

**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, 2017**

**Comprehensive Annual
Financial Report**

of the

**Wallkill Valley Regional
High School District**

Hamburg, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Wallkill Valley Regional High School
For the Fiscal Year Ended June 30, 2017**

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors.....	6

FINANCIAL SECTION 7

Independent Auditors' Report.....	8
-----------------------------------	---

Required Supplementary Information.....	11
Management's Discussion and Analysis (Unaudited).....	12

Basic Financial Statements (Sections A. and B.).....	21
--	----

A. District-Wide Financial Statements.....	22
--	----

A-1 Statement of Net Position	23
-------------------------------------	----

A-2 Statement of Activities	24
-----------------------------------	----

B. Fund Financial Statements	26
------------------------------------	----

B-1 Balance Sheet – Governmental Funds.....	27
---	----

B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	28
--	----

B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
--	----

B-4 Statement of Net Position – Proprietary Funds	31
---	----

B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds.....	32
---	----

B-6 Statement of Cash Flows – Proprietary Funds.....	33
--	----

B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	34
--	----

B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	35
---	----

Notes to the Basic Financial Statements.....	36
--	----

Required Supplementary Information (Unaudited) 67

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....	68
--	----

L-1 Schedule of District's Proportionate Share of the Net Pension Liability- Public Employees Retirement System.....	68
---	----

L-2 Schedule of District Contributions – Public Employees Retirement System	69
---	----

L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District - Teachers' Pension and Annuity Fund.....	70
--	----

L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	71
---	----

Notes to Required Supplementary Information.....	72
--	----

C. Budgetary Comparison Schedules (Unaudited)	74
---	----

C-1 Budgetary Comparison Schedule – General Fund (Unaudited)	75
--	----

C-2 Budgetary Comparison Schedule – Budgetary Basis - Special Revenue Fund (Unaudited).....	85
---	----

C-3 Budgetary Comparison Schedule – Note to RSI (Unaudited)	86
---	----

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable)	87
E. Special Revenue Fund	88
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	89
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund	90
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance.....	91
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status Additions and Renovations to Wallkill Valley Regional High School.....	92
F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status Solar Photovoltaic Project	93
G. Proprietary Funds	94
Enterprise Fund:	
G-1 Statement of Net Position	95
G-2 Statement of Revenue, Expenses and Changes in Net Position.....	96
G-3 Statement of Cash Flows	97
H. Fiduciary Funds	98
H-1 Combining Statement of Fiduciary Net Position.....	99
H-2 Combining Statement of Changes in Fiduciary Net Position	100
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	101
H-4 Student Activity Agency Fund Statement of Activity	102
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	103
I. Long-Term Debt.....	104
I-1 Schedule of Serial Bonds.....	105
I-2 Schedule of Obligations Under Capital Leases (Not Applicable).....	106
I-3 Debt Service Fund Budgetary Comparison Schedule.....	107

STATISTICAL SECTION (UNAUDITED)

J. STATISTICAL SECTION (Unaudited).....	108
J-1 Net Position by Component.....	109
J-2 Changes in Net Position.....	110
J-3 Fund Balances – Governmental Funds.....	113

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

STATISTICAL SECTION (UNAUDITED) (Cont'd)

J-4	Changes in Fund Balances – Governmental Funds	114
J-5	General Fund Other Local Revenue by Source	116
J-6	Assessed Value and Actual Value of Taxable Property	117
J-7	Direct and Overlapping Property Tax Rates.....	119
J-8	Principal Property Taxpayers	121
J-9	Property Tax Levies and Collections.....	123
J-10	Ratios of Outstanding Debt by Type	124
J-11	Ratios of Net General Bonded Debt Outstanding.....	125
J-12	Ratios of Overlapping Governmental Activities Debt.....	126
J-13	Legal Debt Margin Information	127
J-14	Demographic and Economic Statistics	128
J-15	Principal Employers.....	130
J-16	Full-Time Equivalent District Employees by Function/Program	131
J-17	Operating Statistics.....	132
J-18	School Building Information	133
J-19	Schedule of Required Maintenance for School Facilities.....	134
J-20	Insurance Schedule	135
K.	SINGLE AUDIT SECTION.....	136
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	137
K-2	Report on Compliance for Each Major State Program: Report on Internal Control Over Compliance.....	139
K-3	Schedule of Expenditures of Federal Awards.....	141
K-4	Schedule of Expenditures of State Awards.....	142
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	144
K-6	Schedule of Findings and Questioned Costs.....	146
K-7	Summary Schedule of Prior Audit Findings.....	148

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

September 22, 2017

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, 2017, 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 2016-17 fiscal year with an average daily enrollment of 674 students, which is an increase of 4 students from the previous year's average daily enrollment.

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 7 students over the previous year. As of June 30, 2017, the enrollment was 640 as of September 6, 2017 we had 611 students enrolled at Wallkill Valley Regional High School, a decrease of 29 students over the summer.

3) MAJOR INITIATIVES: Three classrooms were renovated over the summer of 2016. The first was turned into an early childhood education and pre-school room. The second and third rooms were turned into self-contained special education classrooms.

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, 2017.

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:

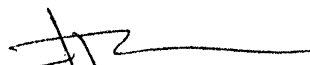
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, 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,

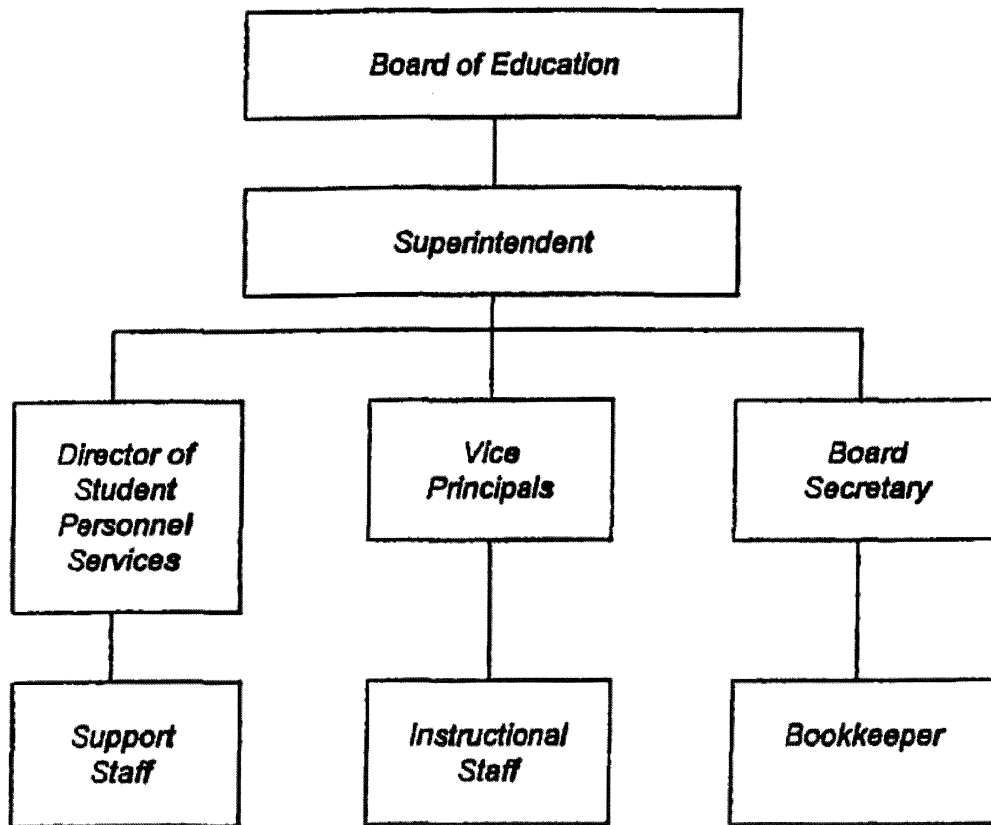


David Carr
Superintendent/Principal



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, 2017**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Thomas Kabatra	Franklin Borough	2019
Marianne Nichols	Hardyston Township	2018
Debra Lukacsko	Hardyston Township	2017
Virginia Jones, Vice President	Hamburg Borough	2017
Jeffrey S. Hilbert, Sr.	Franklin Borough	2017
Edward Card, President	Hardyston Township	2018
Guy G. McHugh	Hamburg Borough	2018
Robert Carlson	Hardyston Township	2019
Wayne McWilliams	Ogdensburg Borough	2019

Other Officers

David Carr	Superintendent/Principal
Joseph P. Hurley Jr.	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

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Official Depository

Sussex Bank
399 Route 23
Franklin, NJ 07416

FINANCIAL SECTION

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, 2017, 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.

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, 2017, 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 Exhibits L-01 through L-04 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
Page 3


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 September 22, 2017 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.

September 22, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



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, 2017
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, 2017. 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 \$19,963,073 on a district wide basis. The total School District Fund Balance saw a decrease during the 2016/17 school year of \$88,683.
- The overall expenses of the District totaled \$20,051,756 on a district wide basis.
- Net position of the District's business-type activity – food service program – decreased by \$1,080 compared to the previous year.
- In 2016/17 the District paid down \$325,000 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

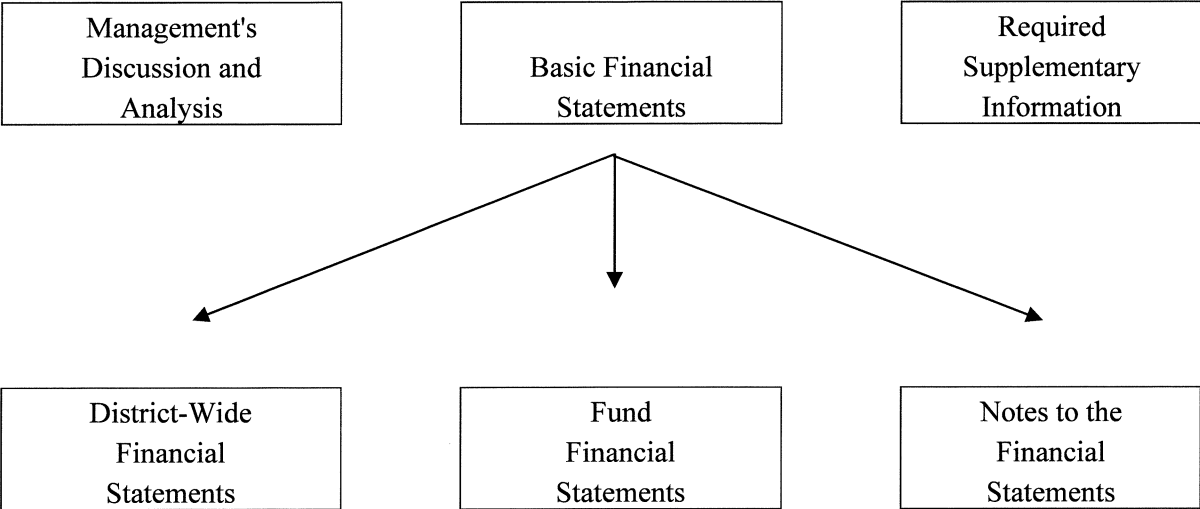


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Current and							
Other Assets	\$ 1,838,104	\$ 1,536,591	\$ 42,068	\$ 67,380	\$ 1,880,172	\$ 1,603,971	-14.69%
Capital Assets, Net	11,091,853	11,107,008	41,963	40,287	11,133,816	11,147,295	0.12%
Total Assets	<u>12,929,957</u>	<u>12,643,599</u>	<u>84,031</u>	<u>107,667</u>	<u>13,013,988</u>	<u>12,751,266</u>	-2.02%
Deferred Outflows of Resources	428,962	1,060,259			428,962	1,060,259	147.17%
Other Liabilities	344,220	382,631	8,565	33,281	352,785	415,912	17.89%
Long-term Liabilities	6,571,107	7,020,804			6,571,107	7,020,804	6.84%
Total Liabilities	<u>6,915,327</u>	<u>7,403,435</u>	<u>8,565</u>	<u>33,281</u>	<u>6,923,892</u>	<u>7,436,716</u>	7.41%
Deferred Inflows of Resources	111,687	56,121			111,687	56,121	-49.75%
Net Investment in Capital Assets	7,564,481	7,915,864	41,963	40,287	7,606,444	7,956,151	4.60%
Restricted	1,446,470	1,202,325			1,446,470	1,202,325	-16.88%
Unrestricted/ (Deficit)	<u>(2,679,046)</u>	<u>(2,873,887)</u>	<u>33,503</u>	<u>34,099</u>	<u>(2,645,543)</u>	<u>(2,839,788)</u>	-7.34%
Total Net Position	<u>\$ 6,331,905</u>	<u>\$ 6,244,302</u>	<u>\$ 75,466</u>	<u>\$ 74,386</u>	<u>\$ 6,407,371</u>	<u>\$ 6,318,688</u>	-1.38%

Changes in Net Position. The District's *combined* net position was \$6,318,688 on June 30, 2017, \$88,683 or 1.38% lower 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 decreased \$1,080 (See Figure A-4).

