

**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, 2012**

**Comprehensive Annual
Financial Report**

of the

**Wallkill Valley Regional
High School District**

Hamburg, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

**Wallkill Valley Regional High School
For the Fiscal Year Ended June 30, 2012**

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

November 2, 2012

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, 2012, 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 Non-Profit Organizations*, and the New Jersey OMB's Circular 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 Governmental 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 2011-12 fiscal year with an average daily enrollment of 708 students, which is a decrease of 72 students from the previous year's average daily enrollment.

The Honorable President and Members of
 the Board of Education
 Wallkill Valley Regional High School District
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<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2011-2012	708	-9.23%
2010-2011	780	-1.27%
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%

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 12 students over the previous year. As of June 30, 2012, the enrollment was 709; as of September 1, 2012 we had 697 students enrolled at Wallkill Valley Regional High School, a decrease of 12 students over the summer.

3) MAJOR INITIATIVES: A referendum for a solar photovoltaic system was passed by the voters at the April 2011 annual school election in the amount of \$3,895,000. There were 881 yes votes and 635 no votes. The approval rate was 58% of the votes cast. Bids for the project came in significantly lower than anticipated. The solar panel project has been completed. It went on line April 1, 2012 and has been generating SREC's since that date. The project came in at \$2,386,651, \$28,348 below the bid amount. This is for the construction phase only and does not include architect fees, etc. The board has hired ENERactive Solutions to manage the sale of SREC's.

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 federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

The Honorable President and Members of
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Wallkill Valley Regional High School District
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November 2, 2012

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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2012.

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, 2012, the District's outstanding debt totals \$5,650,000. This debt consists of \$2,350,000 of refunding serial bonds issued on January 22, 2008, and \$3,300,000 of serial bonds for the solar panel purchase and installation project.

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 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 Non-Profit Organizations*, and New Jersey OMB's Circular 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.

The Honorable President and Members of
the Board of Education
Wallkill Valley Regional High School District
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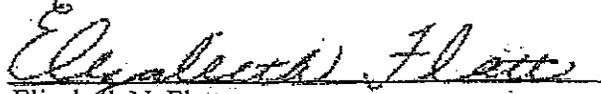
11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Wallkill Valley Regional High School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development 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,



Edward J. Bolcar, 

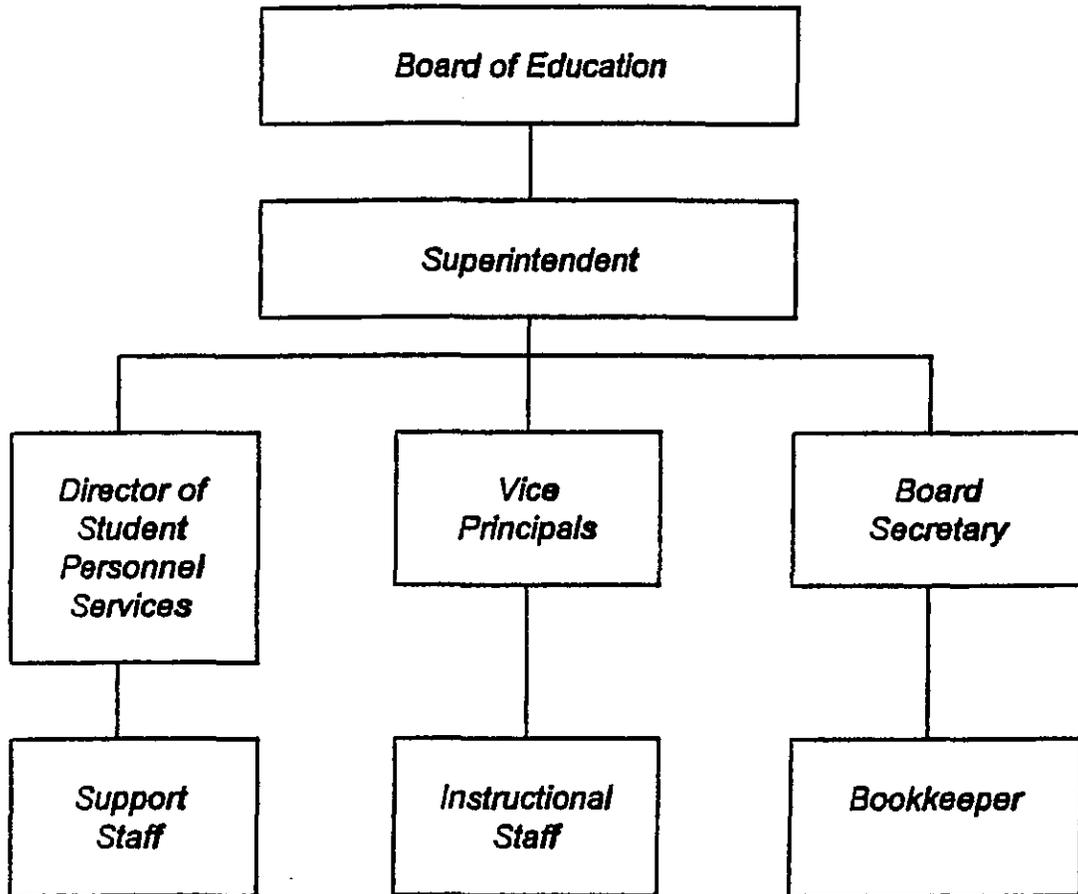
Superintendent and Chief School Administrator



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, 2012**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
William M. Castiglione, President	Hardyston Township	2012
Ronald Neal, Vice-President	Franklin Borough	2013
James R. Wright	Hardyston Township	2014
Lynette Apolito	Hamburg Borough	2014
Jeffrey S. Hilbert, Sr.	Franklin Borough	2014
Thomas Kabatra	Franklin Borough	2012
Guy G. McHugh	Hamburg Borough	2012
Robert Carlson	Hardyston Township	2013
Frank Sanfilippo	Ogdensburg Borough	2013
 <u>Other Officers</u>		
Edward J. Bolcar, Jr.	Superintendent and Chief School Administrator	
Elizabeth N. Flatt	Business Administrator/Board Secretary	
Sarah Anne McGrath	Treasurer	

**WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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

Attorney

Lindabury, McCormick, Estabrook & Cooper, P.C.
Attorneys at Law
53 Cardinal Drive
P.O. Box 2369
Westfield, NJ 07091

Official Depository

Sussex Bank
399 Route 23
Franklin, NJ 07416

FINANCIAL SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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 in the County of Sussex as of and for the fiscal year ended June 30, 2012 which collectively comprise the Board of Education'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 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 Office of School 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, 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 in the County of Sussex as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 November 2, 2012 on our consideration of the Board of Education of the Wallkill Valley Regional High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Wallkill Valley Regional High School District
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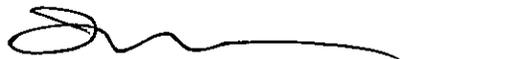
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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's basic financial statements. The accompanying supplementary information schedules such as the combining and individual non-major fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by 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*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

November 2, 2012
Mount Arlington, New Jersey



NISIVOCIA LLP



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
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, 2012. 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. At the close of 2011-12 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 2013-14 fiscal year will be \$157,637.
- The overall revenue of the District totaled \$15,156,166 which was an increase of \$364,683 compared to the prior year. This was primarily due to increased property taxes and state and federal aid.
- Net assets of the District's business-type activity – food service program – decreased by \$58,156 over the previous year.
- The District's long term debt increased due to the issuance of voter approved debt for the purchase and installation of solar panels in the amount of \$3,300,000. In 2011-12 the District paid down \$235,000 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.

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

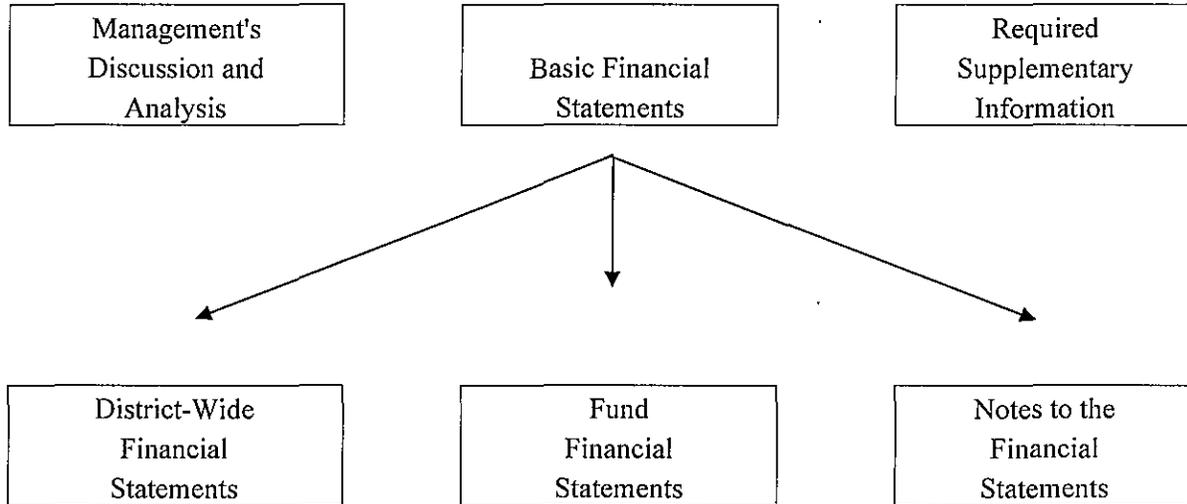


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Current and							
Other Assets	\$ 2,611,685	\$ 2,380,232	\$ 112,168	\$ 56,229	\$ 2,723,853	\$ 2,436,461	-10.55%
Capital Assets	8,899,749	11,519,863	16,399	14,875	8,916,148	11,534,738	29.37%
Total Assets	<u>11,511,434</u>	<u>13,900,095</u>	<u>128,567</u>	<u>71,104</u>	<u>11,640,001</u>	<u>13,971,199</u>	20.03%
Long-term							
Debt Out-							
standing	3,291,473	6,371,489			3,291,473	6,371,489	93.58%
Other Liabilities	240,853	336,546	1,535	2,227	242,388	338,773	39.76%
Total							
Liabilities	<u>3,532,326</u>	<u>6,708,035</u>	<u>1,535</u>	<u>2,227</u>	<u>3,533,861</u>	<u>6,710,262</u>	89.88%
Net Assets							
Invested in							
Capital Assets,							
Net of Re-							
lated Debt	6,314,749	5,869,863	16,399	14,875	6,331,148	5,884,738	-7.05%
Restricted	2,449,779	2,026,228			2,449,779	2,026,228	-17.29%
Unrestricted/							
(Deficit)	<u>(785,420)</u>	<u>(704,031)</u>	<u>110,633</u>	<u>54,002</u>	<u>(674,787)</u>	<u>(650,029)</u>	3.67%
Total Net							
Assets	<u>\$ 7,979,108</u>	<u>\$ 7,192,060</u>	<u>\$ 127,032</u>	<u>\$ 68,877</u>	<u>\$ 8,106,140</u>	<u>\$ 7,260,937</u>	-10.43%

Changes in Net Assets. The District's combined net assets were \$7,260,937 on June 30, 2012, \$845,203 or 10.43% 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 \$334,789. The net assets of the business-type activities decreased \$58,156 (See Figure A-4).

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Revenue:							
Program Revenue:							
Charges for Services			\$215,936	\$187,788	\$ 215,936	\$ 187,788	-13.04%
Operating Grants and Contributions	\$5,812,475	\$6,050,943	59,066	64,357	5,871,541	6,115,300	4.15%
General Revenue:							
Property Taxes	8,579,907	8,765,642			8,579,907	8,765,642	2.16%
Other	123,149	86,798	950	638	124,099	87,436	-29.54%
Total Revenue	<u>14,515,531</u>	<u>14,903,383</u>	<u>275,952</u>	<u>252,783</u>	<u>14,791,483</u>	<u>15,156,166</u>	2.47%
Expenses:							
Instruction	8,546,674	8,562,935			8,546,674	8,562,935	0.19%
Pupil and Instruction Services	2,441,125	3,004,155			2,441,125	3,004,155	23.06%
Administrative and Business	1,239,544	1,309,385			1,239,544	1,309,385	5.63%
Maintenance and Operations	1,429,113	1,354,625			1,429,113	1,354,625	-5.21%
Transportation	1,186,503	1,290,220			1,186,503	1,290,220	8.74%
Other	144,326	169,111	281,057	310,939	425,383	480,050	12.85%
Total Expenses	<u>14,987,285</u>	<u>15,690,431</u>	<u>281,057</u>	<u>310,939</u>	<u>15,268,342</u>	<u>16,001,370</u>	4.80%
Increase/(Decrease) in Net Assets	<u>\$ (471,754)</u>	<u>\$ (787,048)</u>	<u>\$ (5,105)</u>	<u>\$ (58,156)</u>	<u>\$ (476,859)</u>	<u>\$ (845,204)</u>	-77.24%

Revenue Sources. The District's total revenue for the 2011/12 school year was \$15,156,166. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$8,765,642 of the total, or 57.84 percent. (See Figure A-5). Another 40.35 percent came from state and federal aid for specific programs and the remainder from miscellaneous sources, 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, \$635,566 is included in funds that are not paid to the District, but are included in funding for pension payments 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 2012

	Amount	Percentage
Sources of Income:		
Property Taxes	\$ 8,765,642	57.84%
Federal and State Categorical Grants	6,115,300	40.35%
Charges for Services	187,788	1.24%
Other	87,436	0.57%
Total Revenue	<u>\$ 15,156,166</u>	<u>100.00%</u>

The total cost of all programs and services was \$16,001,370. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (80.34 percent). (See Figure A-6). The District's administrative and business activities accounted for 8.18 percent of total costs. It is important to note that expenses include \$333,265 and \$1,524 of depreciation related to governmental and business-type capital assets, respectively.

