

**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, 2016**

**Comprehensive Annual
Financial Report**

of the

**Wallkill Valley Regional
High School District**

Hamburg, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Wallkill Valley Regional High School
For the Fiscal Year Ended June 30, 2016**

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
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INTRODUCTORY SECTION



Board of Education
Wallkill Valley Regional High School District

10 Grumm Road, Hamburg, NJ 07419

Phone (973) 827-4100

Fax (973) 827-8318

October 24, 2016

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, 2016, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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 system and compliance with applicable laws, regulations, contracts and grants, and findings and recommendations, are 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 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 2015-16 fiscal year with an average daily enrollment of 670 students, which is a decrease of 3 students from the previous year's average daily enrollment.

The Honorable President and Members of
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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 completion. Average daily enrollment at the high school decreased by 3 students over the previous year. As of June 30, 2016, the enrollment was 670; as of September 1, 2016 we had 652 students enrolled at Wallkill Valley Regional High School, a decrease of 18 students over the summer.

3) MAJOR INITIATIVES: We completed a major renovation in 3 classrooms over the summer. Two of the classrooms were redesigned to enhance the educational offerings for our special education students. The other classroom will be used as an early childhood learning center that provides preschool services for the community and opportunities for students interested in pursuing careers in education.

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 is 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.

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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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, 2016.

The Honorable President and Members of
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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) 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.

8) 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.

9) OTHER INFORMATION:

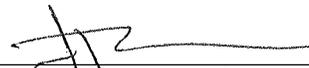
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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 and *Government Auditing Standards* are included in the single audit section of this report.

10) 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,

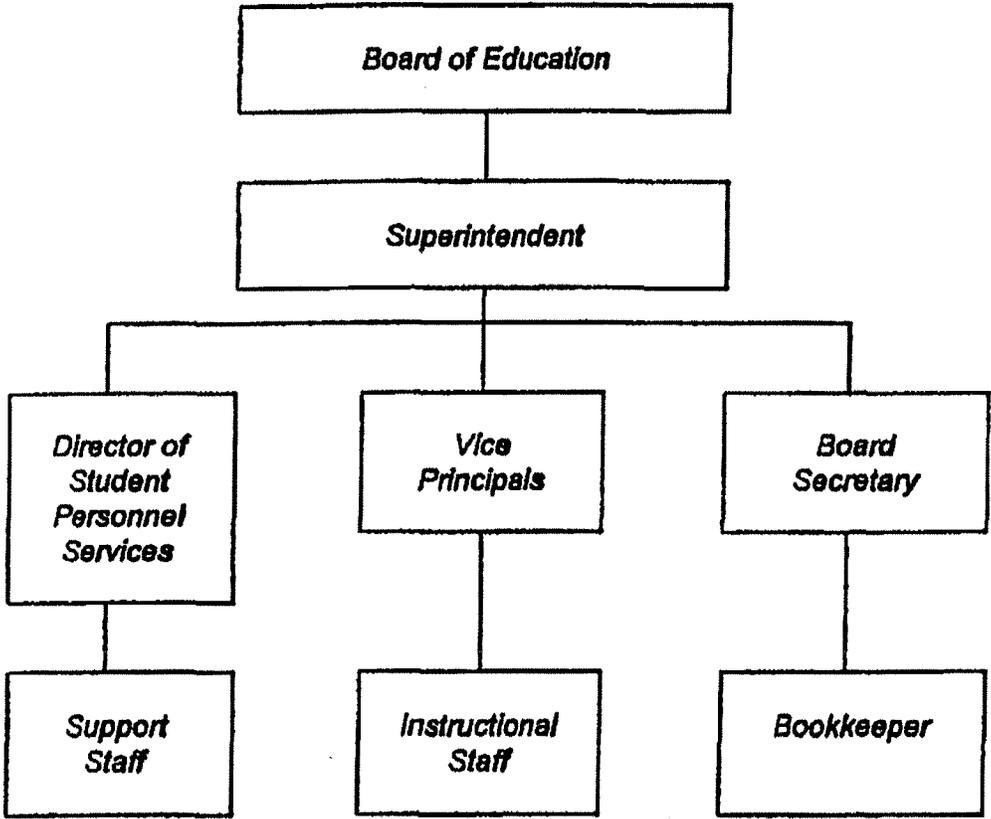


David Carr
Superintendent/Principal



Joseph P. Hurley, Jr
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, 2016**

Edward Card, President	Hardyston Township	2018
Virginia Jones, Vice - President	Hamburg Borough	2017
Robert Carlson	Hardyston Township	2016
Jeffery S. Hilbert, Sr.	Franklin Borough	2017
Thomas Kabatra	Franklin Borough	2016
Guy G. McHugh	Hamburg Borough	2018
Wayne McWilliams	Ogdensburg Borough	2016
Marianne Nichols	Hardyston Township	2018
James Wright	Hardyston Township	2017
David Carr	Superintendent/Principal	
Joseph P. Hurley Jr.	School 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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallkill Valley Regional High School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 from material misstatement.

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

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

The Honorable President and Members
of the Board of Education
Wallkill Valley Regional High School District
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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 Wallkill Valley Regional High School District, in the County of Sussex, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-01 through L-03 and the related notes and the budgetary comparison information in Exhibits C-1 through C-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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Wallkill Valley Regional High School District
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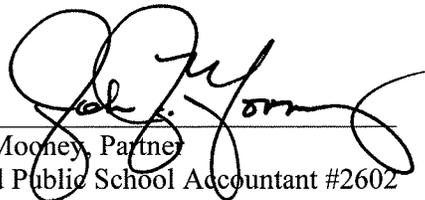
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 24, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP

A handwritten signature in black ink, appearing to read "John J. Mooney", written over a horizontal line.

John J. Mooney, Partner
Licensed Public School Accountant #2602
Certified Public Accountant

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
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, 2016. 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 overall revenue of the District totaled \$18,709,197 on a district wide basis. The total School District Fund Balance saw a decrease during the 2015/16 school year.
- The overall expenses of the District totaled \$18,703,985 on a district wide basis.
- Net position of the District's business-type activity – food service program – increased by \$7,373 over the previous year.
- The District's financial status remains strong on both a fund and district wide basis. At the close of 2015-16 school year, the District's General Fund had excess surplus of \$61,918.
- In 2015-16 the District paid down \$315,000 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 Walkkill Valley Regional High School Financial Report

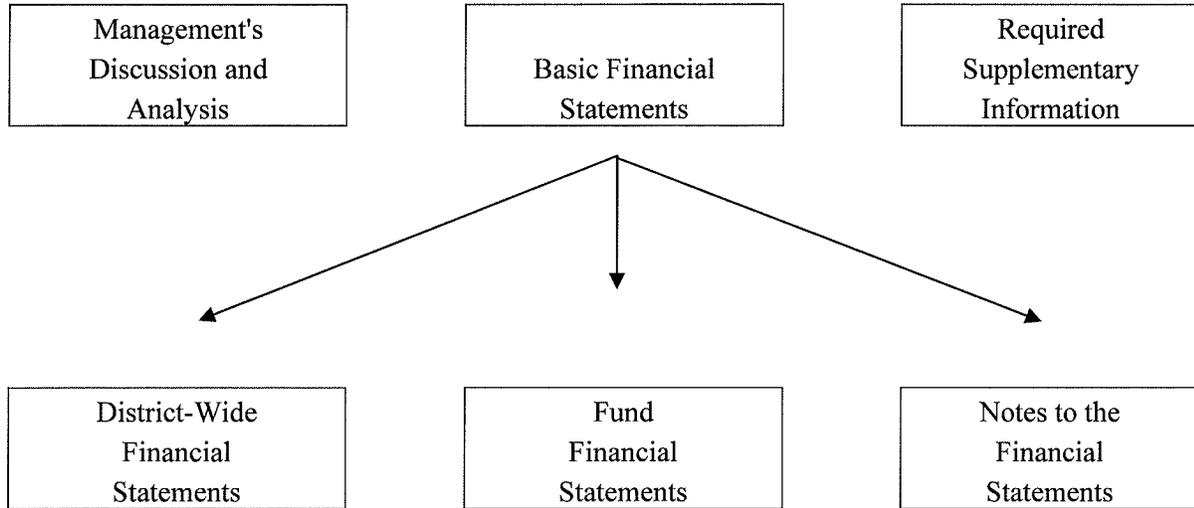


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • 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 position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 position includes all of the District's assets, deferred inflows and outflows, 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 position* and how they have changed. Net Position – the difference between the District's assets, deferred inflows and outflows, and liabilities – are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position 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 the Basic 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 Position. The Statement of Net Position provides the perspective of the School District as a whole. Net Position 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 Position

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Current and							
Other Assets	\$ 1,850,606	\$ 1,838,104	\$ 37,234	\$ 42,068	\$ 1,887,840	\$ 1,880,172	-0.41%
Capital Assets, Net	11,214,268	11,091,853	43,639	41,963	11,257,907	11,133,816	-1.10%
Total Assets	13,064,874	12,929,957	80,873	84,031	13,145,747	13,013,988	-1.00%
Deferred Outflows of Resources	60,007	428,962			60,007	428,962	614.85%
Long-term Debt Out- standing	6,286,777	6,503,735			6,286,777	6,503,735	3.45%
Other Liabilities	301,564	411,592	12,780	8,565	314,344	420,157	33.66%
Total Liabilities	6,588,341	6,915,327	12,780	8,565	6,601,121	6,923,892	4.89%
Deferred Inflows of Resources	202,474	111,687			202,474	111,687	-44.84%
Net Investment in Capital Assets	7,439,268	7,631,853	43,639	41,963	7,482,907	7,673,816	2.55%
Restricted	1,500,472	1,446,470			1,500,472	1,446,470	-3.60%
Unrestricted/ (Deficit)	(2,605,674)	(2,746,418)	24,454	33,503	(2,581,220)	(2,712,915)	-5.10%
Total Net Position	\$ 6,334,066	\$ 6,331,905	\$ 68,093	\$ 75,466	\$ 6,402,159	\$ 6,407,371	0.08%

Changes in Net Position. The District's combined net position was \$6,407,371 on June 30, 2016, \$5,212 or 0.08% higher than it was the year before. (See Figure A-3). The depreciation factored into the net position of the District as a decrease is \$353,153. The net position of the business-type activities increased \$7,373 (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Revenue:							
Program Revenue:							
Charges for Services			\$ 138,574	\$ 166,820	\$ 138,574	\$ 166,820	20.38%
Operating Grants and Contributions	\$ 7,893,682	\$ 8,579,228	64,848	62,852	7,958,530	8,642,080	8.59%
General Revenue:							
Property Taxes	9,793,530	9,845,206			9,793,530	9,845,206	0.53%
Other	115,029	40,048	21	23	115,050	40,071	-65.17%
Total Revenue	<u>17,802,241</u>	<u>18,464,482</u>	<u>203,443</u>	<u>229,695</u>	<u>18,005,684</u>	<u>18,694,177</u>	3.82%
Expenses:							
Instruction	10,159,839	10,766,231			10,159,839	10,766,231	5.97%
Pupil and Instruction Services	3,067,123	3,295,366			3,067,123	3,295,366	7.44%
Administrative and Business	1,301,694	1,421,640			1,301,694	1,421,640	9.21%
Maintenance and Operations	1,383,380	1,413,858			1,383,380	1,413,858	2.20%
Transportation	1,317,839	1,337,244			1,317,839	1,337,244	1.47%
Other	254,856	232,304	206,542	222,322	461,398	454,626	-1.47%
Total Expenses	<u>17,484,731</u>	<u>18,466,643</u>	<u>206,542</u>	<u>222,322</u>	<u>17,691,273</u>	<u>18,688,965</u>	5.64%
Increase/(Decrease) in Net Position	<u>\$ 317,510</u>	<u>\$ (2,161)</u>	<u>\$ (3,099)</u>	<u>\$ 7,373</u>	<u>\$ 314,411</u>	<u>\$ 5,212</u>	-98.34%

Revenue Sources. The District's total revenue for the 2015/16 school year was \$18,694,177. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$9,845,206 of the total, or 52.67 percent. (See Figure A-5). Another 46.23 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, \$1,042,872 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 2016

	Amount	Percentage
Sources of Income:		
Property Taxes	\$ 9,845,206	52.67%
Federal and State Categorical Grants	8,642,080	46.23%
Charges for Services	166,820	0.89%
Other	40,071	0.21%
Total Revenue	<u>\$ 18,694,177</u>	<u>100.00%</u>

The total cost of all programs and services was \$18,688,965. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (82.39 percent). (See Figure A-6). The District's administrative and business activities accounted for 7.61 percent of total costs. It is important to note that expenses include \$351,477 and \$1,676 of depreciation related to governmental and business-type capital assets, respectively.

Figure A-6
Expenses for Fiscal Year 2016

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 10,766,231	57.60%
Pupil and Instruction Services	3,295,366	17.63%
Administrative and Business	1,421,640	7.61%
Maintenance and Operations	1,413,858	7.57%
Transportation	1,337,244	7.16%
Other	454,626	2.43%
Total Expenses	<u><u>\$ 18,688,965</u></u>	<u><u>100.00%</u></u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the improved slightly. However, maintaining existing programs 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. The significant cost savings action 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>2014/15</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2015/16</u>
Instruction	\$ 10,159,839	\$10,766,231	\$ 2,981,759	\$ 2,924,100
Pupil and Instruction Services	3,067,123	3,295,366	2,828,149	3,032,702
Administrative and Business	1,301,694	1,421,640	1,301,694	1,421,640
Maintenance and Operations	1,383,380	1,413,858	1,383,380	1,413,858
Transportation	1,317,839	1,337,244	841,211	862,811
Other	254,856	232,304	254,856	232,304
	<u><u>\$ 17,484,731</u></u>	<u><u>\$ 18,466,643</u></u>	<u><u>\$ 9,591,049</u></u>	<u><u>\$ 9,887,415</u></u>

- The cost of all governmental activities this year was \$18.48 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$8.58 million).
- Most of the District's costs (\$9.85 million), however, were financed by District taxpayers.

Business-Type Activities

Net position from the District's business-type activity increased by \$7,373. (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenues exceeded expenses by \$7,373, accounting for the increase in the net position 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 decreased due to 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.

