCHOOL - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
State Sources - SDA Grant	\$ 2,896,597		\$ 2,896,597	\$ 2,922,597
Bond Proceeds and Transfers	4,753,000		4,753,000	4,727,000
Miscellaneous	3		3	3
<b>Total Revenue and Other Financing Sources</b>	<b>7,649,600</b>		<b>7,649,600</b>	<b>7,649,600</b>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services	789,362		789,362	789,362
Facilities Acquisition and Construction Services	4,521,740		4,521,740	6,756,381
Miscellaneous Costs	103,857		103,857	103,857
Transfer to Debt Service Fund	245,000	\$ 198,056	443,056	
<b>Total Expenditures and Other Financing Uses</b>	<b>5,659,959</b>	<b>198,056</b>	<b>5,858,015</b>	<b>7,649,600</b>
<b>Excess/(Deficit) of Revenue Over/ (Under) Expenditures and Other Financing Uses</b>	<b>\$ 1,989,641</b>	<b>\$ (198,056)</b>	<b>\$ 1,791,585</b>	

**Additional Project Information:**

Project Number: 20-2003,20-2004,20-2005  
 Renovations Various Schools  
 Grant Date 9/25/2001  
 Bonds Authorized Date 12/19/2002  
 Bonds Authorized \$ 4,753,000  
 Bonds Issued 4,753,000  
 Original Authorized Cost 7,649,597  
 Revised Authorized Cost 7,649,597

Percentage Increase over Original  
 Authorized Cost 0%  
 Percentage Completion 100.00%  
 Original Target Completion Date 9/1/2004  
 Revised Target Completion Date 5/1/2005

PROPRIETARY FUNDS

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2010

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 102,771
Accounts Receivable:	
State	190
Federal	2,454
Interfund Receivable	4,563
Inventories	7,216

Total Current Assets	<u>117,194</u>
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## Non-Current Assets:

Capital Assets	70,085
Less: Accumulated Depreciation	<u>(52,006)</u>

Total Non-Current Assets	<u>18,079</u>
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Total Assets	<u>135,273</u>
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LIABILITIES:

## Current Liabilities:

Deferred Revenue	<u>3,136</u>
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Total Current Liabilities	<u>3,136</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	18,079
Unrestricted	<u>114,058</u>
Total Net Assets	<u>\$ 132,137</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

## Operating Revenue:

## Local Sources:

Daily Sales - Reimbursable Programs	\$ 93,295
Daily Sales - Non Reimbursable Programs	129,945

## Total Operating Revenue

223,240

## Operating Expenses:

Cost of Sales	157,178
Salaries & Payroll Taxes	94,458
Employee Benefits	11,390
Management Fee	8,686
Professional and Technical Services	1,848
Depreciation Expense	1,681
Other Miscellaneous Expenses	1,109

## Total Operating Expenses

276,350

## Operating (Loss)

(53,110)

## Non-Operating Income:

State Sources	
State School Lunch Program	2,806
Federal Sources	
National School Lunch Program	36,456
Food Distribution Program	12,585
Local Sources:	
Interest Income	1,739

## Total Non-Operating Income

53,586

## Change in Net Assets

476

## Net Assets - Beginning of Year

131,661

## Net Assets - End of Year

\$ 132,137

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 223,240
Payments to Employees	(94,458)
Payments for Benefits	(11,390)
Payments to Food Service Vendor	(8,686)
Payments to Suppliers	<u>(145,951)</u>
Net Cash Used for Operating Activities	<u>(37,245)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>36,618</u>
Net Cash Provided by Noncapital Financing Activities	<u>36,618</u>
Cash Flows from Investing Activities:	
Investment Income	<u>1,739</u>
Net Cash Flows Provided by Investing Activities:	<u>1,739</u>
Net Increase in Cash and Cash Equivalents	1,112
Cash and Cash Equivalents, July 1	<u>101,659</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 102,771</u></u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (53,110)
Adjustment to Reconcile Operating Income to Cash used for Operating Activities:	
Federal Food Distribution Program	12,585
Depreciation	1,681
Changes in Assets and Liabilities:	
(Increase) in Inventory	(3,760)
Decrease in Interfund Receivable	4,246
Increase in Deferred Revenue	<u>1,113</u>
Net Cash Used for Operating Activities	<u><u>\$ (37,245)</u></u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$13,698 and utilized commodities valued at \$12,585.

FIDUCIARY FUNDS

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u>Payroll Agency</u>	<u>Student Activity</u>	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 11,547	\$ 132,070	\$ 54,003	\$ 7,730	\$ 205,350
Total Assets	<u>11,547</u>	<u>132,070</u>	<u>54,003</u>	<u>7,730</u>	<u>205,350</u>
<u>LIABILITIES:</u>					
Net Salaries and Wages	1,729				1,729
Payroll Deductions and Withholdings	9,818				9,818
Due to Student Groups		132,070			132,070
Total Liabilities	<u>11,547</u>	<u>132,070</u>			<u>143,617</u>
<u>NET ASSETS:</u>					
Held in Trust for Unemployment Claims				7,730	7,730
Reserved For Scholarships			54,003		54,003
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 54,003</u>	<u>\$ 7,730</u>	<u>\$ 61,733</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Scholarship Trust	Totals
<b>ADDITIONS:</b>			
Contributions:			
Plan Member	\$ 190		\$ 190
Other		\$ 2,400	2,400
Total Contributions	190	2,400	2,590
Investment Earnings:			
Interest	\$ 101	202	303
Net Investment Earnings	101	202	303
Total Additions	291	2,602	2,893
<b>DEDUCTIONS:</b>			
Unemployment Compensation Claims	\$ 2,198		\$ 2,198
Scholarships Awarded		6,112	6,112
Total Deductions	2,198	6,112	6,112
Change in Net Assets	(1,907)	(3,510)	(3,219)
Net Assets - Beginning of the Year	9,637	57,513	67,150
Net Assets - End of the Year	\$ 7,730	\$ 54,003	\$ 63,931

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 135,179	\$ 420,134	\$ 423,243	\$ 132,070
Total Assets	<u>\$ 135,179</u>	<u>\$ 420,134</u>	<u>\$ 423,243</u>	<u>\$ 132,070</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 135,179	\$ 420,134	\$ 423,243	\$ 132,070
Total Liabilities	<u>\$ 135,179</u>	<u>\$ 420,134</u>	<u>\$ 423,243</u>	<u>\$ 132,070</u>

Exhibit H-4

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
High School:				
Athletic	\$ 1,814	\$ 77,115	\$ 78,927	\$ 2
Activity	133,365	343,019	344,316	132,068
Total	<u>\$ 135,179</u>	<u>\$ 420,134</u>	<u>\$ 423,243</u>	<u>\$ 132,070</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 3,081	\$ 8,800,036	\$ 8,791,570	\$ 11,547
Total Assets	<u>\$ 3,081</u>	<u>\$ 8,800,036</u>	<u>\$ 8,791,570</u>	<u>\$ 11,547</u>
 <b><u>LIABILITIES:</u></b>				
Net Salaries and Wages	1,835	\$ 5,169,439	\$ 5,169,545	\$ 1,729
Payroll Deductions and Withholdings	\$ 1,246	3,630,597	3,622,025	9,818
Total Liabilities	<u>\$ 3,081</u>	<u>\$ 8,800,036</u>	<u>\$ 8,791,570</u>	<u>\$ 11,547</u>