Figure A-6
Expenses for Fiscal Year 2012

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 8,562,935	53.51%
Pupil and Instruction Services	3,004,155	18.77%
Administrative and Business	1,309,385	8.18%
Maintenance and Operations	1,354,625	8.47%
Transportation	1,290,220	8.06%
Other	480,050	3.01%
 Total Expenses	 <u>\$ 16,001,370</u>	 <u>100.00%</u>

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>2010/11</u>	<u>2011/12</u>	<u>2010/11</u>	<u>2011/12</u>
Instruction	\$ 9,334,994	\$ 8,562,935	\$ 3,610,404	\$ 3,459,480
Pupil and Instruction Services	1,741,503	3,004,155	2,174,546	2,716,919
Administrative and Business	1,173,671	1,309,385	1,148,085	1,179,908
Maintenance and Operations	1,451,067	1,354,625	1,371,022	1,281,970
Transportation	1,219,697	1,290,220	726,427	832,100
Other	140,129	169,111	144,326	169,111
	<u>\$ 15,061,061</u>	<u>\$ 15,690,431</u>	<u>\$ 9,174,810</u>	<u>\$ 9,639,488</u>

- The cost of all governmental activities this year was \$15.69 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$6.05 million).
- Most of the District's costs (\$8.77 million), however, were financed by District taxpayers.

Business-Type Activities

Net assets from the District's business-type activity decreased by \$58,156. (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenue by \$58,156, accounting for the decrease 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 2011-12, it is not guaranteed that this will continue. A referendum was passed for a solar panel installation project at the school which will reduce energy costs upon installation.

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 Change 2011/10
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Construction in Progress	\$ 8,071				\$ 8,071		(100.00%
Buildings, Building and Site Improvements	8,603,441	\$ 11,095,492			8,603,441	\$ 11,095,492	28.97%
Machinery and Equipment	288,237	424,371	\$ 16,399	\$ 14,875	304,636	439,246	44.19%
Total Capital Assets - (Net of Depreciation)	<u>\$ 8,899,749</u>	<u>\$ 11,519,863</u>	<u>\$ 16,399</u>	<u>\$ 14,875</u>	<u>\$ 8,916,148</u>	<u>\$ 11,534,738</u>	29.37%

The District's overall capital assets increased from the prior year due to the completion of the solar panel installation project. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

Long-term Debt

At year-end, the District had \$5,650,000 in general obligation bonds outstanding – an increase of \$3,065,000 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
	2010/11	2011/12	
General Obligation Bonds (Financed with Property Taxes)	\$ 2,585,000	\$ 5,650,000	118.57%
Less: Deferred Amount on Refunding	<u>(19,328)</u>	<u>(17,571)</u>	-9.09%
	2,565,672	5,632,429	
Other Long Term Liabilities	<u>725,801</u>	<u>739,060</u>	1.83%
	<u>\$ 3,291,473</u>	<u>\$ 6,371,489</u>	93.58%

- The District continued to pay down its debt, retiring \$235,000 of outstanding bonds.
- The District issued a serial bond for the installation and purchase of solar panels in the amount of \$3,300,000.

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 2011-12 passed by a margin of 916 yes and 585 no votes. The approval rate represents 61% of the votes cast, an increase of 9% over the previous year.
- A labor agreement with teachers expired June 30, 2011. A new agreement has not yet been reached.
- 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.
- A referendum for a solar photovoltaic system was passed by the voters at the April 2011 annual school election in the amount of \$3,895,000. There were 881 yes votes and 635 no votes. The approval rate was 58% of the votes cast. Bids for the project came in significantly lower than anticipated.

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.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,013,963	\$ 34,345	\$ 2,048,308
Receivables from Other Governments	74,628	763	75,391
Receivables from Federal Government	231,471		231,471
Internal Balances	(11,713)	11,713	
Inventory		9,408	9,408
Unamortized Bond Issuance Costs	71,141		71,141
Restricted Assets:			
Capital Reserve Account - Cash	742		742
Capital Assets:			
Depreciable Buildings and Building Improvements, Site Improvements and Furniture, Machinery and Equipment	<u>11,519,863</u>	<u>14,875</u>	<u>11,534,738</u>
Total Assets	<u>13,900,095</u>	<u>71,104</u>	<u>13,971,199</u>
LIABILITIES			
Accounts Payable	132,679		132,679
Payable to Federal Government	17		17
Deferred Revenue		2,227	2,227
Accrued Interest Payable	91,566		91,566
Unamortized Bond Premium	112,284		112,284
Noncurrent Liabilities:			
Due Within One Year	1,308,906		1,308,906
Due Beyond One Year	<u>5,062,583</u>		<u>5,062,583</u>
Total Liabilities	<u>6,708,035</u>	<u>2,227</u>	<u>6,710,262</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	5,869,863	14,875	5,884,738
Restricted for:			
Capital Projects Fund	1,617,805		1,617,805
Debt Service Fund	15,897		15,897
Other Purposes	392,526		392,526
Unrestricted/(Deficit)	<u>(704,031)</u>	<u>54,002</u>	<u>(650,029)</u>
Total Net Assets	<u>\$ 7,192,060</u>	<u>\$ 68,877</u>	<u>\$ 7,260,937</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, 2012

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
Governmental Activities:						
Instruction:						
Regular	\$ 6,839,274		\$ 4,591,191		\$ (2,248,083)	\$ (2,248,083)
Special Education	992,539		453,235		(539,304)	(539,304)
Other Special Instruction	63,436		7,759		(55,677)	(55,677)
Other Instruction	667,686		51,270		(616,416)	(616,416)
Support services:						
Tuition	1,465,955		148,371		(1,317,584)	(1,317,584)
Student & Instruction Related Services	1,538,200		138,865		(1,399,335)	(1,399,335)
General Administrative Services	503,179		53,081		(450,098)	(450,098)
School Administrative Services	603,080		56,968		(546,112)	(546,112)
Central Services	203,126		19,428		(183,698)	(183,698)
Plant Operations and Maintenance	1,354,625		72,655		(1,281,970)	(1,281,970)
Pupil Transportation	1,290,220		458,120		(832,100)	(832,100)
Interest on Long-Term Debt	144,926				(144,926)	(144,926)
Unallocated Depreciation	5,923				(5,923)	(5,923)
Capital Outlay	18,262				(18,262)	(18,262)
Total Governmental Activities	15,690,431	\$ -0-	6,050,943	\$ -0-	(9,639,488)	\$ -0-

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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
Food Service	\$ 310,938	\$ 187,788	\$ 64,357		\$ (58,793)	\$ (58,793)
Total Business-Type Activities	310,938	187,788	64,357		(58,793)	(58,793)
Total Primary Government	\$ 16,001,369	\$ 187,788	\$ 6,115,300	\$ (9,639,488)	\$ (58,793)	\$ (9,698,281)

General Revenues:

Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 8,765,642		\$ 8,765,642
Interest on Investments				3,580	\$ 638	4,218
Interest Earned in Capital Reserve				2		2
Miscellaneous Income				83,216		83,216
Total General Revenue				8,852,440	638	8,853,078
Change in Net Assets				(787,048)	(58,155)	(845,203)
Net Assets - Beginning				7,979,108	127,032	8,106,140
Net Assets - Ending				\$ 7,192,060	\$ 68,877	\$ 7,260,937

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

FUND FINANCIAL STATEMENTS

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 297,591		\$ 1,700,800	\$ 15,572	\$ 2,013,963
Receivables From State Government	74,598		30		74,628
Receivables From Federal Government	5,458	\$ 226,013			231,471
Interfund Receivable	217,697			325	218,022
Restricted Cash and Cash Equivalents	742				742
Total Assets	\$ 596,086	\$ 226,013	\$ 1,700,830	\$ 15,897	\$ 2,538,826
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 40,938	\$ 8,299	\$ 83,442		\$ 132,679
Payable to Federal Government		17			17
Interfund Payable	11,713	217,697	325		229,735
Total Liabilities	52,651	226,013	83,767		362,431
Fund Balances:					
Restricted for:					
Capital Reserve Account	742				742
Excess Surplus	157,637				157,637
Excess Surplus - Designated for Subsequent Year's Expenditures	234,889				234,889
Capital Projects Fund			1,578,151		1,578,151
Debt Service Fund				\$ 15,897	15,897
Assigned to:					
Year-end Encumbrances	116,794		38,912		155,706
Designated For Subsequent Year's Expenditures	33,373				33,373
Total Fund Balances	543,435		1,617,063	15,897	2,176,395
Total Liabilities and Fund Balances	\$ 596,086	\$ 226,013	\$ 1,700,830	\$ 15,897	

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are Different Because:

Capital assets used in <i>Governmental Activities</i> are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,477,683 and the accumulated depreciation is \$6,957,820.	11,519,863
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	(6,389,060)
Bond Issuance Costs are Reported as expenditures in the <i>Governmental Funds</i> . The Cost is \$99,597 and the Amortization is \$28,456.	71,141
Deferred Interest is Reported as an expenditure in the <i>Governmental Funds</i> . The Cost is \$24,599 and the accumulated Amortization is \$7,028.	17,571
Bond Premiums are Reported as revenue in the <i>Governmental Funds</i> . The Premium is \$157,196 and the accumulated Amortization is \$44,912.	(112,284)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due.	(91,566)
Net Assets of Governmental Activities	\$ 7,192,060

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, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 8,765,642				\$ 8,765,642
Tuition	3,600				3,600
Interest Earned on Capital Reserve Funds	2				2
Unrestricted Miscellaneous	69,330		\$ 13,866		83,196
Total - Local Sources	8,838,574		13,866		8,852,440
State Sources	5,769,699				5,769,699
Federal Sources	54,575	\$ 226,669			281,244
Total Revenue	14,662,848	226,669	13,866		14,903,383
EXPENDITURES:					
Current:					
Regular Instruction	4,682,364	78,298			4,760,662
Special Education Instruction	711,225				711,225
Other Special Instruction	55,677				55,677
Other Instruction	580,360				580,360
Support Services and Undistributed Costs:					
Tuition	1,317,584	148,371			1,465,955
Student & Instruction Related Services	1,095,685				1,095,685
General Administrative Services	380,915				380,915
School Administrative Services	420,950				420,950

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 150,396				\$ 150,396
Plant Operations and Maintenance	1,018,990				1,018,990
Pupil Transportation	1,290,220				1,290,220
Benefits - Allocated and Unallocated	3,249,684				3,249,684
Debt Service:					
Principal				\$ 235,000	235,000
Interest and Other Charges				106,838	106,838
Capital Outlay	194,413		\$ 2,777,228		2,971,641
Total Expenditures	<u>15,148,463</u>	<u>\$ 226,669</u>	<u>2,777,228</u>	<u>341,838</u>	<u>18,494,198</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	<u>(485,615)</u>		<u>(2,763,362)</u>	<u>(341,838)</u>	<u>(3,590,815)</u>
OTHER FINANCING SOURCES/(USES):					
Serial Bonds Issued			3,300,000		3,300,000
Transfers In				321,265	321,265
Transfers Out			(321,265)		(321,265)
Total Other Financing Sources/(Uses)			<u>2,978,735</u>	<u>321,265</u>	<u>3,300,000</u>
Net Change in Fund Balances	(485,615)		215,373	(20,573)	(290,815)
Fund Balance—July 1	<u>1,029,050</u>		<u>1,401,690</u>	<u>36,470</u>	<u>2,467,210</u>
Fund Balance—June 30	<u>\$ 543,435</u>	<u>\$ -0-</u>	<u>\$ 1,617,063</u>	<u>\$ 15,897</u>	<u>\$ 2,176,395</u>

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

WALKKILL 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, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (290,815)

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	\$ (333,265)	
	Capital outlays	<u>2,953,379</u>	
			2,620,114

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. 235,000

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 (+). (13,259)

In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. (40,445)

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. 2,357

	School Bonds Issued	<u>(3,300,000)</u>	
			<u>(3,300,000)</u>

Change in Net Assets of Governmental Activities \$ (787,048)

Exhibit B-4

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 34,345
Accounts Receivable:	
State	38
Federal	725
Interfund Receivable	11,713
Inventories	9,408
	56,229
Total Current Assets	56,229
Non-Current Assets:	
Capital Assets	70,085
Less: Accumulated Depreciation	(55,210)
	14,875
Total Non-Current Assets	14,875
Total Assets	71,104
<u>LIABILITIES:</u>	
Current Liabilities:	
Deferred Revenue	2,227
	2,227
Total Current Liabilities	2,227
<u>NET ASSETS:</u>	
Invested in Capital Assets, Net of Related Debt	14,875
Unrestricted	54,002
	68,877
Total Net Assets	\$ 68,877

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

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, 2012

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 89,203
Daily Sales - Non-Reimbursable Programs	98,585
Total Operating Revenue	187,788
Operating Expenses:	
Cost of Sales	192,054
Salaries & Payroll Taxes	91,319
Employee Benefits	14,115
Management Fee	8,686
Professional and Technical Services	1,527
Depreciation Expense	1,524
Other Miscellaneous Expenses	1,713
Total Operating Expenses	310,938
Operating (Loss)	(123,150)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,401
Federal Sources:	
National School Lunch Program	43,811
Food Distribution Program	18,145
Local Sources:	
Interest on Investments	638
Total Non-Operating Revenue	64,995
Change in Net Assets	(58,155)
Net Assets - Beginning of Year	127,032
Net Assets - End of Year	\$ 68,877

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, 2012

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 187,788
Payments to Employees	(91,319)
Payments for Benefits	(14,115)
Payments to Food Service Vendor	(8,686)
Payments to Suppliers	(168,447)
	(94,779)
Net Cash Used for Operating Activities	(94,779)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	48,881
	48,881
Net Cash Provided by Noncapital Financing Activities	48,881
Cash Flows from Investing Activities:	
Investment Income	638
	638
Net Cash Flows Provided by Investing Activities	638
Net Decrease in Cash and Cash Equivalents	(45,260)
Cash and Cash Equivalents, July 1	79,605
Cash and Cash Equivalents, June 30	\$ 34,345
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (123,150)
Adjustment to Reconcile Operating Loss to Cash used for Operating Activities:	
Federal Food Distribution Program	18,145
Depreciation	1,524
Changes in Assets and Liabilities:	
Decrease in Inventory	(4,440)
(Increase) in Interfund Receivable	12,450
(Decrease) in Deferred Revenue	692
	(94,779)
Net Cash Used for Operating Activities	\$ (94,779)

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 \$18,837 and utilized commodities valued at \$18,145.