General Fund Budgetary Highlights

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 appropriations.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2015/16
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Buildings, Building and Site Improvements	\$ 10,539,511	\$ 10,453,694			\$ 10,539,511	\$ 10,453,694	-0.81%
Furniture, Machinery, and Equipment	674,757	638,159	\$ 43,639	\$ 41,963	718,396	680,122	-5.33%
Total Capital Assets - (Net of Depreciation)	<u>\$ 11,214,268</u>	<u>\$ 11,091,853</u>	<u>\$ 43,639</u>	<u>\$ 41,963</u>	<u>\$ 11,257,907</u>	<u>\$ 11,133,816</u>	-1.10%

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 basic financial statements.)

Long-term Liabilities

At year-end, the District had \$3,460,000 in general obligation bonds outstanding – a decrease of \$315,000 from last year, and a net pension liability of \$2,441,381– 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 Liabilities

	Total School District		Percentage Change
	2014/15	2015/16	
General Obligation Bonds (Financed with Property Taxes)	\$ 3,775,000	\$ 3,460,000	-8.34%
Net Pension Liability	1,908,303	2,441,381	27.93%
Other Long Term Liabilities	603,474	602,354	-0.19%
	<u>\$ 6,286,777</u>	<u>\$ 6,503,735</u>	3.45%

- The District continued to pay down its debt, retiring \$315,000 of outstanding bonds.

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 2015-2016 was not voted on by the public due to the District’s passing a resolution to stay at or under cap and to have board elections in November.
- The District routinely monitors the rules and regulations of the No Child Left Behind federal legislation to assess and ensure financial compliance.
- It is important that the District continues to be able to complete capital improvement projects and to maintain the physical plant of the District.

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 807,197		\$ 807,197
Receivables from State Government	135,142	\$ 62	135,204
Receivables from Federal Government	56,724	1,807	58,531
Interfund Receivable	433		433
Internal Balances	(30,680)	30,680	
Other Receivables	19,828		19,828
Inventory		9,519	9,519
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	849,460		849,460
Capital Assets:			
Depreciable Buildings and Building Improvements, Site Improvements and Furniture, Machinery and Equipment	<u>11,091,853</u>	<u>41,963</u>	<u>11,133,816</u>
Total Assets	<u>12,929,957</u>	<u>84,031</u>	<u>13,013,988</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	262,185		262,185
Changes in Proportion - Pensions	108,534		108,534
Difference Between Expected and Actual Experience - Pensions	<u>58,243</u>		<u>58,243</u>
Total Deferred Outflows of Resources	<u>428,962</u>		<u>428,962</u>
LIABILITIES			
Accounts Payable - Vendors	199,383		199,383
Accounts Payable - Cash Deficit		3,975	3,975
Unearned Revenue	18,420	4,590	23,010
Accrued Interest Payable	126,417		126,417
Unamortized Bond Premium	67,372		67,372
Noncurrent Liabilities:			
Due Within One Year	340,000		340,000
Due Beyond One Year	<u>6,163,735</u>		<u>6,163,735</u>
Total Liabilities	<u>6,915,327</u>	<u>8,565</u>	<u>6,724,509</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	39,253		39,253
Changes in Proportion - Pensions	<u>72,434</u>		<u>72,434</u>
Total Deferred Inflows of Resources	<u>111,687</u>		<u>111,687</u>
NET POSITION			
Net Investment in Capital Assets	7,631,853	41,963	7,673,816
Restricted for:			
Capital Projects	1,279,811		1,279,811
Debt Service	70,855		70,855
Other Purposes	95,804		95,804
Unrestricted/(Deficit)	<u>(2,746,418)</u>	<u>33,503</u>	<u>(2,712,915)</u>
Total Net Position	<u>\$ 6,331,905</u>	<u>\$ 75,466</u>	<u>\$ 6,407,371</u>

THE ACCOMPANYING NOTES TO THE BASIC 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, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 8,219,922		\$ 6,635,182	\$ (1,584,740)		\$ (1,584,740)
Special Education	1,483,962		1,034,389	(449,573)		(449,573)
Other Special Instruction	28,435		172,560	144,125		144,125
School Sponsored/Other Instruction	1,033,912			(1,033,912)		(1,033,912)
Support services:						
Tuition	1,621,047		138,987	(1,482,060)		(1,482,060)
Student & Instruction Related Services	1,674,319		123,677	(1,550,642)		(1,550,642)
General Administrative Services	574,694			(574,694)		(574,694)
School Administrative Services	618,594			(618,594)		(618,594)
Central Services	228,352			(228,352)		(228,352)
Plant Operations and Maintenance	1,413,858			(1,413,858)		(1,413,858)
Pupil Transportation	1,337,244		474,433	(862,811)		(862,811)
Interest on Long-Term Debt	125,406			(125,406)		(125,406)
Unallocated Depreciation	37,836			(37,836)		(37,836)
Capital Outlay	40,508			(40,508)		(40,508)
Transfer of Funds to Charter School	28,554			(28,554)		(28,554)
Total Governmental Activities	18,466,643	\$ -0-	8,579,228	(9,887,415)	\$ -0-	(9,887,415)

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Food Service	\$ 222,322	\$ 166,820	\$ 62,852		\$ 7,350	\$ 7,350
Total Business-Type Activities	222,322	166,820	62,852		7,350	7,350
Total Primary Government	<u>\$ 18,688,965</u>	<u>\$ 166,820</u>	<u>\$ 8,642,080</u>	<u>\$ (9,887,415)</u>	<u>\$ 7,350</u>	<u>\$ (9,880,065)</u>

General Revenues:		
Taxes:		
Property Taxes, Levied for General Purposes, Net	\$ 9,514,878	\$ 9,514,878
Taxes Levied for Debt Service	330,328	330,328
Interest on Investments	2,022	\$ 23
Interest Earned in Capital Reserve	436	436
Miscellaneous Income	37,590	37,590
Total General Revenue	<u>9,885,254</u>	<u>9,885,277</u>
Change in Net Postion	(2,161)	5,212
Net Position - Beginning	<u>6,334,066</u>	<u>6,402,159</u>
Net Position - Ending	<u>\$ 6,331,905</u>	<u>\$ 6,407,371</u>

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

FUND FINANCIAL STATEMENTS

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 305,991		\$ 431,973	\$ 69,233	\$ 807,197
Receivables From State Government	135,142				135,142
Receivables From Federal Government		\$ 56,724			56,724
Interfund Receivable	21,238			1,622	22,860
Other Receivables	19,828				19,828
Restricted Cash and Cash Equivalents	849,460				849,460
Total Assets	\$ 1,331,659	\$ 56,724	\$ 431,973	\$ 70,855	\$ 1,891,211
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 181,884	\$ 17,499			\$ 199,383
Interfund Payable	30,680	20,805	\$ 1,622		53,107
Unearned Revenue		18,420			18,420
Total Liabilities	212,564	56,724	1,622		270,910
Fund Balances:					
Restricted for:					
Capital Reserve Account	849,460				849,460
Excess Surplus	61,918				61,918
Excess Surplus - For Subsequent Year's Expenditures	33,886				33,886
Capital Projects Fund			430,351		430,351
Debt Service Fund				\$ 70,855	70,855
Assigned to:					
Year-end Encumbrances	143,124				143,124
For Subsequent Year's Expenditures	30,707				30,707
Total Fund Balances	1,119,095		430,351	70,855	1,620,301
Total Liabilities and Fund Balances	\$ 1,331,659	\$ 56,724	\$ 431,973	\$ 70,855	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,257,175 and the accumulated depreciation is \$8,165,322.	11,091,853
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.	(4,062,354)
Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$157,196 and the accumulated Amortization is \$89,824.	(67,372)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due.	(126,417)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,441,381)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	262,185
Changes in Proportions - Pensions	108,534
Difference Between Expected and Actual Experience - Pensions	58,243
Investment Gains - Pensions	(39,253)
Changes in Proportions - Pensions	(72,434)
Net Position of Governmental Activities	\$ 6,331,905

THE ACCOMPANYING NOTES TO THE BASIC 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 FISCAL YEAR ENDED JUNE 30, 2016

	<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	\$ 9,514,878			\$ 330,328	\$ 9,845,206
Interest on Investments	1,589		\$ 433		2,022
Interest Earned on Capital Reserve Funds	436				436
Unrestricted Miscellaneous	37,590				37,590
Total - Local Sources	9,554,493		433	330,328	9,885,254
State Sources	6,294,009				6,294,009
Federal Sources		\$ 230,294			230,294
Total Revenue	15,848,502	230,294	433	330,328	16,409,557
EXPENDITURES:					
Current:					
Regular Instruction	4,325,986	91,307			4,417,293
Special Education Instruction	786,473				786,473
Other Special Instruction	28,435				28,435
School Sponsored/Other Instruction	630,369				630,369
Support Services and Undistributed Costs:					
Tuition	1,482,060	138,987			1,621,047
Student & Instruction Related Services	1,328,121				1,328,121
General Administrative Services	447,506				447,506
School Administrative Services	464,933				464,933

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	\$ 177,300				\$ 177,300
Plant Operations and Maintenance	1,133,140				1,133,140
Pupil Transportation	1,337,244				1,337,244
Benefits - Allocated and Unallocated	3,421,696				3,421,696
Debt Service:					
Principal				\$ 315,000	315,000
Interest and Other Charges				134,394	134,394
Capital Outlay	269,570				269,570
Transfer Funds to Charter Schools	28,554				28,554
Total Expenditures	15,861,387	\$ 230,294		449,394	16,541,075
Excess/(Deficiency) of Revenue over/(under) Expenditures	(12,885)		\$ 433	(119,066)	(131,518)
OTHER FINANCING SOURCES/(USES):					
Transfers In				433	433
Transfers Out			(433)		(433)
Total Other Financing Sources/(Uses)			(433)	433	
Net Change in Fund Balances	(12,885)			(118,633)	(131,518)
Fund Balance—July 1	1,131,980		430,351	189,488	1,751,819
Fund Balance—June 30	\$ 1,119,095	\$ -0-	\$ 430,351	\$ 70,855	\$ 1,620,301

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

WALLKILL 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 FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (131,518)
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 in the period.		
	Depreciation expense	\$ (351,477)
	Capital outlays	<u>229,062</u>
		(122,415)
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		315,000
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 (+).		1,120
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.		(2,240)
The Governmental Funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		11,228
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(533,078)
Deferred Outflows:		
Changes in Assumptions		202,178
Changes in Proportion		108,534
Differences Between Expected and Actual Experience		58,243
Deferred Inflows:		
Changes in Proportion		74,472
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>16,315</u>
Change in Net Position of Governmental Activities (A-2)		<u>\$ (2,161)</u>

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

Exhibit B-4

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Accounts Receivable:	
State	\$ 62
Federal	1,807
Interfund Receivable	30,680
Inventories	9,519
	42,068
Total Current Assets	42,068
Non-Current Assets:	
Capital Assets	103,725
Less: Accumulated Depreciation	(61,762)
	41,963
Total Non-Current Assets	41,963
Total Assets	84,031
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Cash Deficit	3,975
Unearned Revenue	4,590
	8,565
Total Current Liabilities	8,565
<u>NET POSITION:</u>	
Net Investment in Capital Assets	41,963
Unrestricted	33,503
	75,466
Total Net Position	\$ 75,466

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

Exhibit B-5

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 81,768
Daily Sales - Non-Reimbursable Programs	85,052
	166,820
Total Operating Revenue	
Operating Expenses:	
Cost of Sales - Reimbursable Programs	65,337
Cost of Sales - Non Reimbursable Programs	58,546
Salaries & Payroll Taxes	76,083
Employee Benefits	6,994
Management Fee	9,033
Professional and Technical Services	2,651
Depreciation Expense	1,676
Other Miscellaneous Expenses	2,002
	222,322
Total Operating Expenses	
Operating (Loss)	(55,502)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	1,845
Federal Sources:	
National School Lunch Program	53,770
Food Distribution Program	7,237
Local Sources:	
Interest on Investments	23
	62,875
Total Non-Operating Revenue	
Change in Net Position	7,373
Net Position - Beginning of Year	68,093
Net Position - End of Year	\$ 75,466

THE ACCOMPANYING NOTES TO THE BASIC 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, 2016

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 166,820
Payments to Employees	(76,083)
Payments for Benefits	(6,994)
Payments to Food Service Vendor	(9,033)
Payments to Suppliers	(138,923)
Net Cash Used for Operating Activities	(64,213)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	57,036
Net Cash Provided by Noncapital Financing Activities	57,036
Cash Flows from Investing Activities:	
Investment Income	23
Net Cash Flows Provided by Investing Activities	23
Net Decrease in Cash and Cash Equivalents	(7,154)
Cash and Cash Equivalents, July 1	3,179
Cash and Cash Equivalents, June 30	\$ (3,975)
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (55,502)
Adjustment to Reconcile Operating Loss to Net Cash used for Operating Activities:	
Federal Food Distribution Program	7,237
Depreciation	1,676
Changes in Assets and Liabilities:	
(Increase) in Inventory	(3,129)
(Increase) in Interfund Receivable	(6,305)
(Decrease) in Accounts Payable	(10,690)
Increase in Unearned Revenue	2,500
Net Cash Used for Operating Activities	\$ (64,213)

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 \$9,737 and utilized commodities valued at \$7,237.

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<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	\$ 9,905	\$ 138,595	\$ 65,922	\$ 7,821	\$ 222,243
Total Assets	<u>9,905</u>	<u>138,595</u>	<u>65,922</u>	<u>7,821</u>	<u>222,243</u>
<u>LIABILITIES:</u>					
Net Salaries and Wages	1,864				1,864
Payroll Deductions and Withholdings	7,608				7,608
Interfund Payable - General Fund	433				433
Due to Student Groups		138,595			138,595
Total Liabilities	<u>9,905</u>	<u>138,595</u>			<u>148,500</u>
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				7,821	7,821
Restricted For Scholarships			65,922		65,922
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 65,922</u>	<u>\$ 7,821</u>	<u>\$ 73,743</u>

THE ACCOMPANYING NOTES TO THE BASIC 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, 2016

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 and a resulting financial benefit or burden relationship, 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 position 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 non-exchange 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, 2016
 (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 non-instructional equipment which are classified in the capital outlay sub-fund.

