

**Comprehensive Annual  
Financial Report**

**of the**

**Wallkill Valley Regional  
High School District**

**Hamburg, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by**

**Wallkill Valley Regional High School  
For the Fiscal Year Ended June 30, 2018**

**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, 2018**

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
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*Board of Education*  
*Wallkill Valley Regional High School District*

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*Phone (973) 827-4100*

*Fax (973) 827-8318*

January 18, 2019

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, 2018, 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 2017-18 fiscal year with an average daily enrollment of 623 students, which is a decrease of 51 students from the previous year's average daily enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: The growth in the constituent communities has slowed down considerably. Average daily enrollment at the high school decreased by 51 students over the previous year. As of June 30, 2018, the enrollment was 623 as of September 5, 2018 we had 617 students enrolled at Wallkill Valley Regional High School, a decrease of 6 students over the summer.

3) MAJOR INITIATIVES: The outside home team football field bleachers and press box were replaced and the visitor bleachers were removed over the summer of 2017.

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, 2018.

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.

The Honorable President and Members of  
the Board of Education  
Wallkill Valley Regional High School District  
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January 18, 2019

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,



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David Carr  
Superintendent/Principal

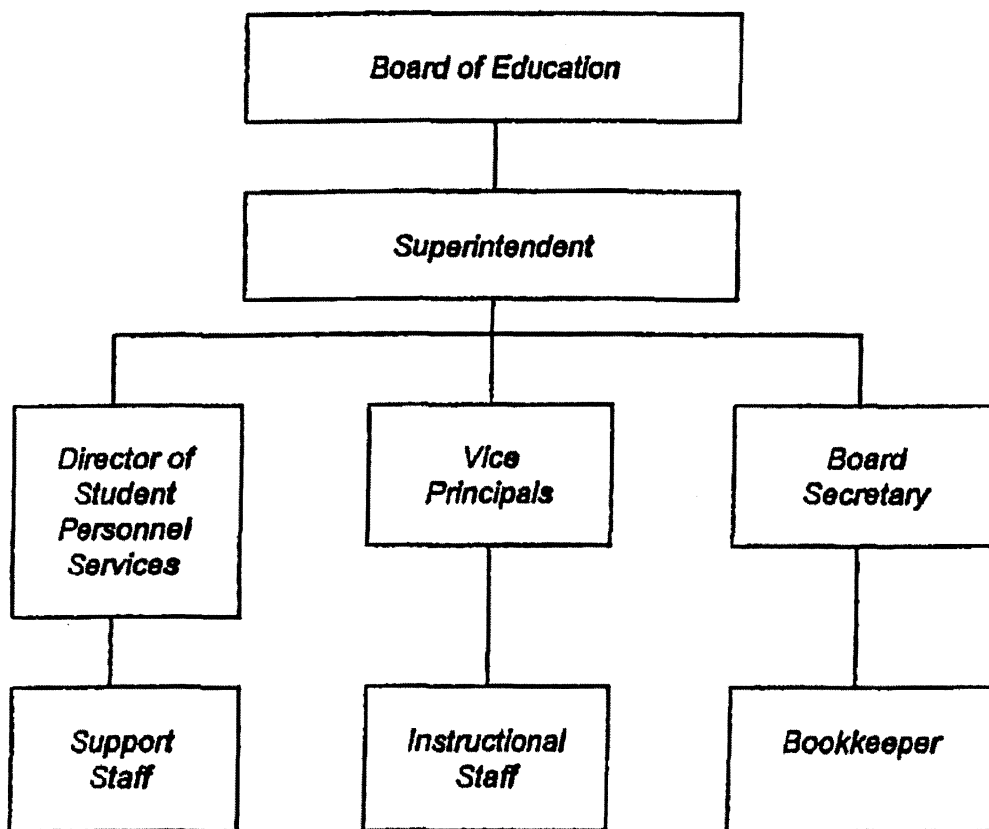


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Joseph P. Hurley, Jr  
Business Administrator/Board Secretary



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



**WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2018**

<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	2020
Virginia Jones, Vice President	Hamburg Borough	2020
Matthew Fasbach	Franklin Borough	2020
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, 2018, 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, 2018, 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.

***Emphasis of Matter***

As discussed in Note 9 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

***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 and post-retirement benefit schedules in Exhibits L-1 through L-5 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

The Honorable President and Members  
of the Board of Education  
Wallkill Valley Regional High School District  
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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.

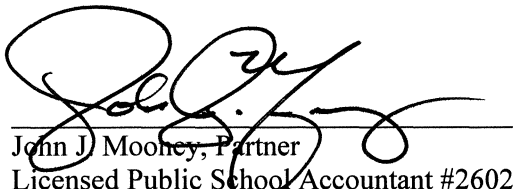
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 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.

January 18, 2019  
Mount Arlington, New Jersey

*NISIVOCCIA LLP*  
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, 2018**  
**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, 2018. 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.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements present all funds of the District. The General Fund is by far the most significant fund.

**Overview of the Financial Statements**

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

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

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

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

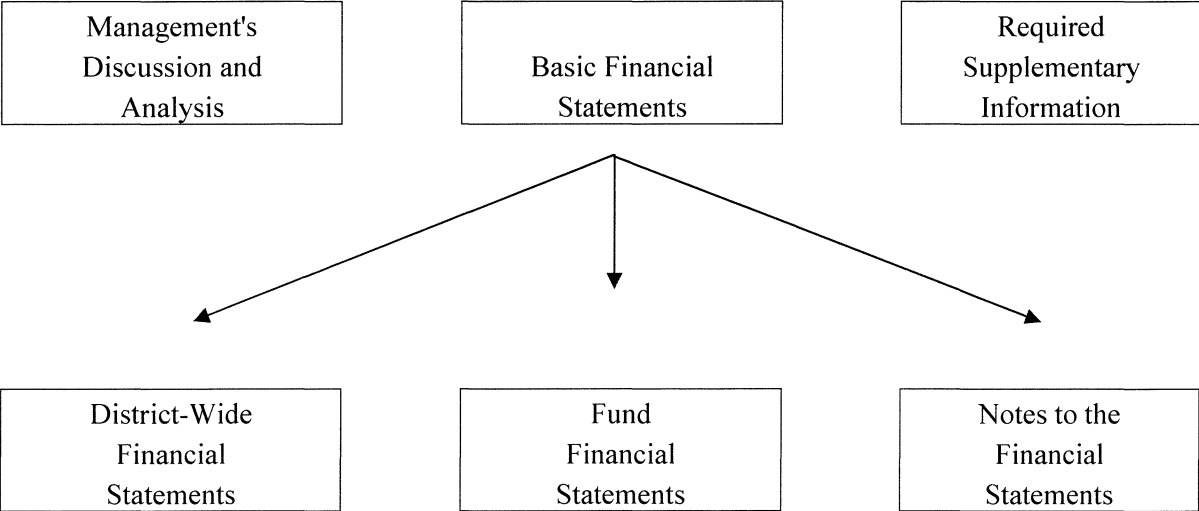


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Figure A-2**

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

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

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

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net 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
	2016/17 (as Restated)	2017/18	2016/17	2017/18	2016/17 (as Restated)	2017/18	
Current and							
Other Assets	\$ 1,549,139	\$ 1,928,334	\$ 67,380	\$ 36,317	\$ 1,616,519	\$ 1,964,651	
Capital Assets, Net	11,107,008	10,881,701	40,287	38,611	11,147,295	10,920,312	
Total Assets	<u>12,656,147</u>	<u>12,810,035</u>	<u>107,667</u>	<u>74,928</u>	<u>12,763,814</u>	<u>12,884,963</u>	0.95%
Deferred Outflows							
of Resources	<u>1,060,259</u>	<u>1,201,291</u>			<u>1,060,259</u>	<u>1,201,291</u>	13.30%
Other Liabilities	294,729	570,032	33,281	9,991	328,010	580,023	
Long-term							
Liabilities	<u>7,020,804</u>	<u>6,415,345</u>			<u>7,020,804</u>	<u>6,415,345</u>	
Total Liabilities	<u>7,315,533</u>	<u>6,985,377</u>	<u>33,281</u>	<u>9,991</u>	<u>7,348,814</u>	<u>6,995,368</u>	-4.81%
Deferred Inflows							
of Resources	<u>56,121</u>	<u>636,588</u>			<u>56,121</u>	<u>636,588</u>	1034.31%
Net Investment in							
Capital Assets	7,915,864	8,036,786	40,287	38,611	7,956,151	8,075,397	
Restricted	1,202,325	702,231			1,202,325	702,231	
Unrestricted/ (Deficit)	<u>(2,773,437)</u>	<u>(2,349,656)</u>	<u>34,099</u>	<u>26,326</u>	<u>(2,739,338)</u>	<u>(2,323,330)</u>	
Total Net Position	<u>\$ 6,344,752</u>	<u>\$ 6,389,361</u>	<u>\$ 74,386</u>	<u>\$ 64,937</u>	<u>\$ 6,419,138</u>	<u>\$ 6,454,298</u>	0.55%

*Changes in Net Position.* The District's *combined* net position was \$6,454,298 on June 30, 2018, \$35,160 or 0.55% higher than it was the year before. (See Figure A-3). The depreciation factored into the net position of the District as a decrease is \$353,153. The net position of the business-type activities decreased \$9,449 (See Figure A-4).

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>% Change</u>
	<u>2016/17 (as Restated)</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17 (as Restated)</u>	<u>2017/18</u>	
Revenue:							
Program Revenue:							
Charges for Services			\$ 152,064	\$ 151,632	\$ 152,064	\$ 151,632	
Operating Grants and Contributions	\$ 9,580,111	\$ 9,716,952	57,577	62,746	9,637,688	9,779,698	
General Revenue:							
Property Taxes	10,081,204	10,727,310			10,081,204	10,727,310	
Other	92,087	181,261	30	30	92,117	181,291	
Total Revenue	<u>19,753,402</u>	<u>20,625,523</u>	<u>209,671</u>	<u>214,408</u>	<u>19,963,073</u>	<u>20,839,931</u>	4.39%
Expenses:							
Instruction	10,955,126	10,965,435			10,955,126	10,965,435	
Pupil and Instruction Services	4,118,634	4,237,184			4,118,634	4,237,184	
Administrative and Business	1,783,362	1,746,190			1,783,362	1,746,190	
Maintenance and Operations	1,445,466	1,546,948			1,445,466	1,546,948	
Transportation	1,357,347	1,399,984			1,357,347	1,399,984	
Other	186,037	685,173	210,751	223,857	396,788	909,030	
Total Expenses	<u>19,845,972</u>	<u>20,580,914</u>	<u>210,751</u>	<u>223,857</u>	<u>20,056,723</u>	<u>20,804,771</u>	3.73%
Increase/(Decrease) in Net Position	<u>\$ (92,570)</u>	<u>\$ 44,609</u>	<u>\$ (1,080)</u>	<u>\$ (9,449)</u>	<u>\$ (93,650)</u>	<u>\$ 35,160</u>	-137.54%

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position increased by \$35,160. 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-5 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-5****Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016/17 (as Restated)</u>	<u>2017/18</u>	<u>2016/17 (as Restated)</u>	<u>2017/18</u>
Instruction	\$ 10,955,126	\$10,965,435	\$ 3,209,047	\$ 3,048,120
Pupil and Instruction Services	4,118,634	4,237,184	3,171,617	3,372,665
Administrative and Business	1,783,362	1,746,190	1,369,733	1,361,119
Maintenance and Operations	1,445,466	1,546,948	1,445,466	1,477,736
Transportation	1,357,347	1,399,984	883,961	919,149
Other	186,037	685,173	186,037	685,173
	<u>\$ 19,845,972</u>	<u>\$ 20,580,914</u>	<u>\$ 10,265,861</u>	<u>\$ 10,863,962</u>

## Business-Type Activities

Net position from the District's business-type activity decreased by \$9,449. (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenues by \$9,449, 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 increased despite significant changes in the student clientele and difficult economic conditions. Expenditures related to special needs children have increased significantly due to additional students, requiring related services and material needs, as well as transportation to special schools. Salaries of staff have been increased by prior year negotiated agreements. Health costs have been contained for several years; however, significantly increased premiums are anticipated in the next few years. The Board has been able to save health premium costs by offering a program to staff whereby they can waive certain benefits under certain conditions.

## 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-6**

**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2017/18
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	
Buildings, Building and Site Improvements	\$ 10,413,608	\$ 10,109,662			\$ 10,413,608	\$ 10,109,662	
Furniture, Machinery, and Equipment	693,400	772,039	\$ 40,287	\$ 38,611	733,687	810,650	
Total Capital Assets - (Net of Depreciation)	<u>\$ 11,107,008</u>	<u>\$ 10,881,701</u>	<u>\$ 40,287</u>	<u>\$ 38,611</u>	<u>\$ 11,147,295</u>	<u>\$ 10,920,312</u>	-2.04%

The District's overall capital assets decreased from the prior year due to purchases of machinery and equipment of \$126,170 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 \$2,800,000 in general obligation bonds outstanding – a decrease of \$335,000 from last year, and a net pension liability of \$2,973,094 – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-7**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2016/17	2017/18	
General Obligation Bonds (Financed with Property Taxes)	\$ 3,135,000	\$ 2,800,000	
Net Pension Liability	3,241,134	2,973,094	
Unamortized Bond Premium	56,144	44,915	
Other Long Term Liabilities	588,526	597,336	
	<u>\$ 7,020,804</u>	<u>\$ 6,415,345</u>	-8.62%

- The 8.62% decrease in long-term liabilities is primarily due to the District paying down \$335,000 of outstanding bonds and Net Pension Liability decreasing by \$268,040.