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

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<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	\$ 1,444	\$ 136,914	\$ 50,744	\$ 7,789	\$ 196,891
Total Assets	<u>1,444</u>	<u>136,914</u>	<u>50,744</u>	<u>7,789</u>	<u>196,891</u>
<u>LIABILITIES:</u>					
Net Salaries and Wages	1,419				1,419
Payroll Deductions and Withholdings	25				25
Due to Student Groups		136,914			136,914
Total Liabilities	<u>1,444</u>	<u>136,914</u>			<u>138,358</u>
<u>NET ASSETS:</u>					
Held in Trust for Unemployment Claims				7,789	7,789
Reserved For Scholarships			50,744		50,744
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 50,744</u>	<u>\$ 7,789</u>	<u>\$ 58,533</u>

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Scholarship Trust	Totals
ADDITIONS:			
Contributions:			
Other		\$ 2,289	\$ 2,289
Total Contributions		2,289	2,289
Investment Earnings:			
Interest	\$ 22	284	306
Net Investment Earnings	22	284	306
Total Additions	22	2,573	2,595
DEDUCTIONS:			
Scholarships Awarded		4,000	4,000
Total Deductions		4,000	4,000
Change in Net Assets	22	(1,427)	(1,405)
Net Assets - Beginning of the Year	7,767	52,171	59,938
Net Assets - End of the Year	\$ 7,789	\$ 50,744	\$ 58,533

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, 2012

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, 2012
(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 and report all expendable financial resources not accounted for and reported 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 sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, 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 or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including 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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

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.

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. Non-exchange 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.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. 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).

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 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 these payments on the GAAP financial statements.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,690,764	\$ 226,669
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	427,475	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(455,391)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,662,848	\$ 226,669
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,148,463	\$ 226,669
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,148,463	\$ 226,669

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.

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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 restricted, committed, and/or assigned 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.

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 expenditures 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, 2012.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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. 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.

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, 2012.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

N. Compensated Absences: (Cont'd)

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 \$543,435 General Fund fund balance at June 30, 2012, \$116,794 is assigned for year-end encumbrances; \$742 is restricted for the capital reserve account; \$234,889 is the prior year excess surplus and has been restricted for and included as anticipated revenue for the year ending June 30, 2013; \$157,637 is the current year excess surplus in accordance with N.J.S.A 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014; \$33,373 is assigned for subsequent year's expenditures which is \$100,226 less on a GAAP basis; and \$0 is unassigned which is \$355,165 less than the calculated maximum unassigned 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, 2013.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2012 of \$15,897 is restricted.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2012 of \$1,578,151 is restricted and \$38,912 is assigned.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted 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 restrict 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, 2012 as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$455,391 as reported in the fund statements (modified accrual basis). P.L. 2003, 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 payment 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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

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

Q. Deficit Net Assets

The District has a \$704,031 deficit in its government activities Unrestricted Net Assets at June 30, 2012 primarily due to a result of the accrual of interest and compensated absences payable. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under 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.

S. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned. Fund balance restrictions have been established for excess surplus, a capital reserve, the Capital Projects Fund and the Debt Service Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

T. Revenue - Exchange and Non-exchange 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.

Non-exchange 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 non-exchange 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, 2012
(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, 2012
(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, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve Account	Total
Checking and Savings Accounts	\$ 2,245,199	\$ 742	\$ 2,245,941
	\$ 2,245,199	\$ 742	\$ 2,245,941

During the period ended June 30, 2012, 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, 2012, was \$2,245,941 and the bank balance was \$2,779,037.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 740
Interest Earnings	<u>2</u>
Ending Balance, June 30, 2012	<u><u>\$ 742</u></u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is equal to or greater than \$742.

NOTE 5. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2012, the District made transfers to capital outlay accounts in the amount of \$12,600 for equipment which did not require county superintendent approval. There was a transfer of \$193,520 for facilities acquisition and construction services, which received county superintendent approval.

NOTE 6. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 301,795
Other Instruction	11,366
General Administrative Services	414
School Administrative Services	2,031
Plant Operation and Maintenance	11,736
Unallocated	<u>5,923</u>
	<u><u>\$ 333,265</u></u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Increases	Decreases	Reclassification of Construction in Progress	Ending Balance
Governmental Activities:					
Capital Assets not Being Depreciated:					
Construction In Progress	\$ 8,071	\$ 2,777,228		\$ (2,785,299)	
Total Capital Assets Not Being Depreciated	<u>8,071</u>	<u>2,777,228</u>		<u>(2,785,299)</u>	
Capital Assets Being Depreciated:					
Buildings, Building Improvements and Site Improvements	14,623,036			2,785,299	\$ 17,408,335
Machinery and Equipment	950,921	176,151	\$ (57,724)		1,069,348
Total Capital Assets Being Depreciated	<u>15,573,957</u>	<u>176,151</u>	<u>(57,724)</u>	<u>2,785,299</u>	<u>18,477,683</u>
Governmental Activities Capital Assets	<u>15,582,028</u>	<u>2,953,379</u>	<u>(57,724)</u>		<u>18,477,683</u>
Less Accumulated Depreciation for:					
Buildings, Building Improvements and Site Improvements	(6,019,595)	(293,248)			(6,312,843)
Machinery and Equipment	(662,684)	(40,017)	57,724		(644,977)
	<u>(6,682,279)</u>	<u>(333,265)</u>	<u>57,724</u>		<u>(6,957,820)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,899,749</u>	<u>\$ 2,620,114</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 11,519,863</u>
Business Type Activities:					
Capital Assets Being Depreciated:					
Furniture and Equipment	70,085				70,085
Less Accumulated Depreciation	(53,686)	(1,524)			(55,210)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,399</u>	<u>\$ (1,524)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 14,875</u>

The District had completed a construction project for the installation of solar panels as of June 30, 2012.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2011	Accrued	Retired	Balance 6/30/2012
Bond Payable	\$ 2,585,000	\$3,300,000	\$ 235,000	\$ 5,650,000
Less: Deferred Amount on Refunding	(19,328)		1,757	(17,571)
Net Serial Bonds Payable	<u>2,565,672</u>		<u>236,757</u>	<u>5,632,429</u>
Compensated Absences Payable	<u>725,801</u>	<u>71,469</u>	<u>58,210</u>	<u>739,060</u>
	<u>\$ 3,291,473</u>	<u>\$3,371,469</u>	<u>\$ 531,724</u>	<u>\$ 6,371,489</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012 as follows:

<u>Maturity Date</u>	<u>Serial Bonds Interest Rate</u>	<u>Amount</u>
7/15/2021	4.00%-5.00%	\$ 2,350,000
9/1/2032	2.00%-3.750%	3,300,000
		<u>\$ 5,650,000</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>	
2013	\$ 1,235,000	\$ 200,563	\$ 1,435,563
2014	320,000	157,287	477,287
2015	320,000	146,188	466,188
2016	315,000	134,394	449,394
2017	325,000	121,450	446,450
2018-2022	1,725,000	413,338	2,138,338
2023-2027	650,000	195,200	845,200
2028-2032	760,000	70,287	830,287
	<u>\$ 5,650,000</u>	<u>\$ 1,438,707</u>	<u>\$ 7,088,707</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, and \$17,571 is deferred at June 30, 2012.

B. Capital Leases Payable:

The District had no capital leases payable at June 30, 2012.

C. Bonds and Notes Authorized but not Issued

The District had no bonds and notes authorized by not issued at June 30, 2012.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(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 \$73,906 and is separated from the long-term liability balance of compensated absences of \$665,154. 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, 2012, 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 a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible 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 legislation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.50% to 6.50% 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.

District contributions to PERS amounted to \$97,201, \$94,958 and \$74,431 for the fiscal years ended June 30, 2012, 2011 and 2010 respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$211,134, \$-0- and \$-0-, respectively, to the TPAF for 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, 2012
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), 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, 2011, there were 93,323 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 a pre-funding basis to a pay-as-you go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$424,432, \$431,030, and \$416,520 for 2012, 2011, and 2010, 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.

Property and Liability

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 is declared.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

The June 30, 2012 financial statements for the NJSBAIG were not available as of the date of this report, however, selected financial information for the NJSBAIG as of June 30, 2011 is as follows:

	New Jersey School Board Association Insurance Group (NJSBAIG) 2011
Total Assets	\$ 253,890,161
Net Assets	\$ 62,802,257
Total Revenue	\$ 83,993,678
Total Expenses	\$ 79,175,491
Change in Net Assets	\$ 4,818,187
Net Assets 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

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 amount of employee deductions to the Commissioner of Labor. The following is a summary of interest earned and 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>
2011-2012	\$ -0-	\$ 22	\$ -0-	\$ -0-	\$ 7,789
2010-2011	-0-	37	-0-	-0-	7,767
2009-2010	-0-	101	190	2,198	7,730

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the fund financial statements at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 217,697	\$ 11,713
Special Revenue Fund		217,697
Capital Projects Fund		325
Debt Service Fund	325	
Enterprise Fund - Food Service	11,713	
	<u>\$ 229,735</u>	<u>\$ 229,735</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 \$325 due from the Capital Projects Fund to the Debt Service Fund for interest earned in the current year. \$11,713 is due from the General Fund to the 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, 2012, were:

	<u>Governmental-Type Activities</u>			<u>Total Governmental Type-Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
Vendors	\$ 40,938	\$ 8,299	\$ 83,442	\$ 132,679
	<u>\$ 40,938</u>	<u>\$ 8,299</u>	<u>\$ 83,442</u>	<u>\$ 132,679</u>

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, permit 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
Equitable Financial Companies
Metropolitan Life

Lincoln National
Syracusa Benefits

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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 LIABILITIESGrant 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.