LONG-TERM DEBT

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2010		Interest Rate	Balance June 30, 2009	Matured	Balance June 30, 2010
			Date	Amount				
Additions and Renovations to Regional High School	5/15/2001	\$ 4,753,000	7/15/2010	\$ 240,000	3.500%	\$ 3,065,000	\$ 240,000	\$ 2,825,000
			7/15/11-14	235,000	4.000%			
			7/15/2015	225,000	4.750%			
			7/15/2016	230,000	5.000%			
			7/15/2017	235,000	5.000%			
			7/15/2018	235,000	4.000%			
			7/15/2019	235,000	4.250%			
			7/15/2020	230,000	4.250%			
			7/15/2021	255,000	4.250%			
						\$ 3,065,000	\$ 240,000	\$ 2,825,000

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

WALKILL VALLEY REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Interest				\$ 8,222	\$ 8,222
Total Revenue				8,222	8,222
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	\$ 124,138		\$ 124,138	124,138	
Redemption of Principal	240,000		240,000	240,000	
Total Regular Debt Service	364,138		364,138	364,138	
Total Expenditures	364,138		364,138	364,138	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(364,138)		(364,138)	(355,916)	8,222
Other Financing Sources:					
Operating Transfer In - Capital Projects Interest				26,217	26,217
Operating Transfer In - Capital Projects				258,581	258,581
Total Other Financing Sources				284,798	284,798
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(364,138)		(364,138)	(71,118)	293,020
Fund Balance, July 1	105,557		105,557	105,557	
Fund Balance, June 30	<u>\$ (258,581)</u>	<u>\$ -0-</u>	<u>\$ (258,581)</u>	<u>\$ 34,439</u>	<u>\$ 293,020</u>
			Designated	105,557	
			Undesignated	(71,118)	
				<u>\$ 34,439</u>	

**STATISTICAL SECTION**

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST SIX FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30.					
	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 5,517,855	\$ 6,080,291	\$ 6,547,270	\$ 7,118,731	\$ 6,483,309	\$ 6,385,952
Restricted	3,754,603	4,029,822	4,338,962	4,193,009	3,682,052	2,967,475
Unrestricted/(Deficit)	(825,907)	(343,226)	(752,952)	(603,019)	(807,933)	(902,565)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 8,446,551</b>	<b>\$ 9,766,887</b>	<b>\$ 10,133,280</b>	<b>\$ 10,708,721</b>	<b>\$ 9,357,428</b>	<b>\$ 8,450,862</b>
<b>Business-Type Activities</b>						
Invested in Capital Assets, Net of Related Debt				\$ 17,237	\$ 19,760	\$ 18,079
Unrestricted	\$ 67,353	\$ 99,039	\$ 135,916	130,573	111,901	114,058
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 67,353</b>	<b>\$ 99,039</b>	<b>\$ 135,916</b>	<b>\$ 147,810</b>	<b>\$ 131,661</b>	<b>\$ 132,137</b>
<b>District-Wide</b>						
Invested in Capital Assets, Net of Related Debt	\$ 5,517,855	\$ 6,080,291	\$ 6,567,327	\$ 7,135,968	\$ 6,503,069	\$ 6,404,031
Restricted	3,754,603	4,029,822	4,338,962	4,193,009	3,682,052	2,967,475
Unrestricted/(Deficit)	(758,554)	(244,187)	(637,093)	(472,446)	(696,032)	(788,507)
<b>Total District Net Assets</b>	<b>\$ 8,513,904</b>	<b>\$ 9,865,926</b>	<b>\$ 10,269,196</b>	<b>\$ 10,856,531</b>	<b>\$ 9,489,089</b>	<b>\$ 8,582,999</b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

**WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS**  
**UNAUDITED**  
*(accrual basis of accounting)*  
(Continued)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Expenses</b>						
<b>Governmental activities</b>						
<b>Instruction</b>						
Regular	\$ 5,920,325	\$ 6,135,339	\$ 6,708,909	\$ 6,586,767	\$ 6,815,264	\$ 7,130,288
Special Education	529,110	563,485	577,462	716,585	721,638	805,127
Other Special Education	190,451	204,790	85,262	97,952	94,363	70,524
Other Instruction	521,963	612,337	811,812	813,180	838,051	782,306
<b>Support Services:</b>						
Tuition	720,618	642,261	808,997	869,014	994,735	806,107
Student & Instruction Related Services	1,405,039	1,482,942	1,546,723	1,525,341	1,667,932	1,482,145
General Administrative Services	408,663	442,597	489,180	463,953	449,126	449,174
School Administrative Services	454,930	432,695	489,794	527,512	512,550	534,469
Central Services	167,237	173,975	185,716	188,586	182,213	190,028
Plant Operations And Maintenance	1,158,330	1,276,873	1,415,203	1,402,856	1,417,863	1,451,067
Pupil Transportation	1,103,401	1,167,932	1,256,640	1,289,909	1,342,996	1,219,697
Interest On Long-Term Debt	298,053	250,543	214,501	163,511	115,469	120,907
Unallocated	355,972	263,264	321,567	321,567	39,686	7,563
Capital Outlay						11,659
<b>Total Governmental Activities Expenses</b>	<b>13,234,092</b>	<b>13,649,033</b>	<b>14,911,766</b>	<b>14,966,733</b>	<b>15,191,886</b>	<b>15,061,061</b>
<b>Business-type activities:</b>						
Food Service	226,303	251,360	260,550	275,843	301,441	276,350
<b>Total Business-Type Activities Expense</b>	<b>226,303</b>	<b>251,360</b>	<b>260,550</b>	<b>275,843</b>	<b>301,441</b>	<b>276,350</b>
<b>Total District Expenses</b>	<b>\$ 13,460,395</b>	<b>\$ 13,900,393</b>	<b>\$ 15,172,316</b>	<b>\$ 15,242,576</b>	<b>\$ 15,493,327</b>	<b>\$ 15,337,411</b>
<b>Program Revenues</b>						
<b>Governmental Activities:</b>						
Operating Grants and Contributions	\$ 5,832,078	\$ 5,869,589	\$ 6,313,754	\$ 6,510,453	\$ 5,954,780	\$ 5,265,169
<b>Total Governmental Activities Program Revenues</b>	<b>5,832,078</b>	<b>5,869,589</b>	<b>6,313,754</b>	<b>6,510,453</b>	<b>5,954,780</b>	<b>5,265,169</b>

**WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS**

**UNAUDITED**

*(accrual basis of accounting)*

(Continued)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Business-Type Activities:</b>						
Charges for services						
Food Service	\$ 211,739	\$ 244,585	\$ 250,142	\$ 247,504	\$ 236,878	\$ 223,240
Operating Grants and Contributions	33,977	37,543	37,491	34,770	40,705	51,847
<b>Total Business Type Activities Program Revenues</b>	<u>245,716</u>	<u>282,128</u>	<u>287,633</u>	<u>282,274</u>	<u>277,583</u>	<u>275,087</u>
<b>Total District Program Revenues</b>	<u>\$ 6,077,794</u>	<u>\$ 6,151,717</u>	<u>\$ 6,601,387</u>	<u>\$ 6,792,727</u>	<u>\$ 6,232,363</u>	<u>\$ 5,540,256</u>
<b>Net (Expense)/Revenue</b>						
Governmental Activities	\$ (7,402,014)	\$ (7,779,444)	\$ (8,598,012)	\$ (8,456,280)	\$ (9,237,106)	\$ (9,795,892)
Business-Type Activities	19,413	30,768	27,083	6,431	(23,858)	(1,263)
<b>Total District-Wide Net Expense</b>	<u>\$ (7,382,601)</u>	<u>\$ (7,748,676)</u>	<u>\$ (8,570,929)</u>	<u>\$ (8,449,849)</u>	<u>\$ (9,260,964)</u>	<u>\$ (9,797,155)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	\$ 6,726,084	\$ 7,385,363	\$ 7,544,809	\$ 7,999,486	\$ 8,285,245	\$ 8,249,911
Taxes Levied for Debt Service	770,038	730,467	682,671	615,727	19,893	
Debt Service Type II Aid	312,837	290,921	266,803	243,243		
Federal and State Aid not Restricted						546,750
Investment Earnings	265	347	8,575	1,705	13	9
Miscellaneous Income	131,727	698,782	318,256	171,560	160,079	131,456
Transfers	(32,000)					
Adjustment to Fixed Asset Report		(6,100)	143,291		(579,417)	(38,800)
<b>Total Governmental Activities</b>	<u>7,908,951</u>	<u>9,099,780</u>	<u>8,964,405</u>	<u>9,031,721</u>	<u>7,885,813</u>	<u>8,889,326</u>
<b>Business-Type Activities:</b>						
Miscellaneous Income	374	918	2,837	5,463	3,506	1,739
Adjustment to Fixed Asset Report			6,957		4,203	
<b>Total Business-Type Activities</b>	<u>374</u>	<u>918</u>	<u>9,794</u>	<u>5,463</u>	<u>7,709</u>	<u>1,739</u>
<b>Total District-Wide</b>	<u>\$ 7,909,325</u>	<u>\$ 9,100,698</u>	<u>\$ 8,974,199</u>	<u>\$ 9,037,184</u>	<u>\$ 7,893,522</u>	<u>\$ 8,891,065</u>

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS

UNAUDITED

*(accrual basis of accounting)*

(Continued)

	Fiscal Year Ending June 30,					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Change in Net Assets						
Governmental Activities	\$ 506,937	\$ 1,320,336	\$ 366,393	\$ 575,441	\$ (1,351,293)	\$ (906,566)
Business-Type Activities	19,787	31,686	36,877	11,894	(16,149)	476
Total District	<u>\$ 526,724</u>	<u>\$ 1,352,022</u>	<u>\$ 403,270</u>	<u>\$ 587,335</u>	<u>\$ (1,367,442)</u>	<u>\$ (906,090)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST SIX FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 821,383	\$ 1,682,085	\$ 1,924,072	\$ 1,773,332	\$ 1,586,854	\$ 1,141,451
Unreserved/(Deficit)	671,458	504,760	65,285	95,870	(47,485)	(107,126)
Total General Fund	<u>\$ 1,492,841</u>	<u>\$ 2,186,845</u>	<u>\$ 1,989,357</u>	<u>\$ 1,869,202</u>	<u>\$ 1,539,369</u>	<u>\$ 1,034,325</u>
All Other Governmental Funds						
Unreserved, Reported In:						
Capital Projects Fund	\$ 2,272,012	\$ 2,271,572	\$ 2,255,622	\$ 2,234,641	\$ 1,989,641	\$ 1,791,585
Debt Service Fund	35,519	76,165	159,268	185,036	105,557	34,439
Total All Other Governmental Funds	<u>\$ 2,307,531</u>	<u>\$ 2,347,737</u>	<u>\$ 2,414,890</u>	<u>\$ 2,419,677</u>	<u>\$ 2,095,198</u>	<u>\$ 1,826,024</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST SIX FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*  
*(Continued)*

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Revenues</b>						
Tax Levy	\$ 7,496,122	\$ 8,115,830	\$ 8,227,480	\$ 8,615,213	\$ 8,305,138	\$ 8,249,911
Tuition Charges	16,404	20,650	33,420	3,800		4,000
Interest Earnings	23,280	53,497	114,693	154,688	73,090	55,138
Unrestricted Miscellaneous Revenue	92,309	624,982	178,718	14,777	87,001	72,327
State Sources	5,957,426	5,984,149	6,389,637	6,528,431	5,734,667	4,834,181
Federal Sources	187,488	176,361	190,920	225,266	220,113	977,738
<b>Total Revenue</b>	<u>13,773,029</u>	<u>14,975,469</u>	<u>15,134,868</u>	<u>15,542,175</u>	<u>14,420,009</u>	<u>14,193,295</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular Instruction	4,509,334	4,615,121	4,802,691	4,770,907	4,961,474	5,062,644
Special Education Instruction	383,921	406,481	409,921	507,407	535,987	608,365
Other Special Instruction	54,662	58,369	59,752	68,668	60,902	63,070
Other Instruction	516,199	607,403	619,711	615,338	665,464	658,555
<b>Support Services:</b>						
Tuition	720,618	642,261	808,997	869,014	994,735	806,107
Student & Instruction Related Services	1,093,224	1,145,694	1,156,277	1,142,603	1,174,741	1,110,653
General Administrative Services	340,918	369,527	368,636	372,062	345,742	362,816
School Administrative Services	340,239	354,805	369,456	366,454	383,122	395,146
Central Services	129,313	130,246	134,402	137,645	138,166	147,847
Plant Operations And Maintenance	996,602	1,099,202	1,190,080	1,196,937	1,220,209	1,154,694
Pupil Transportation	1,103,401	1,167,932	1,256,640	1,289,909	1,342,996	1,219,697
Unallocated Benefits	2,340,956	2,531,895	3,005,669	3,030,225	2,846,902	2,942,777
<b>Capital Outlay</b>	59,563	78,431	110,482	378,255	27,583	71,004

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,

LAST SIX FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

(Continued)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2009
Debt Service:						
Principal	\$ 775,000	\$ 760,000	\$ 740,000	\$ 720,000	\$ 245,000	\$ 240,000
Interest And Other Charges	315,494	273,892	232,489	192,119	131,298	124,138
Total Expenditures	<u>13,681,449</u>	<u>14,243,265</u>	<u>15,265,203</u>	<u>15,657,543</u>	<u>15,074,321</u>	<u>14,967,513</u>
Excess (Deficiency) Of Revenues						
Over (Under) Expenditures	<u>91,580</u>	<u>732,204</u>	<u>(130,335)</u>	<u>(115,368)</u>	<u>(654,312)</u>	<u>(774,218)</u>
Other Financing Sources (Uses)						
Serial Bonds Defeased					3,108,000	
Serial Bonds Issued					(3,075,000)	
Bond Premium					(157,196)	
Bond Issuance Costs					99,597	
Deferred Revenue					24,599	
Transfers In	23,015	53,150	106,118	78,917	276,926	284,798
Transfers Out	<u>(55,015)</u>	<u>(53,150)</u>	<u>(106,118)</u>	<u>(78,917)</u>	<u>(276,926)</u>	<u>(284,798)</u>
Total Other Financing Sources (Uses)	<u>(32,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balances	<u>\$ 59,580</u>	<u>\$ 732,204</u>	<u>\$ (130,335)</u>	<u>\$ (115,368)</u>	<u>\$ (654,312)</u>	<u>\$ (774,218)</u>
Debt Service As A Percentage Of						
Noncapital Expenditures	8.0%	7.3%	6.4%	6.0%	2.5%	2.4%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Workers'</u> <u>Compensation</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Insurance</u> <u>Settlement</u>	<u>Total</u>
2001	\$ 30,781	\$ 6,468	\$ 6,838		\$ 17,961		\$ 62,048
2002	12,816	1,720	6,939	\$ 15,574	4,389		41,438
2003	16,704		4,196	10,686	14,840		46,426
2004	13,252		6,955	10,800	15,473		46,480
2005	13,842		5,862		72,605		92,309
2006	65,747		6,530	20,650	78,386	\$ 474,666	645,979
2007	98,924			33,420	79,794		212,138
2008	75,771			3,800	14,774		94,345
2009	41,164				87,001		128,165
2010	20,699			4,000	72,327		97,026