**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 decreases 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 2018-2019 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 State of New Jersey made significant changes to its allocation of state aid which will take affect in 2018-19. As a result, Wallkill Valley Regional High School District will have a reduction of over \$100,000 in state aid compared to the 2017-18 fiscal year.

**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, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 477,874	\$ 14,424	\$ 492,298
Receivables from Other Governments	885,291		885,291
Receivables from State Government	162,321	112	162,433
Receivables from Federal Government		2,674	2,674
Internal Balances	(12,613)	12,613	
Interfund Receivable	32,418		32,418
Other Receivables	25,548	301	25,849
Inventory		6,193	6,193
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	271,015		271,015
Capital Assets:			
Depreciable Buildings and Building Improvements, Site Improvements and Furniture, Machinery and Equipment	10,881,701	38,611	10,920,312
Total Assets	<u>12,723,555</u>	<u>74,928</u>	<u>12,798,483</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,201,291		1,201,291
Total Deferred Outflows of Resources	<u>1,201,291</u>		<u>1,201,291</u>
<b>LIABILITIES</b>			
Accounts Payable - Vendors	241,843	9,043	250,886
Accounts Payable - Cash Deficit	210,651		210,651
Unearned Revenue	11,425	948	12,373
Accrued Interest Payable	19,633		19,633
Noncurrent Liabilities:			
Due Within One Year	340,000		340,000
Due Beyond One Year	6,075,345		6,075,345
Total Liabilities	<u>6,898,897</u>	<u>9,991</u>	<u>6,908,888</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	636,588		636,588
Total Deferred Inflows of Resources	<u>636,588</u>		<u>636,588</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,036,786	38,611	8,075,397
Restricted for:			
Capital Projects	701,366		701,366
Debt Service	865		865
Unrestricted/(Deficit)	(2,349,656)	26,326	(2,323,330)
Total Net Position	<u>\$ 6,389,361</u>	<u>\$ 64,937</u>	<u>\$ 6,454,298</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, 2018

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	\$ 8,425,210		\$ 3,805,290	\$ (4,619,920)		\$ (4,619,920)
Special Education	1,591,148		4,041,907	2,450,759		2,450,759
Other Special Instruction	49,710		17,170	(32,540)		(32,540)
School Sponsored/Other Instruction	899,367		52,948	(846,419)		(846,419)
Support services:						
Tuition	1,642,212		131,036	(1,511,176)		(1,511,176)
Student & Instruction Related Services	2,594,972		733,483	(1,861,489)		(1,861,489)
General Administrative Services	709,709		140,828	(568,881)		(568,881)
School Administrative Services	764,936		224,247	(540,689)		(540,689)
Central Services	271,545		19,996	(251,549)		(251,549)
Plant Operations and Maintenance	1,546,948		69,212	(1,477,736)		(1,477,736)
Pupil Transportation	1,399,984		480,835	(919,149)		(919,149)
Interest on Long-Term Debt	95,946			(95,946)		(95,946)
Unallocated Depreciation	37,836			(37,836)		(37,836)
Capital Outlay	551,391			(551,391)		(551,391)
Total Governmental Activities	20,580,914	\$ -0-	9,716,952	(10,863,962)	\$ -0-	(10,863,962)

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Food Service	\$ 223,857	\$ 62,746		\$ (9,479)	\$ (9,479)
Total Business-Type Activities	223,857	62,746		(9,479)	(9,479)
Total Primary Government	\$ 20,804,771	\$ 9,779,698	\$ (10,863,962)	\$ (9,479)	\$ (10,873,441)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes, Net	\$ 10,284,867	\$ 10,284,867	\$ 10,284,867	\$ 10,284,867
Taxes Levied for Debt Service	442,443	442,443	442,443	442,443
Interest on Investments	1,998	1,998	1,998	2,028
Interest Earned in Capital Reserve	407	407	407	407
Miscellaneous Income	178,856	178,856	178,856	178,856
Total General Revenue	10,908,571	10,908,571	30	10,908,601

Change in Net Position

Net Position - Beginning (as Restated)	6,344,752	74,386	6,419,138
Net Position - Ending	\$ 6,389,361	\$ 64,937	\$ 6,454,298

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

FUND FINANCIAL STATEMENTS

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents		\$ 22,026	\$ 432,837	\$ 23,011	\$ 477,874
Receivables From Local Governments	\$ 885,291				885,291
Receivables From State Government	162,321				162,321
Interfund Receivable	74,549			2,486	77,035
Other Receivables	18,650	6,898			25,548
Restricted Cash and Cash Equivalents	271,015				271,015
<b>Total Assets</b>	<u>\$ 1,411,826</u>	<u>\$ 28,924</u>	<u>\$ 432,837</u>	<u>\$ 25,497</u>	<u>\$ 1,899,084</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable - Vendors	\$ 126,843				\$ 126,843
Accounts Payable - Cash Deficit	210,651				210,651
Interfund Payable	12,613	\$ 17,499	\$ 2,486	\$ 24,632	57,230
Unearned Revenue		11,425			11,425
<b>Total Liabilities</b>	<u>350,107</u>	<u>28,924</u>	<u>2,486</u>	<u>24,632</u>	<u>406,149</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	271,015				271,015
Capital Projects Fund			430,351		430,351
Debt Service Fund				865	865
Assigned to:					
Year-end Encumbrances	532,202				532,202
For Subsequent Year's Expenditures	258,502				258,502
<b>Total Fund Balances</b>	<u>1,061,719</u>		<u>430,351</u>	<u>865</u>	<u>1,492,935</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,411,826</u>	<u>\$ 28,924</u>	<u>\$ 432,837</u>	<u>\$ 25,497</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not	10,881,701
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.	(3,397,336)
Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$157,196 and the accumulated Amortization is \$112,281.	(44,915)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due.	(19,633)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,973,094)
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:	
Change in Deferred Outflows	1,086,291
Change in Deferred Inflows	(636,588)
<b>Net Position of Governmental Activities</b>	<u>\$ 6,389,361</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, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 10,284,867			\$ 442,443	\$ 10,727,310
Interest on Investments	1,567		431		1,998
Interest Earned on Capital Reserve Funds	407				407
Unrestricted Miscellaneous	174,556	\$ 4,300			178,856
Total - Local Sources	10,461,397	4,300	431	442,443	10,908,571
State Sources	6,804,646				6,804,646
Federal Sources	1,064	237,317			238,381
Total Revenue	17,267,107	241,617	431	442,443	17,951,598
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	4,284,419				4,395,000
Special Education Instruction	811,930	110,581			811,930
Other Special Instruction	25,249				25,249
School Sponsored/Other Instruction	658,247				658,247
Support Services and Undistributed Costs:					
Tuition	1,511,176	131,036			1,642,212
Student & Instruction Related Services	1,492,933				1,492,933
General Administrative Services	424,669				424,669
School Administrative Services	404,260				404,260



WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES (Cont'd):</b>					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 180,486				\$ 180,486
Plant Operations and Maintenance	1,122,188				1,122,188
Pupil Transportation	1,399,984				1,399,984
Benefits - Allocated and Unallocated	4,164,243				4,164,243
Debt Service:					
Principal				\$ 335,000	\$ 335,000
Interest and Other Charges				107,875	107,875
Capital Outlay	677,561				677,561
Total Expenditures	<u>17,157,345</u>	<u>\$ 241,617</u>		<u>442,875</u>	<u>17,841,837</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	<u>109,762</u>		<u>\$ 431</u>	<u>(432)</u>	<u>109,761</u>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Transfers In				431	431
Transfers Out			(431)		(431)
Total Other Financing Sources/(Uses)			<u>(431)</u>	<u>431</u>	
Net Change in Fund Balances	109,762			(1)	109,761
Fund Balance—July 1	951,957		430,351	866	1,383,174
Fund Balance—June 30	<u>\$ 1,061,719</u>	<u>\$ -0-</u>	<u>\$ 430,351</u>	<u>\$ 865</u>	<u>\$ 1,492,935</u>

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, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	109,761
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)
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.	Capital outlays	126,170
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 (+).		(225,307)
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.		335,000
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.		(8,810)
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:		700
Change in Net Pension Liability		11,229
Change in Deferred Outflows		268,040
Change in Deferred Inflows		134,463
Change in Net Position of Governmental Activities (A-2)		<u>(580,467)</u>
	\$	<u>44,609</u>

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, 2018

Business-type  
 Activities -  
Enterprise Funds  
 Food  
 Service

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$	14,424
Accounts Receivable:		
State		112
Federal		2,674
Other Accounts Receivable		301
Interfund Receivable		12,613
Inventories		6,193

Total Current Assets		36,317
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## Non-Current Assets:

Capital Assets		103,725
Less: Accumulated Depreciation		(65,114)

Total Non-Current Assets		38,611
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Total Assets		74,928
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LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors		9,043
Unearned Revenue		948

Total Current Liabilities		9,991
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NET POSITION:

Investment in Capital Assets		38,611
Unrestricted		26,326

Total Net Position	\$	64,937
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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, 2018

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 84,690
Daily Sales - Non-Reimbursable Programs	66,942
	151,632
Total Operating Revenue	151,632
Operating Expenses:	
Cost of Sales - Reimbursable Programs	74,295
Cost of Sales - Non Reimbursable Programs	38,818
Salaries & Payroll Taxes	79,018
Employee Benefits	6,510
Management Fee	9,033
Professional and Technical Services	2,869
Depreciation Expense	1,676
Other Miscellaneous Expenses	11,638
	223,857
Total Operating Expenses	223,857
Operating (Loss)	(72,225)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,044
Federal Sources:	
National School Lunch Program	48,097
Food Distribution Program	12,605
Local Sources:	
Interest on Investments	30
	62,776
Total Non-Operating Revenue	62,776
Change in Net Position	(9,449)
Net Position - Beginning of Year	74,386
Net Position - End of Year	\$ 64,937

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, 2018

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 151,632
Payments to Employees	(79,018)
Payments for Benefits	(6,510)
Payments to Food Service Vendor	(9,033)
Payments to Suppliers	(135,311)
Net Cash Used for Operating Activities	(78,240)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	49,621
Net Cash Provided by Noncapital Financing Activities	49,621
Cash Flows from Investing Activities:	
Investment Income	30
Net Cash Flows Provided by Investing Activities	30
Net Decrease in Cash and Cash Equivalents	(28,589)
Cash and Cash Equivalents, July 1	43,013
Cash and Cash Equivalents, June 30	\$ 14,424
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (72,225)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	12,605
Depreciation	1,676
Changes in Assets and Liabilities:	
Decrease in Inventory	3,360
(Increase) in Accounts Receivable	(301)
(Increase) in Interfund Receivable	(65)
(Decrease) in Accounts Payable	(20,414)
(Decrease) in Unearned Revenue	(2,876)
Net Cash Used for Operating Activities	\$ (78,240)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$9,729 and utilized commodities valued at \$12,605.

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

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

	<u>Agency Funds</u>	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 273,273	\$ 73,258	\$ 7,836	\$ 354,367
Total Assets	<u>273,273</u>	<u>73,258</u>	<u>7,836</u>	<u>354,367</u>
<u>LIABILITIES:</u>				
Net Salaries and Wages	1,996			1,996
Payroll Deductions and Withholdings	80,218			80,218
Interfund Payable - General Fund	32,418			32,418
Due to Student Groups	158,641			158,641
Total Liabilities	<u>273,273</u>			<u>273,273</u>
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims			7,836	7,836
Restricted For Scholarships		73,258		73,258
Total Net Position	<u>\$ -0-</u>	<u>\$ 73,258</u>	<u>\$ 7,836</u>	<u>\$ 81,094</u>

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

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Scholarship Trust	Totals
ADDITIONS:			
Contributions:			
Donations		\$ 4,225	\$ 4,225
Total Contributions		4,225	4,225
Investment Earnings:			
Interest	\$ 7	387	394
Net Investment Earnings	7	387	394
Total Additions	7	4,612	4,619
DEDUCTIONS:			
Scholarships Awarded		3,700	3,700
Total Deductions		3,700	3,700
Change in Net Position	7	912	919
Net Position - Beginning of the Year	7,829	72,346	80,175
Net Position - End of the Year	<u>\$ 7,836</u>	<u>\$ 73,258</u>	<u>\$ 81,094</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, 2018

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, 2018  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (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, 2018  
(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, 2018

(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, 2018 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, 2018

(Continued)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 17,259,667	\$ 225,857
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures, and Revenue while the GAAP Basis does not.		15,760
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	468,598	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(461,158)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 17,267,107	\$ 241,617
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,157,345	\$ 225,857
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		15,760
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 17,157,345	\$ 241,617

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, 2018  
(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, 2018  
(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, 2018.

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 acquisition value. 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
Machinery 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, 2018.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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 GASB. 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 \$1,061,719 General Fund fund balance at June 30, 2018, \$532,202 is assigned for year-end encumbrances; \$271,015 is restricted for the capital reserve account; \$258,502 is assigned for subsequent year's expenditures which is \$116,464 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 \$344,694 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, 2019.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2018 of \$430,351 is restricted.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2018 of \$865 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, 2018.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$461,158 (\$344,694 in unassigned fund balance, \$116,464 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.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

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 \$2,608,158 deficit in its governmental activities Unrestricted Net Position at June 30, 2018 primarily due to the accrual of interest, unamortized bond premiums, compensated absences payable, net pension liability and the related deferred inflows and outflows; offset by the assigned General Fund fund balances. 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 pensions and had deferred outflows of resources for pensions.

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, 2018

(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 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, 2018.

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, 2018.