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, 2016
 (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, Scholarship Trust 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 an 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 position 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, 2016
(Continued)

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

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, 2016 was submitted to the County office and was approved by a vote of the Board of Education. 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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,848,502	\$ 245,314
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures, and Revenue while the GAAP Basis does not.		(15,020)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	466,410	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(466,410)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 15,848,502	\$ 230,294

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

Uses/Outflows of Resources:

Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,861,387	\$ 245,314
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(15,020)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,861,387</u>	<u>\$ 230,294</u>

E. Cash and Cash Equivalents and Investments:

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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 unearned 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, 2016.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

K. Capital Assets: (Cont'd)

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, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital 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 position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. 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, 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.

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, 2016.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Position*, 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. Unearned Revenue:

Unearned 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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,119,095 General Fund fund balance at June 30, 2016, \$143,124 is assigned for year-end encumbrances; \$849,460 is restricted for the capital reserve account; \$61,918 is restricted for 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 year ended June 30, 2018; \$33,886 is the prior year excess surplus and has been restricted for and included as anticipated revenue for the year ending June 30, 2017; \$30,707 is assigned for subsequent year's expenditures which is \$164,643 less on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2017; and \$0 is unassigned which is \$301,767 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, 2017.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2016 of \$70,855 is restricted.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2016 of \$430,351 is restricted.

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, 2016 as noted above.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$466,410 (\$301,767 in unassigned fund balance and \$164,643 in fund balance assigned for subsequent year's expenditures), 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.

Q. Deficit Net Position

The District has a \$2,746,418 deficit in its governmental activities Unrestricted Net Position at June 30, 2016 primarily due to a result of the accrual of interest of \$126,417, unamortized bond premiums of \$67,372, compensated absences payable of \$602,354, investment gains in pensions of \$39,253, changes in proportion in pensions of \$72,434, and net pension liability of \$2,441,381; offset by the assigned General Fund fund balances of \$173,831, changes in pension assumptions of \$262,185, changes in pension proportions of \$108,534, and differences between expected and actual experience in pensions of \$58,243. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources for investment gains and changes in proportion in investments in pensions and had deferred outflows of resources for changes in assumptions in pensions and proportions, and the difference between expected and actual experience related to pensions at June 30, 2016.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

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, 2016.

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 Education. The District has assigned resources for year-end encumbrances, and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2016.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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, 2016
 (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;

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

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

Investments: (Cont'd)

- (2) Government money market mutual funds;
- (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, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Reserve Account</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,025,465	\$ 849,460	\$ 1,874,925
	<u>\$ 1,025,465</u>	<u>\$ 849,460</u>	<u>\$ 1,874,925</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,874,925 and the bank balance was \$2,216,557.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 801,023
Increased by:	
Board resolution June 22, 2016	300,000
Interest Earnings	436
Decreased by:	
Budgeted Withdrawal	<u>(251,999)</u>
Ending Balance, June 30, 2016	<u>\$ 849,460</u>

The June 30, 2016 Long Range Facilities Plan (LRFP) balance of local support costs of uncompleted capital projects at June 30, 2016 is equal to or greater than \$801,023. There was a budgeted withdrawal from the capital reserve account, in the amount of \$251,999 for use in a DOE approved facilities project, consistent with the District's LRFP.

NOTE 5. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2016, the District made transfers to capital outlay accounts in the amount of \$24,241 for equipment and \$1,312 for facilities acquisitions and construction services which did not require county superintendent approval.

NOTE 6. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 73,130
Other Instruction	41,977
General Administrative Services	70,478
School Administrative Services	18,571
Plant Operation and Maintenance	109,485
Unallocated	<u>37,836</u>
	<u>\$ 351,477</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings, Building Improvements and Site Improvements	\$ 17,753,494	\$ 218,129		\$ 17,971,623
Machinery and Equipment	1,274,619	10,933		1,285,552
Total Capital Assets Being Depreciated	<u>19,028,113</u>	<u>229,062</u>		<u>19,257,175</u>
Governmental Activities Capital Assets	<u>19,028,113</u>	<u>229,062</u>		<u>19,257,175</u>
Less Accumulated Depreciation for:				
Buildings, Building Improvements and Site Improvements	(7,213,983)	(303,946)		(7,517,929)
Machinery and Equipment	(599,862)	(47,531)		(647,393)
	<u>(7,813,845)</u>	<u>(351,477)</u>		<u>(8,165,322)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,214,268</u>	<u>\$ (122,415)</u>	<u>\$ -0-</u>	<u>\$ 11,091,853</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 103,725			\$ 103,725
Less Accumulated Depreciation	(60,086)	\$ (1,676)		(61,762)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 43,639</u>	<u>\$ (1,676)</u>	<u>\$ -0-</u>	<u>\$ 41,963</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2015</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2016</u>
Bond Payable	\$ 3,775,000		\$ 315,000	\$ 3,460,000
Compensated Absences Payable	603,474		1,120	602,354
Net Pension Liability	1,908,303	\$ 533,078		2,441,381
	<u>\$ 6,286,777</u>	<u>\$ 533,078</u>	<u>\$ 316,120</u>	<u>\$ 6,503,735</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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 outstanding as of June 30, 2016 as follows:

<u>Maturity Date</u>	<u>Serial Bonds Interest Rate</u>	<u>Amount</u>
7/15/2021	4.00%-5.00%	\$ 1,420,000
9/1/2031	2.00%-3.75%	2,040,000
		<u>\$ 3,460,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 325,000	\$ 121,450	\$ 446,450
2018	335,000	107,875	442,875
2019	340,000	95,250	435,250
2020	340,000	83,194	423,194
2021	340,000	70,350	410,350
2022-2026	880,000	222,044	1,102,044
2027-2031	750,000	97,300	847,300
2032	150,000	2,813	152,813
	<u>\$ 3,460,000</u>	<u>\$ 800,276</u>	<u>\$ 4,260,276</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.

B. Capital Leases Payable:

The District had no capital leases payable at June 30, 2016.

C. Bonds and Notes Authorized but not Issued

The District had no bonds and notes authorized by not issued at June 30, 2016.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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 long-term liability balance of compensated absences of \$602,354. 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, 2016, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long term portion is \$2,441,381. See Note 8 for further information on the PERS.

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; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$93,502 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$2,441,381 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.011%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$166,835. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	6.44	\$ 52,260	
Changes in Assumptions - 2015	5.72	209,925	
Changes in Proportion - 2014	6.44		\$ 72,434
Changes in Proportion - 2015	5.72	108,534	
Difference Between Expected and Actual - 2015	5.72	58,243	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5.0		91,012
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5.0		<u>(51,759)</u>
		<u>\$ 428,962</u>	<u>\$ 111,687</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 51,188
2017	51,188
2018	51,188
2019	81,525
2020	<u>46,086</u>
	<u>\$ 281,175</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	0.40%
REIT	4.25%	5.12%

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Fiscal Year Ended June 30, 2015		
	1%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 3,034,337	\$ 2,441,381	\$ 1,944,250

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$367,791 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,422,716.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions (Cont'd)

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$39,678,279. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.063%, which was a decrease of 0.003% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		39,678,279
Total	\$	39,678,279

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$2,422,716 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5.0		1,305,927,430
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5.0		(770,568,242)
		\$ 7,521,378,257	\$ 554,399,005

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF (Cont'd)

was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total Net Pension Liability	\$ 47,156,151	\$ 39,678,279	\$ 33,235,644

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 the DCRP. 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.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$4,697 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$10,092 for the fiscal year ended June 30, 2016.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$566,832, \$538,797, and \$455,670 for 2016, 2015, and 2014, 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 Schools 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 Governmental Accounting Standards Board,

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution is declared.

The audit of the NJSIG as of June 30, 2016 is not available as of the date of this report. Selected, summarized financial information for the NJSIG as of June 30, 2015 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 294,626,089
Net Position	\$ 57,315,326
Total Revenue	\$ 124,104,560
Total Expenses	\$ 121,185,870
Change in Net Position	\$ 2,918,690
Member Dividends	\$ -0-

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

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
Phone: (609) 386-6060
Fax: (609) 386-8877

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 State. 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>
2015-2016	\$ -0-	\$ 8	\$ -0-	\$ -0-	\$ 7,821
2014-2015	-0-	8	-0-	-0-	7,813
2013-2014	-0-	8	-0-	-0-	7,805

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, 2016
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the fund financial statements at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 21,238	\$ 30,680
Special Revenue Fund		20,805
Capital Projects Fund		1,622
Debt Service Fund	1,622	
Payroll Agency Fund		433
Enterprise Fund - Food Service	<u>30,680</u>	
	<u>\$ 53,540</u>	<u>\$ 53,540</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 \$1,622 due from the Capital Projects Fund to the Debt Service Fund for interest earned in the current and prior years which was not transferred. \$30,680 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. The interfund between the General Fund and Payroll Agency Fund is for excess funds transferred to Payroll Agency Fund from the General Fund.

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2016, were:

	<u>Governmenta Funds</u>		<u>Total Governmental Funds</u>	<u>Total Enterprise Fund/Business Type-Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		
Vendors	\$ 181,884	\$ 17,499	\$ 199,383	
Cash Deficit				\$ 3,975
	<u>\$ 181,884</u>	<u>\$ 17,499</u>	<u>\$ 199,383</u>	<u>\$ 3,975</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
Siracusa Benefits

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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 LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
\$ 143,124	\$ 15,020	\$ 158,144
<u>\$ 143,124</u>	<u>\$ 15,020</u>	<u>\$ 158,144</u>

In the District's Governmental Funds Balance Sheet as of June 30, 2016, no amount is assigned for encumbrances in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances of \$15,020 on the budgetary basis are instead reflected as either a reduction of grants receivable or an increase in unearned revenue on the GAAP basis in the Special Revenue Fund.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
District's proportion of the net pension liability	0.0107421625%	0.0101924394%	0.0108757172%
District's proportionate share of the net pension liability	\$ 2,053,041	\$ 1,908,303	\$ 2,441,381
District's covered employee payroll	\$ 728,610	\$ 737,311	\$ 852,512
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	281.78%	258.82%	286.37%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually required contribution	\$ 80,940	\$ 84,025	\$ 93,502
Contributions in relation to the contractually required contribution	<u>(80,940)</u>	<u>(84,025)</u>	<u>(93,502)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 728,610	\$ 728,610	\$ 852,512
Contributions as a percentage of covered employee payroll	11.11%	11.53%	10.97%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
State's proportion of the net pension liability attributable to the District	0.0682367109%	0.0656940797%	0.0627778450%
State's proportionate share of the net pension liability attributable to the District	\$ 34,486,297	\$ 35,111,347	\$ 39,678,278
District's covered employee payroll	\$ 5,840,104	\$ 5,832,327	\$ 5,943,830
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	590.51%	602.01%	667.55%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,514,878		\$ 9,514,878	\$ 9,514,878	
Interest Earned	1,000		1,000	1,589	\$ 589
Interest Earned on Capital Reserve Funds				436	436
Unrestricted Miscellaneous				37,590	37,590
Total - Local Sources	<u>9,515,878</u>		<u>9,515,878</u>	<u>9,554,493</u>	<u>38,615</u>
State Sources:					
School Choice	92,430		92,430	92,430	
Transportation Aid	466,818		466,818	466,818	
Special Education Aid	415,991		415,991	415,991	
Equalization Aid	2,932,866		2,932,866	2,932,866	
Security Aid	67,110		67,110	67,110	
Adjustment Aid	718,835		718,835	718,835	
PARCC Readiness Aid	6,580		6,580	6,580	
Per Pupil Growth Aid	6,580		6,580	6,580	
Extraordinary Aid	100,000		100,000	106,380	6,380
Non-public Transportation Aid				7,615	7,615
On-Behalf TPAF Pension Payments (Non-Budgeted)				476,040	476,040
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				566,832	566,832
TPAF Social Security (Reimbursed - Non-Budgeted)				429,932	429,932
Total State Sources	<u>4,807,210</u>		<u>4,807,210</u>	<u>6,294,009</u>	<u>1,486,799</u>
Federal Sources:					
Medicaid Assistance Program	16,103		16,103		(16,103)
Total Federal Sources	<u>16,103</u>		<u>16,103</u>		<u>(16,103)</u>
TOTAL REVENUES	<u>14,339,191</u>		<u>14,339,191</u>	<u>15,848,502</u>	<u>1,509,311</u>

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 4,033,729	\$ (28,010)	\$ 4,005,719	\$ 4,003,231	\$ 2,488
Regular Programs - Home Instruction:					
Salaries of Teachers	8,400	1,449	9,849	9,849	
Purchased Professional/Educational Services	15,000	(179)	14,821	5,998	8,823
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		73,836	73,836	73,561	275
Other Purchased Services (400-500 series)	119,896	(27,064)	92,832	87,315	5,517
General Supplies	183,352	(10,622)	172,730	135,149	37,581
Textbooks	31,720	(6,273)	25,447	6,837	18,610
Other Objects	6,854	(916)	5,938	4,046	1,892
Total Regular Programs - Instruction	4,398,951	2,221	4,401,172	4,325,986	75,186
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	806,673	(13,119)	793,554	785,865	7,689
Other Purchased Services (400-500 Series)	900		900		900
General Supplies	4,100	(624)	3,476	608	2,868
Textbooks	2,500	(115)	2,385		2,385
Other Objects	400		400		400
Total Resource Room/Resource Center	814,573	(13,858)	800,715	786,473	14,242
Total Special Education Instruction	814,573	(13,858)	800,715	786,473	14,242