Figure A-4**Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Revenue:							
Program Revenue:							
Charges for Services			\$ 166,820	\$ 152,064	\$ 166,820	\$ 152,064	-8.85%
Operating Grants and Contributions	\$ 8,579,228	\$ 9,580,111	62,852	57,577	8,642,080	9,637,688	11.52%
General Revenue:							
Property Taxes	9,845,206	10,081,204			9,845,206	10,081,204	2.40%
Other	40,048	92,087	23	30	40,071	92,117	129.88%
Total Revenue	<u>18,464,482</u>	<u>19,753,402</u>	<u>229,695</u>	<u>209,671</u>	<u>18,694,177</u>	<u>19,963,073</u>	6.79%
Expenses:							
Instruction	10,766,231	10,955,126			10,766,231	10,955,126	1.75%
Pupil and Instruction Services	3,295,366	4,118,634			3,295,366	4,118,634	24.98%
Administrative and Business	1,421,640	1,783,362			1,421,640	1,783,362	25.44%
Maintenance and Operations	1,413,858	1,445,466			1,413,858	1,445,466	2.24%
Transportation	1,337,244	1,357,347			1,337,244	1,357,347	1.50%
Other	232,304	181,070	222,322	210,751	454,626	391,821	-13.81%
Total Expenses	<u>18,466,643</u>	<u>19,841,005</u>	<u>222,322</u>	<u>210,751</u>	<u>18,688,965</u>	<u>20,051,756</u>	7.29%
Increase/(Decrease) in Net Position	<u>\$ (2,161)</u>	<u>\$ (87,603)</u>	<u>\$ 7,373</u>	<u>\$ (1,080)</u>	<u>\$ 5,212</u>	<u>\$ (88,683)</u>	-1801.52%

Revenue Sources. The District's total revenue for the 2016/17 school year was \$19,963,073. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$10,081,204 of the total, or 50.50 percent. (See Figure A-5). Another 48.28 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, \$1,601,172 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 2017**

	Amount	Percentage
Sources of Income:		
Property Taxes	\$ 10,081,204	50.50%
Federal and State Categorical Grants	9,637,688	48.28%
Charges for Services	152,064	0.76%
Other	<u>92,117</u>	<u>0.46%</u>
Total Revenue	<u>\$ 19,963,073</u>	<u>100.00%</u>

The total cost of all programs and services was \$20,051,756. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.95 percent). (See Figure A-6). The District's administrative and business activities accounted for 8.89 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 2017

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 10,955,126	54.64%
Pupil and Instruction Services	4,118,634	20.54%
Administrative and Business	1,783,362	8.89%
Maintenance and Operations	1,445,466	7.21%
Transportation	1,357,347	6.77%
Other	391,821	1.95%
 Total Expenses	 <u><u>\$ 20,051,756</u></u>	 <u><u>100.00%</u></u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position decreased by \$87,603. 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 most 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>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>
Instruction	\$ 10,766,231	\$10,955,126	\$ 2,924,100	\$ 3,208,987
Pupil and Instruction Services	3,295,366	4,118,634	3,032,702	3,171,617
Administrative and Business	1,421,640	1,783,362	1,421,640	1,369,733
Maintenance and Operations	1,413,858	1,445,466	1,413,858	1,445,466
Transportation	1,337,244	1,357,347	862,811	883,961
Other	232,304	181,070	232,304	181,070
	<u><u>\$ 18,466,643</u></u>	<u><u>\$ 19,841,005</u></u>	<u><u>\$ 9,887,415</u></u>	<u><u>\$10,260,834</u></u>

- The cost of all governmental activities this year was \$19.84 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$9.58 million).
- Most of the District’s costs (\$10.08 million), however, were financed by District taxpayers.

Business-Type Activities

Net position from the District’s business-type activity decreased by \$1,080. (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenues by \$1,080, accounting for the decrease 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 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 Long Term Liabilities

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	Change 2016/17
Buildings, Building and Site Improvements	\$ 10,453,694	\$ 10,413,608			\$ 10,453,694	\$ 10,413,608	-0.38%
Furniture, Machinery, and Equipment	638,159	693,400	\$ 41,963	\$ 40,287	680,122	733,687	7.88%
Total Capital Assets - (Net of Depreciation)	<u>\$ 11,091,853</u>	<u>\$ 11,107,008</u>	<u>\$ 41,963</u>	<u>\$ 40,287</u>	<u>\$ 11,133,816</u>	<u>\$ 11,147,295</u>	0.12%

The District’s overall capital assets increased from the prior year due to expenditures made for capital outlay for various building and site improvements of \$263,860 and purchases of machinery and equipment of \$102,772 offset by depreciation of \$353,153. (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 \$3,135,000 in general obligation bonds outstanding – a decrease of \$325,000 from last year, and a net pension liability of \$3,241,134 – 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
	2015/16	2016/17	Change
General Obligation Bonds (Financed with Property Taxes)	\$ 3,460,000	\$ 3,135,000	-9.39%
Net Pension Liability	2,441,381	3,241,134	32.76%
Unamortized Bond Premium	67,372	56,144	-16.67%
Other Long Term Liabilities	602,354	588,526	-2.30%
	<u>\$ 6,571,107</u>	<u>\$ 7,020,804</u>	6.84%

- The District continued to pay down its debt, retiring \$325,000 of outstanding bonds.
- The District experienced an increase of \$799,753 in the Net Pension Liability in 2016-2017.

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 2017-2018 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 Every Student Succeeds Act 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.
- The District was informed by the State of New Jersey of a reduction of state aid for the fiscal year ended June 30, 2018 in the amount of \$94,904 which has been designated as part of the District’s fund balance as of June 30, 2017 and will be raised in the 2018-19 budget.

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 654,276	\$ 43,013	\$ 697,289
Receivables from State Government	90,116	86	90,202
Receivables from Federal Government	1,425	2,180	3,605
Internal Balances	(12,548)	12,548	
Other Receivables	32,214		32,214
Inventory		9,553	9,553
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	771,108		771,108
Capital Assets:			
Depreciable Buildings and Building Improvements, Site Improvements and Furniture, Machinery and Equipment	11,107,008	40,287	11,147,295
Total Assets	<u>12,643,599</u>	<u>107,667</u>	<u>12,751,266</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	671,390		671,390
Changes in Proportion - Pensions	96,576		96,576
Difference Between Expected and Actual Experience - Pensions	123,587		123,587
Net Difference in Investment Earnings - Pensions	60,275		60,275
Contribution Subsequent to Measurement Date - Pensions	108,431		108,431
Total Deferred Outflows of Resources	<u>1,060,259</u>		<u>1,060,259</u>
LIABILITIES			
Accounts Payable - Vendors	257,260	29,457	286,717
Accounts Payable - Cash Deficit	1,188		1,188
Unearned Revenue	3,400	3,824	7,224
Accrued Interest Payable	120,783		120,783
Noncurrent Liabilities:			
Due Within One Year	335,000		335,000
Due Beyond One Year	6,685,804		6,685,804
Total Liabilities	<u>7,403,435</u>	<u>33,281</u>	<u>7,149,999</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in Proportion - Pensions	56,121		56,121
Total Deferred Inflows of Resources	<u>56,121</u>		<u>56,121</u>
NET POSITION			
Net Investment in Capital Assets	7,915,864	40,287	7,956,151
Restricted for:			
Capital Projects	1,201,459		1,201,459
Debt Service	866		866
Unrestricted/(Deficit)	(2,873,887)	34,099	(2,839,788)
Total Net Position	<u>\$ 6,244,302</u>	<u>\$ 74,386</u>	<u>\$ 6,318,688</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, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 8,534,539		\$ 3,828,772	\$ (4,705,767)		\$ (4,705,767)
Special Education	1,513,077		3,904,351	2,391,274		2,391,274
Other Special Instruction	48,573		12,956	(35,617)		(35,617)
School Sponsored/Other Instruction	858,937			(858,937)		(858,937)
Support services:						
Tuition	1,456,988		135,931	(1,321,057)		(1,321,057)
Student & Instruction Related Services	2,661,646		811,086	(1,850,560)		(1,850,560)
General Administrative Services	702,782		139,113	(563,669)		(563,669)
School Administrative Services	826,855		274,516	(552,339)		(552,339)
Central Services	253,725			(253,725)		(253,725)
Plant Operations and Maintenance	1,445,466			(1,445,466)		(1,445,466)
Pupil Transportation	1,357,347		473,386	(883,961)		(883,961)
Interest on Long-Term Debt	104,588			(104,588)		(104,588)
Unallocated Depreciation	37,836			(37,836)		(37,836)
Capital Outlay	38,646			(38,646)		(38,646)
Total Governmental Activities	19,841,005	\$ -0-	9,580,111	(10,260,894)	\$ -0-	(10,260,894)

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Food Service	\$ 210,751	\$ 152,064	\$ 57,577		\$ (1,110)	\$ (1,110)
Total Business-Type Activities	210,751	152,064	57,577		(1,110)	(1,110)
Total Primary Government	\$ 20,051,756	\$ 152,064	\$ 9,637,688	\$ (10,260,894)	\$ (1,110)	\$ (10,262,004)

General Revenues:

Taxes:						
Property Taxes, Levied for General Purposes, Net	\$ 9,705,176			\$ 9,705,176		\$ 9,705,176
Taxes Levied for Debt Service	376,028			376,028		376,028
Interest on Investments	1,574			1,574	\$ 30	1,604
Interest Earned in Capital Reserve	480			480		480
Miscellaneous Income	90,033			90,033		90,033
Total General Revenue	10,173,291			10,173,291	30	10,173,321
Change in Net Position	(87,603)			(87,603)	(1,080)	(88,683)
Net Position - Beginning	6,331,905			6,331,905	75,466	6,407,371
Net Position - Ending	\$ 6,244,302			\$ 6,244,302	\$ 74,386	\$ 6,318,688

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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 209,295	\$ 12,576	\$ 432,405		\$ 654,276
Receivables From State Government	90,116				90,116
Receivables From Federal Government		1,425			1,425
Interfund Receivable	17,499			\$ 2,054	19,553
Other Receivables	25,316	6,898			32,214
Restricted Cash and Cash Equivalents	771,108				771,108
Total Assets	\$ 1,113,334	\$ 20,899	\$ 432,405	\$ 2,054	\$ 1,568,692
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 148,829				\$ 148,829
Accounts Payable - Cash Deficit				\$ 1,188	1,188
Interfund Payable	12,548	\$ 17,499	\$ 2,054		32,101
Unearned Revenue		3,400			3,400
Total Liabilities	161,377	20,899	2,054	1,188	36,689
Fund Balances:					
Restricted for:					
Capital Reserve Account	771,108				771,108
Excess Surplus - For Subsequent Year's Expenditures	61,918				61,918
Capital Projects Fund			430,351		430,351
Debt Service Fund				866	866
Assigned to:					
Year-end Encumbrances	93,848				93,848
Additional Assigned Fund Balance For Subsequent Year's Expenditures - 7/1/17 - 8/1/17	25,083				25,083
Total Fund Balances	951,957		430,351	866	1,383,174
Total Liabilities and Fund Balances	\$ 1,113,334	\$ 20,899	\$ 432,405	\$ 2,054	

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 \$19,623,807 and the accumulated depreciation is \$8,516,799.	11,107,008
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,723,526)
Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$157,196 and the accumulated Amortization is \$101,052.	(56,144)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due.	(120,783)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(3,241,134)
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	671,390
Changes in Proportions - Pensions	96,576
Difference Between Expected and Actual Experience - Pensions	60,275
Net Difference in Investment Earnings - Pensions	123,587
Changes in Proportions - Pensions	(56,121)
Net Position of Governmental Activities	\$ 6,244,302