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, 2018  
(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, 2018  
(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 of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) 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, 2018

(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (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; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, 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	\$ 920,532	\$ 271,015	\$ 1,191,547
	\$ 920,532	\$ 271,015	\$ 1,191,547

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$1,191,547 and the bank balance was \$1,370,860.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 771,108
Increased by:	
Board resolution June 20, 2018	94,950
Interest Earnings	407
Decreased by:	
Budgeted Withdrawal	<u>(595,450)</u>
Ending Balance, June 30, 2018	<u>\$ 271,015</u>

The June 30, 2018 Long Range Facilities Plan (LRFP) balance of local support costs of uncompleted capital projects at June 30, 2018 is equal to or greater than \$344,882. 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, 2018, the District made transfers to capital outlay accounts in the amount of \$246,669 for equipment and construction services which were approved by the county superintendent.

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, 2018  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2018 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	\$ 18,235,483			\$ 18,235,483
Machinery and Equipment	1,388,324	\$ 126,170	\$ (50,983)	1,463,511
Total Capital Assets Being Depreciated	<u>19,623,807</u>	<u>126,170</u>	<u>(50,983)</u>	<u>19,698,994</u>
Governmental Activities Capital Assets	<u>19,623,807</u>	<u>126,170</u>	<u>(50,983)</u>	<u>19,698,994</u>
Less Accumulated Depreciation for:				
Buildings, Building Improvements and Site Improvements	(7,821,875)	(303,946)		(8,125,821)
Machinery and Equipment	(694,924)	(47,531)	50,983	(691,472)
	<u>(8,516,799)</u>	<u>(351,477)</u>	<u>50,983</u>	<u>(8,817,293)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,107,008</u>	<u>\$ (225,307)</u>	<u>\$ -0-</u>	<u>\$ 10,881,701</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 103,725			\$ 103,725
Less Accumulated Depreciation	(63,438)	\$ (1,676)		(65,114)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 40,287</u>	<u>\$ (1,676)</u>	<u>\$ -0-</u>	<u>\$ 38,611</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/17</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/18</u>	<u>Payable Within One Year</u>
Bond Payable	\$ 3,135,000		\$ 335,000	\$ 2,800,000	\$ 340,000
Unamortized Bond Premium	56,144		11,229	44,915	
Compensated Absences Payable	588,526	\$ 42,008	33,198	597,336	
Net Pension Liability	3,241,134		268,040	2,973,094	
	<u>\$ 7,020,804</u>	<u>\$ 42,008</u>	<u>\$ 647,467</u>	<u>\$ 6,415,345</u>	<u>\$ 340,000</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018 as follows:

Purpose	Maturity Date	Serial Bonds Interest Rate	Amount
2008 Refunding Bonds	7/15/2021	4.00%-4.25%	\$ 955,000
Solar Panel Purchase and Installation	9/1/2031	2.00%-3.75%	1,845,000
			<u>\$ 2,800,000</u>

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
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	120,000	47,725	167,725
2024-2028	675,000	172,313	847,313
2029-2032	615,000	45,450	660,450
	<u>\$2,800,000</u>	<u>\$570,951</u>	<u>\$3,370,951</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, 2018.

C. Bonds and Notes Authorized but not Issued

The District had no bonds and notes authorized by not issued at June 30, 2018.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(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 \$597,336. 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, 2018, 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, 2018 is \$-0- and the long term portion is \$2,973,094. 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 \$11,229 and is separate from the long-term liability balance of \$33,686.

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.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.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, 2018  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 \$120,045 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> 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, 2018, the District reported a liability of \$2,973,094 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.0128%, which was an increase of 0.0019% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$297,338. At June 30, 2018, 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, 2018  
(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	\$ 33,727	
	2015	5.72	142,065	
	2016	5.57	423,184	
	2017	5.48		\$ 596,780
				<u>598,976</u>
Difference Between Expected and Actual Experience	2015	5.72	39,415	
	2016	5.57	12,842	
	2017	5.48	17,749	
			<u>70,006</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(35,626)	
	2015	5.00	30,391	
	2016	5.00	127,427	
	2017	5.00	(101,946)	
			<u>20,246</u>	
Changes in Proportion	2014	6.44		39,808
	2015	5.72	62,548	
	2016	5.57	8,621	
	2017	5.48	325,894	
			<u>397,063</u>	<u>39,808</u>
District Contribution Subsequent to the Measurement Date	2017	1.00	<u>115,000</u>	
			<u>\$ 1,201,291</u>	<u>\$ 636,588</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	\$ 69,990
2018	105,616
2019	63,998
2020	(85,117)
2021	<u>(62,039)</u>
	<u>\$ 92,447</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2017 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  
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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, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 3,688,325	\$ 2,973,094	\$ 2,377,218

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.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 2018, the State's pension contribution was less than the actuarial 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 2018, the State of New Jersey contributed \$571,764 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,619,632.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> 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, 2018, the State's proportionate share of the net pension liability associated with the District was \$37,815,006. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.1194%, which was a decrease of 0.0038% from its proportion measured as of June 30, 2016.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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>37,815,006</u>
Total	\$	<u><u>37,815,006</u></u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$2,619,632 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 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	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				<u>13,378,255,364</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
				<u>441,116,389</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.0	(435,309,142)	
	2015	5.0	385,284,122	
	2016	5.0	1,295,565,574	
	2017	5.0	(904,033,050)	
				<u>341,507,504</u>
			<u><u>\$14,160,879,257</u></u>	<u><u>\$ 11,800,239,661</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.



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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, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equit	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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  
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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 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, 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, 2017 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, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 44,924,813	\$ 37,815,006	\$ 31,956,994

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 \$6,952 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$10,505 for the fiscal year ended June 30, 2018.

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NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
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NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 34,440,833	\$ 29,013,260	\$ 24,708,058
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 37,587,043	\$ 31,374,271	\$ 26,484,023

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NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 23,860,602	\$ 29,013,260	\$ 35,855,930
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 25,743,463	\$ 31,374,271	\$ 38,902,125

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

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$1,511,306 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
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NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB  
(Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

The audit of the NJSIG as of June 30, 2018 is not available as of the date of this report. Selected, summarized financial information for the NJSIG as of June 30, 2017 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 335,958,203
Net Position	\$ 78,662,630
Total Revenue	\$ 131,811,793
Total Expenses	\$ 121,371,527
Change in Net Position	\$ 10,440,266
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>
2017-2018	\$ -0-	\$ 7	\$ -0-	\$ -0-	\$ 7,836
2016-2017	-0-	8	-0-	-0-	7,829
2015-2016	-0-	8	-0-	-0-	7,821

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, 2018  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the fund financial statements at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 74,549	\$ 12,613
Special Revenue Fund		17,499
Capital Projects Fund		2,486
Debt Service Fund	2,486	24,632
Payroll Agency Fund		32,418
Enterprise Fund - Food Service	<u>12,613</u>	<u>          </u>
	<u>\$ 89,648</u>	<u>\$ 89,648</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 \$2,486 due from the Capital Projects Fund to the Debt Service Fund for interest earned in the current and prior years which was not transferred. \$12,613 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 interfund balance carried over from 2016-17 that has not yet been cleared.

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2018, were:

	<u>Governmental Funds</u>	<u>Contributions</u>	<u>Total</u>	<u>Total Enterprise</u>
	<u>General</u>	<u>Subsequent to</u>	<u>Governmental</u>	<u>Fund/Business</u>
	<u>Fund</u>	<u>Measurement Date</u>	<u>Activities</u>	<u>Type-Activities</u>
Vendors	\$ 126,843		\$ 126,843	\$ 9,043
Due to State of New Jersey		\$ 115,000	115,000	
	<u>\$ 126,843</u>	<u>\$ 115,000</u>	<u>\$ 241,843</u>	<u>\$ 9,043</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, 2018  
(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, 2018, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
\$ 532,202	\$ 532,202
<u>\$ 532,202</u>	<u>\$ 532,202</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 17. PRIOR PERIOD ADJUSTMENT

The District made a prior year adjustment in the District Wide Financial Statements to record an adjustment to accrued interest as of June 30, 2017 as a result of a change in the amount of interest accrued in the prior period.

	Balance 6/30/17 as Previously Reported	Retroactive Adjustments	Balance 6/30/17 as Restated
<u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
Liabilities:			
Accrued Interest Payable	\$ 120,783	\$ (100,450)	\$ 20,333
Total Liabilities	7,403,435	(100,450)	7,302,985
Net Position:			
Unrestricted/(Deficit)	(2,873,887)	100,450	(2,773,437)
Total Net Position	6,244,302	100,450	6,344,752

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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.0101924394%	0.0108757172%	0.0109434448%	0.0127718986%
District's proportionate share of the net pension liability	\$ 1,908,303	\$ 2,441,381	\$ 3,241,134	\$ 2,973,094
District's covered employee payroll	\$ 728,610	\$ 737,311	\$ 852,512	\$ 818,171
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	261.91%	331.12%	380.19%	363.38%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 84,025	\$ 93,502	\$ 97,220	\$ 120,045
Contributions in relation to the contractually required contribution	(84,025)	(93,502)	(97,220)	(120,045)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 715,482	\$ 728,610	\$ 737,311	\$ 852,512
Contributions as a percentage of covered employee payroll	11.74%	12.83%	13.19%	14.08%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.0682367108%	0.0627778436%	0.0594575150%	0.0560857075%
State's proportionate share of the net pension liability attributable to the District	\$ 35,111,347	\$ 39,678,278	\$ 46,773,067	\$ 37,815,006
District's covered employee payroll	\$ 5,840,104	\$ 5,832,327	\$ 5,943,830	\$ 6,181,216
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	601.21%	680.32%	786.92%	611.77%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 1,889,320	\$ 2,422,716	\$ 3,514,345	\$ 2,619,632
Contributions in relation to the contractually required contribution	<u>(339,400)</u>	<u>(476,040)</u>	<u>(608,796)</u>	<u>(864,276)</u>
Contribution deficiency/(excess)	<u>\$ 1,549,920</u>	<u>\$ 1,946,676</u>	<u>\$ 2,905,549</u>	<u>\$ 1,755,356</u>
District's covered employee payroll	\$ 5,832,327	\$ 5,943,830	\$ 6,181,216	\$ 6,281,165
Contributions as a percentage of covered employee payroll	5.82%	8.01%	9.85%	13.76%

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 CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

\* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 10,284,867		\$ 10,284,867	\$ 10,284,867	\$ 1,567
Interest Earned				407	407
Interest Earned on Capital Reserve Funds				174,556	173,556
Unrestricted Miscellaneous	1,000		1,000		
<b>Total - Local Sources</b>	<b>10,285,867</b>		<b>10,285,867</b>	<b>10,461,397</b>	<b>175,530</b>
State Sources:					
School Choice Aid	41,080		41,080	41,080	
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	693,207	(94,904)
PARCC Readiness Aid	6,580		6,580	6,580	
Per Pupil Growth Aid	6,580		6,580	6,580	
Professional Learning Community Aid	6,770		6,770	6,770	
Host District Aid	1,060		1,060	1,060	
Emergency/State Aid				94,904	94,904
Extraordinary Aid	100,000		100,000	126,567	26,567
Non-public Transportation Aid				13,225	13,225
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				864,276	864,276
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				571,764	571,764
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				20,974	20,974
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				1,192	1,192
TPAF Social Security (Reimbursed - Non-Budgeted)				454,024	454,024
<b>Total State Sources</b>	<b>4,845,184</b>		<b>4,845,184</b>	<b>6,797,206</b>	<b>1,952,022</b>
Federal Sources:					
Medicaid Assistance Program	20,129		20,129	1,064	(19,065)
<b>Total Federal Sources</b>	<b>20,129</b>		<b>20,129</b>	<b>1,064</b>	<b>(19,065)</b>
<b>TOTAL REVENUES</b>	<b>15,151,180</b>		<b>15,151,180</b>	<b>17,259,667</b>	<b>2,108,487</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 4,143,182	\$ 18,847	\$ 4,162,029	\$ 4,048,338	\$ 113,691
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	(4,444)	5,556	5,556	
Other Purchased Services	5,400	(4,800)	600	600	
Purchased Professional/Educational Services		5,865	5,865	5,865	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	60,737	36,286	36,286	36,286	
Other Purchased Services (400-500 series)	132,915	(23,772)	36,965	36,965	
General Supplies	13,852	35,845	168,760	136,147	32,613
Textbooks	5,600	1,921	15,773	12,723	3,050
Other Objects		(3,661)	1,939	1,939	
<b>Total Regular Programs - Instruction</b>	<b>4,371,686</b>	<b>62,087</b>	<b>4,433,773</b>	<b>4,284,419</b>	<b>149,354</b>
<b>Special Education - Instruction:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	86,278	(2,100)	84,178	81,965	2,213
General Supplies	16,250	(8,843)	7,407	7,407	
Other Objects		240	240	240	
<b>Total Learning and/or Language Disabilities</b>	<b>102,528</b>	<b>(10,703)</b>	<b>91,825</b>	<b>89,612</b>	<b>2,213</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	739,972	1,788	741,760	722,053	19,707
Other Purchased Services (400-500 Series)	900	(755)	145	145	
General Supplies	3,000	(3,000)			
Textbooks	2,000	(2,000)			
Other Objects	400	(280)	120	120	
<b>Total Resource Room/Resource Center</b>	<b>746,272</b>	<b>(4,247)</b>	<b>742,025</b>	<b>722,318</b>	<b>19,707</b>
<b>Total Special Education Instruction</b>	<b>848,800</b>	<b>(14,950)</b>	<b>833,850</b>	<b>811,930</b>	<b>21,920</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 34,257	\$ (6,714)	\$ 27,543	\$ 25,249	\$ 2,294
General Supplies	450	(450)			
<b>Total Basic Skills/Remedial - Instruction</b>	<b>34,707</b>	<b>(7,164)</b>	<b>27,543</b>	<b>25,249</b>	<b>2,294</b>
School-Sponsored Co-Curricular Activities - Instruction:					
Salaries	65,778	4,515	70,293	70,293	
Other Purchased Services	1,800		1,800	1,800	
Transfer to Cover Deficit	38,250	1,430	39,680	39,680	
<b>Total School-Sponsored Co-Curricular Activities - Instruction</b>	<b>105,828</b>	<b>5,945</b>	<b>111,773</b>	<b>111,773</b>	
School-Sponsored Co-Curricular Athletics - Instruction:					
Salaries	396,957	(28,164)	368,793	368,793	
Other Purchased Services	85,032	(6,205)	78,827	78,455	372
Supplies and Materials	72,300	4,167	76,467	74,391	2,076
Other Objects	29,080	(3,769)	25,311	24,835	476
<b>Total School-Sponsored Co-Curricular Athletics - Instruction</b>	<b>583,369</b>	<b>(33,971)</b>	<b>549,398</b>	<b>546,474</b>	<b>2,924</b>
<b>Total Instruction</b>	<b>5,944,390</b>	<b>11,947</b>	<b>5,956,337</b>	<b>5,779,845</b>	<b>176,492</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undistributed Expenditures:</b>					
<b>Instruction:</b>					
Tuition to Other LEA's Within the State - Special	\$ 308,830	\$ (117,303)	\$ 191,527	\$ 191,527	
Tuition to County Vocational School District - Regular	269,196	20,775	289,971	289,971	
Tuition to County Vocational School District - Special	73,524	(9,096)	64,428	64,428	
Tuition - Other	28,589		28,589	28,589	
Tuition to Private Schools for the Disabled Within State	1,040,266	(26,708)	1,013,558	936,661	\$ 76,897
Total Undistributed Expenditures - Instruction	1,720,405	(132,332)	1,588,073	1,511,176	76,897
<b>Health Services:</b>					
Salaries	72,392	(325)	72,067	70,285	1,782
Purchased Professional/Technical Services	16,925	(14,395)	2,530	1,330	1,200
Other Purchased Services (400-500 series)	200	(200)			
Supplies and Materials	2,850	3,968	6,818	1,333	5,485
Other Objects	200		200		200
Total Health Services	92,567	(10,952)	81,615	72,948	8,667
<b>Speech, OT, PT and Related Services:</b>					
Purchased Professional/Educational Services	101,788	(46,102)	55,686	51,945	3,741
Supplies and Materials		200	200	148	52
Other Objects	1,000	(200)	800		800
Total Speech, OT, PT and Related Services	102,788	(46,102)	56,686	52,093	4,593
<b>Other Support Services - Students - Extra Services:</b>					
Salaries	117,426	(11,937)	105,489	105,489	
Purchased Professional - Educational Services	102,945	153,333	256,278	255,948	330
Supplies and Materials		100	100	100	
Total Other Support Services - Students - Extra Services	220,371	141,496	361,867	361,537	330