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Type-Activities</u>
\$ 116,794	\$ 38,912	\$ 155,706
<u>\$ 116,794</u>	<u>\$ 38,912</u>	<u>\$ 155,706</u>

BUDGETARY COMPARISON SCHEDULES

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,765,642		\$ 8,765,642	\$ 8,765,642	
Tuition				3,600	\$ 3,600
Other Restricted Miscellaneous	14,464		14,464	3,580	(10,884)
Interest Earned on Capital Reserve Funds	4		4	2	(2)
Unrestricted Miscellaneous	6,000		6,000	65,750	59,750
Total - Local Sources	8,786,110		8,786,110	8,838,574	52,464
State Sources:					
Transportation Aid	458,033		458,033	458,033	
Special Education Aid	393,803		393,803	393,803	
Equalization Aid	2,792,196		2,792,196	2,792,196	
Security Aid	60,343		60,343	60,343	
Adjustment Aid	754,674	\$ 143,870	898,544	898,544	
Extraordinary Aid				74,570	74,570
Non-public Transportation Aid				28	28
On-Behalf TPAF Pension Payments (Non-Budgeted)				211,134	211,134
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				424,432	424,432
TPAF Social Security (Reimbursed - Non-Budgeted)				484,532	484,532
Total State Sources	4,459,049	143,870	4,602,919	5,797,615	1,194,696
Federal Sources:					
Education Jobs Grant	44,432	10,452	54,884	54,575	(309)
Total Federal Sources	44,432	10,452	54,884	54,575	(309)
TOTAL REVENUES	13,289,591	154,322	13,443,913	14,690,764	1,246,851

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 4,562,247	\$ (42,041)	\$ 4,520,206	\$ 4,447,873	\$ 72,333
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000	9,415	13,415	13,382	33
Other Purchased Services	1,500		1,500	1,500	
Purchased Professional/Educational Services	5,000	12,800	17,800	17,798	2
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	27,300	(5,175)	22,125	21,984	141
General Supplies	140,230	(90)	140,140	140,037	103
Textbooks	41,400	(4,970)	36,430	36,428	2
Other Objects	4,350		4,350	3,362	988
Total Regular Programs - Instruction	4,786,027	(30,061)	4,755,966	4,682,364	73,602
Resource Room/Resource Center:					
Salaries of Teachers	634,732	85,555	720,287	706,085	14,202
Other Purchased Services (400-500 Series)	400		400	150	250
General Supplies	4,500	(1,000)	3,500	2,568	932
Textbooks	4,000	(800)	3,200	2,422	778
Other Objects	300		300		300
Total Resource Room/Resource Center	643,932	83,755	727,687	711,225	16,462
Total Special Education Instruction	643,932	83,755	727,687	711,225	16,462

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Unaudited)

	<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	\$ 55,661	\$ (3,885)	\$ 51,776	\$ 50,677	\$ 1,099
Total Basic Skills/Remedial - Instruction	55,661	(3,885)	51,776	50,677	1,099
Bilingual Education - Instruction:					
Salaries of Teachers	5,000		5,000	5,000	
General Supplies	400		400		400
Total Bilingual Education - Instruction	5,400		5,400	5,000	400
School-Sponsored Co curricular Activities - Instruction:					
Salaries	58,806	(2,000)	56,806	56,753	53
Transfer to Cover Deficit	29,300		29,300	29,300	
Total School-Sponsored Co curricular Activities - Instruction	88,106	(2,000)	86,106	86,053	53
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	290,871	20,300	311,171	311,167	4
Other Purchased Services	52,575	(1,220)	51,355	50,685	670
Supplies and Materials	65,000	2,545	67,545	66,839	706
Other Objects	26,000	(3,380)	22,620	22,616	4
Transfer to Cover Deficit	47,000	(4,000)	43,000	43,000	
Total School-Sponsored Co curricular Athletics - Instruction	481,446	14,245	495,691	494,307	1,384

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Instruction	\$ 6,060,572	\$ 62,054	\$ 6,122,626	\$ 6,029,626	\$ 93,000
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's Within the State - Special	237,602	(36,900)	200,702	200,686	16
Tuition - State Facilities	30,750		30,750	30,750	
Tuition to County Vocational School District - Regular	230,000	12,000	242,000	241,897	103
Tuition to Private Schools for the Disabled Within State Out of District - Supplies	755,893	110,080	865,973	842,578	23,395
		1,680	1,680	1,673	7
Total Undistributed Expenditures - Instruction	1,254,245	86,860	1,341,105	1,317,584	23,521
Health Services:					
Salaries	94,291	87	94,378	92,525	1,853
Purchased Professional/Technical Services	11,500	(200)	11,300	11,285	15
Other Purchased Services (400-500 series)	400		400	237	163
Supplies and Materials	3,500	1,425	4,925	3,713	1,212
Other Objects	200	(200)			
Total Health Services	109,891	1,112	111,003	107,760	3,243
Speech, OT, PT and Related Services:					
Purchased Professional/Educational Services	14,000	2,700	16,700	16,665	35
Total Speech, OT, PT and Related Services	14,000	2,700	16,700	16,665	35

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Services - Students - Extra Services:					
Salaries of Aides		\$ 20,921	\$ 20,921	\$ 20,917	\$ 4
Total Other Support Services - Students - Extra Services		20,921	20,921	20,917	4
Guidance:					
Salaries of Other Professional Staff	\$ 427,442	(390)	427,052	422,082	4,970
Salaries of Secretaries and Clerical Assistants	32,640	1	32,641	32,000	641
Other Purchased Services (400-500 Services)	6,500	(4,475)	2,025	1,881	144
Supplies and Materials	22,288	(8,015)	14,273	14,223	50
Other Objects	1,500	850	2,350	2,350	
Total Guidance	490,370	(12,029)	478,341	472,536	5,805
Child Study Teams:					
Salaries of Other Professional Staff	289,529	(19,531)	269,998	255,766	14,232
Salaries of Secretarial and Clerical Assistants	33,656		33,656	33,005	651
Miscellaneous Purchased Services	1,500	125	1,625	1,621	4
Supplies and Materials	3,500	3,500	7,000	6,234	766
Other Objects	200		200	100	100
Total Child Study Teams	328,385	(15,906)	312,479	296,726	15,753
Improvement of Instructional Services:					
Salaries of Other Professional Staff	5,000	1,905	6,905	6,900	5
Total Improvement of Instructional Services	5,000	1,905	6,905	6,900	5

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	\$ 136,444	\$ (575)	\$ 135,869	\$ 133,323	\$ 2,546
Purchased Professional/Technical Services	16,600	(2,000)	14,600	13,768	832
Other Purchased Services (400-500 series)	500		500	229	271
Supplies and Materials	27,900	(7,000)	20,900	16,867	4,033
Other Objects	50		50	50	
Total Educational Media Services/School Library	181,494	(9,575)	171,919	164,237	7,682
Instructional Staff Training Services:					
Purchased Professional/Educational Services	2,000	550	2,550	2,538	12
Other Purchased Services	7,075	350	7,425	7,406	19
Total Instructional Staff Training Services	9,075	900	9,975	9,944	31
Support Services - General Administration:					
Salaries	205,725	20,820	226,545	225,274	1,271
Legal Services	7,000	24,666	31,666	31,632	34
Audit Fees	27,000	3,665	30,665	30,665	
Other Purchased Professional Services	2,500		2,500	2,450	50
Purchased Technical Services	2,000	2,600	4,600	4,600	
Communications/Telephones	28,700	(3,410)	25,290	24,851	439
Board of Education Other Purchased Services	1,000	1,175	2,175	2,152	23
Other Purchased Services (400-500 series)	39,763	10,156	49,919	48,226	1,693
General Supplies	2,300	500	2,800	2,505	295
Miscellaneous Expenditures	3,000	(275)	2,725	2,497	228
BOE Membership Dues and Fees	3,800	2,300	6,100	6,063	37
Total Support Services - General Administration	322,788	62,197	384,985	380,915	4,070

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 283,900	\$ 29,130	\$ 313,030	\$ 313,027	\$ 3
Salaries of Secretarial and Clerical Assistants	97,605		97,605	95,784	1,821
Purchased Professional/Technical Services	600		600	500	100
Other Purchased Services (400-500 Services)	300		300	168	132
Supplies and Materials	5,000	4,620	9,620	7,729	1,891
Other Objects	3,000	1,698	4,698	3,742	956
Total Support Services - School Administration	390,405	35,448	425,853	420,950	4,903
Central Services:					
Salaries	142,206		142,206	139,418	2,788
Purchased Technical Services	5,000	2,630	7,630	7,395	235
Other Purchased Services (400-500 Services)	1,000	122	1,122	387	735
Supplies and Materials	1,000	1,335	2,335	2,011	324
Miscellaneous Expenditures	1,500	(315)	1,185	1,185	
Total Central Services	150,706	3,772	154,478	150,396	4,082
Required Maintenance of School Facilities:					
Salaries	62,287	50	62,337	62,337	
Cleaning, Repair and Maintenance Services	45,000	18,800	63,800	60,833	2,967
General Supplies	17,000	(13,400)	3,600	3,591	9
Total Required Maintenance of School Facilities	124,287	5,450	129,737	126,761	2,976

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Custodial Services:					
Salaries	\$ 440,436	\$ 18,700	\$ 459,136	\$ 459,044	\$ 92
Purchased Professional/Technical Services	5,500		5,500	4,740	760
Cleaning, Repair and Maintenance Services	123,000	(9,500)	113,500	111,932	1,568
Other Purchased Property Services (400-500 series)	20,000	(4,600)	15,400	15,338	62
Insurance	52,992	(20,130)	32,862	32,848	14
Miscellaneous Purchased Services	2,100		2,100	1,436	664
General Supplies	90,600	(25,825)	64,775	63,067	1,708
Energy (Electricity)	285,000	(81,915)	203,085	202,279	806
Other Objects	2,500		2,500	1,545	955
Total Custodial Services	1,022,128	(123,270)	898,858	892,229	6,629
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	64,730	(30,524)	34,206	30,567	3,639
Contracted Services:					
Between Home and School - Vendors	666,000	7,650	673,650	673,585	65
Other than Between Home and School - Vendors	80,300	13,600	93,900	93,630	270
Reg. Students - ESCs & CTSA	130,500	9,000	139,500	139,344	156
Spl. Ed. Students - ESCs & CTSA	457,000	(124,075)	332,925	332,924	1
Special Education Students - Vendors		15,750	15,750	15,750	
Aid In Lieu Payments - Non Public Schools	4,420		4,420	4,420	
Total Student Transportation Services	1,402,950	(108,599)	1,294,351	1,290,220	4,131

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Instruction - Employee Benefits:					
Social Security Contributions	\$ 5,517	\$ 25,126	\$ 30,643	\$ 22,437	\$ 8,206
Unemployment Compensation	11,852	935	12,787	11,986	801
Workmen's Compensation	50,558	5,000	55,558	55,462	96
Health Benefits	1,057,348	(60,140)	997,208	996,825	383
Tuition Reimbursement	40,700	(12,855)	27,845	27,836	9
Other Employee Benefits	3,350	10,400	13,750	13,712	38
Total Regular Programs - Instruction	1,169,325	(31,534)	1,137,791	1,128,258	9,533
Special Programs - Instruction - Employee Benefits:					
Social Security Contributions		500	500	488	12
Unemployment Compensation	1,871	300	2,171	2,087	84
Workmen's Compensation	7,490	1,600	9,090	9,076	14
Health Benefits	198,742	(27,230)	171,512	171,270	242
Tuition Reimbursement	3,000	(2,200)	800		800
Total Special Programs - Instruction	211,103	(27,030)	184,073	182,921	1,152
Other Instructional Programs - Instruction - Employee Benefits:					
Social Security Contributions	18,645	2,605	21,250	21,249	1
Other Retirement Contributions - PERS	5,885	(5,885)			
Unemployment Compensation	329	800	1,129	967	162
Workmen's Compensation	1,875	(800)	1,075	1,008	67
Health Benefits	12,725	110	12,835	12,832	3
Total Other Instructional Programs - Instruction	39,459	(3,170)	36,289	36,056	233

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<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		\$ 32	\$ 32	\$ 32	
Unemployment Compensation	\$ 208	8	216	212	\$ 4
Workmen's Compensation	937	72	1,009	1,008	1
Health Benefits	11,101	1,416	12,517	12,516	1
Total Health Services	12,246	1,528	13,774	13,768	6
Other Support Services - Students - Extraordinary Services - Employee Benefits:					
Social Security Contributions		1,640	1,640	1,429	211
Unemployment Compensation		200	200	107	93
Total Other Support Services - Students - Extraordinary		1,840	1,840	1,536	304
Guidance - Employee Benefits:					
Group Insurance					
Social Security Contributions	2,957	2,165	5,122	5,117	5
Other Retirement Contributions - PERS	5,885		5,885	5,885	
Unemployment Compensation	1,040		1,040	1,022	18
Workmen's Compensation	4,681	365	5,046	5,042	4
Health Benefits	121,494	(2,500)	118,994	118,860	134
Tuition Reimbursement	1,500	(1,500)			
Total Guidance	137,557	(1,470)	136,087	135,926	161

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<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	\$ 2,575	\$ 1,950	\$ 4,525	\$ 4,524	\$ 1
Other Retirement Contributions -PERS	5,885		5,885	5,885	
Unemployment Compensation	832	180	1,012	1,012	
Workmen's Compensation	3,746	290	4,036	4,034	2
Health Benefits	77,932		77,932	75,201	2,731
Tuition Reimbursement	500	(55)	445		445
Total Child Study Teams	91,470	2,365	93,835	90,656	3,179
Improvement of Instruction Services - Employee Benefits:					
Social Security Contributions	300	234	534	534	
Unemployment Compensation	65		65	22	43
Total Improvement of Instruction Services	365	234	599	556	43
Educational Media Services - School Library - Employee Benefits:					
Social Security Contributions	3,000		3,000	2,970	30
Other Retirement Contributions - PERS	5,885		5,885	5,885	
Unemployment Compensation	416		416	345	71
Workmen's Compensation	1,873	145	2,018	2,017	1
Health Benefits	36,682	1,950	38,632	38,625	7
Total Educational Media Services - School Library	47,856	2,095	49,951	49,842	109