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 32,751		\$ 32,751	\$ 28,435	\$ 4,316
General Supplies	450		450		450
Total Basic Skills/Remedial - Instruction	<u>33,201</u>		<u>33,201</u>	<u>28,435</u>	<u>4,766</u>
Bilingual Education - Instruction:					
Salaries of Teachers	5,000		5,000		5,000
General Supplies	200		200		200
Total Bilingual Education - Instruction	<u>5,200</u>		<u>5,200</u>		<u>5,200</u>
School-Sponsored Co-Curricular Activities - Instruction:					
Salaries	67,366	\$ 4,936	72,302	72,302	
Supplies and Materials		712	712	712	
Transfer to Cover Deficit	28,000	5,175	33,175	33,175	
Total School-Sponsored Co-Curricular Activities - Instruction	<u>95,366</u>	<u>10,823</u>	<u>106,189</u>	<u>106,189</u>	
School-Sponsored Co-Curricular Athletics - Instruction:					
Salaries	347,885	6,054	353,939	353,939	
Other Purchased Services	69,500	3,035	72,535	67,768	4,767
Supplies and Materials	91,378	(7,094)	84,284	83,568	716
Other Objects	27,440	(8,410)	19,030	18,905	125
Total School-Sponsored Co-Curricular Athletics - Instruction	<u>536,203</u>	<u>(6,415)</u>	<u>529,788</u>	<u>524,180</u>	<u>5,608</u>
Total Instruction	<u>5,883,494</u>	<u>(7,229)</u>	<u>5,876,265</u>	<u>5,771,263</u>	<u>105,002</u>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's Within the State - Special	\$ 263,699	\$ (106,012)	\$ 157,687	\$ 157,687	
Tuition - State Facilities	4,500		4,500	4,500	
Tuition to County Vocational School District - Regular	276,503	(24,923)	251,580	251,580	
Tuition to County Vocational School District - Special	67,200	(19,215)	47,985	45,570	\$ 2,415
Tuition to Private Schools for the Disabled Within State	928,702	66,903	995,605	971,773	23,832
Tuition to Private Schools for the Disabled Out of State	56,045	(5,095)	50,950	50,950	
Total Undistributed Expenditures - Instruction	<u>1,596,649</u>	<u>(88,342)</u>	<u>1,508,307</u>	<u>1,482,060</u>	<u>26,247</u>
Health Services:					
Salaries	64,718	382	65,100	65,100	
Purchased Professional/Technical Services	11,500	2,587	14,087	8,776	5,311
Other Purchased Services (400-500 series)	200		200	195	5
Supplies and Materials	2,441	3,959	6,400	5,990	410
Other Objects	144		144		144
Total Health Services	<u>79,003</u>	<u>6,928</u>	<u>85,931</u>	<u>80,061</u>	<u>5,870</u>
Speech, OT, PT and Related Services:					
Purchased Professional/Educational Services	13,000	37,904	50,904	50,291	613
Total Speech, OT, PT and Related Services	<u>13,000</u>	<u>37,904</u>	<u>50,904</u>	<u>50,291</u>	<u>613</u>
Other Support Services - Students - Extra Services:					
Salaries	159,076	(43,912)	115,164	74,898	40,266
Purchased Professional - Educational Services	137,819	54,217	192,036	177,965	14,071
Supplies and Materials		5,199	5,199	4,850	349
Total Other Support Services - Students - Extra Services	<u>296,895</u>	<u>15,504</u>	<u>312,399</u>	<u>257,713</u>	<u>54,686</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Guidance:					
Salaries of Other Professional Staff	\$ 317,384	\$ (14,654)	\$ 302,730	\$ 300,075	\$ 2,655
Salaries of Secretaries and Clerical Assistants	39,104	1,579	40,683	40,683	
Purchased Professional/Educational Services		5,925	5,925	5,925	
Other Purchased Professional/Technical Services	4,900	(4,900)			
Other Purchased Services (400-500 series)	2,116	9,155	11,271	10,293	978
Supplies and Materials	7,838	(1,537)	6,301	6,301	
Other Objects	2,390	(2,100)	290	181	109
Total Guidance	<u>373,732</u>	<u>(6,532)</u>	<u>367,200</u>	<u>363,458</u>	<u>3,742</u>
Child Study Teams:					
Salaries of Other Professional Staff	287,051	(28,293)	258,758	215,346	43,412
Salaries of Secretarial and Clerical Assistants	38,427		38,427	36,151	2,276
Other Purchased Professional/Technical Services		2,597	2,597	2,217	380
Miscellaneous Purchased Services	7,679	600	8,279	7,986	293
Supplies and Materials	4,103	1,924	6,027	5,967	60
Other Objects	3,600	(2,430)	1,170	970	200
Total Child Study Teams	<u>340,860</u>	<u>(25,602)</u>	<u>315,258</u>	<u>268,637</u>	<u>46,621</u>
Improvement of Instructional Services:					
Supervisor of Instruction	78,764	54,688	133,452	133,452	
Salaries of Other Professional Staff	7,000	1,892	8,892	5,725	3,167
Purchased Professional/Educational Services	845	(772)	73		73
Other Purchased Services (400-500 series)	25		25		25
Total Improvement of Instructional Services	<u>86,634</u>	<u>55,808</u>	<u>142,442</u>	<u>139,177</u>	<u>3,265</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	\$ 185,026	\$ (6,085)	\$ 178,941	\$ 111,142	\$ 67,799
Purchased Professional/Technical Services	38,000	(3,426)	34,574	28,900	5,674
Other Purchased Services (400-500 series)	15,418	6,047	21,465	21,365	100
Supplies and Materials	19,136	(3,601)	15,535	5,797	9,738
Other Objects	150		150		150
Total Educational Media Services/School Library	<u>257,730</u>	<u>(7,065)</u>	<u>250,665</u>	<u>167,204</u>	<u>83,461</u>
Instructional Staff Training Services:					
Purchased Professional/Educational Services		1,020	1,020	1,020	
Other Purchased Services		708	708	560	148
Total Instructional Staff Training Services		<u>1,728</u>	<u>1,728</u>	<u>1,580</u>	<u>148</u>
Support Services - General Administration:					
Salaries	232,264	(25,053)	207,211	207,211	
Legal Services	15,000	39,731	54,731	54,731	
Audit Fees	27,250	7,285	34,535	34,535	
Architectural / Engineering Fee	5,000	(909)	4,091	3,500	591
Other Purchased Professional Services	32,500	(25,774)	6,726	6,726	
Purchased Technical Services	2,000	21,440	23,440	23,440	
Communications/Telephones	25,500	(782)	24,718	24,694	24
Board of Education Other Purchased Services	4,000	(2,015)	1,985	1,985	
Other Purchased Services (400-500 series)	82,394	(231)	82,163	81,552	611
General Supplies	3,000	(370)	2,630	2,506	124
Miscellaneous Expenditures	7,600	(5,780)	1,820	1,768	52
BOE Membership Dues and Fees	2,400	2,458	4,858	4,858	
Total Support Services - General Administration	<u>438,908</u>	<u>10,000</u>	<u>448,908</u>	<u>447,506</u>	<u>1,402</u>

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 323,260	\$ 10,529	\$ 333,789	\$ 333,789	
Salaries of Secretarial and Clerical Assistants	105,447	7,175	112,622	112,622	
Purchased Professional/Technical Services	600		600	600	
Other Purchased Services (400-500 series)	5,116	(1,664)	3,452	1,501	\$ 1,951
Supplies and Materials	11,641	(1,021)	10,620	8,816	1,804
Other Objects	5,000	2,685	7,685	7,605	80
Total Support Services - School Administration	451,064	17,704	468,768	464,933	3,835
Central Services:					
Salaries	163,663	1,223	164,886	164,886	
Purchased Technical Services	9,000	(623)	8,377	8,145	232
Other Purchased Services (400-500 series)	2,316	(600)	1,716	1,627	89
Supplies and Materials	1,500		1,500	1,402	98
Miscellaneous Expenditures	1,300		1,300	1,240	60
Total Central Services	177,779		177,779	177,300	479
Required Maintenance of School Facilities:					
Salaries	68,885	14,966	83,851	82,716	1,135
Cleaning, Repair and Maintenance Services	119,630	10,950	130,580	129,879	701
General Supplies	25,900	2,018	27,918	26,214	1,704
Total Required Maintenance of School Facilities	214,415	27,934	242,349	238,809	3,540

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial Services:					
Salaries	\$ 432,828	\$ 24,824	\$ 457,652	\$ 457,652	
Purchased Professional/Technical Services	8,000	2,095	10,095	7,248	\$ 2,847
Cleaning, Repair and Maintenance Services	63,650	(28,324)	35,326	32,912	2,414
Other Purchased Property Services (400-500 series)	23,000	(1,166)	21,834	21,172	662
Insurance	48,476	300	48,776	48,776	
Miscellaneous Purchased Services	2,600	(866)	1,734	1,734	
General Supplies	42,064	7,648	49,712	49,423	289
Energy (Electricity)	391,601	(83,107)	308,494	198,084	110,410
Other Objects	3,187		3,187	2,170	1,017
Total Custodial Services	1,015,406	(78,596)	936,810	819,171	117,639
Care and Upkeep of Grounds:					
Salaries	20,487	20,549	41,036	41,036	
Purchased Professional/Technical Services		674	674	674	
Other Purchased Services (400-500 series)		200	200	200	
General Supplies	6,000	767	6,767	5,942	825
Total Care and Upkeep of Grounds	26,487	22,190	48,677	47,852	825
Security:					
Salaries		21,660	21,660	21,660	
Purchased Professional/Technical Services		3,999	3,999	3,999	
Other Purchased Services (400-500 series)		1,649	1,649	1,649	
Total Security		27,308	27,308	27,308	
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	21,000	10,208	31,208	30,591	617
Contracted Services:					
Between Home and School - Vendors	740,293	(210,202)	530,091	530,091	
Other than Between Home and School - Vendors	101,600	12,786	114,386	113,334	1,052
Regular Students - ESCs & CTSA	172,278	(172,278)			
Special Education Students - ESCs & CTSA	353,679	(273,256)	80,423	48,948	31,475
Special Education Students - Vendors	16,490	(14,379)	2,111		2,111
Regular Students - Joint Agreements		238,793	238,793	236,727	2,066
Special Education Students - Joint Agreements		375,785	375,785	375,785	
Aid In Lieu Payments - Non Public Schools	4,420	(2,652)	1,768	1,768	
Total Student Transportation Services	1,409,760	(35,195)	1,374,565	1,337,244	37,321

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits:					
Social Security Contributions	\$ 124,173	\$ 38,119	\$ 162,292	\$ 162,292	
Other Retirement Contributions - PERS	97,046	(501)	96,545	95,117	\$ 1,428
Other Retirement Contributions - DCRP	2,000	6,517	8,517	8,517	
Unemployment Compensation	25,845		25,845	24,498	1,347
Workmen's Compensation	87,144	(22,780)	64,364	64,364	
Health Benefits	1,241,607	(29,716)	1,211,891	1,197,850	14,041
Tuition Reimbursement	34,260	(4,340)	29,920	24,970	4,950
Other Employee Benefits	359,612	12,701	372,313	371,284	1,029
Total Unallocated Benefits	<u>1,971,687</u>		<u>1,971,687</u>	<u>1,948,892</u>	<u>22,795</u>
On-Behalf Contributions:					
On-Behalf TPAF Pension Payments (Non-Budgeted)				476,040	(476,040)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				566,832	(566,832)
TPAF Social Security (Reimbursed - Non-Budgeted)				429,932	(429,932)
Total On-Behalf Contributions				<u>1,472,804</u>	<u>(1,472,804)</u>
Total Personal Services - Employee Benefits	<u>1,971,687</u>		<u>1,971,687</u>	<u>3,421,696</u>	<u>(1,450,009)</u>
Total Undistributed Expenses	<u>8,750,009</u>	<u>(18,324)</u>	<u>8,731,685</u>	<u>9,792,000</u>	<u>(1,060,315)</u>
TOTAL CURRENT EXPENSE	<u>14,633,503</u>	<u>(25,553)</u>	<u>14,607,950</u>	<u>15,563,263</u>	<u>(955,313)</u>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	\$ 2,938	\$ 14,801	\$ 17,739	\$ 2,938	\$ 14,801
School - Sponsored and Other Instructional Program		7,995	7,995	7,995	
Custodial Services	30,175	1,445	31,620		31,620
Total Equipment	<u>33,113</u>	<u>24,241</u>	<u>57,354</u>	<u>10,933</u>	<u>46,421</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	6,500	550	7,050	7,050	
Construction Services	244,949	(550)	244,399	211,079	33,320
Other Objects	550	1,312	1,862	1,862	
Other Objects (Debt Service Assessment)	38,646		38,646	38,646	
Total Facilities Acquisition and Construction Services	<u>290,645</u>	<u>1,312</u>	<u>291,957</u>	<u>258,637</u>	<u>33,320</u>
TOTAL CAPITAL OUTLAY	<u>323,758</u>	<u>25,553</u>	<u>349,311</u>	<u>269,570</u>	<u>79,741</u>
EXPENDITURES:					
Transfer of Funds to Charter Schools	29,792		29,792	28,554	1,238
TOTAL EXPENDITURES	<u>14,987,053</u>		<u>14,987,053</u>	<u>15,861,387</u>	<u>(874,334)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(647,862)</u>		<u>(647,862)</u>	<u>(12,885)</u>	<u>634,977</u>
Fund Balance, July 1	<u>1,598,390</u>		<u>1,598,390</u>	<u>1,598,390</u>	
Fund Balance, June 30	<u>\$ 950,528</u>	<u>\$ -0-</u>	<u>\$ 950,528</u>	<u>\$ 1,585,505</u>	<u>\$ 634,977</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 849,460	
Excess Surplus				61,918	
Excess Surplus - For Subsequent Year's Expenditures				33,886	
Assigned to:					
Year-end Encumbrances				143,124	
For Subsequent Year's Expenditures				195,350	
Unassigned				<u>301,767</u>	
				1,585,505	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP basis				<u>(466,410)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,119,095</u>	

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 3,400	\$ 3,400		\$ (3,400)
Federal Sources	\$ 183,708	61,606	245,314	\$ 245,314	
Total Revenues	<u>183,708</u>	<u>65,006</u>	<u>248,714</u>	<u>245,314</u>	<u>(3,400)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	79,193	(9,028)	70,165	70,165	
Tuition	104,515	34,472	138,987	138,987	
Purchased Professional and Technical Services		110	110	110	
Other Purchased Services		3,400	3,400		3,400
General Supplies		15,825	15,825	15,825	
Total Instruction	<u>183,708</u>	<u>44,779</u>	<u>228,487</u>	<u>225,087</u>	<u>3,400</u>
Support Services					
Personal Service - Employee Benefits		20,227	20,227	20,227	
Total Support Services		<u>20,227</u>	<u>20,227</u>	<u>20,227</u>	
Total Expenditures	<u>183,708</u>	<u>65,006</u>	<u>248,714</u>	<u>245,314</u>	<u>3,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 15,848,502	\$ 245,314
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures, and Revenue while the GAAP Basis does not.		(15,020)
Prior Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	466,410	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(466,410)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 15,848,502	\$ 230,294
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,861,387	\$ 245,314
Differences - Budget to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures, and Revenue while the GAAP Basis does not.		(15,020)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,861,387	\$ 230,294