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Guidance:					
Salaries of Other Professional Staff	\$ 310,626	\$ 5,179	\$ 315,805	\$ 306,954	\$ 8,851
Salaries of Secretaries and Clerical Assistants	41,781	1	41,782	40,683	1,099
Purchased Professional/Educational Services		4,000	4,000	4,000	
Other Purchased Professional/Technical Services	6,000	(1,360)	4,640	4,640	
Other Purchased Services (400-500 series)	13,056	(2,981)	10,075	10,075	
Supplies and Materials	5,200	609	5,809	5,809	
Other Objects	1,000	(771)	229	229	
Total Guidance	377,663	4,677	382,340	372,390	9,950
Child Study Teams:					
Salaries of Other Professional Staff	267,161	13,299	280,460	273,434	7,026
Salaries of Secretarial and Clerical Assistants	39,924	182	40,106	39,056	1,050
Miscellaneous Purchased Services	9,354	(2,155)	7,199	7,082	117
Supplies and Materials	15,000	(10,762)	4,238	2,762	1,476
Other Objects	3,600	(1,832)	1,768	1,768	
Total Child Study Teams	335,039	(1,268)	333,771	324,102	9,669
Improvement of Instructional Services:					
Supervisor of Instruction	100,099		100,099	100,099	
Salaries of Other Professional Staff	48,584		48,584	46,394	2,190
Total Improvement of Instructional Services	148,683		148,683	146,493	2,190



WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	\$ 119,330	\$ 12,014	\$ 131,344	\$ 128,317	\$ 3,027
Purchased Professional/Technical Services	13,800	(9,633)	4,167	4,167	
Other Purchased Services (400-500 series)	30,537	(11,493)	19,044	19,044	
Supplies and Materials	7,700	11,287	18,987	11,288	7,699
Other Objects	150	(150)			
<b>Total Educational Media Services/School Library</b>	<b>171,517</b>	<b>2,025</b>	<b>173,542</b>	<b>162,816</b>	<b>10,726</b>
Instructional Staff Training Services:					
Purchased Professional/Educational Services	1,500		1,500	60	1,440
Other Purchased Services	7,850		7,850	494	7,356
<b>Total Instructional Staff Training Services</b>	<b>9,350</b>		<b>9,350</b>	<b>554</b>	<b>8,796</b>
Support Services - General Administration:					
Salaries	229,266	(3,329)	225,937	207,088	18,849
Legal Services	20,000	(12,122)	7,878	7,878	
Audit Fees	35,000		35,000	34,135	865
Architectural / Engineering Fee	10,000	8,420	18,420	18,420	
Other Purchased Professional Services	17,500	(1,533)	15,967	13,827	2,140
Purchased Technical Services	3,400	2,216	5,616	5,425	191
Communications/Telephones	26,500	20	26,520	26,065	455
Board of Education Other Purchased Services	4,000		4,000	2,682	1,318
Other Purchased Services (400-500 series)	89,672	(552)	89,120	87,621	1,499
General Supplies	3,699	11,409	15,108	13,993	1,115
BOE In-House Training/Meeting	400		400		400
Miscellaneous Expenditures	10,000	(5,773)	4,227	3,320	907
ACA- Emp Shared Responsible Payment		374	374	374	
ACA- Info Reporting Penalties		142	142	142	
BOE Membership Dues and Fees		29	3,699	3,699	
<b>Total Support Services - General Administration</b>	<b>453,107</b>	<b>(699)</b>	<b>452,408</b>	<b>424,669</b>	<b>27,739</b>

WALKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 318,818	\$ 1,114	\$ 319,932	\$ 319,932	\$ 1,498
Salaries of Secretarial and Clerical Assistants	56,118	761	56,879	55,381	
Purchased Professional/Technical Services	600	(25)	575	575	
Other Purchased Services (400-500 series)	5,966	1,544	7,510	7,510	
Supplies and Materials	14,038	(815)	13,223	12,743	480
Other Objects	10,000	(1,881)	8,119	8,119	
<b>Total Support Services - School Administration</b>	<b>405,540</b>	<b>698</b>	<b>406,238</b>	<b>404,260</b>	<b>1,978</b>
Central Services:					
Salaries	170,482	(999)	169,483	165,821	3,662
Purchased Technical Services	9,000		9,000	8,890	110
Other Purchased Services (400-500 series)	2,616	111	2,727	2,727	
Supplies and Materials	1,963	887	2,850	1,808	1,042
Miscellaneous Expenditures	1,400		1,400	1,240	160
<b>Total Central Services</b>	<b>185,461</b>	<b>(1)</b>	<b>185,460</b>	<b>180,486</b>	<b>4,974</b>
Required Maintenance of School Facilities:					
Salaries	36,323	29,137	65,460	65,407	53
Cleaning, Repair and Maintenance Services	76,400	25,950	102,350	90,656	11,694
General Supplies	29,000	29,529	58,529	49,730	8,799
<b>Total Required Maintenance of School Facilities</b>	<b>141,723</b>	<b>84,616</b>	<b>226,339</b>	<b>205,793</b>	<b>20,546</b>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Custodial Services:</b>					
Salaries	\$ 417,614	\$ 11,545	\$ 429,159	\$ 426,489	\$ 2,670
Purchased Professional/Technical Services	8,750	(5,290)	3,460	3,460	
Cleaning, Repair and Maintenance Services	57,250	(24,635)	32,615	21,565	11,050
Other Purchased Property Services (400-500 series)	24,252	(1,491)	22,761	22,513	248
Insurance	56,071	(6,845)	49,226	49,226	
Miscellaneous Purchased Services	2,800	(141)	2,659	2,190	469
General Supplies	41,344	52,822	94,166	91,944	2,222
Heat (Gasoline)	196,601	(125,086)	71,515	71,515	
Energy (Electricity)	195,000	(71,912)	123,088	123,088	
Other Objects	3,187	(1,641)	1,546	1,383	163
<b>Total Custodial Services</b>	<b>1,002,869</b>	<b>(172,674)</b>	<b>830,195</b>	<b>813,373</b>	<b>16,822</b>
<b>Care and Upkeep of Grounds:</b>					
Salaries	51,543		51,543	51,543	
Other Purchased Services (400-500 series)	5,100	1,669	6,769	5,218	1,551
General Supplies	10,000	2,197	12,197	12,197	
<b>Total Care and Upkeep of Grounds</b>	<b>66,643</b>	<b>3,866</b>	<b>70,509</b>	<b>68,958</b>	<b>1,551</b>
<b>Security:</b>					
Salaries	31,680		31,680	30,523	1,157
Purchased Professional/Technical Services	1,000	3,000	4,000	3,541	459
Cleaning, Repair and Maintenance Services	1,800	(1,232)	568	568	
<b>Total Security</b>	<b>34,480</b>	<b>1,768</b>	<b>36,248</b>	<b>34,064</b>	<b>2,184</b>
<b>Student Transportation Services:</b>					
Management Fee - ESC & CTSA Transportation Program	21,000	12,221	33,221	33,221	
<b>Contracted Services:</b>					
Between Home and School - Vendors	544,974	(9,270)	535,704	535,704	
Other than Between Home and School - Vendors	120,165	2,750	122,915	122,915	
Special Education Students - Vendors	16,490	(16,490)			
Special Education Students - Joint Agreements	422,972	32,838	455,810	452,793	3,017
Regular Students - Joint Agreements	260,766	(9,120)	251,646	251,646	
Aid In Lieu Payments - Non Public Schools	4,420	(715)	3,705	3,705	
To/From School Special		3,017	3,017		3,017
<b>Total Student Transportation Services</b>	<b>1,390,787</b>	<b>15,231</b>	<b>1,406,018</b>	<b>1,399,984</b>	<b>6,034</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 144,839	\$ 12,419	\$ 157,258	\$ 157,258	
Other Retirement Contributions - PERS	108,431	11,614	120,045	120,045	
Other Retirement Contributions - Regular	8,999	(365)	8,634	6,952	\$ 1,682
Unemployment Compensation	28,000	(2,573)	25,427	25,427	
Workmen's Compensation	91,501	(31,804)	59,697	57,764	1,933
Health Benefits	1,613,178	(234,273)	1,378,905	1,339,569	39,336
Tuition Reimbursement	33,400	533	33,933	1,933	32,000
Other Employee Benefits	451,451	70,484	521,935	521,335	600
Unused Sick Payment to Terminated/Retired Staff		25,000	25,000	21,730	3,270
Total Unallocated Benefits	2,479,799	(148,965)	2,330,834	2,252,013	78,821
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				864,276	(864,276)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				571,764	(571,764)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				20,974	(20,974)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				1,192	(1,192)
TPAF Social Security (Reimbursed - Non-Budgeted)				454,024	(454,024)
Total On-Behalf Contributions				1,912,230	(1,912,230)
Total Personal Services - Employee Benefits	2,479,799	(148,965)	2,330,834	4,164,243	(1,833,409)
Total Undistributed Expenses	9,338,792	(258,616)	9,080,176	10,699,939	(1,619,763)
TOTAL CURRENT EXPENSE	15,283,182	(246,669)	15,036,513	16,479,784	(1,443,271)

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Equipment:					
Grades 9-12			6,426	6,426	
School - Sponsored and Other Instructional Program	8,000	67,394	75,394	59,221	\$ 16,173
Undistributed Expenditures - Required Maintenance - School Facilities		59,900	59,900		59,900
Athletics	37,132	(17,801)	19,331	16,255	3,076
Care and Upkeep of Grounds		5,200	5,200	5,200	
Custodial Services		9,445	9,445	9,445	
Support Services - General Administration	14,862		14,862	14,862	
Support Services - Students Regular	12,395	(12,395)			
Support Services - Instructional Staff	10,000	(10,000)			
Total Equipment	82,389	108,169	190,558	111,409	79,149
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	37,750	13,500	51,250	677,561	51,250
Legal Services	10,000		10,000		10,000
Construction Services	547,700	125,000	672,700	527,506	145,194
Other Objects (Debt Service Assessment)	38,646		38,646	38,646	
Total Facilities Acquisition and Construction Services	634,096	138,500	772,596	566,152	206,444
<b>TOTAL CAPITAL OUTLAY</b>	716,485	246,669	963,154	677,561	285,593
<b>TOTAL EXPENDITURES</b>	15,999,667		15,999,667	17,157,345	(1,157,678)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(848,487)		(848,487)	102,322	950,809
Fund Balance, July 1	1,420,555		1,420,555	1,420,555	
Fund Balance, June 30	\$ 572,068	\$ -0-	\$ 572,068	\$ 1,522,877	\$ 950,809
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 271,015	
Assigned to:					
Year-end Encumbrances				532,202	
For Subsequent Year's Expenditures				159,189	
Additional Assigned Fund Balance for Subsequent Year's Expenditures- 7/1/18 - 8/1/18				215,777	
Unassigned				344,694	
				1,522,877	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP basis				(461,158)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,061,719	