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<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	\$ 4,158	\$ 3,260	\$ 7,418	\$ 7,416	\$ 2
Other Retirement Contributions - PERS	5,885		5,885	5,885	
Unemployment Compensation	464	20	484	479	5
Workmen's Compensation	1,873	145	2,018	2,017	1
Health Benefits	54,302	(15,145)	39,157	38,658	499
Total Support Services - General Administration	66,682	(11,720)	54,962	54,455	507
Support Services - School Administration - Employee Benefits:					
Social Security Contributions	7,468	2,000	9,468	9,166	302
Other Retirement Contributions - PERS	11,770	5,000	16,770	16,770	
Unemployment Compensation	832	1,000	1,832	844	988
Workmen's Compensation	3,744	290	4,034	4,034	
Health Benefits	91,219	6,300	97,519	97,222	297
Total Support Services - School Administration	115,033	14,590	129,623	128,036	1,587
Support Services - Central Services - Employee Benefits:					
Social Security Contributions	3,739	2,000	5,739	3,828	1,911
Other Retirement Contributions - PERS	5,885	1,000	6,885	6,885	
Unemployment Compensation	416	500	916	457	459
Workmen's Compensation	1,873	145	2,018	2,017	1
Health Benefits	19,375	750	20,125	20,115	10
Total Support Services - Central Services	31,288	4,395	35,683	33,302	2,381

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<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	\$ 38,460	\$ 535	\$ 38,995	\$ 38,991	\$ 4
Other Retirement Contributions - PERS	52,965	(1,000)	51,965	50,006	1,959
Unemployment Compensation	1,663	5	1,668	1,666	2
Workmen's Compensation	7,496	574	8,070	8,067	3
Health Benefits	168,330	7,225	175,555	175,544	11
Total Custodial Services	268,914	7,339	276,253	274,274	1,979
On-Behalf Contributions:					
On-Behalf TPAF Pension Payments (Non-Budgeted)				211,134	(211,134)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				424,432	(424,432)
TPAF Social Security (Reimbursed - Non-Budgeted)				484,532	(484,532)
Total On-Behalf Contributions				1,120,098	(1,120,098)
Total Personal Services - Employee Benefits	2,191,298	(40,538)	2,150,760	3,249,684	(1,098,924)
Total Undistributed Expenses	7,997,022	(88,652)	7,908,370	8,924,424	(1,016,054)
TOTAL CURRENT EXPENSE	14,057,594	(26,598)	14,030,996	14,954,050	(923,054)
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	4,000	(4,000)			
School - Sponsored and Other Instructional Program	4,000	(4,000)			
Undistributed Expenditures-Support Services-Students-Regular	4,000		4,000		4,000
Custodial Services	7,500	(4,600)	2,900	2,649	251
Total Equipment	19,500	(12,600)	6,900	2,649	4,251

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		\$ 600	\$ 600	\$ 584	\$ 16
Other Purchased Professional and Technical Services		14,500	14,500	14,444	56
Construction Services		178,420	178,420	158,474	19,946
Other Objects	\$ 18,262		18,262	18,262	
Total Facilities Acquisition and Construction Services	18,262	193,520	211,782	191,764	20,018
TOTAL CAPITAL OUTLAY	37,762	180,920	218,682	194,413	24,269
TOTAL EXPENDITURES	14,095,356	154,322	14,249,678	15,148,463	(898,785)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(805,765)		(805,765)	(457,699)	348,066
Fund Balance, July 1	1,456,525		1,456,525	1,456,525	
Fund Balance, June 30	\$ 650,760	\$ -	\$ 650,760	\$ 998,826	\$ 348,066
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 742	
Excess Surplus				157,637	
Excess Surplus - Designated for Subsequent Year's Expenditures				234,889	
Assigned to:					
Year-end Encumbrances				116,794	
Designated for Subsequent Year's Expenditures				133,599	
Unassigned				355,165	
				998,826	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP basis				(455,391)	
Fund Balance per Governmental Funds (GAAP)				\$ 543,435	

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 201,538	\$ 25,131	\$ 226,669	\$ 226,669	
Total Revenues	201,538	25,131	226,669	226,669	
EXPENDITURES:					
Instruction					
Salaries of Teachers	41,700	5,186	46,886	46,886	
Tuition	124,977	23,394	148,371	148,371	
General Supplies	26,522	(4,208)	22,314	22,314	
Total Instruction	193,199	24,372	217,571	217,571	
Support Services					
Personal Service - Employee Benefits	8,339	759	9,098	9,098	
Total Support Services	8,339	759	9,098	9,098	
Total Expenditures	201,538	25,131	226,669	226,669	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,690,764	\$ 226,669
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	427,475	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(455,391)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,662,848	\$ 226,669
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,148,463	\$ 226,669
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,148,463	\$ 226,669

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and are voted upon at the school election on the fourth Wednesday in April, 2011. 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. 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 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)

SPECIAL REVENUE FUND

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>No Child Left Behind</u>		<u>IDEA Part - B Basic</u>	<u>Perkins Vocational Education</u>	<u>Total</u>
	<u>Title I</u>	<u>Title IIA</u>			
REVENUE:					
Federal Sources	\$ 39,898	\$ 14,686	\$ 148,371	\$ 23,714	\$ 226,669
Total Revenue	<u>39,898</u>	<u>14,686</u>	<u>148,371</u>	<u>23,714</u>	<u>226,669</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	33,248	12,238		1,400	46,886
Tuition			148,371		148,371
General Supplies				22,314	22,314
Total Instruction	<u>33,248</u>	<u>12,238</u>	<u>148,371</u>	<u>23,714</u>	<u>217,571</u>
Support Services:					
Personal Service - Employee Benefits	6,650	2,448			9,098
Total Support Services	<u>6,650</u>	<u>2,448</u>			<u>9,098</u>
Total Expenditures	<u>\$ 39,898</u>	<u>\$ 14,686</u>	<u>\$ 148,371</u>	<u>\$ 23,714</u>	<u>\$ 226,669</u>

Exhibit E-2

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012

Revenue and Other Financing Sources:	
Serial Bond Proceeds	\$ 3,300,000
Interest Income	<u>13,866</u>
Total Revenue and Other Financing Sources	<u>3,313,866</u>
Expenditures:	
Purchased Professional and Technical Services	371,790
Facilities Acquisition and Construction Services	2,386,651
Miscellaneous Costs	<u>18,787</u>
Total Expenditures	<u>2,777,228</u>
Expenditures and Other Financing Uses:	
Transfer to Debt Service Fund:	
Close out of Projects	307,399
Interest Earned	<u>13,866</u>
Total Expenditures and Other Financing Uses	<u>321,265</u>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	215,373
Fund Balance - Beginning of Year	<u>1,401,690</u>
Fund Balance - End of Year	<u><u>\$ 1,617,063</u></u>
Reconciliation of Fund Balance:	
Fund Balance - Budgetary Basis	<u>\$ 1,617,063</u>
Fund Balance - GAAP Basis	<u><u>\$ 1,617,063</u></u>

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ADDITIONS AND RENOVATIONS TO WALKKILL VALLEY REGIONAL HIGH SCHOOL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
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
Total Revenue and Other Financing Sources	7,649,600		7,649,600	7,649,600
Expenditures and Other Financing Uses:				
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	824,880	\$ 307,399	1,132,279	
Total Expenditures and Other Financing Uses	6,239,839	307,399	6,547,238	7,649,600
Excess/(Deficit) of Revenue Over/ (Under) Expenditures and Other Financing Uses	\$ 1,409,761	\$ (307,399)	\$ 1,102,362	\$ -0-

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

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SOLAR PHOTOVOLTAIC PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Bond Proceeds and Transfers		\$ 3,300,000	\$ 3,300,000	\$ 3,300,000
Total Revenue and Other Financing Sources		<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	\$ 8,071	371,790	379,861	500,000
Facilities Acquisition and Construction Services		2,386,651	2,386,651	2,415,000
Miscellaneous Costs		18,787	18,787	385,000
Total Expenditures and Other Financing Uses	<u>8,071</u>	<u>2,777,228</u>	<u>2,785,299</u>	<u>3,300,000</u>
Excess/(Deficit) of Revenue Over/ (Under) Expenditures and Other Financing Uses	<u>\$ (8,071)</u>	<u>\$ 522,772</u>	<u>\$ 514,701</u>	<u>\$ -0-</u>

Additional Project Information:

Bonds Authorized Date		4/27/2011
Bonds Authorized	\$	3,300,000
Bonds Issued		3,300,000
Original Authorized Cost		3,895,000
Revised Authorized Cost		3,300,000
Percentage Increase over Original Authorized Cost		0.00%
Percentage Completion		84.40%
Original Target Completion Date		1/13/2012
Revised Target Completion Date		3/16/2012

PROPRIETARY FUNDS

Exhibit G-1

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 34,345
Accounts Receivable:	
State	38
Federal	725
Interfund Receivable	11,713
Inventories	9,408
	<hr/>

Total Current Assets

56,229

Non-Current Assets:

Capital Assets	70,085
Less: Accumulated Depreciation	(55,210)
	<hr/>

Total Non-Current Assets

14,875

Total Assets

71,104

LIABILITIES:

Current Liabilities:

Deferred Revenue	2,227
	<hr/>

Total Current Liabilities

2,227

NET ASSETS:

Investment in Capital Assets Net of Related Debt	14,875
Unrestricted	54,002
	<hr/>
Total Net Assets	\$ 68,877
	<hr/> <hr/>

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, 2012

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 89,203
Daily Sales - Non Reimbursable Programs	98,585
	<hr/>
Total Operating Revenue	187,788
	<hr/>
Operating Expenses:	
Cost of Sales	192,054
Salaries & Payroll Taxes	91,319
Employee Benefits	14,115
Management Fee	8,686
Professional and Technical Services	1,527
Depreciation Expense	1,524
Other Miscellaneous Expenses	1,713
	<hr/>
Total Operating Expenses	310,938
	<hr/>
Operating (Loss)	(123,150)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,401
Federal Sources:	
National School Lunch Program	43,811
Food Distribution Program	18,145
Local Sources:	
Interest Income	638
	<hr/>
Total Non-Operating Revenue	64,995
	<hr/>
Change in Net Assets	(58,155)
Net Assets - Beginning of Year	127,032
	<hr/>
Net Assets - End of Year	\$ 68,877
	<hr/> <hr/>

Exhibit G-3

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 187,788
Payments to Employees	(91,319)
Payments for Benefits	(14,115)
Payments to Food Service Vendor	(8,686)
Payments to Suppliers	<u>(168,447)</u>
Net Cash Used for Operating Activities	<u>(94,779)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>48,881</u>
Net Cash Provided by Noncapital Financing Activities	<u>48,881</u>
Cash Flows from Investing Activities:	
Investment Income	<u>638</u>
Net Cash Flows Provided by Investing Activities:	<u>638</u>
Net Decrease in Cash and Cash Equivalents	(45,260)
Cash and Cash Equivalents, July 1	<u>79,605</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 34,345</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (123,150)
Adjustment to Reconcile Operating Loss to Cash used for Operating Activities:	
Federal Food Distribution Program	18,145
Depreciation	1,524
Changes in Assets and Liabilities:	
(Increase)Decrease in Inventory	(4,440)
(Increase)Decrease in Interfund Receivable	12,450
Increase(Decrease) in Deferred Revenue	<u>692</u>
Net Cash Used for Operating Activities	<u><u>\$ (94,779)</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 \$18,837 and utilized commodities valued at \$18,145.

FIDUCIARY FUNDS

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	Payroll Agency	Student Activity	Scholarship Trust	Unemployment Compensation Trust	Totals
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 1,444	\$ 136,914	\$ 50,744	\$ 7,789	\$ 196,891
Total Assets	1,444	136,914	50,744	7,789	196,891
<u>LIABILITIES:</u>					
Net Salaries and Wages	1,419				1,419
Payroll Deductions and Withholdings Due to Student Groups	25	136,914			25 136,914
Total Liabilities	1,444	136,914			138,358
<u>NET ASSETS:</u>					
Held in Trust for Unemployment Claims				7,789	7,789
Restricted For Scholarships			50,744		50,744
Total Net Assets	\$ -0-	\$ -0-	\$ 50,744	\$ 7,789	\$ 58,533

Exhibit H-2

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Scholarship Trust	Totals
ADDITIONS:			
Contributions:			
Other		\$ 2,289	\$ 2,289
Total Contributions		2,289	2,289
Investment Earnings:			
Interest	\$ 22	284	306
Net Investment Earnings	22	284	306
Total Additions	22	2,573	2,595
DEDUCTIONS:			
Scholarships Awarded		4,000	4,000
Total Deductions		4,000	4,000
Change in Net Assets	22	(1,427)	(1,405)
Net Assets - Beginning of the Year	7,767	52,171	59,938
Net Assets - End of the Year	\$ 7,789	\$ 50,744	\$ 58,533

Exhibit H-3

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 116,185	\$ 437,428	\$ 416,699	\$ 136,914
Total Assets	<u>\$ 116,185</u>	<u>\$ 437,428</u>	<u>\$ 416,699</u>	<u>\$ 136,914</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 116,185	\$ 437,428	\$ 416,699	\$ 136,914
Total Liabilities	<u>\$ 116,185</u>	<u>\$ 437,428</u>	<u>\$ 416,699</u>	<u>\$ 136,914</u>

Exhibit H-4

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
High School:				
Athletic	\$ 2,114	\$ 76,985	\$ 77,082	\$ 2,017
Activity	<u>114,071</u>	<u>360,443</u>	<u>339,617</u>	<u>134,897</u>
Total	<u>\$ 116,185</u>	<u>\$ 437,428</u>	<u>\$ 416,699</u>	<u>\$ 136,914</u>