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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 9,705,176			\$ 376,028	\$ 10,081,204
Interest on Investments	1,141		\$ 433		1,574
Interest Earned on Capital Reserve Funds	480				480
Unrestricted Miscellaneous	83,135	\$ 6,898			90,033
Total - Local Sources	<u>9,789,932</u>	<u>6,898</u>	<u>433</u>	<u>376,028</u>	<u>10,173,291</u>
State Sources	6,413,744				6,413,744
Federal Sources	16,835	243,983			260,818
Total Revenue	<u>16,220,511</u>	<u>250,881</u>	<u>433</u>	<u>376,028</u>	<u>16,847,853</u>
EXPENDITURES:					
Current:					
Regular Instruction	4,420,661				4,535,611
Special Education Instruction	823,016	114,950			823,016
Other Special Instruction	26,981				26,981
School Sponsored/Other Instruction	661,550				661,550
Support Services and Undistributed Costs:					
Tuition	1,321,057				1,456,988
Student & Instruction Related Services	1,487,848				1,487,848
General Administrative Services	437,578				437,578
School Administrative Services	423,815				423,815

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	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	\$ 180,715				\$ 180,715
Plant Operations and Maintenance	1,100,570				1,100,570
Pupil Transportation	1,357,347				1,357,347
Benefits - Allocated and Unallocated	3,741,233				3,741,233
Debt Service:					
Principal				\$ 325,000	325,000
Interest and Other Charges				121,450	121,450
Capital Outlay	405,278				405,278
Total Expenditures	16,387,649	\$ 250,881		446,450	17,084,980
Excess/(Deficiency) of Revenue over/(under) Expenditures	(167,138)		433	(70,422)	(237,127)
OTHER FINANCING SOURCES/(USES):					
Transfers In				433	433
Transfers Out			(433)		(433)
Total Other Financing Sources/(Uses)			(433)	433	
Net Change in Fund Balances	(167,138)			(69,989)	(237,127)
Fund Balance—July 1	1,119,095		430,351	70,855	1,620,301
Fund Balance—June 30	\$ 951,957	\$ -0-	\$ 430,351	\$ 866	\$ 1,383,174

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, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (237,127)

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>366,632</u>
		15,155
		325,000

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.

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 (+).

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. 5,634

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		(799,753)
Deferred Outflows:		
Changes in Assumptions		409,205
Changes in Proportion		(11,958)
Differences Between Expected and Actual Experience		2,032
Net Difference in Investment Earnings		162,840
Deferred Inflows:		
Changes in Proportion		<u>16,313</u>

Change in Net Position of Governmental Activities (A-2) \$ (87,603)

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 43,013
Accounts Receivable:	
State	86
Federal	2,180
Interfund Receivable	12,548
Inventories	<u>9,553</u>
Total Current Assets	<u>67,380</u>
Non-Current Assets:	
Capital Assets	103,725
Less: Accumulated Depreciation	<u>(63,438)</u>
Total Non-Current Assets	<u>40,287</u>
Total Assets	<u>107,667</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	29,457
Unearned Revenue	<u>3,824</u>
Total Current Liabilities	<u>33,281</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	40,287
Unrestricted	<u>34,099</u>
Total Net Position	<u><u>\$ 74,386</u></u>

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 99,404
Daily Sales - Non-Reimbursable Programs	52,660
	152,064
Total Operating Revenue	152,064
Operating Expenses:	
Cost of Sales - Reimbursable Programs	79,273
Cost of Sales - Non Reimbursable Programs	30,828
Salaries & Payroll Taxes	78,303
Employee Benefits	6,290
Management Fee	9,033
Professional and Technical Services	2,657
Depreciation Expense	1,676
Other Miscellaneous Expenses	2,691
	210,751
Total Operating Expenses	210,751
Operating (Loss)	(58,687)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	1,794
Federal Sources:	
National School Lunch Program	44,953
Food Distribution Program	10,830
Local Sources:	
Interest on Investments	30
	57,607
Total Non-Operating Revenue	57,607
Change in Net Position	(1,080)
Net Position - Beginning of Year	75,466
Net Position - End of Year	\$ 74,386

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, 2017

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 152,064
Payments to Employees	(78,303)
Payments for Benefits	(6,290)
Payments to Food Service Vendor	(9,033)
Payments to Suppliers	(57,830)
	608
Net Cash Provided by Operating Activities	608
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	46,350
	46,350
Net Cash Provided by Noncapital Financing Activities	46,350
Cash Flows from Investing Activities:	
Investment Income	30
	30
Net Cash Flows Provided by Investing Activities	30
Net Increase in Cash and Cash Equivalents	46,988
Cash and Cash Equivalents, July 1	(3,975)
Cash and Cash Equivalents, June 30	\$ 43,013
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating (Loss)	\$ (58,687)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Federal Food Distribution Program	10,830
Depreciation	1,676
Changes in Assets and Liabilities:	
(Increase) in Inventory	(34)
Decrease in Interfund Receivable	18,132
Increase in Accounts Payable	29,457
(Decrease) in Unearned Revenue	(766)
	608
Net Cash Provided by Operating Activities	\$ 608

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 \$10,064 and utilized commodities valued at \$10,830.

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, 2017

	<u>Agency Funds</u>	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 189,278	\$ 72,346	\$ 7,829	\$ 269,453
Total Assets	<u>189,278</u>	<u>72,346</u>	<u>7,829</u>	<u>269,453</u>
<u>LIABILITIES:</u>				
Net Salaries and Wages	1,931			1,931
Payroll Deductions and Withholdings	5,815			5,815
Due to Student Groups	181,532			181,532
Total Liabilities	<u>181,532</u>			<u>189,278</u>
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims			7,829	7,829
Restricted For Scholarships		72,346		72,346
Total Net Position	<u>\$ -0-</u>	<u>\$ 72,346</u>	<u>\$ 7,829</u>	<u>\$ 80,175</u>

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Scholarship Trust	Totals
ADDITIONS:			
Contributions:			
Donations	_____	\$ 6,363	\$ 6,363
Total Contributions	_____	6,363	6,363
Investment Earnings:			
Interest	\$ 8	61	69
Net Investment Earnings	8	61	69
Total Additions	8	6,424	6,432
Change in Net Position	8	6,424	6,432
Net Position - Beginning of the Year	7,821	65,922	73,743
Net Position - End of the Year	<u>\$ 7,829</u>	<u>\$ 72,346</u>	<u>\$ 80,175</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, 2017

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

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.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

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.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

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.

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, 2017 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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 16,222,699	\$ 239,674
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.		11,207
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	(468,598)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 16,220,511	\$ 250,881
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 16,387,649	\$ 239,674
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.		11,207
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 16,387,649	\$ 250,881

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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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, 2017.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	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 governmental 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, 2017.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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.

P. Fund Balance Appropriated:

General Fund: Of the \$951,957 General Fund fund balance at June 30, 2017, \$93,848 is assigned for year-end encumbrances; \$771,108 is restricted for the capital reserve account; \$61,918 is the prior year excess surplus and has been restricted for and included as anticipated revenue for the year ending June 30, 2018; \$25,083 is assigned for additional assigned fund balance due to the reduction in State aid for 2016-17 which is \$69,821 less on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2018; \$ 0 is assigned for subsequent year's expenditures which is \$97,271 less on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2018; and \$0 is unassigned which is \$301,506 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, 2018.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2017 of \$430,351 is restricted.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2017 of \$866 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, 2017 as noted above.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$468,598 (\$301,506 in unassigned fund balance, \$69,821 in additional assigned fund balance, and \$97,271 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 \$2,873,887 deficit in its governmental activities Unrestricted Net Position at June 30, 2017 primarily due to a result of the accrual of interest of \$120,783, unamortized bond premiums of \$56,144, compensated absences payable of \$588,526, changes in proportion in pensions of \$56,121, and net pension liability of \$3,241,134; offset by the assigned General Fund fund balances of \$118,931, net difference in investment earnings in pensions of \$123,587, changes in pension assumptions of \$671,390, changes in pension proportions of \$96,576, and differences between expected and actual experience in pensions of \$60,275. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

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 changes in proportion in pensions and had deferred outflows of resources for changes in assumptions, changes in proportions in pensions, as well as investment gains, the District contribution subsequent to the measurement date, and the difference between expected and actual experience related to pensions at June 30, 2017.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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, 2017.

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, 2017.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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.

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.

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 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 two pages.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Deposits:

Custodial Credit Risk – The District’s policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (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 Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) ; or

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Investments: (Cont'd)

- (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 section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Capital Reserve Account	Total
Checking and Savings Accounts	\$ 965,554	\$ 771,108	\$ 1,736,662
	\$ 965,554	\$ 771,108	\$ 1,736,662

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$1,736,662 and the bank balance was \$2,548,570.

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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 849,460
Increased by:	
Board resolution June 22, 2017	369,068
Interest Earnings	480
Decreased by:	
Budgeted Withdrawal	<u>(447,900)</u>
Ending Balance, June 30, 2017	<u>\$ 771,108</u>

The June 30, 2017 Long Range Facilities Plan (LRFP) balance of local support costs of uncompleted capital projects at June 30, 2017 is equal to or greater than \$771,108. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2017, the District made transfers to capital outlay accounts in the amount of \$71,450 for equipment 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, 2017
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2017 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	\$ 17,971,623	\$ 263,860		\$ 18,235,483
Machinery and Equipment	<u>1,285,552</u>	<u>102,772</u>		<u>1,388,324</u>
Total Capital Assets Being Depreciated	<u>19,257,175</u>	<u>366,632</u>		<u>19,623,807</u>
 Governmental Activities Capital Assets	 <u>19,257,175</u>	 <u>366,632</u>		 <u>19,623,807</u>
 Less Accumulated Depreciation for:				
Buildings, Building Improvements and Site Improvements	(7,517,929)	(303,946)		(7,821,875)
Machinery and Equipment	<u>(647,393)</u>	<u>(47,531)</u>		<u>(694,924)</u>
	<u>(8,165,322)</u>	<u>(351,477)</u>		<u>(8,516,799)</u>
 Governmental Activities Capital Assets, Net of Accumulated Depreciation	 <u>\$ 11,091,853</u>	 <u>\$ 15,155</u>	 <u>\$ -0-</u>	 <u>\$ 11,107,008</u>
 Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 103,725			\$ 103,725
Less Accumulated Depreciation	<u>(61,762)</u>	<u>\$ (1,676)</u>		<u>(63,438)</u>
 Business Type Activities Capital Assets, Net of Accumulated Depreciation	 <u>\$ 41,963</u>	 <u>\$ (1,676)</u>	 <u>\$ -0-</u>	 <u>\$ 40,287</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/16</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/17</u>
Bond Payable	\$ 3,460,000		\$ 325,000	\$ 3,135,000
Unamortized Bond Premium	67,372		11,228	56,144
Compensated Absences Payable	602,354	\$ 37,637	51,465	588,526
Net Pension Liability	<u>2,441,381</u>	<u>799,753</u>		<u>3,241,134</u>
	<u>\$ 6,571,107</u>	<u>\$ 837,390</u>	<u>\$ 387,693</u>	<u>\$ 7,020,804</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017 as follows:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Serial Bonds Interest Rate</u>	<u>Amount</u>
2008 Refunding Bonds	7/15/2021	4.00%-5.00%	\$ 1,190,000
Solar Panel Purchase and Installation	9/1/2031	2.00%-3.75%	1,945,000
			<u>\$ 3,135,000</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>	
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	370,000	56,669	426,669
2023-2027	650,000	195,200	845,200
2028-2032	760,000	70,288	830,288
	<u>\$3,135,000</u>	<u>\$678,826</u>	<u>\$3,813,826</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, 2017.

C. Bonds and Notes Authorized but not Issued

The District had no bonds and notes authorized by not issued at June 30, 2017.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 \$588,526. 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, 2017, 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, 2017 is \$-0- and the long term portion is \$3,241,134. See Note 8 for further information on the PERS.

F. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$11,228 and is separate from the long-term liability balance of \$44,916.