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 6,300	\$ 6,300	\$ 6,300	
Federal Sources	\$ 194,446	25,111	219,557	219,557	
<b>Total Revenues</b>	<b>194,446</b>	<b>31,411</b>	<b>225,857</b>	<b>225,857</b>	
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	73,153	(5,323)	67,830	67,830	
Tuition	115,541	15,495	131,036	131,036	
General Supplies	5,752	14,939	20,691	20,691	
<b>Total Instruction</b>	<b>194,446</b>	<b>25,111</b>	<b>219,557</b>	<b>219,557</b>	
Support Services					
Supplies and Materials		6,300	6,300	6,300	
<b>Total Support Services</b>		<b>6,300</b>	<b>6,300</b>	<b>6,300</b>	
<b>Total Expenditures</b>	<b>194,446</b>	<b>31,411</b>	<b>225,857</b>	<b>225,857</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 17,259,667	\$ 225,857
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures, and Revenue while the GAAP Basis does not.		15,760
Prior Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	468,598	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(461,158)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 17,267,107</u>	<u>\$ 241,617</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,157,345	\$ 225,857
Differences - Budget to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures, and Revenue while the GAAP Basis does not.		15,760
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 17,157,345</u>	<u>\$ 241,617</u>

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, 2018 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, 2018

	Elementary and Secondary Education Act		IDEA Part - B Basic	Perkins Vocational Education	Various Local Grants	Total
	Title I	Title IIA				
REVENUE:						
Local Sources						
Federal Sources	\$ 57,213	\$ 10,617	\$ 131,036	\$ 10,691	\$ 6,300	\$ 219,557
Total Revenue	<u>57,213</u>	<u>10,617</u>	<u>131,036</u>	<u>10,691</u>	<u>6,300</u>	<u>225,857</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	57,213	10,617				67,830
Tuition			131,036			131,036
General Supplies				10,691		20,691
Total Instruction	<u>57,213</u>	<u>10,617</u>	<u>131,036</u>	<u>10,691</u>		<u>219,557</u>
Support Services:						
Other Purchased Services					6,300	6,300
Total Support Services					<u>6,300</u>	<u>6,300</u>
Total Expenditures	<u>\$ 57,213</u>	<u>\$ 10,617</u>	<u>\$ 131,036</u>	<u>\$ 10,691</u>	<u>\$ 6,300</u>	<u>\$ 225,857</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, 2018

Revenue and Other Financing Sources:	
Interest Income	\$       432
	<u>                  </u>
Total Revenue and Other Financing Sources	<u>                  432</u>
Other Financing Uses:	
Transfer to Debt Service Fund	<u>                  432</u>
	<u>                  </u>
Total Other Financing Uses	<u>                  432</u>
Fund Balance - Beginning of Year	<u>                  430,351</u>
Fund Balance - End of Year	<u><u>                  \$     430,351</u></u>
Reconciliation of Fund Balance:	
Fund Balance - Budgetary Basis	<u>                  \$     430,351</u>
Fund Balance - GAAP Basis	<u><u>                  \$     430,351</u></u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ADDITIONS AND RENOVATIONS TO WALLKILL VALLEY REGIONAL HIGH SCHOOL - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Totals	Revised Authorized Cost
<b>Revenue and Other Financing Sources:</b>			
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
<b>Total Revenue and Other Financing Sources</b>	<b>7,649,570</b>	<b>7,649,570</b>	<b>7,649,600</b>
<b>Expenditures and Other Financing Uses:</b>			
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	
<b>Total Expenditures and Other Financing Uses</b>	<b>7,567,811</b>	<b>7,567,811</b>	<b>7,649,600</b>
<b>Excess/(Deficit) of Revenue and Other Financing Sources</b>			
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, 2018

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

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, 2018

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 14,424
Accounts Receivable:	
State	112
Federal	2,674
Other Accounts Receivable	301
Interfund Receivable	12,613
Inventories	6,193
	<hr/>

Total Current Assets	<hr/> 36,317 <hr/>
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## Non-Current Assets:

Capital Assets	103,725
Less: Accumulated Depreciation	(65,114)
	<hr/>

Total Non-Current Assets	<hr/> 38,611 <hr/>
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Total Assets	<hr/> 74,928 <hr/>
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LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors	9,043
Unearned Revenue	948
	<hr/>

Total Current Liabilities	<hr/> 9,991 <hr/>
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NET POSITION:

Investment in Capital Assets	38,611
Unrestricted	26,326
	<hr/>

Total Net Position	<hr/> \$ 64,937 <hr/>
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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, 2018

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 84,690
Daily Sales - Non Reimbursable Programs	66,942
	<hr/>
Total Operating Revenue	151,632
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	74,295
Cost of Sales - Non Reimbursable Programs	38,818
Salaries & Payroll Taxes	79,018
Employee Benefits	6,510
Management Fee	9,033
Professional and Technical Services	2,869
Depreciation Expense	1,676
Other Miscellaneous Expenses	11,638
	<hr/>
Total Operating Expenses	223,857
	<hr/>
Operating (Loss)	(72,225)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	2,044
Federal Sources:	
National School Lunch Program	48,097
Food Distribution Program	12,605
Local Sources:	
Interest Income	30
	<hr/>
Total Non-Operating Revenue	62,776
	<hr/>
Change in Net Position	(9,449)
Net Position - Beginning of Year	74,386
	<hr/>
Net Position - End of Year	\$ 64,937
	<hr/> <hr/>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 151,632
Payments to Employees	(79,018)
Payments for Benefits	(6,510)
Payments to Food Service Vendor	(9,033)
Payments to Suppliers	<u>(135,311)</u>
Net Cash Used for Operating Activities	<u>(78,240)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>49,621</u>
Net Cash Provided by Noncapital Financing Activities	<u>49,621</u>
Cash Flows from Investing Activities:	
Investment Income	<u>30</u>
Net Cash Flows Provided by Investing Activities:	<u>30</u>
Net Decrease in Cash and Cash Equivalents	(28,589)
Cash and Cash Equivalents, July 1	<u>43,013</u>
Cash and Cash Equivalents, June 30	<u>\$ 14,424</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (72,225)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	12,605
Depreciation	1,676
Changes in Assets and Liabilities:	
(Increase) in Inventory	3,360
(Increase) in Accounts Receivable	(301)
(Increase) in Interfund Receivable	(65)
Increase in Accounts Payable	(20,414)
(Decrease) in Unearned Revenue	<u>(2,876)</u>
Net Cash Used for Operating Activities	<u>\$ (78,240)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$9,729 and utilized commodities valued at \$12,605.

FIDUCIARY FUNDS

WALKKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Agency Funds</u>		Scholarship Trust	Unemployment Compensation Trust	Totals
	<u>Payroll Agency</u>	<u>Student Activity</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 114,632	\$ 158,641	\$ 73,258	\$ 7,836	\$ 354,367
Total Assets	<u>114,632</u>	<u>158,641</u>	<u>73,258</u>	<u>7,836</u>	<u>354,367</u>
<u>LIABILITIES:</u>					
Net Salaries and Wages	1,996				1,996
Payroll Deductions and Withholdings	80,218				80,218
Interfund Payable General Fund Due to Student Groups	32,418				32,418
		<u>158,641</u>			<u>158,641</u>
Total Liabilities	<u>114,632</u>	<u>158,641</u>			<u>273,273</u>
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				7,836	7,836
Restricted For Scholarships			<u>73,258</u>		<u>73,258</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 73,258</u>	<u>\$ 7,836</u>	<u>\$ 81,094</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Scholarship Trust	Totals
ADDITIONS:			
Contributions:			
Donations		\$ 4,225	\$ 4,225
Total Contributions		4,225	4,225
Investment Earnings:			
Interest	\$ 7	387	394
Net Investment Earnings	7	387	394
Total Additions	7	4,612	4,619
DEDUCTIONS:			
Scholarships Awarded		3,700	3,700
Total Deductions		3,700	3,700
Change in Net Position	7	912	919
Net Position - Beginning of the Year	7,829	72,346	80,175
Net Position - End of the Year	\$ 7,836	\$ 73,258	\$ 81,094

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 181,532	\$ 398,993	\$ 421,884	\$ 158,641
Total Assets	<u>\$ 181,532</u>	<u>\$ 398,993</u>	<u>\$ 421,884</u>	<u>\$ 158,641</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 181,532	\$ 398,993	\$ 421,884	\$ 158,641
Total Liabilities	<u>\$ 181,532</u>	<u>\$ 398,993</u>	<u>\$ 421,884</u>	<u>\$ 158,641</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Additions</u>	<u>Cash</u> <u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
High School:				
Athletic	\$ 5,407	\$ 59,660	\$ 58,195	\$ 6,872
Activity	<u>176,125</u>	<u>339,333</u>	<u>363,689</u>	<u>151,769</u>
Total	<u>\$ 181,532</u>	<u>\$ 398,993</u>	<u>\$ 421,884</u>	<u>\$ 158,641</u>

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 7,746	\$ 9,187,221	\$ 9,080,335	\$ 114,632
Total Assets	<u>\$ 7,746</u>	<u>\$ 9,187,221</u>	<u>\$ 9,080,335</u>	<u>\$ 114,632</u>
 <u>LIABILITIES:</u>				
Net Salaries and Wages	\$ 1,931	\$ 5,088,119	\$ 5,088,054	\$ 1,996
Payroll Deductions and Withholdings	5,815	4,066,684	3,992,281	80,218
Interfund Payable General Fund		32,418		32,418
Total Liabilities	<u>\$ 7,746</u>	<u>\$ 9,187,221</u>	<u>\$ 9,080,335</u>	<u>\$ 114,632</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				Balance June 30, 2017	Matured	Balance June 30, 2018
			Outstanding		Interest Rate	Balance June 30, 2017			
			Date	Amount					
Refunding Issue - 2008	1/22/2008	\$ 3,075,000	7/15/2018	\$ 235,000	4.00%	\$ 1,190,000	\$ 235,000	\$ 955,000	
			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	9/1/2018	105,000	2.00%	1,945,000	100,000	1,845,000	
			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%					
						\$ 3,135,000	\$ 335,000	\$ 2,800,000	

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

WALKILL VALLEY REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 442,443		\$ 442,443	\$ 442,443	
Total Revenue	442,443		442,443	442,443	
EXPENDITURES:					
Regular Debt Service:					
Interest	107,875		107,875	107,875	
Redemption of Principal	335,000		335,000	335,000	
Total Regular Debt Service	442,875		442,875	442,875	
Total Expenditures	442,875		442,875	442,875	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(432)		(432)	(432)	
Other Financing Sources:					
Transfer In - Capital Projects Fund Interest				431	\$ 431
Total Other Financing Sources				431	431
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(432)		(432)	(1)	431
Fund Balance, July 1	866		866	866	
Fund Balance June 30	\$ 434	\$ -0-	\$ 434	\$ 865	\$ 431
		Restricted Fund Balance		\$ 865	

**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**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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

(accrual basis of accounting)

June 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 8,036,786
Restricted	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	702,231
Unrestricted/(Deficit)	(807,933)	(902,565)	(785,420)	(704,031)	(283,069)	(2,459,233)	(2,605,674)	(2,746,418)	(2,773,437)	(2,349,656)
<b>Total Governmental Activities Net Position</b>	<b>\$ 9,357,428</b>	<b>\$ 8,450,862</b>	<b>\$ 7,979,108</b>	<b>\$ 7,192,060</b>	<b>\$ 7,514,383</b>	<b>\$ 6,016,556</b>	<b>\$ 6,334,066</b>	<b>\$ 6,331,905</b>	<b>\$ 6,344,752</b>	<b>\$ 6,389,361</b>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 19,760	\$ 18,079	\$ 16,399	\$ 14,875	\$ 13,351	\$ 45,315	\$ 43,639	\$ 41,963	\$ 40,287	\$ 38,611
Unrestricted	111,901	114,058	110,633	54,002	30,215	25,877	24,454	33,503	34,099	26,326
<b>Total Business-Type Activities Net Position</b>	<b>\$ 131,661</b>	<b>\$ 132,137</b>	<b>\$ 127,032</b>	<b>\$ 68,877</b>	<b>\$ 43,566</b>	<b>\$ 71,192</b>	<b>\$ 68,093</b>	<b>\$ 75,466</b>	<b>\$ 74,386</b>	<b>\$ 64,937</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 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	\$ 8,075,397
Restricted	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	702,231
Unrestricted/(Deficit)	(696,032)	(788,507)	(674,787)	(650,029)	(252,854)	(2,433,356)	(2,581,220)	(2,712,915)	(2,759,338)	(2,323,330)
<b>Total District Net Position</b>	<b>\$ 9,489,089</b>	<b>\$ 8,582,999</b>	<b>\$ 8,106,140</b>	<b>\$ 7,260,937</b>	<b>\$ 7,557,949</b>	<b>\$ 6,087,748</b>	<b>\$ 6,402,159</b>	<b>\$ 6,407,371</b>	<b>\$ 6,419,138</b>	<b>\$ 6,454,298</b>