Exhibit H-5

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 14,955	\$ 8,907,961	\$ 8,921,472	\$ 1,444
Total Assets	<u>\$ 14,955</u>	<u>\$ 8,907,961</u>	<u>\$ 8,921,472</u>	<u>\$ 1,444</u>
 <u>LIABILITIES:</u>				
Net Salaries and Wages	\$ 1,267	\$ 5,195,582	\$ 5,195,430	\$ 1,419
Payroll Deductions and Withholdings	<u>13,688</u>	<u>3,712,379</u>	<u>3,726,042</u>	<u>25</u>
Total Liabilities	<u>\$ 14,955</u>	<u>\$ 8,907,961</u>	<u>\$ 8,921,472</u>	<u>\$ 1,444</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOLARSHIP TRUSTS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 52,171	\$ 2,573	\$ 4,000	\$ 50,744
Total Assets	<u>\$ 52,171</u>	<u>\$ 2,573</u>	<u>\$ 4,000</u>	<u>\$ 50,744</u>
 <u>NET ASSETS:</u>				
Restricted for Scholarships	\$ 52,171	\$ 2,573	\$ 4,000	\$ 50,744
Total Net Assets	<u>\$ 52,171</u>	<u>\$ 2,573</u>	<u>\$ 4,000</u>	<u>\$ 50,744</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		Interest Rate	Balance June 30, 2011	Issued	Matured	Balance June 30, 2012
			Date	Amount					
Refunding Issue - 2008	1/22/2008	\$ 3,075,000	7/15/12-14	\$ 235,000	4.000%	\$ 2,585,000		\$ 235,000	\$ 2,350,000
			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%				
Solar Panel Purchase and Installation	11/29/2011	3,300,000	9/1/2013	1,000,000	2.000%		\$ 3,300,000		3,300,000
			9/1/2014	85,000	2.000%				
			9/1/2015	85,000	2.000%				
			9/1/2016	90,000	2.000%				
			9/1/2017	95,000	2.000%				
			9/1/2018	100,000	2.000%				
			9/1/2019	105,000	2.000%				
			9/1/2020	105,000	2.500%				
			9/1/2021	110,000	3.000%				
			9/1/2022	115,000	3.000%				
			9/1/2023	120,000	3.000%				
			9/1/2024	125,000	3.500%				
			9/1/2025	130,000	3.500%				
			9/1/2026	135,000	3.500%				
			9/1/2027	140,000	3.500%				
			9/1/2028	145,000	3.500%				
9/1/2029	150,000	3.500%							
9/1/2030	155,000	3.500%							
9/1/2031	160,000	3.750%							
9/1/2032	150,000	3.750%							
						\$ 2,585,000	\$ 3,300,000	\$ 235,000	\$ 5,650,000

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

WALLKILL VALLEY REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 106,838		\$ 106,838	\$ 106,838	
Redemption of Principal	235,000		235,000	235,000	
Total Regular Debt Service	<u>341,838</u>		<u>341,838</u>	<u>341,838</u>	
Total Expenditures	<u>341,838</u>		<u>341,838</u>	<u>341,838</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(341,838)		(341,838)	(341,838)	
Other Financing Sources:					
Operating Transfer In - Capital Projects Fund Interest				13,866	\$ 13,866
Operating Transfer In - Capital Projects Fund	<u>307,399</u>		<u>307,399</u>	<u>307,399</u>	
Total Other Financing Sources	<u>307,399</u>		<u>307,399</u>	<u>321,265</u>	<u>13,866</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(34,439)		(34,439)	(20,573)	13,866
Fund Balance, July 1	<u>36,470</u>		<u>36,470</u>	<u>36,470</u>	
Fund Balance, June 30	<u>\$ 2,031</u>	<u>\$ -0-</u>	<u>\$ 2,031</u>	<u>\$ 15,897</u>	<u>\$ 13,866</u>
			Restricted for Debt Service	<u>\$ 15,897</u>	

STATISTICAL SECTION
(UNAUDITED)

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

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>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.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>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.</p>	J-14 thru J-15
<p>Operating Information</p> <p>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.</p>	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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities								
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	\$ 6,314,749	\$ 5,869,863
Restricted	3,754,603	4,029,822	4,338,962	4,193,009	3,682,052	2,967,475	2,449,779	2,026,228
Unrestricted/(Deficit)	(825,907)	(343,226)	(752,952)	(603,019)	(807,933)	(902,565)	(785,420)	(704,031)
Total Governmental Activities Net Assets	\$ 8,446,551	\$ 9,766,887	\$ 10,133,280	\$ 10,708,721	\$ 9,357,428	\$ 8,450,862	\$ 7,979,108	\$ 7,192,060
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt				\$ 17,237	\$ 19,760	\$ 18,079	\$ 16,399	\$ 14,874
Unrestricted	\$ 67,353	\$ 99,039	\$ 135,916	130,573	111,901	114,058	110,633	54,002
Total Business-Type Activities Net Assets	\$ 67,353	\$ 99,039	\$ 135,916	\$ 147,810	\$ 131,661	\$ 132,137	\$ 127,032	\$ 68,876
District-Wide								
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	\$ 6,331,148	\$ 5,884,737
Restricted	3,754,603	4,029,822	4,338,962	4,193,009	3,682,052	2,967,475	2,449,779	2,026,228
Unrestricted/(Deficit)	(758,554)	(244,187)	(637,093)	(472,446)	(696,032)	(788,507)	(674,787)	(650,029)
Total District Net Assets	\$ 8,513,904	\$ 9,865,926	\$ 10,269,196	\$ 10,856,531	\$ 9,489,089	\$ 8,582,999	\$ 8,106,140	\$ 7,260,936

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

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental activities								
Instruction								
Regular	\$ 5,920,325	\$ 6,135,339	\$ 6,708,909	\$ 6,586,767	\$ 6,815,264	\$ 7,130,288	\$ 6,923,097	\$ 6,839,274
Special Education	529,110	563,485	577,462	716,585	721,638	805,127	873,085	992,539
Other Special Education	190,451	204,790	85,262	97,952	94,363	70,524	58,903	63,436
Other Instruction	521,963	612,337	811,812	813,180	838,051	782,306	691,589	667,686
Support Services:								
Tuition	720,618	642,261	808,997	869,014	994,735	806,107	977,364	1,465,955
Student & Instruction Related Services	1,405,039	1,482,942	1,546,723	1,525,341	1,667,932	1,482,145	1,463,761	1,538,200
General Administrative Services	408,663	442,597	489,180	463,953	449,126	449,174	469,436	503,179
School Administrative Services	454,930	432,695	489,794	527,512	512,550	534,469	570,563	603,080
Central Services	167,237	173,975	185,716	188,586	182,213	190,028	199,545	203,126
Plant Operations And Maintenance	1,158,330	1,276,873	1,415,203	1,402,856	1,417,863	1,451,067	1,429,113	1,354,625
Pupil Transportation	1,103,401	1,167,932	1,256,640	1,289,909	1,342,996	1,219,697	1,186,503	1,290,220
Interest On Long-Term Debt	298,053	250,543	214,501	163,511	115,469	120,907	106,555	144,926
Unallocated	355,972	263,264	321,567	321,567	39,686	7,563	6,368	5,923
Capital Outlay						11,659	31,403	18,262
Total Governmental Activities Expenses	13,234,092	13,649,033	14,911,766	14,966,733	15,191,886	15,061,061	14,987,285	15,690,431
Business-type activities:								
Food Service	226,303	251,360	260,550	275,843	301,441	276,350	281,057	310,939
Total Business-Type Activities Expense	226,303	251,360	260,550	275,843	301,441	276,350	281,057	310,939
Total District Expenses	\$ 13,460,395	\$ 13,900,393	\$ 15,172,316	\$ 15,242,576	\$ 15,493,327	\$ 15,337,411	\$ 15,268,342	\$ 16,001,370
Program Revenues								
Governmental Activities:								
Operating Grants and Contributions	\$ 5,832,078	\$ 5,869,589	\$ 6,313,754	\$ 6,510,453	\$ 5,954,780	\$ 5,265,169	\$ 5,812,475	\$ 6,050,943
Total Governmental Activities Program Revenues	5,832,078	5,869,589	6,313,754	6,510,453	5,954,780	5,265,169	5,812,475	6,050,943

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:								
Charges for services								
Food Service	\$ 211,739	\$ 244,585	\$ 250,142	\$ 247,504	\$ 236,878	\$ 223,240	\$ 215,936	\$ 187,788
Operating Grants and Contributions	33,977	37,543	37,491	34,770	40,705	51,847	59,066	64,357
Total Business Type Activities Program Revenues	<u>245,716</u>	<u>282,128</u>	<u>287,633</u>	<u>282,274</u>	<u>277,583</u>	<u>275,087</u>	<u>275,002</u>	<u>252,145</u>
Total District Program Revenues	<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>	<u>\$ 6,087,477</u>	<u>\$ 6,303,088</u>
Net (Expense)/Revenue								
Governmental Activities	\$ (7,402,014)	\$ (7,779,444)	\$ (8,598,012)	\$ (8,456,280)	\$ (9,237,106)	\$ (9,795,892)	\$ (9,174,810)	\$ (9,639,488)
Business-Type Activities	19,413	30,768	27,083	6,431	(23,858)	(1,263)	(6,055)	(58,794)
Total District-Wide Net Expense	<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>	<u>\$ (9,180,865)</u>	<u>\$ (9,698,282)</u>
General Revenues and Other Changes in Net Assets								
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	\$ 8,579,907	\$ 8,765,642
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	4	3,582
Miscellaneous Income	131,727	698,782	318,256	171,560	160,079	131,456	123,145	83,216
Transfers	(32,000)							
Adjustment to Fixed Asset Report		(6,100)	143,291		(579,417)	(38,800)		
Total Governmental Activities	<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>	<u>8,703,056</u>	<u>8,852,440</u>
Business-Type Activities:								
Miscellaneous Income	374	918	2,837	5,463	3,506	1,739	950	638
Adjustment to Fixed Asset Report			6,957		4,203			
Total Business-Type Activities	<u>374</u>	<u>918</u>	<u>9,794</u>	<u>5,463</u>	<u>7,709</u>	<u>1,739</u>	<u>950</u>	<u>638</u>
Total District-Wide	<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>	<u>\$ 8,704,006</u>	<u>\$ 8,853,078</u>

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Change in Net Assets								
Governmental Activities	\$ 506,937	\$ 1,320,336	\$ 366,393	\$ 575,441	\$ (1,351,293)	\$ (906,566)	\$ (471,754)	\$ (787,048)
Business-Type Activities	19,787	31,686	36,877	11,894	(16,149)	476	(5,105)	(58,156)
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>	<u>\$ (476,859)</u>	<u>\$ (845,204)</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 EIGHT FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
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)		
Restricted							\$ 751,708	\$ 393,268
Assigned							277,342	150,167
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>	<u>\$ 1,029,050</u>	<u>\$ 543,435</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		
Restricted							\$ 1,438,160	\$ 1,632,960
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>	<u>\$ 1,438,160</u>	<u>\$ 1,632,960</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
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues								
Tax Levy	\$ 7,496,122	\$ 8,115,830	\$ 8,227,480	\$ 8,615,213	\$ 8,305,138	\$ 8,249,911	\$ 8,579,907	\$ 8,765,642
Tuition Charges	16,404	20,650	33,420	3,800		4,000	4,400	3,600
Interest Earnings	23,280	53,497	114,693	154,688	73,090	55,138	6,728	3,582
Unrestricted Miscellaneous Revenue	92,309	624,982	178,718	14,777	87,001	72,327	112,021	79,616
State Sources	5,957,426	5,984,149	6,389,637	6,528,431	5,734,667	4,834,181	5,471,948	5,769,699
Federal Sources	187,488	176,361	190,920	225,266	220,113	977,738	340,527	281,244
Total Revenue	13,773,029	14,975,469	15,134,868	15,542,175	14,420,009	14,193,295	14,515,531	14,903,383
Expenditures								
Instruction								
Regular Instruction	4,509,334	4,615,121	4,802,691	4,770,907	4,961,474	5,062,644	4,819,912	4,760,662
Special Education Instruction	383,921	406,481	409,921	507,407	535,987	608,365	633,705	711,225
Other Special Instruction	54,662	58,369	59,752	68,668	60,902	63,070	52,613	55,677
Other Instruction	516,199	607,403	619,711	615,338	665,464	658,555	549,371	580,360
Support Services:								
Tuition	720,618	642,261	808,997	869,014	994,735	806,107	977,364	1,465,955
Student & Instruction Related Services	1,093,224	1,145,694	1,156,277	1,142,603	1,174,741	1,110,653	1,088,684	1,095,685
General Administrative Services	340,918	369,527	368,636	372,062	345,742	362,816	363,824	380,915
School Administrative Services	340,239	354,805	369,456	366,454	383,122	395,146	409,795	420,950
Central Services	129,313	130,246	134,402	137,645	138,166	147,847	153,293	150,396
Plant Operations And Maintenance	996,602	1,099,202	1,190,080	1,196,937	1,220,209	1,154,694	1,094,582	1,018,990
Pupil Transportation	1,103,401	1,167,932	1,256,640	1,289,909	1,342,996	1,219,697	1,186,503	1,290,220
Unallocated Benefits	2,340,956	2,531,895	3,005,669	3,030,225	2,846,902	2,942,777	3,166,246	3,249,684
Capital Outlay	59,563	78,431	110,482	378,255	27,583	71,004	57,040	2,971,641