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, 2016 was submitted to the County office and was approved by a vote of the Board of Education. 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)l. 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 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.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<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	\$ 77,329	\$ 13,063	\$ 138,987	\$ 15,935	\$ 245,314
Total Revenue	<u>77,329</u>	<u>13,063</u>	<u>138,987</u>	<u>15,935</u>	<u>245,314</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	59,840	10,325			70,165
Other Purchased Professional and Technical Services				110	110
Tuition			138,987		138,987
General Supplies				15,825	15,825
Total Instruction	<u>59,840</u>	<u>10,325</u>	<u>138,987</u>	<u>15,935</u>	<u>225,087</u>
Support Services:					
Personal Service - Employee Benefits	17,489	2,738			20,227
Total Support Services	<u>17,489</u>	<u>2,738</u>			<u>20,227</u>
Total Expenditures	<u>\$ 77,329</u>	<u>\$ 13,063</u>	<u>\$ 138,987</u>	<u>\$ 15,935</u>	<u>\$ 245,314</u>

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, 2016

Revenue and Other Financing Sources:	
Interest Income	<u>\$ 433</u>
Total Revenue and Other Financing Sources	<u> 433</u>
Other Financing Uses:	
Transfer to Debt Service Fund	<u> 433</u>
Total Other Financing Uses	<u> 433</u>
Fund Balance - Beginning of Year	<u> 430,351</u>
Fund Balance - End of Year	<u><u> \$ 430,351</u></u>
Reconciliation of Fund Balance:	
Fund Balance - Budgetary Basis	<u> \$ 430,351</u>
Fund Balance - GAAP Basis	<u><u> \$ 430,351</u></u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ADDITIONS AND RENOVATIONS TO WALLKILL VALLEY REGIONAL HIGH SCHOOL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 2,896,567	\$ 2,896,567	\$ 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	7,649,570	7,649,570	7,649,600
Expenditures and Other Financing Uses:			
Purchased Professional and Technical Services	789,362	789,362	789,362
Construction Services	4,521,740	4,521,740	6,756,381
Miscellaneous Costs	103,857	103,857	103,857
Transfer to Debt Service Fund	2,152,852	2,152,852	
Total Expenditures and Other Financing Uses	7,567,811	7,567,811	7,649,600
Excess/(Deficit) of Revenue and Other Financing Sources			
Over/(Under) Expenditures and Other Financing Uses	<u>\$ 81,759</u>	<u>\$ 81,759</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	20-2003,20-2004,20-2005
Additions and Renovations to Wallkill Valley Regional High School	
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	7,649,600
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

WALLKILL 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, 2016

	Prior Periods	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
Bond Proceeds and Transfers	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000
Total Revenue and Other Financing Sources	3,300,000	3,300,000	3,300,000
Expenditures :			
Purchased Professional and Technical Services	379,861	379,861	500,000
Construction Services	2,440,418	2,440,418	2,415,000
Miscellaneous Costs	131,129	131,129	385,000
Total Expenditures	2,951,408	2,951,408	3,300,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 348,592	\$ 348,592	\$ -0-

Additional Project Information:

Project Number:

Solar Photovoltaic Project

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 100.00%

Original Target Completion Date 1/13/2012

Revised Target Completion Date 12/31/2012

PROPRIETARY FUNDS

Exhibit G-1

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:

Accounts Receivable:

State	\$ 62
Federal	1,807
Interfund Receivable	30,680
Inventories	9,519
	<hr/>

Total Current Assets

42,068

Non-Current Assets:

Capital Assets	103,725
Less: Accumulated Depreciation	(61,762)
	<hr/>

Total Non-Current Assets

41,963

Total Assets

84,031

LIABILITIES:

Current Liabilities:

Accounts Payable - Cash Deficit	3,975
Unearned Revenue	4,590
	<hr/>

Total Current Liabilities

8,565

NET POSITION:

Net Investment in Capital Assets	41,963
Unrestricted	33,503
	<hr/>
Total Net Position	\$ 75,466
	<hr/> <hr/>

Exhibit G-2

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 81,768
Daily Sales - Non Reimbursable Programs	85,052
	<hr/>
Total Operating Revenue	166,820
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	65,337
Cost of Sales - Non Reimbursable Programs	58,546
Salaries & Payroll Taxes	76,083
Employee Benefits	6,994
Management Fee	9,033
Professional and Technical Services	2,651
Depreciation Expense	1,676
Other Miscellaneous Expenses	2,002
	<hr/>
Total Operating Expenses	222,322
	<hr/>
Operating (Loss)	(55,502)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	1,845
Federal Sources:	
National School Lunch Program	53,770
Food Distribution Program	7,237
Local Sources:	
Interest Income	23
	<hr/>
Total Non-Operating Revenue	62,875
Change in Net Position	7,373
Net Position - Beginning of Year	68,093
	<hr/>
Net Position - End of Year	\$ 75,466
	<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, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 166,820
Payments to Employees	(76,083)
Payments for Benefits	(6,994)
Payments to Food Service Vendor	(9,033)
Payments to Suppliers	<u>(138,923)</u>
Net Cash Used for Operating Activities	<u>(64,213)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>57,036</u>
Net Cash Provided by Noncapital Financing Activities	<u>57,036</u>
Cash Flows from Investing Activities:	
Investment Income	<u>23</u>
Net Cash Flows Provided by Investing Activities:	<u>23</u>
Net Decrease in Cash and Cash Equivalents	(7,154)
Cash and Cash Equivalents, July 1	<u>3,179</u>
Cash and Cash Equivalents, June 30	<u><u>\$ (3,975)</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (55,502)
Adjustment to Reconcile Operating Loss to Net Cash used for Operating Activities:	
Federal Food Distribution Program	7,237
Depreciation	1,676
Changes in Assets and Liabilities:	
(Increase) in Inventory	(3,129)
(Increase) in Interfund Receivable	(6,305)
(Decrease) in Accounts Payable	(10,690)
Increase in Unearned Revenue	<u>2,500</u>
Net Cash Used for Operating Activities	<u><u>\$ (64,213)</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 \$9,737 and utilized commodities valued at \$7,237.

FIDUCIARY FUNDS

Exhibit H-1

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<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	\$ 9,905	\$ 138,595	\$ 65,922	\$ 7,821	\$ 222,243
Total Assets	<u>9,905</u>	<u>138,595</u>	<u>65,922</u>	<u>7,821</u>	<u>222,243</u>
<u>LIABILITIES:</u>					
Net Salaries and Wages	1,864				1,864
Payroll Deductions and Withholdings	7,608				7,608
Interfund Payable General Fund	433				433
Due to Student Groups		138,595			138,595
Total Liabilities	<u>9,905</u>	<u>138,595</u>			<u>148,500</u>
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				7,821	7,821
Restricted For Scholarships			65,922		65,922
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 65,922</u>	<u>\$ 7,821</u>	<u>\$ 73,743</u>

Exhibit H-3

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 116,772	\$ 476,435	\$ 454,612	\$ 138,595
Total Assets	<u>\$ 116,772</u>	<u>\$ 476,435</u>	<u>\$ 454,612</u>	<u>\$ 138,595</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 116,772	\$ 476,435	\$ 454,612	\$ 138,595
Total Liabilities	<u>\$ 116,772</u>	<u>\$ 476,435</u>	<u>\$ 454,612</u>	<u>\$ 138,595</u>

Exhibit H-4

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Additions</u>	<u>Cash</u> <u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
High School:				
Athletic	\$ 120	\$ 72,031	\$ 70,437	\$ 1,714
Activity	116,652	404,404	384,175	136,881
Total	<u>\$ 116,772</u>	<u>\$ 476,435</u>	<u>\$ 454,612</u>	<u>\$ 138,595</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, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 18,920	\$ 8,877,391	\$ 8,886,406	\$ 9,905
Total Assets	<u>\$ 18,920</u>	<u>\$ 8,877,391</u>	<u>\$ 8,886,406</u>	<u>\$ 9,905</u>
 <u>LIABILITIES:</u>				
Net Salaries and Wages	\$ 1,587	\$ 4,911,341	\$ 4,911,064	\$ 1,864
Payroll Deductions and Withholdings	16,065	3,965,617	3,974,074	7,608
Interfund Payable General Fund	1,268	433	1,268	433
Total Liabilities	<u>\$ 18,920</u>	<u>\$ 8,877,391</u>	<u>\$ 8,886,406</u>	<u>\$ 9,905</u>

Exhibit H-6

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOLARSHIP TRUSTS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 57,275	\$ 9,212	\$ 565	\$ 65,922
Total Assets	<u>\$ 57,275</u>	<u>\$ 9,212</u>	<u>\$ 565</u>	<u>\$ 65,922</u>
 <u>NET POSITION:</u>				
Restricted for Scholarships	\$ 57,275	\$ 9,212	\$ 565	\$ 65,922
Total Net Position	<u>\$ 57,275</u>	<u>\$ 9,212</u>	<u>\$ 565</u>	<u>\$ 65,922</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			Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016
			Outstanding June 30, 2016						
			Date	Amount					
Refunding Issue - 2008	1/22/2008	\$ 3,075,000	7/15/2016	\$ 230,000	5.00%	\$ 1,645,000	\$ 225,000	\$ 1,420,000	
			7/15/2017	235,000	5.00%				
			7/15/2018	235,000	4.00%				
			7/15/2019	235,000	4.25%				
			7/15/2020	230,000	4.25%				
			7/15/2021	255,000	4.25%				
Solar Panel Purchase and Installation	11/29/2011	3,300,000	9/1/2016	95,000	2.00%	2,130,000	90,000	2,040,000	
			9/1/2017	100,000	2.00%				
			9/1/2018	105,000	2.00%				
			9/1/2019	105,000	2.50%				
			9/1/2020	110,000	3.00%				
			9/1/2021	115,000	3.00%				
			9/1/2022	120,000	3.00%				
			9/1/2023	125,000	3.50%				
			9/1/2024	130,000	3.50%				
			9/1/2025	135,000	3.50%				
			9/1/2026	140,000	3.50%				
			9/1/2027	145,000	3.50%				
			9/1/2028	150,000	3.50%				
			9/1/2029	155,000	3.50%				
			9/1/2030	160,000	3.75%				
9/1/2031	150,000	3.75%							
						<u>\$ 3,775,000</u>	<u>\$ 315,000</u>	<u>\$ 3,460,000</u>	

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

WALLKILL VALLEY REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 330,328		\$ 330,328	\$ 330,328	
Total Revenue	<u>330,328</u>		<u>330,328</u>	<u>330,328</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	134,394		134,394	134,394	
Redemption of Principal	<u>315,000</u>		<u>315,000</u>	<u>315,000</u>	
Total Regular Debt Service	<u>449,394</u>		<u>449,394</u>	<u>449,394</u>	
Total Expenditures	<u>449,394</u>		<u>449,394</u>	<u>449,394</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(119,066)		(119,066)	(119,066)	
Other Financing Sources:					
Operating Transfer In - Capital Projects Fund Interest				433	\$ 433
Total Other Financing Sources				<u>433</u>	<u>433</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(119,066)		(119,066)	(118,633)	433
Fund Balance, July 1	<u>189,488</u>		<u>189,488</u>	<u>189,488</u>	
Fund Balance June 30	<u>\$ 70,422</u>	<u>\$ -0-</u>	<u>\$ 70,422</u>	<u>\$ 70,855</u>	<u>\$ 433</u>
				\$ 70,422	
				433	
				<u>\$ 70,855</u>	

Restricted Fund Balance for Subsequent Year's Expenditures
 Restricted Fund Balance - Other

STATISTICAL SECTION
(UNAUDITED)

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.

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 6,547,270	\$ 7,118,731	\$ 6,483,309	\$ 6,385,952	\$ 6,314,749	\$ 5,869,863	\$ 7,020,032	\$ 7,211,116	\$ 7,439,268	\$ 7,631,853
Restricted	4,338,962	4,193,009	3,682,052	2,967,475	2,449,779	2,026,228	777,420	1,264,673	1,500,472	1,446,470
Unrestricted/(Deficit)	(752,952)	(603,019)	(807,933)	(902,565)	(785,420)	(704,031)	(283,069)	(2,459,233)	(2,605,674)	(2,746,418)
Total Governmental Activities Net Position	\$ 10,133,280	\$ 10,708,721	\$ 9,357,428	\$ 8,450,862	\$ 7,979,108	\$ 7,192,060	\$ 7,514,383	\$ 6,016,556	\$ 6,334,066	\$ 6,331,905
Business-Type Activities										
Net Investment in Capital Assets		\$ 17,237	\$ 19,760	\$ 18,079	\$ 16,399	\$ 14,875	\$ 13,351	\$ 45,315	\$ 43,639	\$ 41,963
Unrestricted	\$ 135,916	130,573	111,901	114,058	110,633	54,002	30,215	25,877	24,454	33,503
Total Business-Type Activities Net Position	\$ 135,916	\$ 147,810	\$ 131,661	\$ 132,137	\$ 127,032	\$ 68,877	\$ 43,566	\$ 71,192	\$ 68,093	\$ 75,466
District-Wide										
Net Investment in Capital Assets	\$ 6,567,327	\$ 7,135,968	\$ 6,503,069	\$ 6,404,031	\$ 6,331,148	\$ 5,884,738	\$ 7,033,383	\$ 7,256,431	\$ 7,482,907	\$ 7,673,816
Restricted	4,338,962	4,193,009	3,682,052	2,967,475	2,449,779	2,026,228	777,420	1,264,673	1,500,472	1,446,470
Unrestricted/(Deficit)	(637,093)	(472,446)	(696,032)	(788,507)	(674,787)	(650,029)	(252,854)	(2,433,356)	(2,581,220)	(2,712,915)
Total District Net Position	\$ 10,269,196	\$ 10,856,531	\$ 9,489,089	\$ 8,582,999	\$ 8,106,140	\$ 7,260,937	\$ 7,557,949	\$ 6,087,748	\$ 6,402,159	\$ 6,407,371