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 8,425,210
Special Education	721,638	805,127	873,085	992,539	1,091,328	1,035,781	1,374,502	1,483,962	1,513,077	1,591,148
Other Special Education	94,363	70,524	58,903	63,436	70,092	73,273	27,148	28,435	48,573	49,710
Other Instruction	838,051	782,306	691,589	667,686	655,462	659,399	1,003,856	1,033,912	858,937	899,367
<b>Support Services:</b>										
Tuition	994,735	806,107	977,364	1,465,955	1,213,662	1,493,832	1,361,590	1,621,047	1,456,988	1,642,212
Student & Instruction Related Services	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	2,594,972
General Administrative Services	449,126	449,174	469,436	503,179	526,928	571,157	497,207	574,694	702,782	709,709
School Administrative Services	512,550	534,469	570,563	603,080	625,314	799,745	571,197	618,594	826,855	764,936
Central Services	182,213	190,028	199,545	203,126	218,443	220,124	233,290	228,352	253,725	271,545
Plant Operations And Maintenance	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	1,546,948
Pupil Transportation	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	1,399,984
Interest On Long-Term Debt	115,469	120,907	106,555	144,926	253,334	159,970	178,375	125,406	109,555	95,946
Unallocated	39,686	7,563	6,368	5,923	35,706	37,836	37,836	40,508	37,836	37,836
Capital Outlay		11,659	31,403	18,262	25,063	25,063	38,645		38,646	551,391
Transfer of Funds to Charter School										
<b>Total Governmental Activities Expenses</b>	<b>15,191,886</b>	<b>15,061,061</b>	<b>14,987,285</b>	<b>15,690,431</b>	<b>15,190,552</b>	<b>15,464,079</b>	<b>17,484,731</b>	<b>18,466,643</b>	<b>19,845,972</b>	<b>20,580,914</b>
<b>Business-type activities:</b>										
Food Service	301,441	276,350	281,057	310,939	245,028	180,029	206,542	222,322	210,751	223,857
<b>Total Business-Type Activities Expense</b>	<b>301,441</b>	<b>276,350</b>	<b>281,057</b>	<b>310,939</b>	<b>245,028</b>	<b>180,029</b>	<b>206,542</b>	<b>222,322</b>	<b>210,751</b>	<b>223,857</b>
<b>Total District Expenses</b>	<b>\$ 15,493,327</b>	<b>\$ 15,337,411</b>	<b>\$ 15,268,342</b>	<b>\$ 16,001,370</b>	<b>\$ 15,435,580</b>	<b>\$ 15,644,108</b>	<b>\$ 17,691,273</b>	<b>\$ 18,688,965</b>	<b>\$ 20,056,723</b>	<b>\$ 20,804,771</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services	\$ 5,954,780	\$ 5,265,169	\$ 5,812,475	\$ 6,050,943	\$ 6,081,545	\$ 6,179,091	\$ 7,893,682	\$ 8,579,228	\$ 9,580,111	\$ 9,716,952
Operating Grants and Contributions										
<b>Total Governmental Activities Program Revenues</b>	<b>5,954,780</b>	<b>5,265,169</b>	<b>5,812,475</b>	<b>6,050,943</b>	<b>6,081,545</b>	<b>6,179,091</b>	<b>7,893,682</b>	<b>8,579,228</b>	<b>9,580,111</b>	<b>9,716,952</b>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-Type Activities:</b>										
Charges for services										
Food Service	\$ 236,878	\$ 223,240	\$ 215,936	\$ 187,788	\$ 153,605	\$ 138,799	\$ 138,574	\$ 166,820	\$ 152,064	\$ 151,632
Operating Grants and Contributions	40,705	51,847	59,066	64,357	65,960	68,829	64,848	62,852	57,577	62,746
Total Business-Type Activities Program Revenues	277,583	275,087	275,002	252,145	219,565	207,628	203,422	229,672	209,641	214,378
Total District Program Revenues	\$ 6,232,363	\$ 5,540,256	\$ 6,087,477	\$ 6,303,088	\$ 6,301,110	\$ 6,386,719	\$ 8,097,104	\$ 8,808,900	\$ 9,789,752	\$ 9,931,330
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (9,237,106)	\$ (9,795,892)	\$ (9,174,810)	\$ (9,639,488)	\$ (9,109,007)	\$ (9,284,988)	\$ (9,591,049)	\$ (9,887,415)	\$ (10,265,861)	\$ (10,863,962)
Business-Type Activities	(23,858)	(1,263)	(6,055)	(58,794)	(25,463)	27,599	(3,120)	7,350	(1,110)	(9,479)
Total District-Wide Net Expense	\$ (9,260,964)	\$ (9,797,155)	\$ (9,180,865)	\$ (9,698,282)	\$ (9,134,470)	\$ (9,257,389)	\$ (9,594,169)	\$ (9,880,065)	\$ (10,266,971)	\$ (10,873,441)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 10,284,867
Taxes Levied for Debt Service	19,893				399,094	477,288	465,218	330,328	376,028	442,443
Federal and State Aid not Restricted		546,750								
Investment Earnings	13	9	4	3,582	1,314	1,590	2,321	2,458	433	1,998
Miscellaneous Income	160,079	131,456	123,145	83,216	64,840	215,472	112,708	37,590	91,174	178,856
Interest Earned in Capital Reserve									480	407
Adjustment to Fixed Asset Report	(579,417)	(38,800)								
Total Governmental Activities	7,885,813	8,889,326	8,703,056	8,852,440	9,431,330	9,839,754	9,908,559	9,885,254	10,173,291	10,908,571
<b>Business-Type Activities:</b>										
Miscellaneous Income	3,506	1,739	950	638	152	27	21	23	30	30
Interest on Investments										
Adjustment to Fixed Asset Report	4,203									
Total Business-Type Activities	7,709	1,739	950	638	152	27	21	23	30	30
Total District-Wide	\$ 7,893,522	\$ 8,891,065	\$ 8,704,006	\$ 8,853,078	\$ 9,431,482	\$ 9,839,781	\$ 9,908,580	\$ 9,885,277	\$ 10,173,321	\$ 10,908,601



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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Change in Net Position	\$ (1,351,293)	\$ (906,566)	\$ (471,754)	\$ (787,048)	\$ 322,323	\$ 554,766	\$ 317,510	\$ (2,161)	\$ (92,570)	\$ 44,609
Governmental Activities	(16,149)	476	(5,105)	(58,156)	(25,311)	27,626	(3,099)	7,373	(1,080)	(9,449)
Business-Type Activities	\$ (1,367,442)	\$ (906,090)	\$ (476,859)	\$ (845,204)	\$ 297,012	\$ 582,392	\$ 314,411	\$ 5,212	\$ (93,650)	\$ 35,160
Total District										

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,586,854	\$ 1,141,451								
Unreserved/(Deficit)	(47,485)	(107,126)								
Restricted			\$ 751,708	\$ 393,268	\$ 346,069	\$ 714,256	\$ 880,633	\$ 945,264	\$ 833,026	\$ 271,015
Assigned			277,342	150,167	536,468	422,550	251,347	173,831	118,931	790,704
Total General Fund	\$ 1,539,369	\$ 1,034,325	\$ 1,029,050	\$ 543,435	\$ 882,537	\$ 1,136,806	\$ 1,131,980	\$ 1,119,095	\$ 951,957	\$ 1,061,719
All Other Governmental Funds										
Unreserved, Reported In:										
Capital Projects Fund	\$ 1,989,641	\$ 1,791,585								
Debt Service Fund	105,557	34,439								
Restricted			\$ 1,438,160	\$ 1,632,960	\$ 431,351	\$ 550,417	\$ 619,839	\$ 501,206	\$ 431,217	\$ 431,216
Total All Other Governmental Funds	\$ 2,095,198	\$ 1,826,024	\$ 1,438,160	\$ 1,632,960	\$ 431,351	\$ 550,417	\$ 619,839	\$ 501,206	\$ 431,217	\$ 431,216

Source: School District Financial Reports

WALKILL 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 10,727,310
Tuition Charges		4,000	4,400	3,600	4,600	448				
Interest Earnings	73,090	55,138	6,728	3,582	1,314	1,590	1,890	2,458	2,054	2,405
Unrestricted Miscellaneous Revenue	87,001	72,327	112,021	79,616	64,840	96,839	43,178	37,590	90,033	178,856
State Sources	5,734,667	4,834,181	5,471,948	5,769,699	5,839,127	5,954,105	6,098,967	6,294,009	6,413,744	6,804,646
Federal Sources	220,113	977,738	340,527	281,244	237,818	224,986	244,795	230,294	260,818	238,381
<b>Total Revenue</b>	<b>14,420,009</b>	<b>14,193,295</b>	<b>14,515,531</b>	<b>14,903,383</b>	<b>15,512,875</b>	<b>15,900,660</b>	<b>16,182,360</b>	<b>16,409,557</b>	<b>16,847,853</b>	<b>17,951,598</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	4,395,000
Special Education Instruction	535,987	608,365	633,705	711,225	744,760	747,450	771,866	786,473	823,016	811,930
Other Special Instruction	60,902	63,070	52,613	55,677	59,102	20,459	27,148	28,435	26,981	25,249
School Sponsored/Other Instruction	665,464	658,555	549,371	580,360	544,456	601,062	682,121	630,369	661,550	658,247
<b>Support Services:</b>										
Tuition	994,735	806,107	977,364	1,465,955	1,213,662	1,493,832	1,361,590	1,621,047	1,456,988	1,642,212
Student & Instruction Related Services	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	1,492,933
General Administrative Services	345,742	362,816	363,824	380,915	395,350	392,242	411,856	447,506	437,578	424,669
School Administrative Services	383,122	395,146	409,795	420,950	412,972	569,006	438,168	464,933	423,815	404,260
Central Services	138,166	147,847	153,293	150,396	157,130	170,271	186,029	177,300	180,715	180,486
Plant Operations And Maintenance	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	1,122,188
Pupil Transportation	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	1,399,984
Unallocated Benefits	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	4,164,243
Capital Outlay	27,583	71,004	57,040	2,971,641	271,920	247,624	298,275	269,570	405,278	677,561
Transfer of Funds to Charter Schools								28,554		

WALKILL 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Service:										
Principal	\$ 245,000	\$ 240,000	\$ 240,000	\$ 235,000	\$ 1,235,000	\$ 320,000	\$ 320,000	\$ 315,000	\$ 325,000	\$ 335,000
Interest And Other Changes	131,298	124,138	115,738	106,838	200,563	157,288	146,188	134,394	121,450	107,875
Total Expenditures	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	17,841,837
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(654,312)	(774,218)	(393,139)	(3,590,815)	(862,507)	254,702	(5,365)	(131,518)	(237,127)	109,761
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	276,926	284,798	357,769	321,265	1,021,542	433	431	433	433	431
Transfers Out	(276,926)	(284,798)	(357,769)	(321,265)	(1,021,542)	(433)	(431)	(433)	(433)	(431)
Cancellation of State Receivable							(30)			
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	\$ (654,312)	\$ (774,218)	\$ (393,139)	\$ (290,815)	\$ (862,507)	\$ 254,702	\$ 64,596	\$ (131,518)	\$ (237,127)	\$ 109,761
Debt Service As A Percentage Of Noncapital Expenditures	2.5%	2.4%	2.4%	2.8%	8.9%	3.1%	2.9%	2.8%	2.7%	2.6%

Source: School District Financial Reports

WALKILL 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	Solar Renewable Energy Credit	Miscellaneous	Total
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
2018	1,974		\$ 97,759	76,797	176,530

Source: Walkill Valley Regional High School District records

OTHER LOCAL REVENUE BY SOURCE  
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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
							<u>Franklin Borough</u>						
2008	\$ 5,669,800	\$ 166,086,500	\$ 2,519,000	\$ 155,700	\$ 57,469,500	\$ 6,506,000	\$ 3,433,500	\$ 241,840,000	\$ 25,136,100	\$ 1,759,787	\$ 243,599,787	\$ 0.86	\$ 507,321,166
2009	6,183,400	166,411,300	2,351,500	156,000	57,876,100	6,506,000	3,433,500	242,917,800	26,152,000	1,697,057	244,614,857	0.74	530,387,808
2010	19,202,000	319,440,600	4,444,100	152,800	123,398,300	13,167,700	7,466,200	487,271,700	58,078,400	2,626,313	489,898,013	0.37	535,613,771
2011	15,165,600	309,750,900	4,849,900	210,600	121,699,700	12,949,100	7,253,800	471,879,600	58,078,400	2,032,665	473,912,265	0.41	500,752,605
2012	14,345,200	309,071,200	5,238,000	226,100	114,519,600	12,949,100	7,207,500	463,556,700	57,677,700	1,634,573	465,191,273	0.46	494,108,058
2013	14,492,100	308,457,400	5,104,600	226,100	111,148,900	12,949,100	7,213,800	459,592,000	57,681,000	1,397,027	460,989,027	0.49	408,931,985
2014	12,909,900	248,180,400	4,097,500	222,500	108,720,600	9,924,600	6,723,300	390,778,800	57,771,400	1,591,221	392,370,021	0.57	403,786,555
2015	13,861,600	247,749,100	4,259,500	226,100	107,220,100	9,924,600	6,577,700	383,898,700	58,016,800	1,859,830	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	0.54	421,019,872
2017	12,135,200	248,664,900	4,000,100	210,500	115,978,000	9,924,600	6,690,800	397,604,100	57,793,900	1,760,484	399,364,584	0.59	417,593,307
							<u>Hamburg Borough</u>						
2008	5,610,450	179,426,800	169,000	4,500	19,514,500	3,375,700	331,500	208,432,450	4,659,200	278,884	208,711,334	0.68	383,167,494
2009	5,708,150	180,852,200	169,000	4,500	19,405,200	2,745,700	331,500	209,216,250	4,750,400	221,848	209,438,098	0.70	356,187,241
2010	5,734,750	180,536,500	169,000	4,500	18,712,800	2,745,700	331,500	208,234,750	4,750,400	307,672	208,542,422	0.70	356,252,093
2011	5,684,750	180,074,500	169,000	4,500	17,088,400	3,921,700	331,500	207,274,350	4,877,700	351,612	207,625,962	0.69	309,059,187
2012	4,698,150	179,344,400			17,815,200	3,921,700	747,800	206,527,250	4,906,300	402,529	206,929,779	0.72	309,323,203
2013	4,628,150	177,780,200			18,256,200	3,921,700	747,800	205,334,050	4,838,600	406,308	205,740,358	0.75	289,385,794
2014	6,038,600	204,017,600			27,961,200	4,988,600	690,600	243,696,600	19,855,400	550,675	244,247,275	0.59	260,636,321
2015	6,019,000	204,491,400			28,067,500	4,988,600	690,600	244,257,100	19,807,800	55,492	244,312,592	0.62	270,300,879
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	0.65	270,607,041
2017	6,151,400	204,493,000			27,672,500	4,988,600	690,600	243,996,100	20,158,200	462,711	244,458,811	0.68	272,188,832