Source: Wallkill Valley Regional High School District records

**WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST SIX YEARS  
UNAUDITED**

Year Ended December 31,	Vacant Land	Residential	Farm Rec.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
<u>Franklin Borough</u>													
2004	\$ 8,019,500	\$ 160,745,400	\$ 2,625,100	\$ 127,900	\$ 44,956,800	\$ 6,862,200	\$ 4,994,300	\$ 228,331,200	\$ 37,597,900	\$ 2,699,727	\$ 231,030,927	\$ 0.84	\$ 336,600,819
2005	5,889,700	162,777,200	2,225,900	143,300	58,002,400	6,966,000	4,994,300	240,998,800	25,724,100	2,331,278	243,330,078	0.82	438,179,636
2006	5,341,600	164,173,400	2,225,900	150,700	56,260,000	7,200,700	4,759,700	240,111,400	26,081,500	2,382,655	242,494,055	0.82	490,624,029
2007	5,977,900	165,345,500	2,319,000	155,700	56,514,700	6,506,000	3,588,200	240,607,000	25,376,200	2,410,024	243,017,024	0.86	519,220,975
2008	5,669,800	166,086,500	2,519,000	155,700	57,469,500	6,506,000	3,433,500	241,840,000	25,136,100	1,759,787	243,599,787	0.86	507,321,166
2009	6,183,400	166,411,300	2,351,500	156,000	57,876,100	6,506,000	3,433,500	242,917,800	26,152,000	1,697,057	244,614,857	0.74	530,387,808
<u>Hamburg Borough</u>													
2004	\$ 3,315,750	\$ 171,463,500	\$ 169,000	\$ 30,100	\$ 19,814,900	\$ 3,375,700	\$ 331,500	\$ 198,500,450	\$ 4,098,300	\$ 559,099	\$ 199,059,549	\$ 0.51	\$ 215,360,340
2005	6,566,750	174,416,900	169,000	5,100	19,814,900	3,375,700	331,500	204,679,850	4,318,300	485,727	205,165,577	0.57	259,190,581
2006	6,094,650	176,644,900	169,000	4,500	20,174,100	3,375,700	331,500	206,794,350	4,784,600	372,337	207,166,687	0.64	348,530,765
2007	5,635,450	179,462,200	169,000	4,500	19,514,500	3,375,700	331,500	208,492,850	4,659,200	302,368	208,795,218	0.66	352,714,111
2008	5,610,450	179,426,800	169,000	4,500	19,514,500	3,375,700	331,500	208,432,450	4,659,200	278,884	208,711,334	0.68	383,167,494
2009	5,708,150	180,852,200	169,000	4,500	19,405,200	2,745,700	331,500	209,216,250	4,750,400	221,848	209,438,098	0.70	356,187,241
<u>Hardysion Township</u>													
2004	\$ 31,767,700	\$ 424,391,400	\$ 8,464,000	\$ 1,282,900	\$ 51,661,200	\$ 9,969,700	\$ 9,688,000	\$ 537,224,900	\$ 51,267,400	\$ 1,858,088	\$ 539,082,988	\$ 0.71	\$ 751,921,729
2005	32,552,400	450,695,200	8,984,900	1,132,200	55,522,700	10,586,800	9,688,000	569,162,200	57,020,800	1,666,503	570,828,703	0.67	897,604,202
2006	31,296,700	483,356,600	8,984,900	1,133,700	55,277,100	11,519,000	9,688,000	601,256,000	57,148,900	1,428,498	602,684,498	0.67	1,174,136,953
2007	26,103,700	525,192,800	9,300,400	1,134,900	57,790,200	11,877,300	9,688,000	641,087,300	57,148,900	1,323,716	642,411,016	0.65	1,252,603,379
2008	23,323,200	593,257,700	9,690,600	1,111,700	57,547,000	13,844,300	9,688,000	708,462,500	57,576,600	1,315,605	709,778,105	0.58	1,375,538,963
2009	28,631,500	596,713,000	9,448,700	1,070,200	61,514,100	16,711,200	9,688,000	723,776,700	58,076,100	1,135,127	724,911,827	0.58	1,296,337,316
<u>Ogdensburg Borough</u>													
2004	\$ 3,200,300	\$ 101,766,050	\$ 624,600	\$ 21,100	\$ 6,947,400	\$ 1,846,200	\$ 785,600	\$ 115,191,250	\$ 11,027,100	\$ 375,251	\$ 115,566,501	\$ 0.66	\$ 159,792,016
2005	3,180,300	101,795,750	624,600	21,100	7,047,600	1,646,200	734,000	115,049,550	11,317,600	331,769	115,381,319	0.67	178,553,219
2006	3,044,800	102,175,450	624,600	21,100	7,047,600	1,646,200	734,000	115,293,750	11,317,600	269,406	115,563,156	0.70	225,753,382
2007	3,253,000	103,237,950	624,600	21,100	7,386,800	1,646,200	734,700	116,904,350	11,317,600	217,714	117,122,064	0.74	231,156,302
2008	2,992,800	103,189,750	624,600	21,100	7,241,600	1,446,200	734,700	116,250,750	11,523,300	189,815	116,440,565	0.75	245,758,896
2009	5,102,800	215,463,800	317,600	10,100	15,103,400	3,462,500	2,788,100	242,248,300	20,829,900	256,190	242,504,490	0.34	248,778,902

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
(rate per \$100 of assessed value)

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Franklin	Local School District	Sussex County	
2000	\$ 0.556	\$ 0.062	\$ 0.618	\$ 0.843	\$ 1.403	\$ 0.526	\$ 3.390
2001	0.575	0.064	0.639	0.910	1.456	0.625	3.630
2002	0.680	0.076	0.755	1.010	1.484	0.661	3.910
2003	0.757	0.084	0.841	1.008	1.510	0.691	4.050
2004	0.759	0.084	0.843	0.999	1.544	0.704	4.090
2005	0.736	0.082	0.818	1.086	1.553	0.773	4.230
2006	0.736	0.082	0.818	1.086	1.553	0.773	4.230
2007	0.771	0.086	0.857	1.220	1.597	0.681	4.355
2008	0.774	0.086	0.860	1.342	1.601	0.830	4.633
2009	0.663	0.074	0.737	1.471	1.680	0.801	4.689

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Hamburg	Local School District	Sussex County	
2000	\$ 0.455	\$ 0.051	\$ 0.505	\$ 0.636	\$ 1.188	\$ 0.531	\$ 2.860
2001	0.449	0.050	0.499	0.654	1.263	0.604	3.020
2002	0.437	0.049	0.485	0.536	1.184	0.535	2.740
2003	0.446	0.050	0.495	0.548	1.281	0.536	2.860
2004	0.459	0.051	0.510	0.610	1.350	0.540	3.010
2005	0.513	0.057	0.570	0.637	1.370	0.583	3.160
2006	0.572	0.064	0.635	0.668	1.471	0.656	3.430
2007	0.594	0.066	0.660	0.710	1.580	0.690	3.640
2008	0.609	0.068	0.677	0.774	1.654	0.710	3.815
2009	0.630	0.070	0.700	0.810	1.700	0.700	3.910

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
(rate per \$100 of assessed value)  
(Continued)