Source: School District Financial Reports

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,708,909	\$ 6,586,767	\$ 6,815,264	\$ 7,130,288	\$ 6,923,097	\$ 6,839,274	\$ 6,195,588	\$ 5,749,967	\$ 7,754,333	\$ 8,219,922
Special Education	577,462	716,585	721,638	805,127	873,085	992,539	1,091,328	1,035,781	1,374,502	1,483,962
Other Special Education	85,262	97,952	94,363	70,524	58,903	63,436	70,092	73,273	27,148	28,435
Other Instruction	811,812	813,180	838,051	782,306	691,589	667,686	655,462	659,399	1,003,856	1,033,912
Support Services:										
Tuition	808,997	869,014	994,735	806,107	977,364	1,465,955	1,213,662	1,493,832	1,361,590	1,621,047
Student & Instruction Related Services	1,546,723	1,525,341	1,667,932	1,482,145	1,463,761	1,538,200	1,680,828	1,732,206	1,705,533	1,674,319
General Administrative Services	489,180	463,953	449,126	449,174	469,436	503,179	526,928	571,157	497,207	574,694
School Administrative Services	489,794	527,512	512,550	534,469	570,563	603,080	625,314	799,745	571,197	618,594
Central Services	185,716	188,586	182,213	190,028	199,545	203,126	218,443	220,124	233,290	228,352
Plant Operations And Maintenance	1,415,203	1,402,856	1,417,863	1,451,067	1,429,113	1,354,625	1,407,388	1,597,808	1,383,380	1,413,858
Pupil Transportation	1,256,640	1,289,909	1,342,996	1,219,697	1,186,503	1,290,220	1,191,416	1,307,918	1,317,839	1,337,244
Interest On Long-Term Debt	214,501	163,511	115,469	120,907	106,555	144,926	253,334	159,970	178,375	125,406
Unallocated	321,567	321,567	39,686	7,563	6,368	5,923	35,706	37,836	37,836	37,836
Capital Outlay				11,659	31,403	18,262	25,063	25,063	38,645	40,508
Transfer of Funds to Charter School										28,554
Total Governmental Activities Expenses	<u>14,911,766</u>	<u>14,966,733</u>	<u>15,191,886</u>	<u>15,061,061</u>	<u>14,987,285</u>	<u>15,690,431</u>	<u>15,190,552</u>	<u>15,464,079</u>	<u>17,484,731</u>	<u>18,466,643</u>
Business-type activities:										
Food Service	260,550	275,843	301,441	276,350	281,057	310,939	245,028	180,029	206,542	222,322
Total Business-Type Activities Expense	<u>260,550</u>	<u>275,843</u>	<u>301,441</u>	<u>276,350</u>	<u>281,057</u>	<u>310,939</u>	<u>245,028</u>	<u>180,029</u>	<u>206,542</u>	<u>222,322</u>
Total District Expenses	<u>\$ 15,172,316</u>	<u>\$ 15,242,576</u>	<u>\$ 15,493,327</u>	<u>\$ 15,337,411</u>	<u>\$ 15,268,342</u>	<u>\$ 16,001,370</u>	<u>\$ 15,435,580</u>	<u>\$ 15,644,108</u>	<u>\$ 17,691,273</u>	<u>\$ 18,688,965</u>
Program Revenues										
Governmental Activities:										
Charges For Services								\$ 448		
Operating Grants and Contributions	\$ 6,313,754	\$ 6,510,453	\$ 5,954,780	\$ 5,265,169	\$ 5,812,475	\$ 6,050,943	\$ 6,081,545	6,179,091	\$ 7,893,682	\$ 8,579,228
Total Governmental Activities Program Revenues	<u>6,313,754</u>	<u>6,510,453</u>	<u>5,954,780</u>	<u>5,265,169</u>	<u>5,812,475</u>	<u>6,050,943</u>	<u>6,081,545</u>	<u>6,179,539</u>	<u>7,893,682</u>	<u>8,579,228</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges for services										
Food Service	\$ 250,142	\$ 247,504	\$ 236,878	\$ 223,240	\$ 215,936	\$ 187,788	\$ 153,605	\$ 138,799	\$ 138,574	\$ 166,820
Operating Grants and Contributions	37,491	34,770	40,705	51,847	59,066	64,357	65,960	68,829	64,848	62,852
Total Business Type Activities Program Revenues	<u>287,633</u>	<u>282,274</u>	<u>277,583</u>	<u>275,087</u>	<u>275,002</u>	<u>252,145</u>	<u>219,565</u>	<u>207,628</u>	<u>203,422</u>	<u>229,672</u>
Total District Program Revenues	<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>	<u>\$ 6,301,110</u>	<u>\$ 6,387,167</u>	<u>\$ 8,097,104</u>	<u>\$ 8,808,900</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (8,598,012)	\$ (8,456,280)	\$ (9,237,106)	\$ (9,795,892)	\$ (9,174,810)	\$ (9,639,488)	\$ (9,109,007)	\$ (9,284,540)	\$ (9,591,049)	\$ (9,887,415)
Business-Type Activities	27,083	6,431	(23,858)	(1,263)	(6,055)	(58,794)	(25,463)	27,599	(3,120)	7,350
Total District-Wide Net Expense	<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>	<u>\$ (9,134,470)</u>	<u>\$ (9,256,941)</u>	<u>\$ (9,594,169)</u>	<u>\$ (9,880,065)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 7,544,809	\$ 7,999,486	\$ 8,285,245	\$ 8,249,911	\$ 8,579,907	\$ 8,765,642	\$ 8,966,082	\$ 9,145,404	\$ 9,328,312	\$ 9,514,878
Taxes Levied for Debt Service	682,671	615,727	19,893				399,094	477,288	465,218	330,328
Debt Service Type II Aid	266,803	243,243								
Federal and State Aid not Restricted				546,750						
Investment Earnings	8,575	1,705	13	9	4	3,582	1,314	1,590	2,321	2,458
Miscellaneous Income	318,256	171,560	160,079	131,456	123,145	83,216	64,840	215,472	112,708	37,590
Adjustment to Fixed Asset Report	143,291		(579,417)	(38,800)						
Total Governmental Activities	<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>	<u>9,431,330</u>	<u>9,839,754</u>	<u>9,908,559</u>	<u>9,885,254</u>
Business-Type Activities:										
Miscellaneous Income	2,837	5,463	3,506	1,739	950	638	152	27	21	23
Adjustment to Fixed Asset Report	6,957		4,203							
Total Business-Type Activities	<u>9,794</u>	<u>5,463</u>	<u>7,709</u>	<u>1,739</u>	<u>950</u>	<u>638</u>	<u>152</u>	<u>27</u>	<u>21</u>	<u>23</u>
Total District-Wide	<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>	<u>\$ 9,431,482</u>	<u>\$ 9,839,781</u>	<u>\$ 9,908,580</u>	<u>\$ 9,885,277</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Change in Net Position										
Governmental Activities	\$ 366,393	\$ 575,441	\$ (1,351,293)	\$ (906,566)	\$ (471,754)	\$ (787,048)	\$ 322,323	\$ 555,214	\$ 317,510	\$ (2,161)
Business-Type Activities	36,877	11,894	(16,149)	476	(5,105)	(58,156)	(25,311)	27,626	(3,099)	7,373
Total District	<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>	<u>\$ 297,012</u>	<u>\$ 582,840</u>	<u>\$ 314,411</u>	<u>\$ 5,212</u>

Source: School District Financial Reports

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,924,072	\$ 1,773,332	\$ 1,586,854	\$ 1,141,451						
Unreserved/(Deficit)	65,285	95,870	(47,485)	(107,126)						
Restricted					\$ 751,708	\$ 393,268	\$ 346,069	\$ 714,256	\$ 880,633	\$ 945,264
Assigned					277,342	150,167	536,468	422,550	251,347	173,831
Total General Fund	<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>	<u>\$ 882,537</u>	<u>\$ 1,136,806</u>	<u>\$ 1,131,980</u>	<u>\$ 1,119,095</u>
All Other Governmental Funds										
Unreserved, Reported In:										
Capital Projects Fund	\$ 2,255,622	\$ 2,234,641	\$ 1,989,641	\$ 1,791,585						
Debt Service Fund	159,268	185,036	105,557	34,439						
Restricted					\$ 1,438,160	\$ 1,632,960	\$ 431,351	\$ 550,417	\$ 619,839	\$ 501,206
Total All Other Governmental Funds	<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>	<u>\$ 431,351</u>	<u>\$ 550,417</u>	<u>\$ 619,839</u>	<u>\$ 501,206</u>

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 8,227,480	\$ 8,615,213	\$ 8,305,138	\$ 8,249,911	\$ 8,579,907	\$ 8,765,642	\$ 9,365,176	\$ 9,622,692	\$ 9,793,530	\$ 9,845,206
Tuition Charges	33,420	3,800		4,000	4,400	3,600	4,600	448		
Interest Earnings	114,693	154,688	73,090	55,138	6,728	3,582	1,314	1,590	1,890	2,458
Unrestricted Miscellaneous Revenue	178,718	14,777	87,001	72,327	112,021	79,616	64,840	96,839	43,178	37,590
State Sources	6,389,637	6,528,431	5,734,667	4,834,181	5,471,948	5,769,699	5,839,127	5,954,105	6,098,967	6,294,009
Federal Sources	190,920	225,266	220,113	977,738	340,527	281,244	237,818	224,986	244,795	230,294
Total Revenue	15,134,868	15,542,175	14,420,009	14,193,295	14,515,531	14,903,383	15,512,875	15,900,660	16,182,360	16,409,557
Expenditures										
Instruction										
Regular Instruction	4,802,691	4,770,907	4,961,474	5,062,644	4,819,912	4,760,662	4,484,840	4,169,790	4,522,454	4,417,293
Special Education Instruction	409,921	507,407	535,987	608,365	633,705	711,225	744,760	747,450	771,866	786,473
Other Special Instruction	59,752	68,668	60,902	63,070	52,613	55,677	59,102	20,459	27,148	28,435
School Sponsored/Other Instruction	619,711	615,338	665,464	658,555	549,371	580,360	544,456	601,062	682,121	630,369
Support Services:										
Tuition	808,997	869,014	994,735	806,107	977,364	1,465,955	1,213,662	1,493,832	1,361,590	1,621,047
Student & Instruction Related Services	1,156,277	1,142,603	1,174,741	1,110,653	1,088,684	1,095,685	1,155,244	1,245,066	1,361,348	1,328,121
General Administrative Services	368,636	372,062	345,742	362,816	363,824	380,915	395,350	392,242	411,856	447,506
School Administrative Services	369,456	366,454	383,122	395,146	409,795	420,950	412,972	569,006	438,168	464,933
Central Services	134,402	137,645	138,166	147,847	153,293	150,396	157,130	170,271	186,029	177,300
Plant Operations And Maintenance	1,190,080	1,196,937	1,220,209	1,154,694	1,094,582	1,018,990	938,809	1,144,537	1,129,854	1,133,140
Pupil Transportation	1,256,640	1,289,909	1,342,996	1,219,697	1,186,503	1,290,220	1,191,416	1,307,918	1,317,839	1,337,244
Unallocated Benefits	3,005,669	3,030,225	2,846,902	2,942,777	3,166,246	3,249,684	3,370,158	3,059,413	3,212,989	3,421,696
Capital Outlay	110,482	378,255	27,583	71,004	57,040	2,971,641	271,920	247,624	298,275	269,570
Transfer of Funds to Charter Schools										28,554

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Service:										
Principal	\$ 740,000	\$ 720,000	\$ 245,000	\$ 240,000	\$ 240,000	\$ 235,000	\$ 1,235,000	\$ 320,000	\$ 320,000	\$ 315,000
Interest And Other Charges	232,489	192,119	131,298	124,138	115,738	106,838	200,563	157,288	146,188	134,394
Total Expenditures	<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>	<u>16,375,382</u>	<u>15,645,958</u>	<u>16,187,725</u>	<u>16,541,075</u>
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	<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>	<u>(862,507)</u>	<u>254,702</u>	<u>(5,365)</u>	<u>(131,518)</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							
Unearned Revenue			24,599							
Transfers In	106,118	78,917	276,926	284,798	357,769	321,265	1,021,542	433	431	433
Transfers Out	(106,118)	(78,917)	(276,926)	(284,798)	(357,769)	(321,265)	(1,021,542)	(433)	(431)	(433)
Cancellation of State Receivable									(30)	
Sale of Solar Renewable Energy Certificates								118,633	69,991	
Total Other Financing Sources (Uses)						<u>3,300,000</u>		<u>118,633</u>	<u>69,961</u>	
Net Change In Fund Balances	<u>\$ (130,335)</u>	<u>\$ (115,368)</u>	<u>\$ (654,312)</u>	<u>\$ (774,218)</u>	<u>\$ (393,139)</u>	<u>\$ (290,815)</u>	<u>\$ (862,507)</u>	<u>\$ 373,335</u>	<u>\$ 64,596</u>	<u>\$ (131,518)</u>
Debt Service As A Percentage Of										
Noncapital Expenditures	6.4%	6.0%	2.5%	2.4%	2.8%	2.2%	8.9%	3.1%	2.9%	2.8%

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>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2013	1,314	4,600	63,871	69,785
2014	1,631	448	96,365	98,444
2015	1,890		42,747	44,637
2016	2,025		37,590	39,615