WALKKILL 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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	1,073,593,300	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
2017	31,222,300	863,665,200	13,607,400	1,337,700	101,381,500	41,088,000	17,000,000	1,069,302,100	124,193,400	1,987,169	1,071,289,269	0.54	1,136,196,356
<u>Ogdensburg Borough</u>													
2008	2,992,800	103,189,750	624,600	21,100	7,241,600	1,446,200	734,700	116,250,750	11,523,300	189,815	116,440,565	0.75	245,758,896
2009	* 5,102,800	215,463,800	317,600	10,100	15,103,400	3,462,500	2,788,100	242,248,300	20,829,900	256,190	242,504,490	0.34	248,778,902
2010	4,471,000	215,264,100	317,600	15,900	15,285,900	3,462,500	2,788,100	241,605,100	21,334,400	376,515	241,981,615	0.32	246,933,065
2011	3,232,200	215,743,200	317,600	15,900	15,747,300	3,137,000	2,788,100	240,981,300	22,516,400	414,607	241,981,615	0.33	230,780,026
2012	3,430,500	215,323,000	317,600	15,900	15,549,000	3,137,000	2,788,100	240,561,100	22,775,300	436,209	240,997,309	0.37	233,041,034
2013	3,392,900	214,338,300	317,600	15,900	15,549,000	3,024,300	2,710,800	239,348,800	22,424,100	416,585	239,765,385	0.39	216,669,834
2014	* 2,858,300	178,456,800	279,200	13,500	11,442,000	2,672,200	1,648,200	197,370,200	20,907,700	405,852	197,776,052	0.55	200,920,937
2015	2,485,200	178,218,900	279,200	13,500	11,944,200	1,912,300	1,905,900	196,759,200	20,907,700	451,311	197,210,511	0.60	195,475,339
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
2017	2,049,300	178,049,000	279,200	13,500	12,022,600	1,912,300	1,905,900	196,231,800	21,439,500	391,667	196,623,467	0.71	187,038,817

\* 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

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100

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

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation	Total	Borough of	Local	Sussex	
		Debt Service <sup>b</sup>	Direct	Franklin	School District	County	
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
2017	0.564	0.023	0.588	1.171	0.583	0.597	2.939

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation	Total	Borough of	Local	Sussex	
		Debt Service <sup>b</sup>	Direct	Hamburg	School District	County	
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
2017	0.651	0.027	0.678	0.925	1.738	0.636	3.977



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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Hardyston	Local School District	Sussex County	
	2008	\$ 0.522	\$ 0.058	\$ 0.580	\$ 0.775	\$ 1.758	
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
2017	0.517	0.021	0.537	0.679	0.927	0.605	2.747

Year Ended December 31,	Wallkill Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Ogdensburg	Local School District	Sussex County	
	2008	0.678	0.075	0.753	1.563	1.746	
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
2017	0.682	0.028	0.710	1.103	1.179	0.543	3.535

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

	2017		2017	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Wal-Mart Franklin 23	\$ 11,988,700	3.06%	Ames Rubber Corp	\$ 3,054,600
Weis Markets, Inc.	9,000,000	2.30%	Governor Haines Realty, LLC	2,019,600
Walgreens	6,965,000	1.86%	Envision New Jersey, LLC	1,934,000
Wurtsboro Associates	5,902,600	1.78%	Springdale Village, LLC	1,881,700
Transbank International	5,782,900	1.48%	Plaza 23, LLC	1,317,900
Braen Aggregates, LLC	5,134,500	1.31%	TRB Investments, LLC	1,174,000
Hillside Estates at Franklin, LLC	5,036,000	1.22%	Individual Taxpayer #1	1,100,000
Sterling Plaza, Inc.	4,400,000	1.17%	TCAT Properties Hamburg, LLC	1,000,200
KAJ Franklin, LLC	3,672,300	0.99%	Wachovia Bank	978,400
	3,228,800	0.75%	KP Kit & Jay, LLC	913,800
<b>Total</b>	<b>\$ 61,110,800</b>	<b>15.91%</b>	<b>Total</b>	<b>\$ 15,374,200</b>

	2008		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Wal-Mart Weis Market, Inc. Franklin 23	\$ 7,240,800	2.99%	The Bluffs at Ballyowen	\$ 5,163,600
Transbank International Investors	4,850,000	2.01%	Ames Rubber Corporation	3,130,000
Sterling Plaza, Inc.	4,250,000	2.00%	Shan Industries	2,230,600
Hillside Estates of Franklin	4,105,200	2.00%	Kaytes Realty, LLC	1,840,000
Wurtsboro Associates	2,949,100	1.22%	Governor Haines Square Corporation	1,488,700
United Telephone	2,425,000	1.12%	Grey Elephant, LLC	1,032,800
Kaj Franklin, LLC	2,102,000	1.00%	Silver Fox LLC - Falcon Ridge	601,400
Black Bear Golf, Inc.	1,896,198	0.87%	Versaille Holdings, LLC	578,500
	1,580,000	0.67%	Individual Taxpayer #1	552,500
	1,432,300	0.59%	Martin Lee, LLC	548,500
<b>Total</b>	<b>\$ 32,830,598</b>	<b>14.47%</b>	<b>Total</b>	<b>\$ 17,166,600</b>

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

UNAUDITED  
(Continued)

Hardyston Township

Ogdensburg Borough

Taxpayer	2017		Taxpayer	2017	
	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	12,866,300	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	1,127,000	0.57%
Ballyowen Spe, LLC	7,080,000	4.01%	83 Main St. LLC	556,900	0.28%
Shotland Bauer, LLC	6,992,100	3.28%	Individual Taxpayer #1	528,400	0.27%
Crystal Springs Spe, LLC	6,075,300	3.25%	Individual Taxpayer #2	501,400	0.25%
City of Newark (c/o NWDCD)	5,909,300	3.10%	Sterling Hill Mining Museum, Inc	501,000	0.25%
North Church Gravel, Inc	5,094,400	2.95%	Individual Taxpayer #3	456,700	0.23%
Black Bear Spe, LLC	3,823,300	2.94%	Individual Taxpayer #4	453,700	0.23%
<b>Total</b>	<b>\$ 82,391,900</b>	<b>43.64%</b>	<b>Total</b>	<b>\$ 9,374,100</b>	<b>4.74%</b>

Taxpayer	2008		Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Wild Turkey Golf Club, LLC	\$ 10,251,800	1.71%	Estate of John Dobbins	\$ 3,378,500	1.49%
Edgewater Associates, LLC	9,688,000	1.61%	Ogdensburg Associates	2,328,000	0.95%
Crystal Springs Resort Development	9,063,300	1.51%	AA-1 Self Storage LLC	2,192,200	0.88%
Crystal Springs Spe, LLC	5,493,000	0.97%	Sterling Hill Mining Museum, Inc	1,975,800	0.60%
Ballyowen Golf Club USA, Inc.	5,288,400	0.97%	Individual Taxpayer #1	1,275,200	0.58%
Pottersville Properties Development, LLC	4,451,900	0.94%	Individual Taxpayer #2	1,032,300	0.48%
Shotland Bauer, LLC	4,215,000	0.88%	Individual Taxpayer #3	791,500	0.37%
Newark Watershed CDC	4,109,300	0.87%	Individual Taxpayer #4	790,800	0.36%
Skylands Ownership Group, LLC	3,408,000	0.78%	Individual Taxpayer #5	712,600	0.35%
Crystal Springs Builders, LLC	3,323,000	0.61%	Individual Taxpayer #6	671,500	0.34%
<b>Total</b>	<b>\$ 59,293,700</b>	<b>10.85%</b>	<b>Total</b>	<b>\$ 15,148,400</b>	<b>6.40%</b>

Note: Individual tax payers may be different in 2017 and 2008.

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2018	10,727,310	9,842,019	91.75%	885,291

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 Anticipation Notes (BANs)		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Capital Leases	Capital Leases	Income <sup>a</sup>				
2009	\$ 3,065,000	-0-	-0-	-0-	-0-	-0-	\$ 3,065,000	0.32%	\$ 157.31	
2010	2,825,000	-0-	-0-	-0-	-0-	-0-	2,825,000	0.30%	145.52	
2011	2,585,000	-0-	-0-	-0-	-0-	-0-	2,585,000	0.28%	136.33	
2012	5,650,000	-0-	-0-	-0-	-0-	-0-	5,650,000	0.59%	299.69	
2013	4,415,000	-0-	-0-	-0-	-0-	-0-	4,415,000	0.46%	235.48	
2014	4,095,000	-0-	-0-	-0-	-0-	-0-	4,095,000	0.42%	221.69	
2015	3,775,000	-0-	-0-	-0-	-0-	-0-	3,775,000	0.37%	206.08	
2016	3,460,000	-0-	-0-	-0-	-0-	-0-	3,460,000	0.39%	218.27	
2017	3,135,000	-0-	-0-	-0-	-0-	-0-	3,135,000	0.31%	173.63	
2018	2,800,000	-0-	-0-	-0-	-0-	-0-	2,800,000	0.28%	177.51	

Source: School District Financial Reports

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

<sup>a</sup> 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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 3,065,000	-0-	\$ 3,065,000	0.959%	\$ 157.31
2010	2,825,000	-0-	2,825,000	0.795%	145.52
2011	2,585,000	-0-	2,585,000	0.492%	136.33
2012	5,650,000	-0-	5,650,000	1.089%	299.69
2013	4,415,000	-0-	4,415,000	0.855%	235.48
2014	4,095,000	-0-	4,095,000	0.794%	221.69
2015	3,775,000	-0-	3,775,000	0.790%	206.08
2016	3,460,000	-0-	3,460,000	0.727%	218.27
2017	3,135,000	-0-	3,135,000	0.655%	173.63
2018	2,800,000	-0-	2,800,000	0.586%	177.51

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, 2017

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Franklin Borough	\$ 2,697,440	100.00%	\$ 2,697,440
Hamburg Borough	77,100	100.00%	77,100
Hardyston Township	8,417,079	100.00%	8,417,079
Ogdensburg Borough	581,204	100.00%	581,204
County of Sussex - Municipality's Share:			
Franklin Borough	108,606,061	2.48%	2,688,724
Hamburg Borough	108,606,061	1.61%	1,752,520
Hardyston Township	108,606,061	6.74%	7,315,535
Ogdensburg Borough	108,606,061	1.11%	1,204,272
Subtotal, Overlapping Debt			24,733,874
Wallkill Valley Regional High School District Direct Debt			2,800,000
Total Direct And Overlapping Debt			<u>\$ 27,533,874</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.

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Franklin Borough	Hamburg Borough	Hardyston Township	Ogdensburg Borough	Equalized Valuation Basis
2017	\$ 409,605,542	\$ 266,109,827	\$ 1,110,617,054	\$ 189,595,942	\$ 1,975,928,365
2016	415,063,905	270,355,368	1,135,287,227	184,766,877	2,005,473,377
2015	407,843,828	269,540,168	1,117,048,486	188,774,057	1,983,206,539
	<u>\$ 1,232,513,275</u>	<u>\$ 806,005,363</u>	<u>\$ 3,362,952,767</u>	<u>\$ 563,136,876</u>	<u>\$ 5,964,608,281</u>
	Average Equalized Valuation of Taxable Property				\$ 1,988,202,760
	Debt Limit (3% of average equalization value)				59,646,083 <sup>a</sup>
	Net Bonded School Debt				<u>2,800,000</u>
	Legal Debt Margin				<u>\$ 56,846,083</u>

Fiscal Year

	2009	2010	2011	2012	2013
Debt Limit	\$ 71,526,363	\$ 73,311,656	\$ 72,741,913	\$ 69,832,485	\$ 66,929,986
Total Net Debt Applicable to Limit	<u>3,065,000</u>	<u>2,825,000</u>	<u>2,585,000</u>	<u>5,650,000</u>	<u>4,415,000</u>
Legal Debt Margin	<u>\$ 50,705,010</u>	<u>\$ 62,529,693</u>	<u>\$ 68,461,363</u>	<u>\$ 70,486,656</u>	<u>\$ 62,514,986</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	4.29%	3.85%	3.55%	8.09%	6.60%

Fiscal Year

	2014	2015	2016	2017	2018
Debt Limit	\$ 64,357,315	\$ 62,231,987	\$ 61,414,823	\$ 60,186,073	\$ 59,646,083
Total Net Debt Applicable to Limit	<u>4,095,000</u>	<u>3,775,000</u>	<u>3,460,000</u>	<u>3,135,000</u>	<u>2,800,000</u>
Legal Debt Margin	<u>\$ 60,262,315</u>	<u>\$ 58,456,987</u>	<u>\$ 57,954,823</u>	<u>\$ 57,051,073</u>	<u>\$ 56,846,083</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.36%	6.07%	5.63%	5.21%	4.69%

<sup>a</sup> 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 <sup>a</sup></u>	<u>Personal Income</u>	<u>Sussex County Per Capita Personal Income <sup>b</sup></u>	<u>Unemployment Rate <sup>c</sup></u>
<u>Franklin Borough</u>				
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	4,801	269,734,583	56,183	6.20%
2017	4,775	268,273,825	56,183	*
2018	4,775 **	268,273,825 *	56,183 *	N/A
<u>Hamburg Borough</u>				
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	3,144	176,639,352	56,183	5.30%
2017	3,132	175,965,156	56,183	*
2018	3,132 **	175,965,156 *	56,183 *	N/A

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income</u>	<u>Sussex County Per Capita Personal Income <sup>b</sup></u>	<u>Unemployment Rate <sup>c</sup></u>
<u>Hardyston Township</u>				
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	7,907	444,238,981	56,183	4.50%
2017	7,867	441,991,661	56,183	*
2018	7,867 **	441,991,661 *	56,183 *	N/A
<u>Ogdensburg Borough</u>				
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	2,291	128,715,253	56,183	4.60%
2017	2,282	128,209,606	56,183	*
2018	2,282 **	128,209,606 *	56,183 *	N/A

\* - Latest Sussex County per capita personal income available (2016) was used for calculation purposes.