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Hardyston	Local School District	Sussex County	
2000	\$ 0.517	\$ 0.057	\$ 0.574	\$ 0.654	\$ 1.002	\$ 0.520	2.750
2001	0.534	0.059	0.593	0.651	1.058	0.598	2.900
2002	0.584	0.065	0.649	0.650	1.041	0.630	2.970
2003	0.626	0.070	0.696	0.659	1.177	0.668	3.200
2004	0.639	0.071	0.710	0.623	1.265	0.672	3.270
2005	0.607	0.067	0.674	0.681	1.240	0.755	3.350
2006	0.607	0.067	0.674	0.681	1.240	0.755	3.350
2007	0.582	0.065	0.647	0.679	1.230	0.792	3.348
2008	0.522	0.058	0.580	0.775	1.758	0.756	3.869
2009	0.521	0.058	0.579	0.805	1.203	0.740	3.327

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Ogdensburg	Local School District	Sussex County	
2000	\$ 0.536	\$ 0.060	\$ 0.596	\$ 0.998	\$ 1.285	\$ 0.511	3.390
2001	0.521	0.058	0.579	0.990	1.333	0.570	3.472
2002	0.563	0.063	0.625	1.023	1.371	0.541	3.560
2003	0.603	0.067	0.670	1.022	1.457	0.620	3.769
2004	0.592	0.066	0.658	1.131	1.509	0.660	3.958
2005	0.601	0.067	0.668	1.393	1.625	0.680	4.366
2006	0.634	0.070	0.704	1.437	1.630	0.725	4.496
2007	0.666	0.074	0.740	1.479	1.708	0.803	4.730
2008	0.678	0.075	0.753	1.563	1.746	0.809	4.871
2009	* 0.302	0.034	0.335	0.787	0.875	0.390	2.387

Source: Municipal Tax Collector and School Business Administrator

\* Revaluation Year

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

WALLKILL VALLEY REGIONAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Franklin Borough

Hamburg Borough

Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wal-Mart	\$ 14,210,200	5.81%
Transbanc International Corp	10,883,700	4.45%
Franklin 23	10,621,200	4.34%
Weis Markets, Inc.	9,128,000	3.73%
MD3, LLC	5,056,600	2.07%
Sterling Plaza, Inc	4,875,700	1.99%
Hillside Estates at Franklin	4,839,000	1.98%
Wurtsboro Associates	4,784,500	1.96%
Braen Aggregates, LLC	4,653,100	1.90%
KAJ Franklin, LLC	3,750,200	1.53%
<b>Total</b>	<b>\$ 72,802,200</b>	<b>29.76%</b>

Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Lorterdan Hamburg Development LLC	\$ 3,534,800	1.69%
Ames Rubber Corp	2,500,000	1.20%
Kaytes Realty	1,840,000	0.88%
Silver Fox LLC	1,731,500	0.83%
Gov. Haines Square	1,488,700	0.71%
24 Ames Boulevard, LLC	1,176,000	0.56%
Grey Elephant, LLC	1,032,800	0.49%
TRB Investments, LLC	916,000	0.44%
Wachovia Tax Dept	690,900	0.33%
Plaza 23, LLC	678,000	0.32%
<b>Total</b>	<b>\$ 15,588,700</b>	<b>7.45%</b>

Taxpayer	2000	
	Taxable Assessed Value	% of Total District Net Assessed Value
Not Available		
<b>Total</b>	<b>\$ -</b>	<b>0.00%</b>

Taxpayer	2000	
	Taxable Assessed Value	% of Total District Net Assessed Value
Ames Rubber Corporation	\$ 3,350,000	2.47%
Plastoid Corporation	2,318,600	1.71%
Accurate Forming	2,182,800	1.61%
Southgate Associates	1,620,000	1.20%
Wynfield Corporation	1,528,400	1.13%
WHC Seven Investors, Inc.	1,306,000	0.96%
First Fidelity Bank	1,064,200	0.79%
Individual Taxpayer #1	947,700	0.70%
Governor Haines Square Corporation	852,800	0.63%
Pipquarry Company, Inc.	844,000	0.62%
<b>Total</b>	<b>\$ 16,014,500</b>	<b>11.82%</b>

WALLKILL VALLEY REGIONAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED  
(Continued)

Hardyston Township

Taxpayer	2010	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wild Turkey Golf Club, LLC	\$ 10,251,800	1.45%
Edgewater Associates, LLC	9,688,000	1.37%
Crystal Springs Resort Development	9,359,100	1.32%
Crystal Springs Builders, LLC	7,873,900	1.11%
Crystal Springs Spec, LLC	5,493,000	0.78%
Ballyowen Golf Club USA Incorporated	5,288,400	0.75%
Pottersville Properties Development LLC	4,671,600	0.66%
Newark Watershed CDC	4,109,300	0.58%
Skylands Ownership Group, LLC	3,400,000	0.48%
Black Bear Golf, Inc.	2,969,900	0.42%
<b>Total</b>	<b>\$ 63,105,000</b>	<b>8.91%</b>

Taxpayer	2001	
	Taxable Assessed Value	% of Total District Net Assessed Value
Edgewater Associates	\$ 10,263,400	
Newark Watershed CDC	9,113,000	
Crystal Springs Builders & Acquisition	8,047,600	
Bally Bunion Golf Club USA	5,392,400	
Black Bair Golf, Inc.	3,106,100	
Beaver Lake Realty	2,189,100	
Blue Circle Raia, Inc.	2,004,500	
KAW, LLC/NSAP	1,970,700	
United Telephone Co. of NJ	1,722,321	
Lake Gerard Co.	1,595,400	
<b>Total</b>	<b>\$ 45,404,521</b>	<b>N/A</b>

Ogdensburg Borough

Taxpayer	2010*	
	Taxable Assessed Value	% of Total District Net Assessed Value
Estate of John Dobbins	\$ 3,378,500	2.90%
Ogdensburg Associates	2,328,000	2.00%
AA-1 Self Storage, LLC	2,192,200	1.88%
Sterling Hill Mining Museum, Inc	1,975,800	1.70%
Individual Taxpayer #1	1,275,200	1.10%
Individual Taxpayer #2	1,032,300	0.89%
Individual Taxpayer #3	791,500	0.68%
Individual Taxpayer #4	790,800	0.68%
Individual Taxpayer #5	712,600	0.61%
Individual Taxpayer #6	671,500	0.58%
<b>Total</b>	<b>\$ 15,148,400</b>	<b>13.02%</b>

Taxpayer	2001*	
	Taxable Assessed Value	% of Total District Net Assessed Value
Estate of John Dobbins	\$ 1,603,400	1.38%
Ogdensburg Associates	1,500,000	1.29%
Deluxe Lab Film Storage	788,400	0.68%
Madusa Minerals	435,000	0.38%
Sussex Park LMTD Partnership	405,600	0.35%
Individual Taxpayer # 1	381,400	0.33%
JBL-RAL Associates	350,000	0.30%
Individual Taxpayer # 2	320,900	0.28%
Individual Taxpayer # 3	308,700	0.27%
Art Tyler Inc.	307,800	0.27%
<b>Total</b>	<b>\$ 6,401,200</b>	<b>5.53%</b>

Source: Municipal Tax Assessor

\* Note: Individual taxpayers may be different in 2010 and 2001

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 5,022,691	\$ 5,022,691	100.00%	-0-
2002	5,615,589	5,615,589	100.00%	-0-
2003	6,872,476	6,872,476	100.00%	-0-
2004	7,604,481	7,604,481	100.00%	-0-
2005	7,496,122	7,496,122	100.00%	-0-
2006	8,115,830	8,115,830	100.00%	-0-
2007	8,227,480	8,227,480	100.00%	-0-
2008	8,615,213	8,615,213	100.00%	-0-
2009	8,305,138	8,305,138	100.00%	-0-
2010	8,249,911	8,249,911	100.00%	-0-