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Debt Service:								
Principal	\$ 775,000	\$ 760,000	\$ 740,000	\$ 720,000	\$ 245,000	\$ 240,000	\$ 240,000	\$ 235,000
Interest And Other Charges	315,494	273,892	232,489	192,119	131,298	124,138	115,738	106,838
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>	<u>14,908,670</u>	<u>18,494,198</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>	<u>(393,139)</u>	<u>(3,590,815)</u>
Other Financing Sources (Uses)								
Serial Bonds Defeased					3,108,000			
Serial Bonds Issued					(3,075,000)			3,300,000
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	357,769	321,265
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>	<u>(357,769)</u>	<u>(321,265)</u>
Total Other Financing Sources (Uses)	<u>(32,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,300,000</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>	<u>\$ (393,139)</u>	<u>\$ (290,815)</u>
Debt Service As A Percentage Of								
Noncapital Expenditures	8.0%	7.3%	6.4%	6.0%	2.5%	2.4%	2.8%	2.2%

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>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Insurance</u> <u>Settlement</u>	<u>Total</u>
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
2011	6,278		4,400	76,001		86,679
2012	3,582		3,600	65,750		72,932

Source: Wallkill Valley Regional High School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
Franklin Borough													
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	5,341,000	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	2,519,000	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
2010	* 19,202,000	319,440,600	4,444,100	152,800	123,398,300	13,167,700	7,466,200	487,271,700	58,078,400	2,626,313	489,898,013	0.37	535,613,771
2011	15,165,600	309,750,900	4,849,900	210,600	121,699,700	12,949,100	7,253,800	471,879,600	58,078,400	2,032,665	473,912,265	0.41	500,752,605
Hamburg Borough													
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
2010	5,734,750	180,536,500	169,000	4,500	18,712,800	2,745,700	331,500	208,234,750	4,750,400	307,672	208,542,422	0.70	356,252,093
2011	5,684,750	180,074,500	169,000	4,500	17,088,400	3,921,700	331,500	207,274,350	4,877,700	351,612	207,625,962	0.69	309,059,187
Hardyston Township													
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
2010	* 47,367,900	916,046,400	15,985,100	1,277,300	115,094,600	46,989,500	17,013,600	1,159,774,400	121,692,000	2,595,898	1,162,370,298	0.37	1,306,080,537
2011	45,888,100	914,453,800	15,949,600	1,279,200	111,256,300	43,547,700	17,013,600	1,149,388,300	122,537,000	2,165,303	1,151,553,603	0.39	1,207,205,709
Ogdensburg Borough													
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
2010	4,471,000	215,264,100	317,600	15,900	15,285,900	3,462,500	2,788,100	241,605,100	21,334,400	376,515	241,981,615	0.32	246,933,065
2011	3,232,200	215,743,200	317,600	15,900	15,747,300	3,137,000	2,788,100	240,981,300	22,516,400	414,607	241,981,615	0.33	230,780,026

* Revaluation Year

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended 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

WALLKILL 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 ^a	General Obligation Debt Service ^b	Total Direct	Borough of Franklin	Local School District	Sussex County	
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
2010	* 0.335	0.037	0.372	0.860	0.865	0.442	2.539
2011	0.369	0.041	0.410	0.901	0.921	0.456	2.688

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Hamburg	Local School District	Sussex County	
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
2010	0.629	0.070	0.699	0.892	1.773	0.691	4.055
2011	0.625	0.069	0.694	0.926	1.847	0.704	4.171

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 ^a	General Obligation Debt Service ^b	Total Direct	Township of Hardyston	Local School District	Sussex County	
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
2010	* 0.337	0.037	0.374	0.539	0.782	0.374	2.069
2011	0.351	0.039	0.390	0.561	0.815	0.460	2.226

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Ogdensburg	Local School District	Sussex County	
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
2010	0.291	0.032	0.323	0.869	0.904	0.412	2.508
2011	0.300	0.033	0.333	0.906	0.924	0.435	2.598

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	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wal-Mart	\$ 14,210,200	2.90%
Franklin 23	10,621,200	2.17%
Weis Markets, Inc.	9,128,000	1.86%
Transbanc International Corp	9,057,700	1.85%
MD3, LLC	5,056,600	1.03%
Sterling Plaza, Inc	4,875,700	1.00%
Hillside Estates at Franklin	4,839,000	0.99%
Wurtsboro Associates	4,784,500	0.98%
Braen Aggregates, LLC	4,623,600	0.94%
KAJ Franklin, LLC	3,496,700	0.71%
Total	\$ 70,693,200	14.43%

Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
Ames Rubber Corp	\$ 2,500,000	1.20%
Silver Fox LLC	1,613,800	0.77%
Kaytes Realty	1,576,000	0.76%
Gov. Haines Square	1,488,700	0.71%
24 Ames Boulevard, LLC	1,176,000	0.56%
Grey Elephant, LLC	1,032,000	0.49%
TRB Investments, LLC	916,000	0.44%
Wachovia Tax Dept	690,900	0.33%
Plaza 23, LLC	678,000	0.33%
Lorterdan Hamburg Development, LLC	665,000	0.32%
Total	\$ 12,336,400	5.91%

Taxpayer	2002	
	Taxable Assessed Value	% of Total District Net Assessed Value
Not Available		
Total	\$ -	0.00%

Taxpayer	2002	
	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%
Total	\$ 16,014,500	11.82%

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

Hardyston Township

Ogdensburg Borough

Taxpayer	2011		Taxpayer	2011*	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
N/A			Individual Taxpayer #1	\$ 4,426,400	1.83%
			Jimmy Dobbins PL. (C/O McGovern/Roseman)	3,378,500	1.40%
			AA-7 Self Storage, LLC	1,935,500	0.80%
			Ogdensburg Associates	1,850,000	0.76%
			Individual Taxpayer #2	1,742,800	0.72%
			Sterling Hill Mining Museum	1,287,200	0.53%
			Individual Taxpayer #3	1,261,100	0.52%
			Saint Thomas of Aquin Church	1,052,600	0.43%
			Sterling Hill Mining Museum	794,300	0.33%
			Individual Taxpayer #4	790,800	0.33%
			Total	\$ 18,519,200	7.65%
Taxpayer	2002		Taxpayer	2002*	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Edgewater Associates	\$ 10,263,400		Estate of John Dobbins	\$ 1,603,400	1.38%
Newark Watershed CDC	9,113,000		Ogdensburg Associates	1,500,000	1.29%
Crystal Springs Builders & Acquisition	8,047,600		Deluxe Lab Film Storage	788,400	0.68%
Bally Bunion Golf Club USA	5,392,400		Madusa Minerals	435,000	0.37%
Black Bair Golf, Inc.	3,106,100		Sussex Park LMTD Partnership	405,600	0.35%
Beaver Lake Realty	2,189,100		Individual Taxpayer #1	381,400	0.33%
Blue Circle Raia, Inc.	2,004,500		JBL-RAL Associates	350,000	0.30%
KAW, LLC/NSAP	1,970,700		Individual Taxpayer #2	320,900	0.28%
United Telephone Co. of NJ	1,722,321		Individual Taxpayer #3	308,700	0.27%
Lake Gerard Co.	1,595,400		Art Tyler Inc.	307,800	0.26%
Total	\$ 45,404,521	N/A	Total	\$ 6,401,200	5.51%

N/A - Not Available

Source: Municipal Tax Assessor

* Note: Individual taxpayers may be different in 2011 and 2002. A revaluation was effective in 2009 for Ogdensburg.

Exhibit J-9

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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2011	8,579,907	8,579,907	100.00%	-0-
2012	8,765,642	8,765,642	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 EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	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	0.73%	\$ 296.58	
2006	4,803,000	-0-	-0-	-0-	-0-	4,803,000	0.59%	252.25	
2007	4,063,000	-0-	-0-	-0-	-0-	4,063,000	0.46%	209.42	
2008	3,343,000	-0-	-0-	-0-	-0-	3,343,000	0.36%	170.80	
2009	3,065,000	-0-	-0-	-0-	-0-	3,065,000	1.78%	157.31	
2010	2,825,000	-0-	-0-	-0-	-0-	2,825,000	1.64%	144.99	
2011	2,585,000	-0-	-0-	-0-	-0-	2,585,000	0.72%	133.15	
2012	5,650,000	-0-	-0-	-0-	-0-	5,650,000	1.50%	298.34	

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 5,563,000	\$ -0-	\$ 5,563,000	2.051%	\$ 296.58
2006	4,803,000	-0-	4,803,000	1.693%	252.25
2007	4,063,000	-0-	4,063,000	1.392%	209.42
2008	3,343,000	-0-	3,343,000	1.104%	170.92
2009	3,065,000	-0-	3,065,000	0.959%	157.31
2010	2,825,000	-0-	2,825,000	0.795%	145.51
2011	2,585,000	-0-	2,585,000	0.492%	136.50
2012	5,650,000	-0-	5,650,000	1.089%	356.47

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.

Exhibit J-12

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2011

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Franklin Borough	\$ 1,310,199	100.000%	\$ 1,310,199
Hamburg Borough	483,800	100.000%	483,800
Hardyston Township	9,719,500	100.000%	9,719,500
Ogdensburg Borough	1,311,549	100.000%	1,311,549
County of Sussex - Municipality's Share:			
Franklin Borough	77,690,095	2.512%	1,951,812
Hamburg Borough	77,690,095	1.701%	1,321,748
Hardyston Township	77,690,095	6.158%	4,783,813
Ogdensburg Borough	77,690,095	1.224%	951,129
Subtotal, Overlapping Debt			21,833,551
Wallkill Valley Regional High School District Direct Debt			5,650,000
Total Direct And Overlapping Debt			<u>\$ 27,483,551</u>

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.

^a 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 2012

	Franklin Borough	Hamburg Borough	Hardyston Township	Ogdensburg Borough	Equalized Valuation Basis
2011	\$ 498,604,818	\$ 308,535,799	\$ 1,204,935,842	\$ 230,383,652	\$ 2,242,460,111
2010	510,552,913	337,769,262	1,230,529,867	240,810,426	2,319,662,468
2009	526,708,153	355,809,949	1,294,307,403	244,300,424	2,421,125,929
	<u>\$ 1,535,865,884</u>	<u>\$ 1,002,115,010</u>	<u>\$ 3,729,773,112</u>	<u>\$ 715,494,502</u>	<u>\$ 6,983,248,508</u>
	Average Equalized Valuation of Taxable Property				\$ 2,327,749,503
	Debt Limit (3% of average equalization value)				69,832,485 ^a
	Net Bonded School Debt				<u>5,650,000</u>
	Legal Debt Margin				<u>\$ 64,182,485</u>

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$ 31,516,104	\$ 42,012,033	\$ 40,537,342	\$ 49,684,598	\$ 54,768,010
Total Net Debt Applicable to Limit	<u>13,950,733</u>	<u>3,922,810</u>	<u>5,563,000</u>	<u>4,803,000</u>	<u>4,063,000</u> *
Legal Debt Margin	<u>\$ 17,565,371</u>	<u>\$ 38,089,223</u>	<u>\$ 34,974,342</u>	<u>\$ 44,881,598</u>	<u>\$ 44,881,598</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	44.27%	9.34%	13.72%	9.67%	7.42%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 65,872,693	\$ 71,526,363	\$ 73,311,656	\$ 72,741,913	\$ 69,832,485
Total Net Debt Applicable to Limit	<u>3,343,000</u>	<u>3,065,000</u>	<u>2,825,000</u>	<u>2,585,000</u>	<u>5,650,000</u>
Legal Debt Margin	<u>\$ 50,705,010</u>	<u>\$ 62,529,693</u>	<u>\$ 68,461,363</u>	<u>\$ 70,486,656</u>	<u>\$ 64,182,485</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	5.07%	4.29%	3.85%	3.55%	8.09%

^a Limit set by NJSA 18A:24-19 for a 9 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

Exhibit J-14

1 of 2

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

<u>Year</u>	<u>Population^a</u>	<u>Personal Income</u>	<u>Sussex County Per Capita Personal Income^b</u>	<u>Unemployment Rate^c</u>
<u>Franklin Borough</u>				
2002	5,176	\$ 200,450,952	38,727	3.20%
2003	5,167	203,223,277	39,331	3.50%
2004	5,150	209,790,400	40,736	2.60%
2005	5,130	217,558,170	42,409	4.90%
2006	5,119	232,586,884	45,436	4.90%
2007	5,122	246,885,522	48,201	4.90%
2008	5,095	252,584,625	49,575	6.30%
2009	5,077	241,050,883	47,479	10.30%
2010	5,042	248,101,694	49,207 *	11.00%
2011	5,019	246,969,933	49,207 *	10.70%
<u>Hamburg Borough</u>				
2002	3,368	\$ 130,432,536	38,727	7.40%
2003	3,457	135,967,267	39,331	7.90%
2004	3,479	141,720,544	40,736	6.00%
2005	3,504	148,601,136	42,409	4.90%
2006	3,498	158,935,128	45,436	4.60%
2007	3,479	167,691,279	48,201	4.40%
2008	3,470	172,025,250	49,575	5.60%
2009	3,459	164,229,861	47,479	9.30%
2010	3,276	161,202,132	49,207 *	9.90%
2011	3,261	160,464,027	49,207 *	9.60%

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

Year	Population ^a	Personal Income	Sussex County Per Capita Personal Income ^b	Unemployment Rate ^c
<u>Hardyston Township</u>				
2002	7,101	\$ 275,000,427	38,727	4.10%
2003	7,358	289,397,498	39,331	4.40%
2004	7,514	306,090,304	40,736	3.30%
2005	7,813	331,341,517	42,409	4.70%
2006	8,192	372,211,712	45,436	4.90%
2007	8,380	403,924,380	48,201	6.20%
2008	8,357	414,298,275	49,575	6.20%
2009	8,326	395,310,154	47,479	10.30%
2010	8,210	403,989,470	49,207 *	11.00%
2011	8,172	402,119,604	49,207 *	10.70%
<u>Ogdensburg Borough</u>				
2002	2,628	\$ 101,774,556	38,727	3.80%
2003	2,626	103,283,206	39,331	4.10%
2004	2,614	106,483,904	40,736	3.10%
2005	2,594	110,008,946	42,409	3.40%
2006	2,592	117,770,112	45,436	3.50%
2007	2,578	124,262,178	48,201	4.50%
2008	2,562	127,011,150	49,575	4.50%
2009	2,552	121,166,408	47,479	7.60%
2010	2,410	118,588,870	49,207 *	8.10%
2011	2,398	117,998,386	49,207 *	7.90%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^c Unemployment data provided by the NJ Dept of Labor and Workforce Development

* - Latest Sussex County per capita personal income available (2010) was used for calculation purposes.