\*\* - Latest population data available (2017) was used for calculation purposes.

N/A - Information Unavailable

Sources:

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

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

<sup>c</sup> 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

Employer	2017		2008		Percentage of Total Employment
	Employees	Percentage of Total Employment	Employer	Employees	
Newton Medical Center	1,000-4,999	1.38%-6.91%	Mountain Creek/Intrawest	1,387	1.72%
County of Sussex	500-999	0.69%-1.38%	Crystal Springs Golf and Spa Resort	1,153	1.43%
Thorlabs	500-999	0.69%-1.38%	Newton Memorial Hospital	1,148	1.42%
Sussex County Community College	250-499	0.35%-0.69%	County of Sussex	855	1.06%
Newton 213 LLC, C/O Ronetco	100-249	0.14%-0.34%	Selective Insurance	800	0.99%
Bristol Glen	100-249	0.14%-0.34%	Shop Rite (Ronetc Supermarkets, Inc.)	718	0.89%
Barn Hill Care Center	100-249	0.14%-0.34%	Vernon Township Board of Education	703	0.87%
Home Depot	100-249	0.14%-0.34%	Andover Sub Acute & Rehab Center	700	0.87%
Kohls	100-249	0.14%-0.34%	Sparta Board of Education	570	0.70%
Superior Court of Newton	100-249	0.14%-0.34%	Hopatcong Board of Education	540	0.67%
	<u>2,850-8,990</u>	<u>3.94%-12.42%</u>		<u>8,574</u>	<u>10.62%</u>

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	52.0	52.0	55.5	55.5	47.0	47.0	50.0	50.5	50.5	47.0
Special Education	7.0	7.0	8.0	9.0	9.0	9.0	9.0	12.0	12.0	14.0
Other Special Education	1.0	1.0			0.5	0.2	1.0	1.0	1.0	1.0
Support Services:										
Student and Instruction Related Services	20.0	20.0	11.5	11.5	10.0	14.0	13.5	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	4.0	4.0	4.0	4.0	4.0
Plant Operations and Maintenance	9.0	9.0	8.0	8.0	8.0	8.0	9.5	11.0	9.5	10.5
Business and Other Support Services	6.0	6.0	6.0	6.0	6.0	2.0	2.0	2.0	2.0	2.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>94.0</b>	<b>95.0</b>	<b>85.5</b>	<b>86.2</b>	<b>91.0</b>	<b>96.0</b>	<b>94.5</b>	<b>94.0</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School	School				
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%	
2018	623	16,721,401	26,840	11.44%	62	1:12.0	623	585	8.59%	93.90%	

Source: Wallkill Valley Regional High School District records

Note: Enrollment based on annual October district count.

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

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

<u>District Building</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
High School (1982)	176,500	176,500	176,500	176,500	176,500	176,500	176,500	176,500	176,500	176,500
Square Feet	950	950	950	950	950	950	950	950	950	950
Capacity (students)	837	788	775	706	684	660	685	670	674	623
Enrollment										

Number of Schools at June 30, 2018  
 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
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
2018		205,793	205,793

\* 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

WALKILL REGIONAL HIGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy – NJSIG Insurance Building & Personal Property/Boiler/	\$43,598,308	\$5,000
General Liability including Employee Benefits Each Occurrence General Aggregate Product/Completed Ops Personal Injury Fire Damage Automobile Liability Coverage Combined Single Limit Hired/Non-owned Auto Physical Damage Deductible	11,000,000      11,000,000	         1,000
Environmental Impairment Liability	1,000,000	100,000
Underground Storage Tanks	1,000,000	100,000
Crisis Management	1,000,000	Varies
Faithful Performance	250,000	1,000
Money and Securities	100,000	1,000
Computer Fraud	500,000	1,000
Equipment Breakdown/Boiler	100,000,000	5,000
Beazley Breach Response	1,000,000	Varies
School Board Legal Liability (SLPL) (coverage A)	11,000,000	5,000
(coverage B)	1,000,000	Varies
Workers' Compensation	Statutory	
Employer's Liability	2,000,000	
Supplemental Indemnity	Statutory	
Bond for School Administrator	204,000	
Bond for Treasurer of School Monies	204,000	
Student Accident Coverage students & athletes	Class 1 All School Activites Full Excess	5,000,000

Source: District records



SINGLE AUDIT SECTION

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

**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

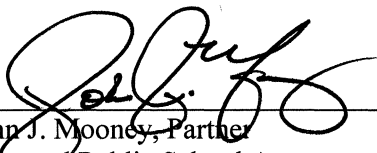
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

January 18, 2019  
Mount Arlington, New Jersey

*NISIVOC CIA LLP*  
NISIVOC CIA LLP

  
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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

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 *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, 2018. 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 federal and state statutes, regulations, and the terms and conditions 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, 2018.

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.

January 18, 2019  
Mount Arlington, New Jersey

NISIVOCCIA LLP  
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, 2018

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) 6/30/2017	Cash Received	Budgetary Expenditures	Balance 6/30/2018		Amounts Provided to Subrecipients
								Accounts Receivable	Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education:										
General Fund:										
Medicaid Reimbursement	93,778	N/A	7/1/17 - 6/30/18	\$ 1,064		\$ 1,064	\$ (1,064)			
Total General Fund						1,064	(1,064)			
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Federal Food Distribution Program	10,555	N/A	7/1/17-6/30/18	9,729		9,729	(8,781)	\$ 948		
Federal Food Distribution Program	10,555	N/A	7/1/16-6/30/17	10,064	\$ 3,824		(3,824)			
National School Lunch Program	10,555	N/A	7/1/17-6/30/18	45,716		45,423	(48,097)	\$ (2,674)		
National School Lunch Program	10,555	N/A	7/1/16-6/30/17	44,953	(2,180)	2,180				
Total U.S. Department of Agriculture/Child Nutrition Cluster					1,644	57,332	(60,702)	(2,674)	948	
U.S. Department of Education										
Passed-through State Department of Education:										
Elementary and Secondary Education Act Grant:										
Title I	84-010A	ESEA-5435-18	7/1/17-6/30/18	73,233		57,973	(57,213)		760	
Title I	84-010A	ESEA-5435-17	7/1/16-6/30/17	73,954	(15,260)	15,260				
Title IIA	84-278A	ESEA-5435-18	7/1/17-6/30/18	13,590		11,016	(10,617)		399	
Title IIA	84-278A	ESEA-5435-17	7/1/16-6/30/17	12,110	(2,574)	2,574				
Title IV	84-186	ESEA-5435-18	7/1/17-6/30/18	10,000		10,000	(10,000)			
Special Education Cluster										
I.D.E.A. Part B, Basic	84-027	FT-5435-18	7/1/17-6/30/18	131,036		131,036	(131,036)			
Perkins Vocational Education - Basic Grants	84-048A	N/A	7/1/17-6/30/18	10,917		10,477	(9,912)		565	
Perkins Vocational Education - Basic Grants	84-048A	N/A	7/1/16-6/30/17	6,767	(5,652)	6,431	(779)			
Total U.S. Department of Education					(23,486)	244,767	(219,557)		1,724	
Total Federal Financial Awards					\$ (21,842)	\$ 303,163	\$ (281,323)	\$ (2,674)	\$ 2,672	\$ -0-

N/A - Not Available

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

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Balance 6/30/2018		MEMO	
				Unearned Revenue					Budgetary Unearned Revenue	GAAP (Accounts Receivable)	Budgetary Receivable	Cumulative Total Expenditures
				(Accounts Receivable) 6/30/2017								
NJ Department of Education:												
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 2,938,820	\$ (291,477)	\$	\$ 291,477					\$	2,938,820
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	20,540	(2,037)		2,037						20,540
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	467,610	(46,378)		46,378						467,610
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	421,248	(41,780)		41,780						421,248
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	67,325	(6,677)		6,677						67,325
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	716,221	(651,461)		651,461						716,221
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	71,890	573,295		(573,295)						71,890
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	6,580	(653)		653						6,580
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	6,580	(653)		653						6,580
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	6,770	(672)		672						6,770
Host District Aid	17-495-034-5120-102	7/1/16-6/30/17	1,060	(105)		105						1,060
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	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
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	864,276			864,276	\$	(864,276)				864,276
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	571,764			571,764		(571,764)				571,764
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	20,974			20,974		(20,974)				20,974
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	1,192			1,192		(1,192)				1,192
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	7/1/17-6/30/18	454,024			431,495		(454,024)	\$	(22,529)	\$	454,024
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	2,938,820			2,647,384		(2,938,820)			(291,436)	2,938,820
School Choice Aid	18-495-034-5120-068	7/1/17-6/30/18	41,080			37,006		(41,080)			(4,074)	41,080
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	467,610			421,238		(467,610)			(46,372)	467,610
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	421,248			379,474		(421,248)			(41,774)	421,248
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	67,325			60,649		(67,325)			(6,676)	67,325
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	621,317			559,702		(621,317)			(61,615)	621,317
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	71,890			64,761		(71,890)			(7,129)	71,890
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	6,580			5,927		(6,580)			(653)	6,580
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	6,580			5,927		(6,580)			(653)	6,580
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	6,770			6,099		(6,770)			(671)	6,770
Host District Aid	18-495-034-5120-102	7/1/17-6/30/18	1,060			955		(1,060)			(105)	1,060
Emergency State Aid	18-495-034-5120-106	7/1/17-6/30/18	94,904					(94,904)		(94,904)		94,904
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	126,567					(126,567)		(126,567)		126,567
Non-Public Transportation	18-495-034-5120-014	7/1/17-6/30/18	13,225					(13,225)		(13,225)		13,225
Total General Fund State Aid				(558,714)		6,637,537		(6,797,206)		(257,225)	(718,383)	11,611,966
Total NJ Department of Education				(558,714)		6,637,537		(6,797,206)		(257,225)	(718,383)	11,611,966

WALLKILL VALLEY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance			Balance 6/30/2018		MEMO	
				Unearned Revenue (Accounts Receivable) 6/30/2017	Carryover/ (Walkover) Amount	Cash Received	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
<b>Enterprise Fund:</b>										
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	\$ 1,794	\$ (86)	\$ 1,932	\$ (112)		\$ 1,794		\$ 1,794
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	2,044	(86)	1,932	(112)		2,044		2,044
<b>Total Enterprise Fund</b>										<b>3,838</b>
<b>Total State Awards</b>				\$ (558,800)	\$ -0-	\$ 6,639,469	\$ (257,337)	\$ -0-	\$ (718,383)	\$ 14,538,401
<b>Less: State Awards Not Subject to Single Audit Major Program Determination</b>										
<b>On-Behalf TPAF Pension System Contributions:</b>										
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	\$ (864,276)					\$ 864,276		
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	(571,764)					571,764		
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	(20,974)					20,974		
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	(1,192)					1,192		
<b>Subtotal - On-Behalf TPAF Pension System Contributions</b>								<b>1,458,206</b>		
<b>Total State Awards Subject to Single Audit Major Program Determination</b>									<b>\$ (5,341,044)</b>	

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, 2018

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, 2018. 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 \$7,440 for the general fund and \$17,760 for the Special Revenue Fund for state and federal grant awards. Additionally, there was a (\$2,000) adjustment related to local grant awards in the Special Revenue Fund for the change in encumbrances. 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, 2018  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,064	\$ 6,804,646	\$ 6,805,710
Special Revenue Fund	237,317		237,317
Enterprise Fund - Food Service	<u>60,702</u>	<u>2,044</u>	<u>62,746</u>
	<u>\$ 299,083</u>	<u>\$ 6,806,690</u>	<u>\$ 7,105,773</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, 2018. 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, 2018

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, 2018 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	18-495-034-5120-089	7/1/17-6/30/18	\$ 421,248	\$ 421,248
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	2,938,820	2,938,820
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	67,325	67,325
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	621,317	621,317
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	71,890	71,890
School Choice Aid	18-495-034-5120-068	7/1/17-6/30/18	41,080	41,080
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	6,580	6,580
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	6,580	6,580
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	6,770	6,770
Host District Aid	18-495-034-5120-102	7/1/17-6/30/18	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, 2018  
(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, 2018

Status of Prior Year Findings:

There were no findings in the prior year.