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:

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 with 25 or more years of service credit before age 62 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. 43:15A 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 \$97,220 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. 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, 2017, the District reported a liability of \$3,241,134 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.0109%, which was an increase of 0.0001% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$320,149. At June 30, 2017, 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, 2017
(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 40,742	
	2015	5.72	166,479	
	2016	5.57	464,169	
			<u>671,390</u>	
Difference Between Expected and Actual Experience	2015	5.72	46,189	
	2016	5.57	14,086	
			<u>60,275</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(61,052)	
	2015	5.00	39,060	
	2016	5.00	145,579	
			<u>123,587</u>	
Changes in Proportion	2014	6.44		\$ 56,121
	2015	5.72	85,539	
	2016	5.57	11,037	
			<u>96,576</u>	<u>56,121</u>
District Contribution Subsequent to the Measurement Date	2016	1.00	<u>108,431</u>	
			<u>\$ 1,060,259</u>	<u>\$ 56,121</u>

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

Fiscal Year Ending June 30,	Total
2017	\$ 192,552
2018	192,552
2019	223,078
2020	187,418
2021	59,651
	<u>\$ 855,253</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.65% at June 30, 2016) 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 method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016 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:

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 3,971,632	\$ 3,241,134	\$ 2,638,045

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.

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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 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 2016, 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 2017, the State of New Jersey contributed \$608,796 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,514,345.

The employee contribution rate was 7.20% effective July 1, 2016. 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, 2017, the State's proportionate share of the net pension liability associated with the District was \$46,773,067. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.059%, which was a decrease of 0.004% from its proportion measured as of June 30, 2015.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>46,773,067</u>
Total	\$	<u><u>46,773,067</u></u>

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$3,514,345 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	<u>9,522,623,964</u>	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3	<u>118,421,979</u>	
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	<u>1,727,420,767</u>	
			<u>1,434,728,663</u>	
		<u>\$17,414,701,002</u>	<u>\$134,532,594</u>	

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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:

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 (7.65% at June 30, 2016) 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 method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF (Cont'd)

be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, 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, 2016 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:

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 55,857,495	\$ 46,773,067	\$ 39,354,459

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 \$4,198 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$7,696 for the fiscal year ended June 30, 2017.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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 \$525,646, \$566,832, and \$538,797 for 2017, 2016, and 2015, 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, 2017
(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, 2017 is not available as of the date of this report. Selected, summarized financial information for the NJSIG as of June 30, 2016 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 314,444,806
Net Position	\$ 68,222,364
Total Revenue	\$ 124,872,219
Total Expenses	\$ 113,965,181
Change in Net Position	\$ 10,907,038
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>
2016-2017	\$ -0-	\$ 8	\$ -0-	\$ -0-	\$ 7,829
2015-2016	-0-	8	-0-	-0-	7,821
2014-2015	-0-	8	-0-	-0-	7,813

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, 2017
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the fund financial statements at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 17,499	\$ 12,458
Special Revenue Fund		17,499
Capital Projects Fund		2,054
Debt Service Fund	2,054	
Enterprise Fund - Food Service	12,458	
	<u>\$ 32,011</u>	<u>\$ 32,011</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 \$2,054 due from the Capital Projects Fund to the Debt Service Fund for interest earned in the current and prior years which was not transferred. \$12,458 is due from the General Fund to the Enterprise Fund for Federal and State Lunch reimbursements. The interfund payable in the Special Revenue Fund due to the General Fund is the amount of the cash deficit in the Special Revenue Fund due to a timing lag in the reimbursement of federal grant funds from the state.

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2017, were:

	<u>Governmental Funds</u>		Contributions	Total	Total Enterprise Fund/Business Type-Activities
	<u>General Fund</u>	<u>Debt Service Fund</u>	Subsequent to Measurement Date	Governmental Funds	
Vendors	\$ 148,829			\$ 148,829	\$ 29,457
Cash Deficit		\$ 1,188		1,188	
Due to State of New Jersey			\$ 108,431	108,431	
	<u>\$ 148,829</u>	<u>\$ 1,188</u>	<u>\$ 108,431</u>	<u>\$ 258,448</u>	<u>\$ 29,457</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, 2017
(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, 2017, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
\$ 93,848	\$ 93,848
<u>\$ 93,848</u>	<u>\$ 93,848</u>

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,		
	2015	2016	2017
District's proportion of the net pension liability	0.0101924394%	0.0108757172%	0.0109434448%
District's proportionate share of the net pension liability	\$ 1,908,303	\$ 2,441,381	\$ 3,241,134
District's covered employee payroll	\$ 728,610	\$ 737,311	\$ 852,812
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	261.91%	331.12%	380.05%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

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,		
	2015	2016	2017
Contractually required contribution	\$ 84,025	\$ 93,502	\$ 97,220
Contributions in relation to the contractually required contribution	(84,025)	(93,502)	(97,220)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 715,482	\$ 728,610	\$ 737,311
Contributions as a percentage of covered employee payroll	11.74%	12.83%	13.19%

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 STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0682367108%	0.0627778436%	0.0594575150%
State's proportionate share of the net pension liability attributable to the District	\$ 35,111,347	\$ 39,678,278	\$ 46,773,067
District's covered employee payroll	\$ 5,804,364	\$ 5,840,104	\$ 5,832,327
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	604.91%	679.41%	801.96%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS - ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,889,320	\$ 2,422,716	\$ 3,514,345
Contributions in relation to the contractually required contribution	(339,400)	(476,040)	(608,796)
Contribution deficiency/(excess)	<u>\$ 1,549,920</u>	<u>\$ 1,946,676</u>	<u>\$ 2,905,549</u>
District's covered employee payroll	\$ 5,804,364	\$ 5,840,104	\$ 5,832,327
Contributions as a percentage of covered employee payroll	32.55%	8.15%	10.44%

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, 2017
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,705,176	\$	\$ 9,705,176	\$ 9,705,176	\$ 1,141
Interest Earned				1,141	9,300
Rentals				9,300	480
Interest Earned on Capital Reserve Funds				480	56,593
Prior Year Refund				56,593	16,242
Unrestricted Miscellaneous	1,000		1,000	17,242	
Total - Local Sources	9,706,176		9,706,176	9,789,932	83,756
State Sources:					
School Choice Aid	20,540		20,540	20,540	
Transportation Aid	467,610		467,610	467,610	
Special Education Aid	421,248		421,248	421,248	
Equalization Aid	2,938,820		2,938,820	2,938,820	
Security Aid	67,325		67,325	67,325	
Adjustment Aid	788,111		788,111	788,111	
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	84,340	(15,660)
Learning Community Aid	6,770		6,770	6,770	
Host District Aid	1,060		1,060	1,060	
Non-public Transportation Aid				5,776	5,776
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				608,796	608,796
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				525,646	525,646
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				22,058	22,058
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				1,111	1,111
TPAF Social Security (Reimbursed - Non-Budgeted)				443,561	443,561
Total State Sources	4,824,644		4,824,644	6,415,932	1,591,288
Federal Sources:					
Medicaid Assistance Program	16,835		16,835	16,835	
Total Federal Sources	16,835		16,835	16,835	
TOTAL REVENUES	14,547,655		14,547,655	16,222,699	1,675,044

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 4,034,225	\$ 30,194	\$ 4,064,419	\$ 4,064,271	\$ 148
Regular Programs - Home Instruction:					
Salaries of Teachers	8,400		8,400	7,781	619
Other Purchased Services	15,000	(8,443)	6,557	4,849	1,708
Purchased Professional/Educational Services	1,485	(1,154)	331	275	56
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		32,393	32,393	30,004	2,389
Purchased Professional/Educational Services		1,390	1,390	1,390	
Other Purchased Services (400-500 series)	98,097	(14,646)	83,451	79,721	3,730
General Supplies	179,731	25,744	205,475	203,617	1,858
Textbooks	36,819	(10,115)	26,704	26,704	
Other Objects	4,355	498	4,853	2,049	2,804
Total Regular Programs - Instruction	4,378,112	55,861	4,433,973	4,420,661	13,312
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	7,000	81,965	81,965	81,965	
General Supplies		9,800	16,800	16,800	
Total Learning and/or Language Disabilities	7,000	91,765	98,765	98,765	
Resource Room/Resource Center:					
Salaries of Teachers	802,250	(80,716)	721,534	721,534	
Other Purchased Services (400-500 Series)	900	(500)	400	151	249
General Supplies	1,400	1,166	2,566	2,566	
Textbooks	2,500	(2,500)			
Other Objects	400	(400)			
Total Resource Room/Resource Center	807,450	(82,950)	724,500	724,251	249
Total Special Education Instruction	814,450	8,815	823,265	823,016	249

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 38,851	\$ (680)	\$ 38,171	\$ 26,981	\$ 11,190
General Supplies	450	(22)	428		428
Total Basic Skills/Remedial - Instruction	39,301	(702)	38,599	26,981	11,618
Bilingual Education - Instruction:					
Salaries of Teachers	5,000	(1,324)	3,676		3,676
General Supplies	200		200		200
Total Bilingual Education - Instruction	5,200	(1,324)	3,876		3,876
School-Sponsored Co-Curricular Activities - Instruction:					
Salaries	73,495		73,495	72,008	1,487
Transfer to Cover Deficit	28,000	7,557	35,557	35,557	
Total School-Sponsored Co-Curricular Activities - Instruction	101,495	7,557	109,052	107,565	1,487
School-Sponsored Co-Curricular Athletics - Instruction:					
Salaries	389,979	(9,333)	380,646	380,646	
Other Purchased Services	81,617	(4,148)	77,469	75,647	1,822
Supplies and Materials	71,980	11,964	83,944	77,261	6,683
Other Objects	28,080	(7,649)	20,431	20,431	
Total School-Sponsored Co-Curricular Athletics - Instruction	571,656	(9,166)	562,490	553,985	8,505
Total Instruction	5,910,214	61,041	5,971,255	5,932,208	39,047

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's Within the State - Special	\$ 205,711	\$ (9,447)	\$ 196,264	\$ 196,263	\$ 1
Tuition to County Vocational School District - Regular	252,756	24,414	277,170	277,170	
Tuition to County Vocational School District - Special	53,550	15,422	68,972	65,117	3,855
Tuition - Other	28,589		28,589	28,589	
Tuition to Private Schools for the Disabled Within State	891,315	(85,853)	805,462	753,918	51,544
Total Undistributed Expenditures - Instruction	1,431,921	(55,464)	1,376,457	1,321,057	55,400
Health Services:					
Salaries	68,320	3,087	71,407	71,407	
Purchased Professional/Technical Services	15,706	4,490	20,196	19,772	424
Other Purchased Services (400-500 series)	195	(195)			
Supplies and Materials	2,250	2,391	4,641	4,641	
Other Objects	200	(200)			
Total Health Services	86,671	9,573	96,244	95,820	424
Speech, OT, PT and Related Services:					
Salaries	40,000	(40,000)			
Purchased Professional/Educational Services	13,000	40,000	53,000	50,815	2,185
Other Objects	1,000		1,000		1,000
Total Speech, OT, PT and Related Services	54,000		54,000	50,815	3,185
Other Support Services - Students - Extra Services:					
Salaries	97,419	(4,057)	93,362	92,045	1,317
Purchased Professional - Educational Services	138,468	(927)	137,541	130,324	7,217
Supplies and Materials		800	800	800	
Other Objects		23	23	23	
Total Other Support Services - Students - Extra Services	235,887	(4,161)	231,726	223,192	8,534

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Guidance:					
Salaries of Other Professional Staff	\$ 307,845	\$ (294)	\$ 307,551	\$ 306,975	\$ 576
Salaries of Secretaries and Clerical Assistants	40,683		40,683	40,683	
Other Purchased Professional/Technical Services	4,900	35	4,935	4,935	
Other Purchased Services (400-500 series)	11,271	450	11,721	10,881	840
Supplies and Materials	10,200	(2,712)	7,488	1,738	5,750
Other Objects	1,550	(1,410)	140	140	
Total Guidance	376,449	(3,931)	372,518	365,352	7,166
Child Study Teams:					
Salaries of Other Professional Staff	235,097	89,517	324,614	324,614	
Salaries of Secretarial and Clerical Assistants	38,874	648	39,522	39,522	
Retirees Sick Leave			13,290	13,290	
Other Purchased Professional/Technical Services		7,596	7,596	6,222	1,374
Miscellaneous Purchased Services	128,624	(120,308)	8,316	7,019	1,297
Supplies and Materials	14,322	(10,219)	4,103	1,612	2,491
Other Objects	3,600	(124)	3,476	1,839	1,637
Total Child Study Teams	420,517	(32,890)	400,917	394,118	6,799
Improvement of Instructional Services:					
Supervisor of Instruction	127,886	6,366	134,252	132,568	1,684
Salaries of Other Professional Staff	54,331		54,331	48,400	5,931
Purchased Professional/Educational Services	845		845	845	
Other Purchased Services (400-500 series)	25		25	25	
Total Improvement of Instructional Services	183,087	6,366	189,453	180,968	8,485