Source: Wallkill Valley Regional High School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Franklin Borough</u>													
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
2012	14,345,200	309,071,200	5,238,000	226,100	114,519,600	12,949,100	7,207,500	463,556,700	57,677,700	1,634,573	465,191,273	0.46	494,108,058
2013	14,492,100	308,457,400	5,104,600	226,100	111,148,900	12,949,100	7,213,800	459,592,000	57,681,000	1,397,027	460,989,027	0.49	408,931,985
2014	* 12,909,900	248,180,400	4,097,500	222,500	108,720,600	9,924,600	6,723,300	390,778,800	57,771,400	1,591,221	392,370,021	0.57	403,786,555
2015	13,861,600	247,749,100	4,259,500	226,100	107,220,100	9,924,600	657,700	383,898,700	58,016,800	1,859,830	385,758,530	0.56	418,389,622
<u>Hamburg Borough</u>													
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
2012	4,698,150	179,344,400			17,815,200	3,921,700	747,800	206,527,250	4,906,300	402,529	206,929,779	0.72	309,323,203
2013	4,628,150	177,780,200			18,256,200	3,921,700	747,800	205,334,050	4,838,600	406,308	205,740,358	0.75	289,385,794
2014	* 6,038,600	204,017,600			27,961,200	4,988,600	690,600	243,696,600	19,855,400	550,675	244,247,275	0.59	260,636,321
2015	6,019,000	204,491,400			28,067,500	4,988,600	690,600	244,257,100	19,807,800	55,492	244,312,592	0.62	270,300,879

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Hardyston Township</u>													
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
2012	45,246,200	916,366,400	15,348,800	1,281,700	110,953,000	43,062,300	17,013,600	1,149,272,000	123,886,900	2,303,546	1,151,575,546	0.41	1,209,212,158
2013	44,953,900	920,224,100	16,501,900	1,282,800	111,807,300	41,908,600	17,013,600	1,153,692,200	124,109,800	2,239,471	1,155,931,671	0.41	1,188,256,592
2014	* 37,337,300	851,140,900	13,851,200	1,286,800	111,774,500	41,987,200	17,000,000	1,074,377,900	124,187,200	2,229,373	1,076,607,273	0.41	1,136,483,623
2015	33,919,500	856,886,600	13,852,900	1,333,800	109,514,500	41,088,000	17,000,000	1,073,595,300	124,124,900	2,306,168	1,075,901,468	0.94	1,156,145,795
<u>Ogdensburg Borough</u>													
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	7,241,600	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
2012	3,430,500	215,323,000	317,600	15,900	15,549,000	3,137,000	2,788,100	240,561,100	22,775,300	436,209	240,997,309	0.37	233,041,034
2013	3,392,900	214,338,300	317,600	15,900	15,549,000	3,024,300	2,710,800	239,348,800	22,424,100	416,585	239,765,385	0.39	216,669,834
2014	* 2,858,300	178,456,800	279,200	13,500	11,442,000	2,672,200	1,648,200	197,370,200	20,907,700	405,852	197,776,052	0.55	200,920,937
2015	2,485,200	178,218,900	279,200	13,500	11,944,200	1,912,300	1,905,900	196,759,200	20,907,700	451,311	197,210,511	0.60	195,475,339

* Revaluation Year

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	
	2006	\$ 0.736	\$ 0.082	\$ 0.818	\$ 1.086	\$ 1.553	
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
2012	0.410	0.046	0.456	0.932	0.957	0.493	2.838
2013	0.437	0.049	0.485	0.972	0.985	0.476	2.918
2014	* 0.539	0.027	0.566	1.183	1.196	0.536	3.481
2015	0.531	0.028	0.559	1.211	1.251	0.551	3.572

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	
	2006	\$ 0.572	\$ 0.064	\$ 0.635	\$ 0.668	\$ 1.471	
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
2012	0.651	0.072	0.723	0.947	1.859	0.694	4.223
2013	0.675	0.075	0.750	0.970	1.910	0.690	4.320
2014	* 0.560	0.028	0.588	0.835	1.658	0.555	3.636
2015	0.585	0.031	0.616	0.847	1.668	0.570	3.701

WALLKILL 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,	Walkkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation	Total	Township of	Local	Sussex	
		Debt Service ^b	Direct	Hardyston	School District	County	
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
2012	0.365	0.041	0.405	0.565	0.827	0.487	2.284
2013	0.365	0.041	0.406	0.609	0.850	0.509	2.374
2014	* 0.435	0.022	0.406	0.662	0.969	0.550	2.587
2015	0.847	0.094	0.941	0.671	0.445	0.554	2.611

Year Ended December 31,	Walkkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation	Total	Borough of	Local	Sussex	
		Debt Service ^b	Direct	Ogdensburg	School District	County	
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
2012	0.331	0.037	0.368	0.906	0.942	0.447	2.663
2013	0.352	0.039	0.391	0.906	0.969	0.445	2.711
2014	* 0.492	0.055	0.547	1.088	1.192	0.528	3.355
2015	0.544	0.060	0.604	1.089	1.197	0.511	3.401

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.

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

Franklin Borough

Hamburg Borough

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wal-Mart	\$ 11,988,700	3.06%
Franklin 23	9,000,000	2.30%
Weis Markets, Inc.	7,278,400	1.86%
Walgreens	6,969,100	1.78%
Wurtsboro Associates	5,782,900	1.48%
Transbank International	5,134,500	1.31%
Braen Aggregates, LLC	4,768,300	1.22%
Hillside Estates at Franklin, LLC	4,588,800	1.17%
Sterling Plaza, Inc.	3,866,700	0.99%
KAJ Franklin, LLC	2,954,200	0.75%
Total	\$ 62,331,600	15.91%

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
Ames Rubber Corp	\$ 3,054,600	1.48%
Governor Haines Realty, LLC	2,019,600	0.98%
Envision New Jersey, LLC	1,934,000	0.93%
Springdale Village, LLC	1,881,700	0.91%
Individual Taxpayer #1	1,405,000	0.68%
Plaza 23, LLC	1,317,900	0.64%
TRB Investments, LLC	1,174,000	0.57%
TCAT Properties Hamburg, LLC	1,000,200	0.48%
Wachovia Bank	978,400	0.47%
KP Kit & Jay ,LLC	913,800	0.44%
Total	\$ 15,679,200	7.58%

Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wal-Mart	\$ 7,240,800	2.99%
Weis Market, Inc.	4,850,000	2.01%
Franklin 23	4,250,000	2.00%
Transbank International Investors	4,105,200	2.00%
Sterling Plaza, Inc.	2,949,100	1.22%
Hillside Estates of Franklin	2,425,000	1.12%
United Telephone	2,409,673	1.00%
Wurtsboro Associates	2,102,000	0.87%
Kaj Franklin, LLC	1,628,500	0.67%
Black Bear Golf, Inc.	1,432,300	0.59%
Total	\$ 33,392,573	14.47%

Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value
The Bluffs at Ballyowen	\$ 5,163,600	2.49%
Ames Rubber Corporation	3,130,000	1.51%
Shan Industries	2,230,600	1.08%
Kaytes Realty, LLC	1,840,000	0.89%
Governor Haines Square Corporation	1,488,700	0.72%
Grey Elephant, LLC	1,032,800	0.50%
Silver Fox LLC - Falcon Ridge	601,400	0.29%
Versaille Holdings, LLC	578,500	0.28%
Individual Taxpayer #1	552,500	0.27%
Martin Lee, LLC	548,500	0.26%
Total	\$ 17,166,600	8.29%

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

<u>Hardyston Township</u>			<u>Ogdensburg Borough</u>		
<u>Taxpayer</u>	<u>2016</u>		<u>Taxpayer</u>	<u>2016</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Edgewater Assoc, LLC	\$ 17,000,000	8.22%	Jimmy Dobbins PL	\$ 2,136,200	1.08%
WT Spe, LLC	13,543,400	7.47%	Ogdensburg Associates	1,598,500	0.81%
Eastern Concrete Materials, Inc	8,882,500	4.26%	Pokorny Properties LLC	1,514,300	0.77%
Grand Cascades Lodge at Crystal Springs	8,668,700	4.16%	Sterling Hill Mining Museum, Inc	1,127,100	0.57%
Ballyoween Spe, LLC	7,452,700	4.01%	83 Main St. LLC	556,900	0.28%
Shotland Bauer, LLC	7,207,500	3.28%	Individual Taxpayer #1	528,400	0.27%
Crystal Springs Spe, LLC	6,103,500	3.25%	Individual Taxpayer #2	501,400	0.25%
City of Newark Sewer & Water Supply	6,075,300	3.10%	Sterling Hill Mining Museum, Inc	501,000	0.25%
North Church Gravel, LLC	5,094,400	2.95%	Individual Taxpayer #3	456,700	0.23%
Black Bear SPE, LLC	4,614,100	2.94%	Individual Taxpayer #4	453,700	0.23%
Total	\$ 84,642,100	43.64%	Total	\$ 9,374,200	4.74%

<u>Hardyston Township</u>			<u>Ogdensburg Borough</u>		
<u>Taxpayer</u>	<u>2007</u>		<u>Taxpayer</u>	<u>2007</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Wild Turkey Golf Club, LLC	\$ 10,298,400	1.71%	Estate of John Dobbins	\$ 1,725,000	1.49%
Edgewater Associates, LLC	9,688,000	1.61%	Ogdensburg Associates	1,100,000	0.95%
Newark Watershed CDC	9,113,000	1.51%	Sterling Hill Mining Museum, Inc	1,019,000	0.88%
HFH Development Corporation	5,872,600	0.97%	Individual Taxpayer #1	690,100	0.60%
Crystal Springs Builders, LLC	5,839,600	0.97%	AA-1 Self Storage LLC	672,400	0.58%
Crystal Springs Acquisitions, LLC	5,693,000	0.94%	Individual Taxpayer #2	550,700	0.48%
Ballyowen Golf Club USA, Inc.	5,288,400	0.88%	Individual Taxpayer #3	432,000	0.37%
Pottersville Properties Development, LLC	5,215,900	0.87%	Individual Taxpayer #4	419,600	0.36%
Playbiz LLC	4,687,200	0.78%	100 Pane St. LLC	405,600	0.35%
Toll NJ International LP	3,694,300	0.61%	Individual Taxpayer #5	394,100	0.34%
Total	\$ 65,390,400	10.85%	Total	\$ 7,408,500	6.40%

Note: Individual tax payers may be different in 2016 and 2007.

Source: Municipal Tax Assessor

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	
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-
2013	9,365,176	9,365,176	100.00%	-0-
2014	9,622,692	9,234,162	95.96%	\$ 388,530
2015	9,793,530	9,793,530	100.00%	-0-
2016	9,845,206	9,845,206	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.

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN 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				
2007	\$ 4,063,000	-0-	-0-	-0-	-0-	\$ 4,063,000	0.45%	\$ 209.89	
2008	3,343,000	-0-	-0-	-0-	-0-	3,343,000	0.35%	171.37	
2009	3,065,000	-0-	-0-	-0-	-0-	3,065,000	0.32%	157.31	
2010	2,825,000	-0-	-0-	-0-	-0-	2,825,000	0.30%	145.52	
2011	2,585,000	-0-	-0-	-0-	-0-	2,585,000	0.28%	136.33	
2012	5,650,000	-0-	-0-	-0-	-0-	5,650,000	0.59%	299.69	
2013	4,415,000	-0-	-0-	-0-	-0-	4,415,000	0.46%	235.48	
2014	4,095,000	-0-	-0-	-0-	-0-	4,095,000	0.42%	221.69	
2015	3,775,000	-0-	-0-	-0-	-0-	3,775,000	0.39%	206.07	
2016	3,460,000	-0-	-0-	-0-	-0-	3,460,000	0.41%	215.80	

Source: School District Financial Reports

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

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

Exhibit J-11

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN 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		
2007	\$ 4,063,000	-0-	\$ 4,063,000	1.392%	\$ 209.89
2008	3,343,000	-0-	3,343,000	1.104%	171.37
2009	3,065,000	-0-	3,065,000	0.959%	157.31
2010	2,825,000	-0-	2,825,000	0.795%	145.52
2011	2,585,000	-0-	2,585,000	0.492%	136.33
2012	5,650,000	-0-	5,650,000	1.089%	299.69
2013	4,415,000	-0-	4,415,000	0.855%	235.48
2014	4,095,000	-0-	4,095,000	0.794%	221.69
2015	3,775,000	-0-	3,775,000	0.790%	206.07
2016	3,460,000	-0-	3,460,000	1.673%	215.80

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, 2015

<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	\$ 2,038,535	100.00%	\$ 2,038,535
Hamburg Borough	277,100	100.00%	277,100
Hardyston Township	9,964,516	100.00%	9,964,516
Ogdensburg Borough	786,504	100.00%	786,504
County of Sussex - Municipality's Share:			
Franklin Borough	112,567,826	2.42%	2,724,131
Hamburg Borough	112,567,826	1.56%	1,759,927
Hardyston Township	112,567,826	6.69%	7,527,655
Ogdensburg Borough	112,567,826	1.13%	1,272,738
Subtotal, Overlapping Debt			26,351,106
Wallkill Valley Regional High School District Direct Debt			3,460,000
Total Direct And Overlapping Debt			<u>\$ 29,811,106</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 municipalities comprising 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 2016

	Franklin Borough	Hamburg Borough	Hardyston Township	Ogdensburg Borough	Equalized Valuation Basis
2015	\$ 407,692,717	\$ 269,540,168	\$ 1,183,152,702	\$ 188,774,057	\$ 2,049,159,644
2014	415,456,942	268,004,619	1,152,889,688	193,576,108	2,029,927,357
2013	407,629,747	272,470,873	1,183,152,702	199,142,025	2,062,395,347
	<u>\$ 1,230,779,406</u>	<u>\$ 810,015,660</u>	<u>\$ 3,519,195,092</u>	<u>\$ 581,492,190</u>	<u>\$ 6,141,482,348</u>
	Average Equalized Valuation of Taxable Property				\$ 2,047,160,783
	Debt Limit (3% of average equalization value)				61,414,823 ^a
	Net Bonded School Debt				3,460,000
	Legal Debt Margin				<u>\$ 57,954,823</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$ 54,768,010	\$ 65,872,693	\$ 71,526,363	\$ 73,311,656	\$ 72,741,913
Total Net Debt Applicable to Limit	4,063,000	3,343,000	3,065,000	2,825,000	2,585,000
Legal Debt Margin	<u>\$ 50,705,010</u>	<u>\$ 44,881,598</u>	<u>\$ 50,705,010</u>	<u>\$ 62,529,693</u>	<u>\$ 68,461,363</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	7.42%	5.07%	4.29%	3.85%	3.55%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 69,832,485	\$ 66,929,986	\$ 64,357,315	\$ 62,231,987	\$ 61,414,823
Total Net Debt Applicable to Limit	5,650,000	4,415,000	4,095,000	3,775,000	3,460,000
Legal Debt Margin	<u>\$ 70,486,656</u>	<u>\$ 62,514,986</u>	<u>\$ 60,262,315</u>	<u>\$ 58,456,987</u>	<u>\$ 57,954,823</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	8.09%	6.60%	6.36%	6.07%	5.63%