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

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST SIX FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2005	\$ 5,563,000	-0-	-0-	-0-	-0-	\$ 5,563,000	0.74%	\$ 296.90	
2006	4,803,000	-0-	-0-	-0-	-0-	4,803,000	0.60%	252.58	
2007	4,063,000	-0-	-0-	-0-	-0-	4,063,000	0.47%	209.89	
2008	3,343,000	-0-	-0-	-0-	-0-	3,343,000	1.16%	171.27	
2009	3,065,000	-0-	-0-	-0-	-0-	3,065,000	1.77%	157.95	
2010	2,825,000	-0-	-0-	-0-	-0-	2,825,000	0.77%	254.94	

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

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

Exhibit J-11

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST SIX FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 5,563,000	\$ -0-	\$ 5,563,000	2.051%	\$ 296.90
2006	4,803,000	-0-	4,803,000	1.693%	252.58
2007	4,063,000	-0-	4,063,000	1.392%	209.89
2008	3,343,000	-0-	3,343,000	1.104%	171.42
2009	3,065,000	-0-	3,065,000	0.959%	157.95
2010	2,825,000	-0-	2,825,000	1.622%	254.94

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 UNAUDITED  
AS OF DECEMBER 31, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid With Property Taxes</b>			
Franklin Borough	\$ 1,757,999	100.000%	\$ 1,757,999
Hamburg Borough	721,200	100.000%	721,200
Hardyston Township	10,299,000	100.000%	10,299,000
Ogdensburg Borough	937,086	100.000%	937,086
<b>County of Sussex - Municipality's Share:</b>			
Franklin Borough	77,111,415	1.427%	1,100,380
Hamburg Borough	77,111,415	1.220%	940,759
Hardyston Township	77,111,415	9.951%	7,673,357
Ogdensburg Borough	77,111,415	1.410%	1,087,271
<b>Subtotal, Overlapping Debt</b>			<b>24,517,052</b>
<b>Wallkill Valley Regional High School District Direct Debt</b>			<b>2,825,000</b>
<b>Total Direct And Overlapping Debt</b>			<b>\$ 27,342,052</b>

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

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

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

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010

	Franklin Borough	Hamburg Borough	Hardyston Township	Ogdensburg Borough	Equalized Valuation Basis
2009	\$ 519,220,975	\$ 355,809,949	\$ 1,294,307,403	\$ 244,300,424	2,413,638,751
2008	507,321,166	382,655,498	1,372,989,341	245,358,274	2,508,324,279
2007	519,220,975	382,836,669	1,262,728,580	244,416,370	2,409,202,594
	<u>\$ 1,545,763,116</u>	<u>\$ 1,121,302,116</u>	<u>\$ 3,930,025,324</u>	<u>\$ 734,075,068</u>	<u>\$ 7,331,165,624</u>
	Average Equalized Valuation of Taxable Property				\$ 2,443,721,875
	Debt Limit (3% of average equalization value)				73,311,656 <sup>a</sup>
	Net Bonded School Debt				2,825,000
	Legal Debt Margin				<u>\$ 70,486,656</u>

Fiscal Year

	2001	2002	2003	2004	2005
Debt Limit	\$ 26,542,592	\$ 28,455,739	\$ 31,516,104	\$ 42,012,033	\$ 40,537,342
Total Net Debt Applicable to Limit	11,420,000	25,428,986	13,950,733	3,922,810	5,563,000 *
Legal Debt Margin	<u>\$ 15,122,592</u>	<u>\$ 3,026,753</u>	<u>\$ 17,565,371</u>	<u>\$ 38,089,223</u>	<u>\$ 34,974,342</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	43.03%	89.36%	44.27%	9.34%	13.72%

Fiscal Year

	2006	2007	2008	2009	2010
Debt Limit	\$ 49,684,598	\$ 54,768,010	\$ 65,872,693	\$ 71,526,363	\$ 73,311,656
Total Net Debt Applicable to Limit	4,803,000	4,063,000	3,343,000	3,065,000	2,825,000
Legal Debt Margin	<u>\$ 44,881,598</u>	<u>\$ 50,705,010</u>	<u>\$ 62,529,693</u>	<u>\$ 68,461,363</u>	<u>\$ 70,486,656</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	9.67%	7.42%	5.07%	4.29%	3.85%

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

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Sussex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
<u>Franklin Borough</u>				
2000	5,162	\$ 193,084,610	\$ 37,405	1.80%
2001	5,168	199,365,936	38,577	2.30%
2002	5,176	200,430,248	38,723	3.20%
2003	5,167	203,249,112	39,336	3.50%
2004	5,150	210,217,850	40,819	2.60%
2005	5,130	217,768,500	42,450	4.90%
2006	5,119	232,648,312	45,448	4.90%
2007	5,122	248,283,828	48,474	4.90%
2008	5,095	253,542,485 *	49,763 *	6.30%
2009	5,077	252,646,751 *	49,763 *	10.30%
<u>Hamburg Borough</u>				
2000	3,147	\$ 117,713,535	\$ 37,405	4.20%
2001	3,303	127,419,831	38,577	5.20%
2002	3,368	130,419,064	38,723	7.40%
2003	3,457	135,984,552	39,336	7.90%
2004	3,479	142,009,301	40,819	6.00%
2005	3,504	148,744,800	42,450	4.90%
2006	3,498	158,977,104	45,448	4.60%
2007	3,479	168,641,046	48,474	4.40%
2008	3,470	172,677,610 *	49,763 *	5.60%
2009	3,459	172,130,217 *	49,763 *	9.30%

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Continued)

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Sussex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
<u>Hardyston Township</u>				
2000	6,270	\$ 234,529,350	\$ 37,405	2.30%
2001	6,647	256,421,319	38,577	2.90%
2002	7,101	274,972,023	38,723	4.10%
2003	7,358	289,434,288	39,336	4.40%
2004	7,514	306,713,966	40,819	3.30%
2005	7,813	331,661,850	42,450	4.70%
2006	8,192	372,310,016	45,448	4.90%
2007	8,380	406,212,120	48,474	6.20%
2008	8,357	415,869,391 *	49,763 *	6.20%
2009	8,326	414,326,738 *	49,763 *	10.30%
<u>Ogdensburg Borough</u>				
2000	2,638	\$ 98,674,390	\$ 37,405	2.10%
2001	2,632	101,534,664	38,577	2.70%
2002	2,628	101,764,044	38,723	3.80%
2003	2,626	103,296,336	39,336	4.10%
2004	2,614	106,700,866	40,819	3.10%
2005	2,594	110,115,300	42,450	3.40%
2006	2,592	117,801,216	45,448	3.50%
2007	2,578	124,965,972	48,474	4.50%
2008	2,562	127,492,806 *	49,763 *	4.50%
2009	2,552	126,995,176 *	49,763 *	7.60%

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

\* - Latest Sussex County per capita personal income available (2008) was used for calculation purposes.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - SUSSEX COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

<u>2010</u>			<u>2000</u>		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Crystal Springs Golf and Spa Resort	2,000	5.05%	Selective Insurance	954	2.41%
Newton Memorial Hospital	1,490	3.76%	Andover Subacute and Rehab Center	906	2.29%
Selective Insurance	900	2.27%	County of Sussex	815	2.06%
County of Sussex	830	2.10%	Mountain Creek Resort	800	2.02%
Mountain Creek Resort	800	2.02%	Newton Memorial Hospital	757	1.91%
Shop Rite (Ronetco)	697	1.76%	Ronetco Supermarkets	711	1.80%
Ames Rubber Corp	445	1.12%	Vernon Township Bd. of Education	629	1.59%
Walmart	412	1.04%	F.O. Phoenix, Inc.	600	1.52%
Andover Subacute and Rehab Center	300	0.76%	Hopatcong Board of Education	450	1.14%
Sussex County Community College	300	0.76%	Walmart	380	0.96%
	<u>8,174</u>	<u>20.64%</u>		<u>7,002</u>	<u>17.68%</u>