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	\$ 112,103	\$ 9,944	\$ 122,047	\$ 122,047	
Purchased Professional/Technical Services	16,800	3,797	20,597	20,597	
Other Purchased Services (400-500 series)	26,252	(6,034)	20,218	20,118	\$ 100
Supplies and Materials	8,500	5,765	14,265	14,128	137
Other Objects	150	(150)			
Total Educational Media Services/School Library	163,805	13,322	177,127	176,890	237
Instructional Staff Training Services:					
Purchased Professional/Educational Services	7,877	113	113	113	
Other Purchased Services		(6,478)	1,399	580	819
Total Instructional Staff Training Services	7,877	(6,365)	1,512	693	819
Support Services - General Administration:					
Salaries	222,623	(20,535)	202,088	202,088	
Legal Services	20,000	(4,190)	15,810	13,710	2,100
Audit Fees	34,000	(415)	33,585	33,585	
Architectural / Engineering Fee	10,000	21,630	31,630	31,630	
Other Purchased Professional Services	17,500	1,909	19,409	17,791	1,618
Purchased Technical Services	3,000	(250)	2,750	2,750	
Communications/Telephones	25,500	8,334	33,834	33,834	
Board of Education Other Purchased Services	4,000	(2,001)	1,999	1,995	4
Other Purchased Services (400-500 series)	86,549	(2,309)	84,240	83,015	1,225
General Supplies	3,500	6,257	9,757	8,939	818
BOE In-House Training/Meeting	400	(400)			
Miscellaneous Expenditures	9,000	(5,540)	3,460	3,401	59
BOE Membership Dues and Fees	2,400	2,510	4,910	4,840	70
Total Support Services - General Administration	438,472	5,000	443,472	437,578	5,894

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 331,697	\$ 10,373	\$ 342,070	\$ 342,070	\$ 741
Salaries of Secretarial and Clerical Assistants	57,773	(313)	57,460	56,719	421
Purchased Professional/Technical Services	600	(179)	421	3,180	350
Other Purchased Services (400-500 series)	6,780	(3,250)	3,530	12,495	546
Supplies and Materials	11,700	1,341	13,041	9,351	51
Other Objects	7,000	2,402	9,402		
Total Support Services - School Administration	415,550	10,374	425,924	423,815	2,109
Central Services:					
Salaries	167,099	331	167,430	167,430	199
Purchased Technical Services	9,000	(331)	8,669	8,470	532
Other Purchased Services (400-500 series)	2,616	(163)	2,453	1,921	263
Supplies and Materials	1,700	163	1,863	1,600	6
Miscellaneous Expenditures	1,300		1,300	1,294	
Total Central Services	181,715		181,715	180,715	1,000
Required Maintenance of School Facilities:					
Salaries	37,035	(3,546)	33,489	33,136	353
Cleaning, Repair and Maintenance Services	95,851	(5,503)	90,348	70,039	20,309
General Supplies	29,222		29,222	25,667	3,555
Total Required Maintenance of School Facilities	162,108	(9,049)	153,059	128,842	24,217

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial Services:					
Salaries	\$ 413,102	\$ 23,259	\$ 436,361	\$ 436,211	\$ 150
Purchased Professional/Technical Services	10,630	593	11,223	4,065	7,158
Cleaning, Repair and Maintenance Services	62,288	5,658	67,946	61,644	6,302
Other Purchased Property Services (400-500 series)	23,370	(1,654)	21,716	21,716	
Insurance	53,624	(2,733)	50,891	50,891	
Miscellaneous Purchased Services	2,600	(603)	1,997	1,997	
General Supplies	44,789	16,397	61,186	60,506	680
Heat (Gasoline)	190,000	(66,286)	123,714	70,711	53,003
Energy (Electricity)	201,601	(126)	201,475	163,014	38,461
Other Objects	3,487	(1,020)	2,467	1,702	765
Total Custodial Services	1,005,491	(26,515)	978,976	872,457	106,519
Care and Upkeep of Grounds:					
Salaries	48,099	(3)	48,096	48,096	
Other Purchased Services (400-500 series)	5,000	245	5,245	5,145	100
General Supplies	10,425	3,317	13,742	13,742	
Total Care and Upkeep of Grounds	63,524	3,559	67,083	66,983	100
Security:					
Salaries	22,104	6,526	28,630	28,630	
Purchased Professional/Technical Services		3,658	3,658	3,658	
Other Purchased Services (400-500 series)		218	218		218
Total Security	22,104	10,402	32,506	32,288	218
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	21,000	10,300	31,300	31,300	
Contracted Services:					
Between Home and School - Vendors	514,749	18,363	533,112	533,112	
Other than Between Home and School - Vendors	105,141	7,584	112,725	112,725	
Special Education Students - Vendors	16,490	(16,490)			
Special Education Students - Joint Agreements	433,031	(9,726)	423,305	423,305	
Regular Students - Joint Agreements	240,330	12,077	252,407	252,407	
Aid In Lieu Payments - Non Public Schools	4,420		4,420	4,420	
Supplies		78	78	78	
Total Student Transportation Services	1,335,161	22,186	1,357,347	1,357,347	

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 132,425	\$ 28,218	\$ 160,643	\$ 160,643	
Other Retirement Contributions - PERS	104,431	(6,021)	98,410	98,410	
Other Retirement Contributions - Regular	8,000	310	8,310	5,397	\$ 2,913
Unemployment Compensation	26,363		26,363	24,720	1,643
Workmen's Compensation	87,144	(19,302)	67,842	67,842	
Health Benefits	1,475,017	(133,691)	1,341,326	1,298,341	42,985
Tuition Reimbursement	37,450	(12,395)	25,055	14,806	10,249
Other Employee Benefits	417,255	19,367	436,622	435,622	1,000
Unused Sick Payment to Terminated/Retired Staff		35,326	35,326	34,280	1,046
Total Unallocated Benefits	2,288,085	(88,188)	2,199,897	2,140,061	59,836
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				608,796	(608,796)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				525,646	(525,646)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				22,058	(22,058)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				1,111	(1,111)
TPAF Social Security (Reimbursed - Non-Budgeted)				443,561	(443,561)
Total On-Behalf Contributions				1,601,172	(1,601,172)
Total Personal Services - Employee Benefits	2,288,085	(88,188)	2,199,897	3,741,233	(1,541,336)
Total Undistributed Expenses	8,872,424	(132,491)	8,739,933	10,050,163	(1,310,230)
TOTAL CURRENT EXPENSE	14,782,638	(71,450)	14,711,188	15,982,371	(1,271,183)

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	\$ 18,301	\$ 2,112	\$ 18,301	\$ 14,801	\$ 3,500
School - Sponsored and Other Instructional Program		37,132	2,112	2,112	
Athletics		62,756	37,132	47,894	37,132
Admin	31,620	3,340	62,756	34,960	14,862
Custodial Services	8,000	6,920	34,960	2,525	12,395
Support Services - Students Regular	40,810	(40,810)	14,920		
Support Services - Instructional Staff					
Total Equipment	<u>98,731</u>	<u>71,450</u>	<u>170,181</u>	<u>102,292</u>	<u>67,889</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	35,000		35,000	33,000	2,000
Construction Services	411,400		411,400	230,860	180,540
Other Objects	1,500		1,500		1,500
Other Objects (Debt Service Assessment)	38,646		38,646	38,646	
Total Facilities Acquisition and Construction Services	<u>486,546</u>		<u>486,546</u>	<u>302,506</u>	<u>184,040</u>
TOTAL CAPITAL OUTLAY	<u>585,277</u>	<u>71,450</u>	<u>656,727</u>	<u>404,798</u>	<u>251,929</u>
TOTAL EXPENDITURES	<u>15,367,915</u>		<u>15,367,915</u>	<u>16,387,169</u>	<u>(1,019,254)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(820,260)</u>		<u>(820,260)</u>	<u>(164,950)</u>	<u>655,310</u>
Fund Balance, July 1	1,585,505		1,585,505	1,585,505	
Fund Balance, June 30	<u>\$ 765,245</u>	<u>\$ -0-</u>	<u>\$ 765,245</u>	<u>\$ 1,420,555</u>	<u>\$ 655,310</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 771,108	
Excess Surplus - For Subsequent Year's Expenditures				61,918	
Assigned to:					
Year-end Encumbrances				93,848	
For Subsequent Year's Expenditures				97,271	
Additional Assigned Fund Balance for Subsequent Year's Expenditures- 7/1/17 - 8/1/17				94,904	
Unassigned				301,506	
				<u>1,420,555</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP basis				(468,598)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 951,957</u>	

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 217,877	\$ 11,198	\$ 11,198	\$ 11,198	
Federal Sources		10,885	228,762	228,476	\$ (286)
Total Revenues	217,877	22,083	239,960	239,674	(286)
EXPENDITURES:					
Instruction					
Salaries of Teachers	99,738	(31,434)	68,304	68,304	
Tuition	118,139	17,792	135,931	135,931	
Purchased Professional and Technical Services		550	550	550	
General Supplies		17,415	17,415	17,129	286
Total Instruction	217,877	4,323	222,200	221,914	286
Support Services					
Personal Service - Employee Benefits		17,760	17,760	17,760	
Total Support Services		17,760	17,760	17,760	
Total Expenditures	217,877	22,083	239,960	239,674	286
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (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	\$ 16,222,699	\$ 239,674
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.		11,207
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	(468,598)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 16,220,511	\$ 250,881
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 16,387,649	\$ 239,674
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.		11,207
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 16,387,649	\$ 250,881

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, 2017 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, 2017

	No Child Left Behind	IDEA	Perkins	Various	Total
	Title I	Title IIA	Part - B Basic	Vocational Education	Local Grants
REVENUE:					
Local Sources				\$ 11,198	\$ 11,198
Federal Sources	\$ 73,954	\$ 12,110	\$ 135,931	\$ 6,481	\$ 228,476
Total Revenue	<u>73,954</u>	<u>12,110</u>	<u>135,931</u>	<u>11,198</u>	<u>239,674</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	58,694	9,610			68,304
Other Purchased Professional and Technical Services			550		550
Tuition			135,931		135,931
General Supplies				5,931	17,129
Total Instruction	<u>58,694</u>	<u>9,610</u>	<u>135,931</u>	<u>6,481</u>	<u>221,914</u>
Support Services:					
Personal Service - Employee Benefits	15,260	2,500			17,760
Total Support Services	<u>15,260</u>	<u>2,500</u>			<u>17,760</u>
Total Expenditures	<u>\$ 73,954</u>	<u>\$ 12,110</u>	<u>\$ 135,931</u>	<u>\$ 11,198</u>	<u>\$ 239,674</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, 2017

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

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, 2017

	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	\$ 81,759	\$ 81,759	\$ -0-

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- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 43,013
Accounts Receivable:	
State	86
Federal	2,180
Interfund Receivable	12,548
Inventories	9,553

Total Current Assets	<u>67,380</u>
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Non-Current Assets:

Capital Assets	103,725
Less: Accumulated Depreciation	<u>(63,438)</u>

Total Non-Current Assets	<u>40,287</u>
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Total Assets	<u>107,667</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	29,457
Unearned Revenue	3,824

Total Current Liabilities	<u>33,281</u>
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NET POSITION:

Investment in Capital Assets	40,287
Unrestricted	<u>34,099</u>

Total Net Position	<u>\$ 74,386</u>
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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, 2017