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

2011			2002		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	N/A	Selective Insurance	954	N/A
Newton Memorial Hospital	1,200	N/A	Andover Subacute and Rehab Center	906	N/A
Selective Insurance	900	N/A	Mountain Creek/Intrawest	815	N/A
County of Sussex	830	N/A	County of Sussex	800	N/A
Mountain Creek Resort	800	N/A	Newton Memorial Hospital	757	N/A
Ames Rubber Corp	445	N/A	Vernon Township Bd. of Education	711	N/A
Shop Rite Supermarkets (Ronetco)	301	N/A	F.O. Phoenix, Inc.	629	N/A
Andover Subacute and Rehab Center	300	N/A	Hopatcong Board of Education	600	N/A
Sussex County Community College	300	N/A	Wal-Mart	450	N/A
SCARC, Inc.	287	N/A	Saint Claire's Hospital	380	N/A
	<u>7,363</u>		Sparta Board of Education	300	N/A
			Ames Rubber Corp.	300	N/A
			SCARC, Inc.	296	N/A
				<u>7,898</u>	

N/A - Information is not available

Source: County of Sussex, Department of Administration and Finance.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT 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>	<u>2011</u>	<u>2012</u>
Instruction								
Regular	48.5	50.5	51.0	52.0	52.0	52.0	55.5	55.5
Special Education	7.0	7.0	7.0	7.0	7.0	7.0	8.0	9.0
Other Special Education	1.0	1.0	1.0	1.0	1.0	1.0		
Support Services:								
Student and Instruction Related Services	19.0	19.5	20.0	20.0	20.0	20.0	11.5	11.5
School Administrative Services	2.0	2.0	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	3.0	3.0
Plant Operations and Maintenance	9.5	9.5	9.0	9.0	9.0	9.0	8.0	8.0
Business and Other Support Services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Total	96.0	98.5	99.0	100.0	100.0	100.0	94.0	95.0

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 EIGHT FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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%
2011	775	14,495,892	18,704	1.42%	67	1:11.8	780	745	-1.59%	95.99%
2012	706	15,180,719	21,518	15.04%	64	1:11.6	708	678	-9.23%	95.80%

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.
- N/A Not Available

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
High School (1982)								
Square Feet	176,500	176,500	176,500	176,500	176,500	176,500	176,500	176,500
Capacity (students)	950	950	950	950	950	950	950	950
Enrollment	826	891	871	837	837	788	775	706

Number of Schools at June 30, 2012

- 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: Walkkill Valley Regional High School District records

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

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

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

Fiscal Year Ended June 30,	High School	*	Total
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
2011		153,293	153,293
2012		126,761	126,761

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

Source: Walkkill Valley Regional High School District records

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
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 \$5,000.

Crime and Fidelity Insurance includes:

- a. Money and Securities including loss either inside or outside: \$100,000 each loss with a \$1,000 deductible.
- b. Blanket Dishonesty Bond with a limit of \$250,000 subject to a \$1,000 deductible.

Comprehensive General Liability (GL) and Auto Liability (AL) Insurance with a basic policy limit of \$11,000,000.

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.

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



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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, 2012, which collectively comprise the school district's basic financial statements, and have issued our report thereon dated November 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School 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.

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

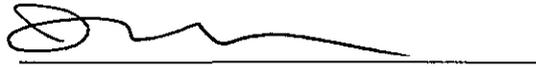
Compliance and Other Matters

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

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.

November 2, 2012
Mount Arlington, New Jersey


NISIVOCIA LLP


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 OMB's Circular 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 state programs for the fiscal year ended June 30, 2012. The Board's major 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 state programs is 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 Office of School 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 OMB's Circular 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 Non-Profit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB's Circular 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 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 state programs for the fiscal year ended June 30, 2012.

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

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 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.

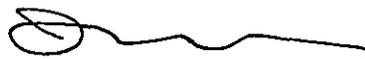
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

November 2, 2012
Mount Arlington, New Jersey


NISIVOC CIA 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, 2012

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 6/30/11	Due to Grantor 6/30/11	Carryover/ (Walkthrough) Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Balance 6/30/12		Due to Grantor 6/30/12
											Accounts Receivable	Deferred Revenue	
U.S. Department of Education Passed-through State Department of Education:													
General Fund:													
Education Jobs Fund	84.410A	N/A	7/1/09-6/30/12	\$ 166,820	\$ (68,199)			\$ 117,316	\$ (54,575)		\$ (5,458)		
Total General Fund					(68,199)			117,316	(54,575)		(5,458)		
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.550	N/A	7/1/11-6/30/12	18,837			18,837	(16,610)			\$ 2,227		
Federal Food Distribution Program	10.550	N/A	7/1/10-6/30/11	10,617	1,535			(1,535)					
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	43,811			43,086	(43,811)			(725)		
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	45,717	(3,225)		3,225						
Total U.S. Department of Agriculture/Child Nutrition Cluster					(1,690)		65,148	(61,956)			(725)	2,227	
U.S. Department of Education													
Passed-through State Department of Education:													
No Child Left Behind Consolidated Grant:													
Title I	84-010A	NCLB-3100-12	9/1/11-8/31/12	39,898					(39,898)		(39,898)		
Title I	84-010A	NCLB-3100-11	9/1/10-8/31/11	42,272	(17,592)		17,592						
Title II A	84.278A	NCLB-3100-12	9/1/11-8/31/12	14,686			1	(14,686)			(14,685)		
Title II A	84.278A	NCLB-3100-11	9/1/10-8/31/11	16,599	(6,890)		6,890						
Title IV - Carryover	84.186A	NCLB-3100-09	9/1/08-8/31/09	1,723		\$ 4							\$ 4
Special Education Cluster:(For IDEA Grant)													
I.D.E.A. Part B, Basic	84.027	FT-5520-12	9/1/11-8/31/12	148,371					(148,371)		(148,371)		
I.D.E.A. Part B, Basic	84.027	FT-5520-11	9/1/10-8/31/11	147,032	(14,882)		14,882						
Perkins Vocational Education - Basic Grants	84.048A	N/A	9/1/11-6/30/12	23,714			655	(23,714)			(23,059)		
Perkins Vocational Education - Basic Grants	84.048A	N/A	9/1/10-6/30/11	29,821	(2,800)		2,800						
Perkins Vocational Education - Basic Grants	84.048A	N/A	9/1/09-6/30/10	32,404		13							13
Total U.S. Department of Education					(42,164)	17		42,820	(226,669)		(226,013)		17
Total Federal Financial Awards					\$ (112,053)	\$ 17	\$ -0-	\$ 225,284	\$ (343,200)	\$ -0-	\$ (232,196)	\$ 2,227	\$ 17

N/A - Not Available

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

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance 6/30/12		MEMO	
				Deferred Revenue (Accounts Receivable) 06/30/11	Carryover/ (Walkover) Amount				GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:												
Equalization Aid	11-495-034-5120-078	7/1/10 - 6/30/11	2,792,196	\$ (27,604)		\$ 27,604						\$ 2,792,196
Transportation Aid	11-495-034-5120-014	7/1/10 - 6/30/11	458,033	(45,374)		45,374						458,033
Special Education Aid	11-495-034-5120-011	7/1/10 - 6/30/11	393,803	(39,011)		39,011						393,803
Security Aid	11-495-034-5120-084	7/1/10 - 6/30/11	60,343	(5,978)		5,978						60,343
Adjustment Aid	11-495-034-5120-085	7/1/10 - 6/30/11	610,805	(60,508)		60,508						610,805
Extraordinary Aid	11-100-034-5120-473	7/1/10 - 6/30/11	140,309	(140,309)		140,309						140,309
Non-Public Transportation	11-495-034-5120-014	7/1/10 - 6/30/11	7,386	(7,386)		7,386						7,386
Equalization Aid	12-495-034-5120-078	7/1/11 - 6/30/12	2,792,196			2,515,949	\$ (2,792,196)				\$ (276,247)	2,792,196
Transportation Aid	12-495-034-5120-014	7/1/11 - 6/30/12	458,033			412,718	(458,033)				(45,315)	458,033
Special Education Aid	12-495-034-5120-011	7/1/11 - 6/30/12	393,803			354,842	(393,803)				(38,961)	393,803
Security Aid	12-495-034-5120-084	7/1/11 - 6/30/12	60,343			54,373	(60,343)				(5,970)	60,343
Adjustment Aid	12-495-034-5120-085	7/1/11 - 6/30/12	898,544			809,646	(898,544)				(88,898)	898,544
Extraordinary Aid	12-100-034-5120-473	7/1/11 - 6/30/12	74,570				(74,570)		\$ (74,570)		(74,570)	74,570
Non-Public Transportation	12-495-034-5120-014	7/1/11 - 6/30/12	28				(28)		(28)		(28)	28
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11 - 6/30/12	484,532			484,532	(484,532)					484,532
Total General Fund State Aid				<u>(326,170)</u>		<u>4,958,230</u>	<u>(5,162,049)</u>		<u>(74,598)</u>		<u>(529,989)</u>	<u>9,624,924</u>
Total NJ Department of Education				<u>(326,170)</u>		<u>4,958,230</u>	<u>(5,162,049)</u>		<u>(74,598)</u>		<u>(529,989)</u>	<u>9,624,924</u>
Capital Projects Fund:												
SDA Grant	1050-040-03-0231	7/1/06-6/30/07	2,922,597	(30)					(30)		(30)	2,922,597
Total Capital Projects Fund				<u>(30)</u>					<u>(30)</u>		<u>(30)</u>	<u>2,922,597</u>
Enterprise Fund:												
National School Lunch Program (State Share)	11-100-034-5120-122	7/1/10 - 6/30/11	2,732	(206)		206						2,732
National School Lunch Program (State Share)	12-100-034-5120-122	7/1/11 - 6/30/12	2,401			2,363	(2,401)		(38)			2,401
Total Enterprise Fund				<u>(206)</u>		<u>2,569</u>	<u>(2,401)</u>		<u>(38)</u>			<u>5,133</u>
Total State Awards				<u>\$ (326,406)</u>	<u>\$ -0-</u>	<u>\$ 4,960,799</u>	<u>\$ (5,164,450)</u>	<u>\$ -0-</u>	<u>\$ (74,666)</u>	<u>\$ -0-</u>	<u>\$ (530,019)</u>	<u>\$ 12,552,654</u>

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Wallkill Valley Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because these schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on 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. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

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 those payments are 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 (\$27,916) for the general 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 Pension Payments and Post Retirement Medical Benefits revenue of \$211,134 and \$424,432 respectively. 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	\$ 54,575	\$ 5,769,699	\$ 5,824,274
Special Revenue Fund	226,669		226,669
Enterprise Fund - Food Service	61,956	2,401	64,357
	<u>\$ 288,625</u>	<u>\$ 5,772,100</u>	<u>\$ 6,115,300</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012. 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, 2012

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 state programs.
- An unqualified report was issued on the District's compliance for major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04 or Federal OMB-133.
- The District was not subject of the single audit provisions of Federal OMB Circular A-133 for the fiscal year end June 30, 2012 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the circular.

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

<u>State:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	\$ 458,033	\$ 458,033
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	393,803	393,803
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	2,792,196	2,792,196
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	60,343	60,343
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	898,544	898,544
Reimbursed TPAF				
Social Security				
Contributions	12-495-034-5095-002	7/1/11-6/30/12	484,532	484,532

- The threshold for distinguishing State Type A and Type B programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 was \$500,000.
- The District qualified as a "low-risk" auditee for state programs under the provisions of section 530 of the federal Circular.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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:

- Not applicable since federal expenditures were below the single audit threshold.

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 New Jersey OMB's Circular 04-04.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The District had no prior year audit findings.