Source: Sussex County Chamber of Commerce and Sussex County Economic Development Partnership

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,  
LAST SIX FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Instruction</b>						
Regular	48.5	50.5	51.0	52.0	52.0	52.0
Special Education	7.0	7.0	7.0	7.0	7.0	7.0
Other Special Education	1.0	1.0	1.0	1.0	1.0	1.0
<b>Support Services:</b>						
Student and Instruction Related Services	19.0	19.5	20.0	20.0	20.0	20.0
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0
General Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	9.5	9.5	9.0	9.0	9.0	9.0
Business and Other Support Services	6.0	6.0	6.0	6.0	6.0	6.0
<b>Total</b>	<u>96.0</u>	<u>98.5</u>	<u>99.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
OPERATING STATISTICS,  
LAST SIX FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	826	\$ 12,499,387	\$ 15,132	N/A	57	1:14.6	826	783	-3.48%	94.80%
2006	891	13,128,936	14,735	-2.63%	59	1:15.2	891	847	7.87%	95.10%
2007	871	14,182,232	16,283	10.50%	66	1:13.2	871	827	-2.29%	95.00%
2008	837	14,367,169	17,165	5.42%	67	1:12.4	857	815	-1.45%	95.10%
2009	837	14,669,381	17,526	2.10%	67	1:12.4	824	786	-3.56%	95.30%
2010	788	14,532,371	18,442	5.23%	65	1:12.2	790	757	-3.69%	95.99%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Wallkill Valley Regional High School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST SIX FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
High School (1982)						
Square Feet	176,500	176,500	176,500	176,500	176,500	176,500
Capacity (students)	950	950	950	950	950	950
Enrollment	826	891	871	837	837	837

Number of Schools at June 30, 2010

- Elementary = 0
- Middle-School = 0
- High School = 1
- Other = 0

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Wallkill Valley Regional High School District records

Note: Year of original construction is shown in parentheses.  
 Enrollment is based on the annual October district count.

Exhibit J-19

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS

Undistributed Expenditures - Required  
 Maintenance For School Facilities  
 11-000-261-xxx

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>High School</u>	<u>Total</u>
2001	\$ 847,910	\$ 847,910
2002	96,738	96,738
2003	92,277	92,277
2004	118,644	118,644
2005	99,061	99,061
2006	117,610	117,610
2007	146,761	146,761
2008	145,646	145,646
2009	170,028	170,028
2010	154,458	154,458

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Wallkill Valley Regional High School District records

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2010  
UNAUDITED

The Board of Education is provided coverage through the New Jersey School Boards Insurance Group.

Property Insurance including Buildings, Contents, Boiler & Machinery, Extra Expense, Valuable Papers and EDP Equipment/Media/Extra Expense with a limit of the total appraised value of the property and contents with a deductible of \$1,000.

Crime and Fidelity Insurance includes:

- a. Money and Securities including loss either inside or outside: \$50,000 each loss with a \$500 deductible.
- b. Blanket Dishonesty Bond with a limit of \$100,000 subject to a \$500 deductible.

Comprehensive General Liability (GL) and Auto Liability (AL) Insurance with a basic policy limit of \$1,000,000.

Workers' Compensation Insurance at statutory limits with an employers' liability of \$2,000,000.

Supplementary Workers' Compensation up to one year.

School Leader Professional Liability (SLPL) Insurance with a limit of \$6,000,000.

Excess liability coverage amending limits of liability for GL/AL/SLPL to \$10,000,000.

Student Accident Insurance covering all students	\$ 2,000,000
Student Accident Catastrophic	\$ 1,000,000

Selective Insurance provides Bond Coverage in the following amounts:

BA/Board Secretary	\$ 204,000
Treasurer of School Moneys	\$ 204,000

Source: District records

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

The Honorable President and Members  
of the Board of Education  
Wallkill Valley Regional School District  
Hamburg, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Wallkill Valley Regional School District in the County of Sussex (the "Board") as of, and for the fiscal year ended, June 30, 2010, which collectively comprise the school district's basic financial statements, and have issued our report thereon dated October 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts,

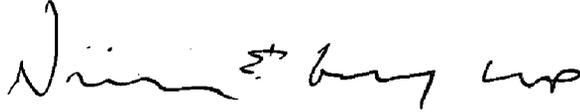
The Honorable President and Members  
of the Board of Education  
Wallkill Valley Regional School District  
Page 2

Compliance and Other Matters

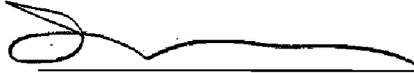
and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

October 16, 2010  
Mount Arlington, New Jersey



NISIVOCCIA & COMPANY LLP



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David H. Evans  
Licensed Public School Accountant #740  
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members  
of the Board of Education  
Wallkill Valley Regional School District  
County of Sussex, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Wallkill Valley Regional School District in the County of Sussex (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs are the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

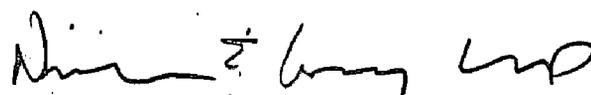
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

October 16, 2010  
Mount Arlington, New Jersey



NISIVOCCIA & COMPANY LLP



David H. Evans  
Licensed Public School Accountant #740  
Certified Public Accountant

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 6/30/09	Carryover/ (Walkthrough) Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Balance 6/30/10		Due to Grantor 6/30/10
										Accounts Receivable	Deferred Revenue	
U.S. Department of Education Passed-through State Department of Education:												
General Fund:												
American Recovery and Reinvestment Act:												
Equalization Aid - ESF	84.394	10-495-034-5120-078	7/1/09-6/30/10	\$ 526,372			\$ 444,974	\$ (526,372)		\$ (81,398)		
Equalization Aid - GSF	84.397	10-495-034-5120-078	7/1/09-6/30/10	20,377			17,225	(20,377)		(3,152)		
<b>Total General Fund</b>							<b>462,199</b>	<b>(546,749)</b>		<b>(84,550)</b>		
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Federal Food Distribution Program	10.550	N/A	7/1/08-6/30/09	13,698			13,698	(10,562)			\$ 3,136	
Federal Food Distribution Program	10.550	N/A	7/1/08-6/30/09	9,141	\$ 2,023			(2,023)				
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	36,456			34,002	(36,456)		(2,454)		
<b>Total U.S. Department of Agriculture</b>					<b>2,023</b>		<b>47,700</b>	<b>(49,041)</b>		<b>(2,454)</b>	<b>3,136</b>	
U.S. Department of Education												
Passed-through State Department of Education:												
No Child Left Behind Consolidated Grant:												
Title I	84-010A	NCLB-3100-10	9/1/09-8/31/10	30,587			8,475	(30,587)		(22,112)		
Title I	84-010A	NCLB-3100-09	9/1/08-8/31/09	31,662	(31,662)		6,654			(25,008)		
Title I - ARRA	84.389	NCLB-3100-10	7/1/09-8/31/11	10,137			10,050	(10,137)		(87)		
Title IIA	84.278A	NCLB-3100-10	9/1/09-8/31/10	16,695			8,136	(16,694)		(8,558)		
Title IIA	84.318X	NCLB-3100-09	9/1/08-8/31/09	16,331	(16,331)		9,798			(6,533)		
Title IV	84.186A	NCLB-3100-10	9/1/09-8/31/10	1,474			1,474	(1,474)				
Title IV - Carryover	84.186A	NCLB-3100-09	9/1/08-8/31/09	1,723	(1,723)		1,429		\$ 4	(290)		
I.D.E.A. Part B, Basic	84.027	FT-5520-10	9/1/09-8/31/10	148,747			20,202	(148,747)		(128,545)		
I.D.E.A. Part B, Basic	84.027	FT-5520-09	9/1/08-8/31/09	152,556	(152,556)		152,556					
I.D.E.A. Part B, Basic - ARRA	84.391	IDEA3100-10	7/1/09-8/31/11	178,488			64,894	(178,488)		(113,594)		
Perkins Vocational Education - Basic Grants	84.048A	N/A	9/1/09-6/30/10	32,404				(32,391)		(32,391)		
Perkins Vocational Education - Basic Grants	84.048A	N/A	9/1/08-6/30/09	31,697	(31,697)		31,697					
<b>Total U.S. Department of Education</b>					<b>(233,969)</b>		<b>315,365</b>	<b>(418,518)</b>	<b>4</b>	<b>(337,118)</b>		
U.S. Department of Labor Passed-through- State Department of Education:												
American Recovery and Reinvestment Act:												
COBRA Premium Assistance	17.151	N/A	7/1/09-6/30/10	8,573			8,573	(8,573)				
<b>Total U.S. Department of Labor</b>							<b>8,573</b>	<b>(8,573)</b>				
<b>Total Federal Financial Awards</b>					<b>\$ (231,946)</b>	<b>\$ -0-</b>	<b>\$ 833,837</b>	<b>\$ (1,022,881)</b>	<b>\$ 4</b>	<b>\$ (424,122)</b>	<b>\$ 3,136</b>	<b>\$ -0-</b>