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 99,404
Daily Sales - Non Reimbursable Programs	52,660
	<hr/>
Total Operating Revenue	152,064
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	79,273
Cost of Sales - Non Reimbursable Programs	30,828
Salaries & Payroll Taxes	78,303
Employee Benefits	6,290
Management Fee	9,033
Professional and Technical Services	2,657
Depreciation Expense	1,676
Other Miscellaneous Expenses	2,691
	<hr/>
Total Operating Expenses	210,751
	<hr/>
Operating (Loss)	(58,687)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	1,794
Federal Sources:	
National School Lunch Program	44,953
Food Distribution Program	10,830
Local Sources:	
Interest Income	30
	<hr/>
Total Non-Operating Revenue	57,607
Change in Net Position	(1,080)
Net Position - Beginning of Year	75,466
	<hr/>
Net Position - End of Year	\$ 74,386
	<hr/> <hr/>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 152,064
Payments to Employees	(78,303)
Payments for Benefits	(6,290)
Payments to Food Service Vendor	(9,033)
Payments to Suppliers	(57,830)
	<hr/>
Net Cash Provided by Operating Activities	608
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	46,350
	<hr/>
Net Cash Provided by Noncapital Financing Activities	46,350
	<hr/>
Cash Flows from Investing Activities:	
Investment Income	30
	<hr/>
Net Cash Flows Provided by Investing Activities:	30
	<hr/>
Net Increase in Cash and Cash Equivalents	46,988
Cash and Cash Equivalents, July 1	(3,975)
	<hr/>
Cash and Cash Equivalents, June 30	\$ 43,013
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating (Loss)	\$ (58,687)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Federal Food Distribution Program	10,830
Depreciation	1,676
Changes in Assets and Liabilities:	
(Increase) in Inventory	(34)
Decrease in Interfund Receivable	18,132
Increase in Accounts Payable	29,457
(Decrease) in Unearned Revenue	(766)
	<hr/>
Net Cash Provided by Operating Activities	\$ 608
	<hr/> <hr/>

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 \$10,064 and utilized commodities valued at \$10,830.

FIDUCIARY FUNDS

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Agency Funds</u>		<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
	<u>Payroll Agency</u>	<u>Student Activity</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 7,746	\$ 181,532	\$ 72,346	\$ 7,829	\$ 269,453
Total Assets	<u>7,746</u>	<u>181,532</u>	<u>72,346</u>	<u>7,829</u>	<u>269,453</u>
<u>LIABILITIES:</u>					
Net Salaries and Wages	1,931				1,931
Payroll Deductions and Withholdings	5,815				5,815
Due to Student Groups		181,532			181,532
Total Liabilities	<u>7,746</u>	<u>181,532</u>			<u>189,278</u>
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				7,829	7,829
Restricted For Scholarships			72,346		72,346
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 72,346</u>	<u>\$ 7,829</u>	<u>\$ 80,175</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Scholarship Trust	Totals
ADDITIONS:			
Contributions:			
Donations		\$ 6,363	\$ 6,363
Total Contributions		6,363	6,363
Investment Earnings:			
Interest	\$ 8	61	69
Net Investment Earnings	8	61	69
Total Additions	8	6,424	6,432
Change in Net Position	8	6,424	6,432
Net Position - Beginning of the Year	7,821	65,922	73,743
Net Position - End of the Year	\$ 7,829	\$ 72,346	\$ 80,175

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 138,595	\$ 495,293	\$ 452,356	\$ 181,532
Total Assets	<u>\$ 138,595</u>	<u>\$ 495,293</u>	<u>\$ 452,356</u>	<u>\$ 181,532</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 138,595	\$ 495,293	\$ 452,356	\$ 181,532
Total Liabilities	<u>\$ 138,595</u>	<u>\$ 495,293</u>	<u>\$ 452,356</u>	<u>\$ 181,532</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Additions</u>	<u>Cash</u> <u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
High School:				
Athletic	\$ 1,714	\$ 56,501	\$ 52,808	\$ 5,407
Activity	<u>136,881</u>	<u>438,792</u>	<u>399,548</u>	<u>176,125</u>
Total	<u>\$ 138,595</u>	<u>\$ 495,293</u>	<u>\$ 452,356</u>	<u>\$ 181,532</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 9,905	\$ 9,079,960	\$ 9,082,119	\$ 7,746
Total Assets	<u>\$ 9,905</u>	<u>\$ 9,079,960</u>	<u>\$ 9,082,119</u>	<u>\$ 7,746</u>
 <u>LIABILITIES:</u>				
Net Salaries and Wages	\$ 1,864	\$ 4,988,120	\$ 4,988,053	\$ 1,931
Payroll Deductions and Withholdings	7,608	4,091,840	4,093,633	5,815
Interfund Payable General Fund	433		433	
Total Liabilities	<u>\$ 9,905</u>	<u>\$ 9,079,960</u>	<u>\$ 9,082,119</u>	<u>\$ 7,746</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, 2016	Matured	Balance June 30, 2017
			Date	Outstanding June 30, 2017 Amount				
Refunding Issue - 2008	1/22/2008	\$ 3,075,000	7/15/2017	\$ 235,000	5.00%	\$ 1,420,000	\$ 230,000	\$ 1,190,000
			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	9/1/2017	100,000	2.00%	2,040,000	95,000	1,945,000
			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%				
						\$ 3,460,000	\$ 325,000	\$ 3,135,000

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

WALLKILL VALLEY REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 376,028		\$ 376,028	\$ 376,028	
Total Revenue	376,028		376,028	376,028	
EXPENDITURES:					
Regular Debt Service:					
Interest	121,450		121,450	121,450	
Redemption of Principal	325,000		325,000	325,000	
Total Regular Debt Service	446,450		446,450	446,450	
Total Expenditures	446,450		446,450	446,450	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(70,422)		(70,422)	(70,422)	
Other Financing Sources:					
Operating Transfer In - Capital Projects Fund Interest				433	\$ 433
Total Other Financing Sources				433	433
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(70,422)		(70,422)	(69,989)	433
Fund Balance, July 1	70,855		70,855	70,855	
Fund Balance June 30	\$ 433	\$ -0-	\$ 433	\$ 866	\$ 433
			Restricted Fund Balance	\$ 866	

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

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 7,915,864
Restricted	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	1,202,325
Unrestricted/(Deficit)	(603,019)	(807,933)	(902,565)	(785,420)	(704,031)	(283,069)	(2,459,233)	(2,605,674)	(2,746,418)	(2,873,887)
Total Governmental Activities Net Position	\$ 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	\$ 6,244,302
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	\$ 40,287
Unrestricted	130,573	111,901	114,058	110,633	54,002	30,215	25,877	24,454	33,503	34,099
Total Business-Type Activities Net Position	\$ 147,810	\$ 131,661	\$ 132,137	\$ 127,032	\$ 68,877	\$ 43,566	\$ 71,192	\$ 68,093	\$ 75,466	\$ 74,386
District-Wide										
Net Investment in Capital Assets	\$ 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	\$ 7,956,151
Restricted	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	1,202,325
Unrestricted/(Deficit)	(472,446)	(696,032)	(788,507)	(674,787)	(650,029)	(252,854)	(2,433,356)	(2,581,220)	(2,712,915)	(2,839,788)
Total District Net Position	\$ 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	\$ 6,318,688

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,386,767	\$ 6,815,264	\$ 7,130,288	\$ 6,923,097	\$ 6,839,274	\$ 6,195,588	\$ 5,749,967	\$ 7,754,333	\$ 8,219,922	\$ 8,534,539
Special Education	716,585	721,638	805,127	873,085	992,539	1,091,328	1,035,781	1,374,502	1,483,962	1,513,077
Other Special Education	97,952	94,363	70,524	58,903	63,436	70,092	73,273	27,148	28,435	48,573
Other Instruction	813,180	838,051	782,306	691,589	667,686	655,462	659,399	1,003,856	1,033,912	858,937
Support Services:										
Tuition	869,014	994,735	806,107	977,364	1,465,955	1,213,662	1,493,832	1,361,590	1,621,047	1,456,988
Student & Instruction Related Services	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	2,661,646
General Administrative Services	463,953	449,126	449,174	469,436	503,179	526,928	571,157	497,207	574,694	702,782
School Administrative Services	527,512	512,550	534,469	570,563	603,080	625,314	799,745	571,197	618,594	826,855
Central Services	188,586	182,213	190,028	199,545	203,126	218,443	220,124	233,290	228,352	253,725
Plant Operations And Maintenance	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	1,445,466
Pupil Transportation	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	1,357,347
Interest On Long-Term Debt	163,511	115,469	120,907	106,555	144,926	253,334	159,970	178,375	125,406	104,588
Unallocated	321,567	39,686	7,563	6,368	5,923	35,706	37,836	37,836	37,836	37,836
Capital Outlay			11,659	31,403	18,262	25,063	25,063	38,645	40,508	38,646
Transfer of Funds to Charter School										
Total Governmental Activities Expenses	14,966,733	15,191,886	15,061,061	14,987,285	15,690,431	15,190,552	15,464,079	17,484,731	18,466,643	19,841,005
Business-type activities:										
Food Service	275,843	301,441	276,350	281,057	310,939	245,028	180,029	206,542	222,322	210,751
Total Business-Type Activities Expense	275,843	301,441	276,350	281,057	310,939	245,028	180,029	206,542	222,322	210,751
Total District Expenses	\$ 15,242,576	\$ 15,493,327	\$ 15,337,411	\$ 15,268,342	\$ 16,001,370	\$ 15,435,580	\$ 15,644,108	\$ 17,691,273	\$ 18,688,965	\$ 20,051,756
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 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	\$ 9,580,171
Operating Grants and Contributions										
Total Governmental Activities Program Revenues	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	9,580,171

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type Activities:										
Charges for services										
Food Service	\$ 247,504	\$ 236,878	\$ 223,240	\$ 215,936	\$ 187,788	\$ 153,605	\$ 138,799	\$ 138,574	\$ 166,820	\$ 152,064
Operating Grants and Contributions	34,770	40,705	51,847	59,066	64,357	65,960	68,829	64,848	62,852	57,577
Total Business Type Activities Program Revenues	282,274	277,583	275,087	275,002	252,145	219,565	207,628	203,422	229,672	209,641
Total District Program Revenues	\$ 6,792,727	\$ 6,232,363	\$ 5,540,256	\$ 6,087,477	\$ 6,303,088	\$ 6,301,110	\$ 6,386,719	\$ 8,097,104	\$ 8,808,900	\$ 9,789,812
Net (Expense)/Revenue	\$ (8,456,280)	\$ (9,237,106)	\$ (9,795,892)	\$ (9,174,810)	\$ (9,639,488)	\$ (9,109,007)	\$ (9,284,988)	\$ (9,591,049)	\$ (9,887,415)	\$ (10,260,834)
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	615,727	8,285,245	8,249,911	8,579,907	8,765,642	8,966,082	9,145,404	9,328,312	9,514,878	9,705,176
Taxes Levied for Debt Service	243,243	19,893				399,094	477,288	465,218	330,328	376,028
Debt Service Type II Aid			546,750							
Federal and State Aid not Restricted	1,705	13	9	4	3,582	1,314	1,590	2,321	2,458	1,574
Investment Earnings	171,560	160,079	131,456	123,145	83,216	64,840	215,472	112,708	37,590	89,973
Miscellaneous Income										480
Interest Earned in Capital Reserve		(579,417)	(38,800)							
Adjustment to Fixed Asset Report		7,885,813	8,889,326	8,703,056	8,852,440	9,431,330	9,839,754	9,908,559	9,885,254	10,173,231
Total Governmental Activities	9,037,184	7,893,522	8,891,065	8,704,006	8,853,078	9,431,482	9,839,781	9,908,580	9,885,277	10,173,261
Business-Type Activities:										
Miscellaneous Income	5,463	3,506	1,739	950	638	152	27	21	23	30
Interest on Investments										
Adjustment to Fixed Asset Report	5,463	4,203	1,739	950	638	152	27	21	23	30
Total Business-Type Activities	9,037,184	7,893,522	8,891,065	8,704,006	8,853,078	9,431,482	9,839,781	9,908,580	9,885,277	10,173,261