^a Limit set by NJSIA 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

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>				
2007	5,122	\$ 250,532,386	\$ 48,913	4.90%
2008	5,095	253,440,585	49,743	6.30%
2009	5,077	246,310,655	48,515	10.30%
2010	5,065	247,830,450	48,930	11.00%
2011	5,038	255,174,700	50,650	10.70%
2012	4,986	259,795,530	52,105	10.60%
2013	4,935	261,347,730	52,958	8.40%
2014	4,913	259,656,963	52,851	8.20%
2015	4,855	256,591,605	52,851	*
2016	4,855 *	256,591,605 *	52,851 *	N/A
<u>Hamburg Borough</u>				
2007	3,479	\$ 170,168,327	\$ 48,913	4.40%
2008	3,470	172,608,210	49,743	5.60%
2009	3,459	167,813,385	48,515	9.30%
2010	3,277	160,343,610	48,930	9.90%
2011	3,259	165,068,350	50,650	9.60%
2012	3,229	168,247,045	52,105	9.60%
2013	3,120	165,228,960	52,958	5.60%
2014	3,180	168,066,180	52,851	6.70%
2015	3,155	166,744,905	52,851	*
2016	3,155 *	166,744,905 *	52,851 *	N/A

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

<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>Hardyston Township</u>				
2007	8,329	\$ 407,396,377	\$ 48,913	6.20%
2008	8,357	415,702,251	49,743	6.20%
2009	8,325	403,887,375	48,515	10.30%
2010	8,210	401,715,300	48,930	11.00%
2011	8,158	413,202,700	50,650	10.70%
2012	8,089	421,477,345	52,105	10.60%
2013	8,088	428,324,304	52,958	6.20%
2014	8,023	424,023,573	52,851	5.90%
2015	8,023	424,023,573	52,851	*
2016	8,023 **	424,023,573 *	52,851 *	N/A
<u>Ogdensburg Borough</u>				
2007	2,578	\$ 126,097,714	\$ 48,913	4.50%
2008	2,562	127,441,566	49,743	4.50%
2009	2,552	123,810,280	48,515	7.60%
2010	2,410	117,921,300	48,930	8.10%
2011	2,398	121,458,700	50,650	7.90%
2012	2,376	123,801,480	52,105	7.80%
2013	2,329	123,339,182	52,958	4.40%
2014	2,310	122,085,810	52,851	6.30%
2015	2,286	120,817,386	52,851	*
2016	2,286 **	120,817,386 *	52,851 *	N/A

* - Latest Sussex County per capita personal income available (2014) was used for calculation purposes.
purposes.

** - Latest population data available (2015) was used for calculation purposes.

N/A - Information Unavailable

Sources:

^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

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

2015			2006		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Newton Memorial Hospital	5,000	6.80%	Mountain Creek/Intrawest	1,247	1.54%
Selective Insurance	5,000	6.80%	Crystal Springs Golf and Spa Resort	1,154	1.43%
Mountain Creek Resort	1,000	1.36%	Newton Memorial Hospital	1,109	1.37%
Thor Labs	1,000	1.36%	Selective Insurance	954	1.18%
County of Sussex	1,000	1.36%	County of Sussex	770	0.95%
Ames Rubber Corp	500	0.68%	Andover Sub Acute and Rehab Center	700	0.86%
Raider Express	500	0.68%	Roneto Supermarkets, Inc. (Shop Rite)	672	0.83%
Sussex County Community College	500	0.68%	Vernon Township Board of Education	664	0.82%
Mountain Creek Waterpark	250	0.34%	Sparta Board of Education	557	0.69%
A&P Food Store	250	0.34%	Sussex County Community College	516	0.64%
	<u>15,000</u>	<u>20.41%</u>		<u>8,343</u>	<u>10.31%</u>

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

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	51.0	52.0	52.0	52.0	55.5	55.5	47.0	47.0	50.0	50.5
Special Education	7.0	7.0	7.0	7.0	8.0	9.0	9.0	9.0	9.0	12.0
Other Special Education	1.0	1.0	1.0	1.0			0.5	0.2	1.0	1.0
Support Services:										
Student and Instruction Related Services	20.0	20.0	20.0	20.0	11.5	11.5	10.0	14.0	13.5	13.5
School Administrative Services	2.0	2.0	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	4.0	4.0	4.0
Plant Operations and Maintenance	9.0	9.0	9.0	9.0	8.0	8.0	8.0	8.0	9.5	11.0
Business and Other Support Services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	2.0	2.0	2.0
Total	<u>99.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>94.0</u>	<u>95.0</u>	<u>85.5</u>	<u>86.2</u>	<u>91.0</u>	<u>96.0</u>

Source: District Personnel Records

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS,
LAST TEN 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>
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%
2013	684	14,667,889	21,444	-0.34%	57	1:12.1	691	658	-2.95%	95.22%
2014	660	14,921,046	22,608	5.43%	57	1:12.1	665	619	-5.93%	93.08%
2015	685	15,423,262	22,516	5.00%	60	1:12.1	673	643	3.88%	95.54%
2016	670	15,822,111	23,615	4.46%	64	1:10.2	670	638	-3.07%	95.22%

Source: Wallkill Valley Regional High School District records

Note: Enrollment based on annual October district count.

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
High School (1982)										
Square Feet	176,500	176,500	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	950	950
Enrollment	871	837	837	788	775	706	684	660	685	670

Number of Schools at June 30, 2016

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

Source: Wallkill Valley Regional High School District records

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

Exhibit J-19

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

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

Fiscal Year Ended June 30,	High School	*	Total
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
2013	143,111		143,111
2014	360,712		360,712
2015	303,635		303,635
2016	238,809		238,809

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

Source: Wallkill Valley Regional High School District records

Exhibit J-20

WALLKILL REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy – NJSIG Insurance Building & Personal Property/Boiler/ Inland Marine – Auto Physical Damage	\$42,310,960	\$5,000
General Liability including Employee Benefits Each Occurrence General Aggregate Product/Completed Ops Personal Injury	11,000,000	
Auto Liability Environmental Package \$1,000,000	11,000,000	25,000
Crime Coverage		
Faithful Performance	250,000	1,000
Forgery & Alteration	250,000	1,000
Money and Securities	100,000	1,000
Money Orders/Counterfeit	100,000	1,000
Computer Fraud	250,000	1,000
School Board Legal Liability cov A Coverage B 100,000/300,000	6,000,000	5,000
Workers' Compensation	Statutory	
Employer's Liability	Statutory	
Supplemental Indemnity	Statutory	
Bond for School Administrator	Selective Insurance	204,000
Bond for Treasurer of School Monies	Selective Insurance	204,000
Student Accident Coverage students & athletes	Bollinger Insurance	5,000,000

Source: District records

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallkill Valley Regional High School District, in the County of Sussex (the "District") as of, and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 24, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Purpose of this Report

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

October 24, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



John J. Mooney, Partner
Licensed Public School Accountant #2602
Certified Public Accountant



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Report on Compliance For Each Major State Program: Report on Internal Control
 Over Compliance in Accordance Required by OMB Circular A-133
 and New Jersey's OMB Circular's 04-04 and 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Wallkill Valley Regional High School District's (the "District's") compliance with the types of compliance requirements described in the the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2016. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

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

Report on Internal Control Over Compliance

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

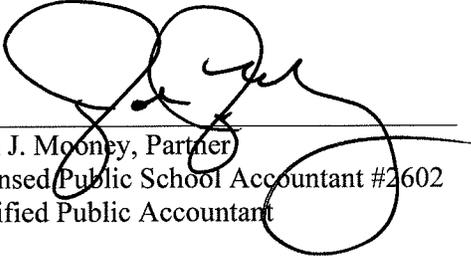
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 24, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



John J. Mooney, Partner
Licensed Public School Accountant #2602
Certified Public Accountant

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue/ (Accounts Receivable) 6/30/15	Due to Grantor 6/30/15	Cash Received	Budgetary Expenditures	Returned to Grantor	Balance 6/30/16		Due to Grantor 6/30/16	Amounts Provided to Subrecipients
										Accounts Receivable	Unearned Revenue		
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	\$ 9,737			\$ 9,737	\$ (5,147)			\$ 4,590		
Federal Food Distribution Program	10.555	N/A	7/1/14-6/30/15	9,878	\$ 2,090			(2,090)					
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	53,770			51,963	(53,770)		\$ (1,807)			
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	53,753	(3,280)		3,280						
Total U.S. Department of Agriculture/Child Nutrition Cluster					(1,190)		64,980	(61,007)		(1,807)	4,590		
U.S. Department of Education													
Passed-through State Department of Education:													
No Child Left Behind Consolidated Grant:													
Title I	84-010A	NCLB-5435-16	7/1/15-6/30/16	75,403			41,113	(77,329)		(36,216)			
Title I	84-010A	NCLB-5435-16	7/1/14-6/30/15	73,399	(13,093)		13,093						
Title IIA	84.278A	NCLB-5435-15	7/1/15-6/30/16	13,010			7,834	(12,900)		(5,066)			
Title IIA	84.278A	NCLB-5435-15	7/1/14-6/30/15	13,272	(13,181)		13,344	(163)					
Special Education Cluster													
I.D.E.A. Part B, Basic	84.027	FT-5435-16	7/1/15-6/30/16	138,987			138,987	(138,987)					
Perkins Vocational Education - Basic Grants	84.048A	N/A	7/1/15-6/30/16	16,014				(15,442)		(15,442)			
Perkins Vocational Education - Basic Grants	84.048A	N/A	7/1/14-6/30/15	19,318	(14,612)		15,105	(493)					
Total U.S. Department of Education					(40,886)		229,476	(245,314)		(56,724)			
Total Federal Financial Awards					\$ (42,076)	\$ -0-	\$ 294,456	\$ (306,321)	\$ -0-	\$ (58,531)	\$ 4,590	\$ -0-	\$ -0-

N/A - Not Available

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance	Cash Received	Budgetary Expenditures	Balance 6/30/16		MEMO	
				Unearned Revenue (Accounts Receivable) 06/30/15			GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:										
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 2,932,866	\$ (290,601)	\$ 290,601					\$ 2,932,866
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	92,430	(9,158)	9,158					92,430
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	466,818	(46,254)	46,254					466,818
Special Education Aid	15-495-034-5120-011	7/1/14-6/30/15	415,991	(41,218)	41,218					415,991
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	67,110	(6,650)	6,650					67,110
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	718,835	(71,225)	71,225					718,835
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	6,580	(652)	652					6,580
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	6,580	(652)	652					6,580
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	78,540	(78,540)	78,540					78,540
Non-Public Transportation	15-495-034-5120-014	7/1/14-6/30/15	9,810	(9,810)	9,810					9,810
Reimbursed TPAF Social Security Contributions	15-495-034-5095-003	7/1/14-6/30/15	435,145	(30,278)	30,278					435,145
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	2,932,866		2,642,265	\$ (2,932,866)			\$ (290,601)	2,932,866
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	92,430		83,272	(92,430)			(9,158)	92,430
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	466,818		420,564	(466,818)			(46,254)	466,818
Special Education Aid	16-495-034-5120-011	7/1/15-6/30/16	415,991		374,773	(415,991)			(41,218)	415,991
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	67,110		60,460	(67,110)			(6,650)	67,110
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	718,835		647,610	(718,835)			(71,225)	718,835
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	6,580		5,928	(6,580)			(652)	6,580
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	6,580		5,928	(6,580)			(652)	6,580
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	106,380			(106,380)	\$ (106,380)		(106,380)	106,380
Non-Public Transportation	16-495-034-5120-014	7/1/15-6/30/16	7,615			(7,615)	(7,615)		(7,615)	7,615
Reimbursed TPAF Social Security Contributions	16-495-034-5120-003	7/1/15-6/30/16	429,932		408,785	(429,932)	(21,147)		(21,147)	429,932
Total General Fund State Aid				<u>(585,038)</u>	<u>5,234,623</u>	<u>(5,251,137)</u>	<u>(135,142)</u>		<u>(601,552)</u>	<u>10,481,842</u>
Total NJ Department of Education				<u>(585,038)</u>	<u>5,234,623</u>	<u>(5,251,137)</u>	<u>(135,142)</u>		<u>(601,552)</u>	<u>10,481,842</u>
Enterprise Fund:										
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,842	(10)	10					1,842
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	1,845		1,783	(1,845)	(62)			1,845
Total Enterprise Fund				<u>(10)</u>	<u>1,793</u>	<u>(1,845)</u>	<u>(62)</u>			<u>3,687</u>
Total State Awards				<u>\$ (585,048)</u>	<u>\$ 5,236,416</u>	<u>\$ (5,252,982)</u>	<u>\$ (135,204)</u>	<u>\$ -0-</u>	<u>\$ (601,552)</u>	<u>\$ 13,408,126</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, 2016

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, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the 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 position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on 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 on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 \$ -0- for the general fund and (\$15,020) for the Special Revenue Fund. See exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension Payments and Post Retirement Medical Benefits revenue of \$476,040 and \$566,832 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,294,009	\$ 6,294,009
Special Revenue Fund	\$ 230,294		230,294
Enterprise Fund - Food Service	<u>61,007</u>	<u>1,844</u>	<u>62,851</u>
	<u>\$ 291,301</u>	<u>\$ 6,295,853</u>	<u>\$ 6,587,154</u>

NOTE 5. 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 6. 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, 2016. 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, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as 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>
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 415,991	\$ 415,991
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	2,932,866	2,932,866
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	67,110	67,110
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	718,835	718,835
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	92,430	92,430
PARCC Readiness Grant	16-495-034-5120-098	7/1/15-6/30/16	6,580	6,580
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	6,580	6,580

- The threshold used for distinguishing between Type A and Type B programs was \$750,000 for state programs.
- The District was determined to be a "low-risk" auditee for state programs.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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 the Uniform Guidance and New Jersey's OMB Circular 15-08.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no findings in the prior year.