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance 6/30/10		MEMO	
				Deferred Revenue (Accounts Receivable) 06/30/09	Carryover/ (Walkover) Amount				GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
<b>NJ Department of Education:</b>												
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	\$ 304,225			\$ 264,194	\$ (304,225)				\$ (40,031)	\$ 304,225
Transportation Aid	09-495-034-5120-014	7/1/08 - 6/30/09	390,045	\$ (38,235)		38,235						390,045
Special Education Aid	10-495-034-5120-011	7/1/09 - 6/30/10	420,730			365,369	(420,730)				(55,361)	420,730
Special Education Aid	09-495-034-5120-011	7/1/08 - 6/30/09	431,083	(42,258)		42,258						431,083
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	2,336,941			2,029,440	(2,336,941)				(307,501)	2,336,941
Equalization Aid	09-495-034-5120-078	7/1/08 - 6/30/09	3,352,913	(331,510)		331,510						3,352,913
Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	38,865			33,751	(38,865)				(5,114)	38,865
Security Aid	09-495-034-5120-084	7/1/08 - 6/30/09	60,185	(5,900)		5,900						60,185
Adjustment Aid	09-495-034-5120-085	7/1/08 - 6/30/09	681,319	(75,533)		75,533						681,319
Adjustment Aid	10-495-034-5120-085	7/1/09 - 6/30/10	696,683			605,012	(696,683)				(91,671)	696,683
Extraordinary Aid	10-100-034-5120-473	7/1/09 - 6/30/10	108,970				(108,970)		\$ (108,970)		(108,970)	108,970
Extraordinary Aid	09-100-034-5120-473	7/1/08 - 6/30/09	149,779	(60,570)		60,570						149,779
Non-Public Transportation	10-495-034-5120-058	7/1/09 - 6/30/10	3,491				(3,491)		(3,491)		(3,491)	3,491
Non-Public Transportation	09-495-034-5120-058	7/1/08 - 6/30/09	1,873	(1,873)		1,873						1,873
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08 - 6/30/09	481,437	(20,425)		20,425						481,437
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	491,821			491,821	(491,821)					491,821
<b>Total General Fund State Aid</b>				<b>(576,304)</b>		<b>4,365,891</b>	<b>(4,401,726)</b>		<b>(112,461)</b>		<b>(612,139)</b>	<b>9,950,360</b>
<b>Total NJ Department of Education</b>				<b>(576,304)</b>		<b>4,365,891</b>	<b>(4,401,726)</b>		<b>(112,461)</b>		<b>(612,139)</b>	<b>9,950,360</b>
<b>Capital Projects Fund:</b>												
SDA Grant	1050-040-03-0231	7/1/06-6/30/07	\$ 2,922,597	(30)					(30)		(30)	2,922,597
<b>Total Capital Projects Fund</b>				<b>(30)</b>					<b>(30)</b>		<b>(30)</b>	<b>2,922,597</b>
<b>Enterprise Fund:</b>												
National School Lunch Program (State Share)	10-100-034-5120-122	7/1/09 - 6/30/10	2,806			2,616	(2,806)		(190)			2,806
<b>Total Enterprise Fund</b>						<b>2,616</b>	<b>(2,806)</b>		<b>(190)</b>			<b>2,806</b>
<b>Total State Awards</b>				<b>\$ (576,334)</b>	<b>\$ -0-</b>	<b>\$ 4,368,507</b>	<b>\$ (4,404,532)</b>	<b>\$ -0-</b>	<b>\$ (112,681)</b>	<b>\$ -0-</b>	<b>\$ (612,169)</b>	<b>\$ 12,875,763</b>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

The accompanying schedules of federal and state awards include the activity of all federal and state award programs of the Board of Education, Walkkill Valley Regional High School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,242) for the general fund and \$12,471 in special revenue fund. See exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Non Contributory Insurance and Post Retirement Contributions revenue of \$22,177 and \$416,520 respectively and does include expenditures of \$8,573 for COBRA Premium Assistance that was posted as a refund to the expenditures in the General Fund. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 546,749	\$ 4,834,181	\$ 5,380,930
Special Revenue Fund	430,989		430,989
Enterprise Fund - Food Service	49,041	2,806	51,847
	<u>\$ 480,030</u>	<u>\$ 4,836,987</u>	<u>\$ 5,863,766</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2010. Revenues and expenditures reported under the Food Distribution program represent current year value received and current year distributions, respectively.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB Circular NJOMB 04-04 or Federal OMB-133.

- The District's major programs for the current fiscal year consisted of the following awards:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 304,225	\$ 304,225
Special Education Aid	09-495-034-5120-011	7/1/09-6/30/10	420,730	420,730
Equalization Aid	09-495-034-5120-078	7/1/09-6/30/10	2,336,941	2,336,941
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	38,865	38,865
Adjustment Aid	10-495-034-5120-085	7/1/09-6/30/10	696,683	696,683
Reimbursed TPAF				
Social Security				
Contributions	10-495-034-5095-002	7/1/09-6/30/10	491,821	491,821
<u>Federal:</u>				
American Recovery and Reinvestment Act:				
Equalization Aid - ESF	84.394	7/1/09-6/30/10	526,372	526,372
Equalization Aid - GSF	84.397	7/1/09-6/30/10	20,377	20,377
I.D.E.A. Part B, Basic	84.027	9/1/09-8/31/10	148,747	148,747
I.D.E.A. Part B, Basic -				
ARRA	84.392	7/1/09-8/31/11	178,488	178,488

- The threshold for distinguishing Type A and Type B programs was \$500,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 was \$500,000.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

Summary of Auditors' Results: (Cont'd)

- The District qualified as a "low-risk" auditee for state programs under the provisions of section 530 of the federal Circular. However, the District did not qualify as a "low-risk" auditee for federal programs under the provisions of section 530 of the federal Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or NJ OMB Circular NJOMB 04-04.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

The District had no prior year audit findings.