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Change in Net Position										
Governmental Activities	\$ 575,441	\$ (1,351,293)	\$ (906,566)	\$ (471,754)	\$ (787,048)	\$ 322,323	\$ 554,766	\$ 317,510	\$ (2,161)	\$ (87,603)
Business-Type Activities	11,894	(16,149)	476	(5,105)	(58,156)	(25,311)	27,626	(3,099)	7,373	(1,080)
Total District	\$ 587,335	\$ (1,367,442)	\$ (906,090)	\$ (476,859)	\$ (845,204)	\$ 297,012	\$ 582,392	\$ 314,411	\$ 5,212	\$ (88,683)

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved		\$ 1,586,854	\$ 1,141,451							
Unreserved/(Deficit)	95,870	(47,485)	(107,126)							
Restricted				\$ 751,708	\$ 393,268	\$ 346,069	\$ 714,256	\$ 880,633	\$ 945,264	\$ 833,026
Assigned				277,342	150,167	536,468	422,550	251,347	173,831	118,931
Total General Fund	\$ 1,869,202	\$ 1,539,369	\$ 1,034,325	\$ 1,029,050	\$ 543,435	\$ 882,537	\$ 1,136,806	\$ 1,131,980	\$ 1,119,095	\$ 951,957
All Other Governmental Funds										
Unreserved, Reported In:										
Capital Projects Fund	\$ 2,234,641	\$ 1,989,641	\$ 1,791,585							
Debt Service Fund	185,036	105,557	34,439							
Restricted				\$ 1,438,160	\$ 1,632,960	\$ 431,351	\$ 550,417	\$ 619,839	\$ 501,206	\$ 431,217
Total All Other Governmental Funds	\$ 2,419,677	\$ 2,095,198	\$ 1,826,024	\$ 1,438,160	\$ 1,632,960	\$ 431,351	\$ 550,417	\$ 619,839	\$ 501,206	\$ 431,217

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 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	\$ 10,081,204
Tuition Charges	3,800	4,000	4,000	4,400	3,600	4,600	448			
Interest Earnings	154,688	73,090	55,138	6,728	1,314	1,590	1,890	1,890	2,458	2,054
Unrestricted Miscellaneous Revenue	14,777	87,001	72,327	112,021	79,616	64,840	96,839	43,178	37,590	90,033
State Sources	6,528,431	5,734,667	4,834,181	5,471,948	5,769,699	5,859,127	5,954,105	6,098,967	6,294,009	6,413,744
Federal Sources	225,266	220,113	977,738	340,527	281,244	237,818	224,986	244,795	230,294	260,818
Total Revenue	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	16,847,853
Expenditures										
Instruction										
Regular Instruction	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	4,535,611
Special Education Instruction	507,407	535,987	608,365	633,705	711,225	744,760	747,450	771,866	786,473	823,016
Other Special Instruction	68,668	60,902	63,070	52,613	55,677	59,102	20,459	27,148	28,435	26,981
School Sponsored/Other Instruction	615,338	665,464	658,555	549,371	580,360	544,456	601,062	682,121	630,369	661,550
Support Services:										
Tuition	869,014	994,735	806,107	977,364	1,465,955	1,213,662	1,493,832	1,361,590	1,621,047	1,456,988
Student & Instruction Related Services	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	1,487,848
General Administrative Services	372,062	345,742	362,816	363,824	380,915	395,350	392,242	411,856	447,506	437,578
School Administrative Services	366,454	383,122	395,146	409,795	420,950	412,972	569,006	438,168	464,933	423,815
Central Services	137,645	138,166	147,847	153,293	150,396	157,130	170,271	186,029	177,300	180,715
Plant Operations And Maintenance	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	1,100,570
Pupil Transportation	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	1,357,347
Unallocated Benefits	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	3,741,233
Capital Outlay	378,255	27,583	71,004	57,040	2,971,641	271,920	247,624	298,275	269,570	405,278
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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Service:										
Principal	\$ 720,000	\$ 245,000	\$ 240,000	\$ 240,000	\$ 235,000	\$ 1,235,000	\$ 320,000	\$ 320,000	\$ 315,000	\$ 325,000
Interest And Other Changes	192,119	131,298	124,138	115,738	106,838	200,563	157,288	146,188	134,394	121,450
Total Expenditures	15,657,543	15,074,321	14,967,513	14,908,670	18,494,198	16,375,382	15,645,958	16,187,725	16,541,075	17,084,980
Excess (Deficiency) Of Revenues	(115,368)	(654,312)	(774,218)	(393,139)	(3,590,815)	(862,507)	254,702	(5,365)	(131,518)	(237,127)
Over (Under) Expenditures										
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	78,917	276,926	284,798	357,769	321,265	1,021,542	433	431	433	433
Transfers Out	(78,917)	(276,926)	(284,798)	(357,769)	(321,265)	(1,021,542)	(433)	(431)	(433)	(433)
Cancellation of State Receivable										
Sale of Solar Renewable Energy Certificates							118,633	69,991		
Total Other Financing Sources (Uses)					3,300,000			69,961		
Net Change In Fund Balances	\$ (115,368)	\$ (654,312)	\$ (774,218)	\$ (393,139)	\$ (290,815)	\$ (862,507)	\$ 254,702	\$ 64,596	\$ (131,518)	\$ (237,127)
Debt Service As A Percentage Of										
Noncapital Expenditures	6.0%	2.5%	2.4%	2.4%	2.8%	8.9%	3.1%	2.9%	2.8%	2.7%

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)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Miscellaneous	Total
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
2017	1,141		83,135	84,276

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.	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)
		Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment					Apartment	Value						
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	\$ 243,017,024	\$ 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	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	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	489,898,013	0.37	535,613,771					
2011	15,163,600	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	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	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	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	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	6,57,700	383,898,700	58,016,800	1,859,830	385,758,530	385,758,530	0.56	418,389,622					
2016	12,331,200	248,846,800	3,950,200	210,400	116,839,400	9,924,600	6,690,800	398,793,400	57,714,700	1,838,649	400,632,049	400,632,049	0.54	421,019,872					
<u>Franklin Borough</u>																			
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	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	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	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	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	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	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	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	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	244,312,592	0.62	270,300,879					
2016	6,032,600	203,919,500			28,121,100	4,988,600	690,600	243,752,400	20,342,000	481,142	244,233,542	244,233,542	0.65	270,607,041					
<u>Hamburg Borough</u>																			

WALKILL 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.	Q/farm	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)
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
2016	31,300,700	861,892,600	14,134,500	1,320,400	105,202,000	41,088,000	17,000,000	1,071,938,200	124,194,400	2,083,146	1,074,021,346	0.47	1,119,212,905
<u>Oldensburg Borough</u>													
2007	3,253,000	103,237,950	624,600	21,100	7,386,800	1,646,200	734,700	116,904,350	11,317,600	217,714	117,122,064	0.74	231,156,302
2008	2,992,800	103,189,750	624,600	21,100	7,241,600	1,446,200	734,700	116,250,750	11,523,300	189,815	116,440,565	0.75	245,758,896
2009	* 5,102,800	215,463,800	317,600	10,100	15,103,400	3,462,500	2,788,100	242,248,300	20,829,900	236,190	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	22,773,300	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
2016	2,049,300	178,136,500	279,200	13,500	11,944,200	1,912,300	1,905,900	196,240,900	21,433,100	400,323	196,641,223	0.66	190,649,453

* 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)

Wallkill Valley Regional High School District								
Direct Rate				Overlapping Rates				
Year Ended December 31,	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Franklin	Local School District	Sussex County	Total Direct and Overlapping Tax Rate	
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	
2016	0.519	0.020	0.539	1.172	1.275	0.575	3.561	

Wallkill Valley Regional High School District								
Direct Rate				Overlapping Rates				
Year Ended December 31,	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Hamburg	Local School District	Sussex County	Total Direct and Overlapping Tax Rate	
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	
2016	0.629	0.024	0.654	0.883	1.711	0.612	3.860	

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,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Hardyston	Local School District	Sussex County	
	2007	\$ 0.582	\$ 0.065	\$ 0.647	\$ 0.679	\$ 1.230	
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
2016	0.451	0.017	0.468	0.679	0.945	0.575	2.666

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Ogdensburg	Local School District	Sussex County	
	2007	0.666	0.074	0.740	1.479	1.708	
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
2016	0.632	0.024	0.656	1.103	1.179	0.536	3.474

Source: Municipal Tax Collector and School Business Administrator

* Revaluation Year

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

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

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

WALLKILL VALLEY REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Franklin Borough

Hamburg Borough

	2016		2016		
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value	
Wal-Mart	\$ 11,988,700	3.06%	Ames Rubber Corp	\$ 3,054,600	1.48%
Franklin 23	9,000,000	2.30%	Governor Haines Realty, LLC	2,019,600	0.98%
Weis Markets, Inc.	7,278,400	1.86%	Envision New Jersey, LLC	1,934,000	0.93%
Walgreens	6,969,100	1.78%	Springdale Village, LLC	1,881,700	0.91%
Wurtsboro Associates	5,782,900	1.48%	Individual Taxpayer #1	1,405,000	0.68%
Transbank International	5,134,500	1.31%	Plaza 23, LLC	1,317,900	0.64%
Braen Aggregates, LLC	4,768,300	1.22%	TRB Investments, LLC	1,174,000	0.57%
Hillside Estates at Franklin, LLC	4,588,800	1.17%	TCAT Properties Hamburg, LLC	1,000,200	0.48%
Sterling Plaza, Inc.	3,866,700	0.99%	Wachovia Bank	978,400	0.47%
KAJ Franklin, LLC	2,954,200	0.75%	KP Kit & Jay, LLC	913,800	0.44%
Total	\$ 62,331,600	15.91%	Total	\$ 15,679,200	7.58%

	2007		2007		
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value	
Wal-Mart	\$ 7,240,800	2.99%	The Bluffs at Ballyowen	\$ 5,163,600	2.49%
Weis Market, Inc.	4,850,000	2.01%	Ames Rubber Corporation	3,130,000	1.51%
Franklin 23	4,250,000	2.00%	Shan Industries	2,230,600	1.08%
Transbank International Investors	4,105,200	2.00%	Kaytes Realty, LLC	1,840,000	0.89%
Sterling Plaza, Inc.	2,949,100	1.22%	Governor Haines Square Corporation	1,488,700	0.72%
Hillside Estates of Franklin	2,409,673	1.12%	Grey Elephant, LLC	1,032,800	0.50%
United Telephone	2,102,000	1.00%	Silver Fox LLC - Falcon Ridge	601,400	0.29%
Wurtsboro Associates	1,628,500	0.87%	Versaille Holdings, LLC	578,500	0.28%
Kaj Franklin, LLC	1,432,300	0.67%	Individual Taxpayer #1	552,500	0.27%
Black Bear Golf, Inc.	1,432,300	0.59%	Martin Lee, LLC	548,500	0.26%
Total	\$ 33,392,573	14.47%	Total	\$ 17,166,600	8.29%

WALKILL VALLEY REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

UNAUDITED
(Continued)

Hardyston Township

Ogdensburg Borough

Taxpayer	2016		Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
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%
Ballyween 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 Grave, 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%

Taxpayer	2007		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
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%
Ballyween 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

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	
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-
2017	10,081,204	10,081,204	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Bond		Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases	Total District				
2008	\$ 3,343,000	-0-	-0-	-0-	-0-	\$ 3,343,000	-0-	0.35%	171.37	
2009	3,065,000	-0-	-0-	-0-	-0-	3,065,000	-0-	0.32%	157.31	
2010	2,825,000	-0-	-0-	-0-	-0-	2,825,000	-0-	0.30%	145.52	
2011	2,585,000	-0-	-0-	-0-	-0-	2,585,000	-0-	0.28%	136.33	
2012	5,650,000	-0-	-0-	-0-	-0-	5,650,000	-0-	0.59%	299.69	
2013	4,415,000	-0-	-0-	-0-	-0-	4,415,000	-0-	0.46%	235.48	
2014	4,095,000	-0-	-0-	-0-	-0-	4,095,000	-0-	0.42%	221.69	
2015	3,775,000	-0-	-0-	-0-	-0-	3,775,000	-0-	0.37%	205.98	
2016	3,460,000	-0-	-0-	-0-	-0-	3,460,000	-0-	0.39%	217.68	
2017	3,135,000	-0-	-0-	-0-	-0-	3,135,000	-0-	0.31%	172.41	

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.

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		
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%	205.98
2016	3,460,000	-0-	3,460,000	0.727%	217.68
2017	3,135,000	-0-	3,135,000	0.655%	172.41

Source: School District Financial Reports

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

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

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2016

<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	\$ 2,159,420	100.00%	\$ 2,159,420
Hamburg Borough	177,100	100.00%	177,100
Hardyston Township	9,156,562	100.00%	9,156,562
Ogdensburg Borough	631,504	100.00%	631,504
County of Sussex - Municipality's Share:			
Franklin Borough	111,347,324	2.50%	2,781,306
Hamburg Borough	111,347,324	1.61%	1,787,661
Hardyston Township	111,347,324	6.64%	7,393,650
Ogdensburg Borough	111,347,324	1.13%	<u>1,259,452</u>
Subtotal, Overlapping Debt			25,346,656
Wallkill Valley Regional High School District Direct Debt			<u>3,135,000</u>
Total Direct And Overlapping Debt			<u>\$ 28,481,656</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.

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Franklin Borough	Hamburg Borough	Hardyston Township	Ogdensburg Borough	Equalized Valuation Basis
2016	\$ 415,063,905	\$ 270,355,368	\$ 1,135,287,237	\$ 184,766,877	\$ 2,005,473,387
2015	407,843,828	269,540,168	1,117,048,486	188,774,057	1,983,206,539
2014	415,456,942	268,004,619	1,152,889,688	193,576,108	2,029,927,357
	<u>\$ 1,238,364,675</u>	<u>\$ 807,900,155</u>	<u>\$ 3,405,225,411</u>	<u>\$ 567,117,042</u>	<u>\$ 6,018,607,283</u>

Average Equalized Valuation of Taxable Property \$ 2,006,202,428

Debt Limit (3% of average equalization value) 60,186,073 ^a

Net Bonded School Debt 3,135,000

Legal Debt Margin \$ 57,051,073

Fiscal Year

	2008	2009	2010	2011	2012
Debt Limit	\$ 65,872,693	\$ 71,526,363	\$ 73,311,656	\$ 72,741,913	\$ 69,832,485
Total Net Debt Applicable to Limit	3,343,000	3,065,000	2,825,000	2,585,000	5,650,000
Legal Debt Margin	<u>\$ 44,881,598</u>	<u>\$ 50,705,010</u>	<u>\$ 62,529,693</u>	<u>\$ 68,461,363</u>	<u>\$ 70,486,656</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	5.07%	4.29%	3.85%	3.55%	8.09%

Fiscal Year

	2013	2014	2015	2016	2017
Debt Limit	\$ 66,929,986	\$ 64,357,315	\$ 62,231,987	\$ 61,414,823	\$ 60,186,073
Total Net Debt Applicable to Limit	4,415,000	4,095,000	3,775,000	3,460,000	3,135,000
Legal Debt Margin	<u>\$ 62,514,986</u>	<u>\$ 60,262,315</u>	<u>\$ 58,456,987</u>	<u>\$ 57,954,823</u>	<u>\$ 57,051,073</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.60%	6.36%	6.07%	5.63%	5.21%

^a Limit set by NJSA 18A:24-19 for a 9 through 12 district; other % limits would be applicable for other districts

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

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>				
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	269,437,935	55,497	6.30%
2016	4,813	267,107,061	55,497	*
2017	4,813 **	267,107,061 *	55,497	* N/A
<u>Hamburg Borough</u>				
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	3,149	174,760,053	55,497	5.60%
2016	3,155	175,093,035	55,497	*
2017	3,155 **	175,093,035 *	55,497	* N/A

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

Year	Population ^a	Personal Income	Sussex County Per Capita Personal Income ^b	Unemployment Rate ^c
<u>Hardyston Township</u>				
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	445,252,431	55,497	5.10%
2016	7,927	439,924,719	55,497 *	4.50%
2017	7,927 **	439,924,719 *	55,497 *	N/A
<u>Ogdensburg Borough</u>				
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	126,866,142	55,497	6.90%
2016	2,294	127,310,118	55,497 *	4.60%
2017	2,294 **	127,310,118 *	55,497 *	N/A

* - Latest Sussex County per capita personal income available (2015) was used for calculation purposes.

** - Latest population data available (2016) 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

	2016			2007		
	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.

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

<u>Function/Program</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>2017</u>
Instruction										
Regular	52.0	52.0	52.0	55.5	55.5	47.0	47.0	50.0	50.5	50.5
Special Education	7.0	7.0	7.0	8.0	9.0	9.0	9.0	9.0	12.0	12.0
Other Special Education	1.0	1.0	1.0			0.5	0.2	1.0	1.0	1.0
Support Services:										
Student and Instruction Related Services	20.0	20.0	20.0	11.5	11.5	10.0	14.0	13.5	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	4.0	4.0	4.0	4.0
Plant Operations and Maintenance	9.0	9.0	9.0	8.0	8.0	8.0	8.0	9.5	11.0	9.5
Business and Other Support Services	6.0	6.0	6.0	6.0	6.0	6.0	2.0	2.0	2.0	2.0
Total	100.0	100.0	100.0	94.0	95.0	85.5	86.2	91.0	96.0	94.5

Source: District Personnel Records

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS.
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment		Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
	High School	School										
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		14,495,892	18,396	4.96%	65	1:12.2	790	757	-3.69%	95.99%	
2011	775		14,495,892	18,704	1.68%	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%	
2017	674		16,233,252	24,085	1.99%	64	1:12.1	674	640	-0.31%	94.96%	

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	837	837	788	775	706	684	660	685	670	674

Number of Schools at June 30, 2017
 High School = 1

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.

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
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
2017	128,842		128,842

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

Source: Wallkill Valley Regional High School District records

WALLKILL REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy – NJSIG Insurance Building & Personal Property/Boiler/ Inland Marine – Auto Physical Damage	\$42,880,400	\$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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 22, 2017.

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

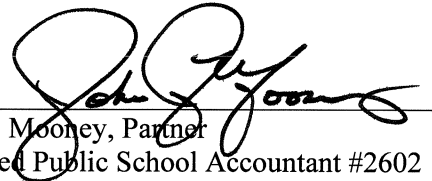
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

September 22, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP

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

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, 2017. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and 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 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, 2017.

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.

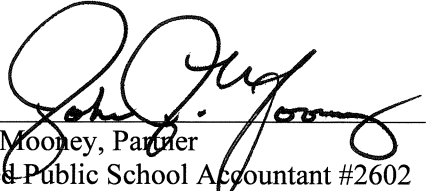
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

September 22, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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) 6/30/2016	Cash Received	Budgetary Expenditures	Balance 6/30/2017 Accounts Receivable	Unearned Revenue	Amounts Provided to Subrecipients
U.S. Department of Education Passed-through State Department of Education:										
General Fund:										
Medicaid Reimbursement	93.778	N/A	7/1/16 - 6/30/17	\$ 16,835		\$ 16,835	\$ (16,835)			
Total General Fund										
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	\$ 4,590		(4,590)			
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	10,064		10,064	(6,240)		\$ 3,824	
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	53,770	(1,807)	1,807	(44,953)	\$ (2,180)		
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	44,953		42,773				
Total U.S. Department of Agriculture/Child Nutrition Cluster										
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	(36,216)	36,216				
Title I	84-010A	NCLB-5435-17	7/1/16-6/30/17	73,954		58,694	(73,954)	(15,260)		
Title IIA	84.278A	NCLB-5435-16	7/1/15-6/30/16	13,010	(5,066)	5,066				
Title IIA	84.278A	NCLB-5435-17	7/1/16-6/30/17	12,110		9,536	(12,110)	(2,574)		
Special Education Cluster										
I.D.E.A. Part B, Basic	84.027	FT-5435-17	7/1/16-6/30/17	135,931		135,931	(135,931)			
Perkins Vocational Education - Basic Grants	84.048A	N/A	7/1/15-6/30/16	16,014	(15,442)	15,935	(493)			
Perkins Vocational Education - Basic Grants	84.048A	N/A	7/1/16-6/30/17	6,767		337	(5,988)	(5,651)		
Total U.S. Department of Education										
Total Federal Financial Awards										
					\$ (53,941)	\$ 333,194	\$ (301,094)	\$ (25,665)	\$ 3,824	\$ -0-

N/A - Not Available

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

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	MEMO	
				Unearned Revenue (Accounts Receivable) 6/30/2016	Unearned Revenue (Accounts Receivable)						Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:												
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 2,938,820		\$ 2,647,343		\$ (2,938,820)				\$ (291,477)	\$ 2,938,820
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	20,540		18,503		(20,540)				(2,037)	20,540
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	467,610		421,232		(467,610)				(46,378)	467,610
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	421,248		379,468		(421,248)				(41,780)	421,248
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	67,325		60,648		(67,325)				(6,677)	67,325
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	716,221		645,185		(716,221)				(651,461)	716,221
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	71,890		5,927		(71,890)				573,295	71,890
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	6,580		5,927		(6,580)				(653)	6,580
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	6,580		6,098		(6,580)				(653)	6,580
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	6,770		955		(6,770)				(672)	6,770
Host District Aid	17-495-034-5120-102	7/1/16-6/30/17	1,060				(1,060)				(105)	1,060
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	84,340				(84,340)		\$ (84,340)		(84,340)	84,340
Non-Public Transportation	17-495-034-5120-014	7/1/16-6/30/17	5,776				(5,776)		(5,776)		(5,776)	5,776
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	525,646		525,646		(525,646)					525,646
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	608,796		608,796		(608,796)					608,796
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	22,058		22,058		(22,058)					22,058
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	1,111		1,111		(1,111)					1,111
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16-6/30/17	443,561		443,561		(443,561)					443,561
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	2,932,866	\$ (290,601)	290,601							2,932,866
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	92,430	(9,158)	9,158							92,430
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	466,818	(46,254)	46,254							466,818
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	415,991	(41,218)	41,218							415,991
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	67,110	(6,650)	6,650							67,110
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	718,835	(71,225)	71,225							718,835
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	6,580	(652)	652							6,580
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	6,580	(652)	652							6,580
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	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
Reimbursed TPAF Social Security Contributions	16-495-034-5120-003	7/1/15-6/30/16	429,932	(21,147)	21,147							429,932
Total General Fund State Aid				(601,552)	6,458,770		(6,415,932)		(90,116)		(558,714)	11,667,069
Total NJ Department of Education				(601,552)	6,458,770		(6,415,932)		(90,116)		(558,714)	11,667,069

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	MEMO		
				Unearned Revenue (Accounts Receivable) 6/30/2016	Carryover/ (Walkover) Amount					Budgetary Receivable	Cumulative Total Expenditures	
Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	\$ 1,794	\$	1,708	\$	(1,794)	\$ (86)		\$	1,794	
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	1,845	\$ (62)	62						1,845	
Total Enterprise Fund				(62)	1,770	1,770	(1,794)	(86)			3,639	
Total State Awards				(601,614)	6,460,540	6,460,540	(6,417,726)	(90,202)	\$ -0-	\$ (558,714)	14,593,305	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Pension Contributions	17-495-034-5094-001	7/1/16-6/30/17	\$ (525,646)				\$ 525,646					
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(608,796)				608,796					
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(22,058)				22,058					
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(1,111)				1,111					
Subtotal - On-Behalf TPAF Pension System Contributions							1,157,611					
Total State Awards Subject to Single Audit Major Program Determination							\$ (5,260,115)					

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, 2017

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, 2017. 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 not 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 (\$2,188) for the general fund and \$11,207 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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 16,835	\$ 6,413,744	\$ 6,430,579
Special Revenue Fund	239,683		239,683
Enterprise Fund - Food Service	<u>55,784</u>	<u>1,794</u>	<u>57,578</u>
	<u>\$ 312,302</u>	<u>\$ 6,415,538</u>	<u>\$ 6,727,840</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, 2017. 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, 2017

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 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, 2017 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:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 421,248	\$ 421,248
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	2,938,820	2,938,820
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	67,325	67,325
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	716,221	716,221
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	71,890	71,890
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	20,540	20,540
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	6,580	6,580
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	6,580	6,580
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	6,770	6,770
Host District Aid	17-495-034-5120-102	7/1/16-6/30/17	1,060	1,060

- 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, 2017
(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, 2017

Status of Prior Year Findings:

There were no findings in the prior year.