

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED
JUNE 30, 2017
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASSROOM ACTIVITY FUNDS

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
JUNE 30, 2017
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of
Minisink Valley Central School District
Slate Hill, New York 10973

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minisink Valley Central School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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.

Minisink Valley Central School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minisink Valley Central School District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information pages 4 through 14 and 64 through 68 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Minisink Valley Central School District's basic financial statements. The supplemental schedules on pages 69 through 71 were required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplemental schedules on pages 69 through 71, and schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 69 through 71, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Minisink Valley Central School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2017 on our consideration of Minisink Valley Central School 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 or on 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 Minisink Valley Central School District's internal control over financial reporting and compliance.

Mugent & Haussler, P.C.

Montgomery, New York
October 6, 2017

MINISINK VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Minisink Valley Central School District's financial performance for the year ended June 30, 2017. This section is a summary of Minisink Valley Central School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (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 fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds statements* indicates how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *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.

The following table 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 MD&A highlights the structure and contents of each of the statements.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Overview of the Financial Statements (Continued)

Major Features of the District-Wide and Fund Financial Statements			
	District-Wide	Fund Financial Statements	
		Governmental 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	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial 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 and liabilities. All of the current year's revenues 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 outflows of resources, liabilities and deferred inflows of resources, is 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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

District-Wide Financial Statements (Continued)

- 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 shown as *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.

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 to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two 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 differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that 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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Financial Analysis of the District as a Whole

The District's net position at June 30, 2017 is \$1,582,070. This is a \$4,259,638, decrease from last year's net position of \$5,841,708. The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities			
	June 30, 2017	June 30, 2016	\$ Change	% Change
Current Assets	\$ 38,666,738	\$ 36,704,752	\$ 1,961,986	5.35%
Non-Current Assets	90,749,258	110,094,505	(19,345,247)	-17.57%
Total Assets	129,415,996	146,799,257	(17,383,261)	-15.79%
Deferred Outflows of Resources	24,201,906	11,500,060	12,701,846	110.45%
Current Liabilities	13,621,041	12,175,444	1,445,597	11.87%
Long-Term Liabilities	136,520,744	132,739,550	3,781,194	2.85%
Total Liabilities	150,141,785	144,914,994	5,226,791	3.61%
Deferred Inflows of Resources	1,894,047	7,542,615	(5,648,568)	-74.89%
Net Position:				
Net Investment in Capital Assets	29,662,765	26,257,723	3,405,042	12.97%
Restricted	35,203,872	33,943,526	1,260,346	3.71%
Unrestricted	(63,284,567)	(54,359,541)	(8,925,026)	-16.42%
Total Net Position	\$ 1,582,070	\$ 5,841,708	\$ (4,259,638)	-72.92%

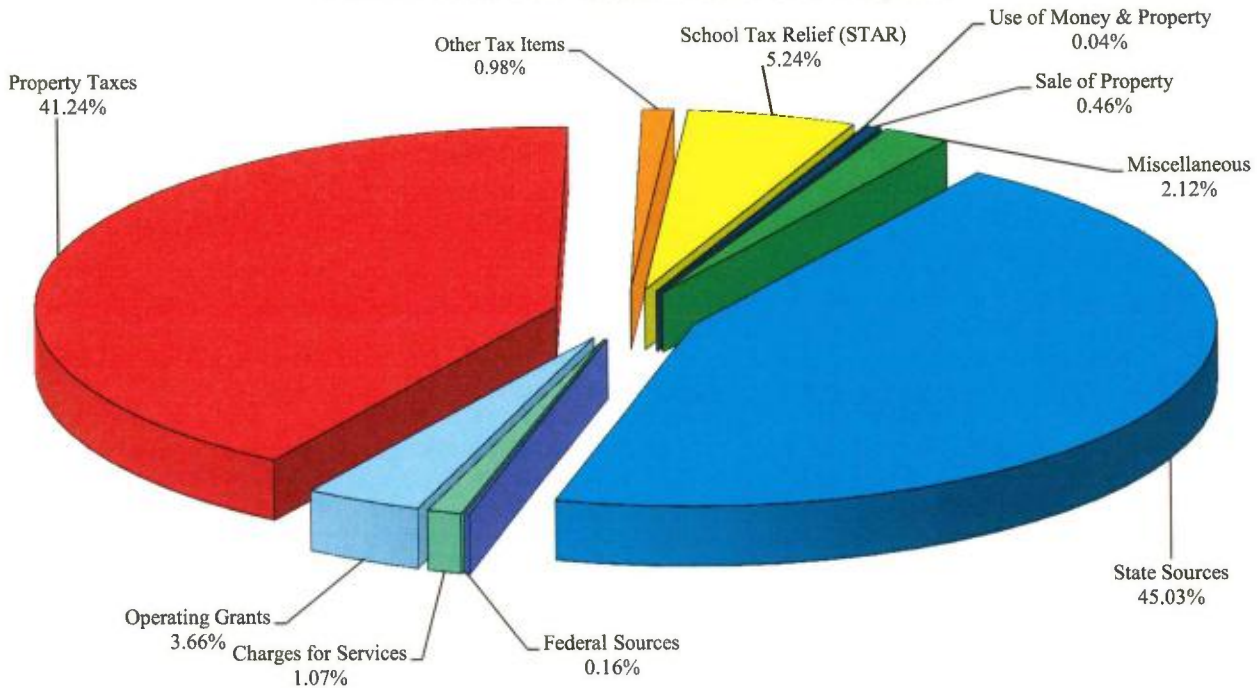
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the years ended June 30, 2017 and 2016:

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

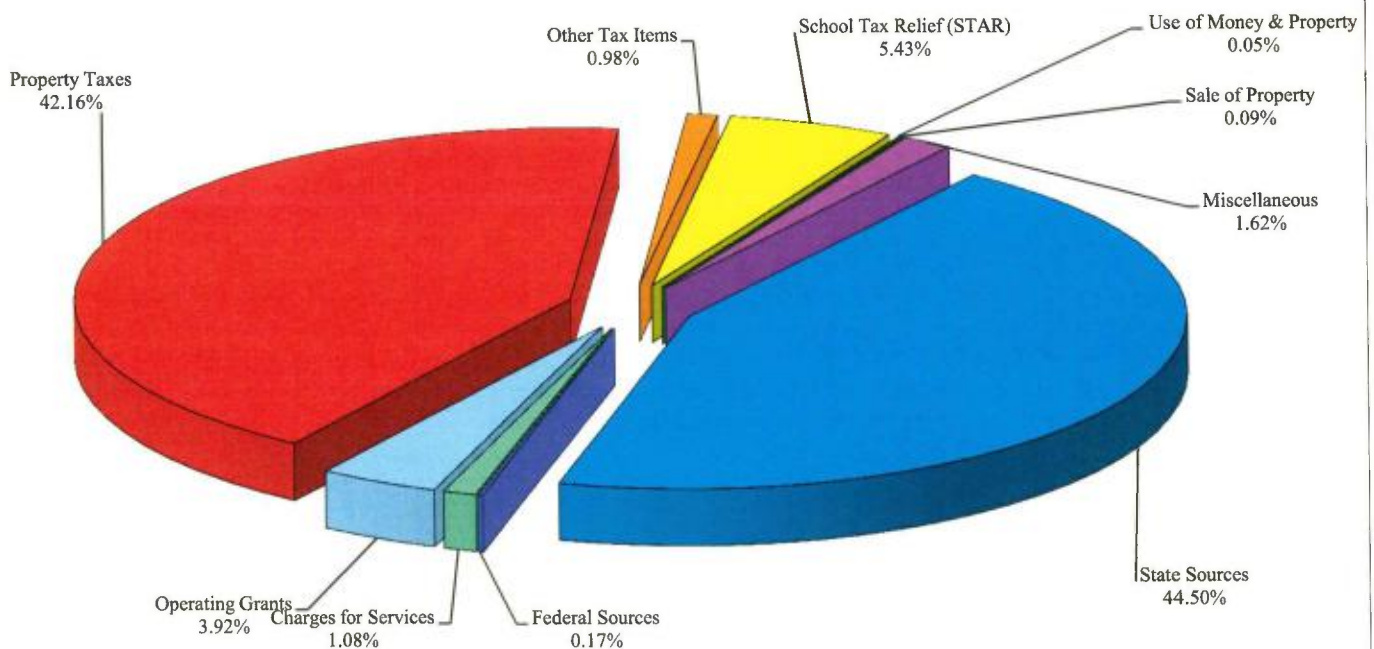
	<u>JUNE 30, 2017</u>	<u>%</u>	<u>JUNE 30, 2016</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 999,391	1.07%	\$ 992,012	1.08%	\$ 7,379	0.74%
Operating Grants	3,406,903	3.66%	3,612,625	3.92%	(205,722)	-6.04%
GENERAL REVENUES:						
Property Taxes	38,370,518	41.24%	38,851,396	42.16%	(480,878)	-1.25%
Other Tax Items	912,469	0.98%	904,910	0.98%	7,559	0.83%
School Tax Relief (STAR)	4,880,719	5.24%	5,002,949	5.43%	(122,230)	-2.50%
Use of Money & Property	39,441	0.04%	49,204	0.05%	(9,763)	-24.75%
Sale of Property	426,406	0.46%	81,947	0.09%	344,459	80.78%
Miscellaneous	1,971,606	2.12%	1,490,785	1.62%	480,821	24.39%
State Sources	41,911,513	45.03%	41,009,448	44.50%	902,065	2.15%
Federal Sources	151,677	0.16%	156,713	0.17%	(5,036)	-3.32%
TOTAL REVENUES	<u>93,070,643</u>	<u>100.00%</u>	<u>92,151,989</u>	<u>100.00%</u>	<u>918,654</u>	<u>71.02%</u>
<u>EXPENSES</u>						
General Support	7,783,022	8.00%	7,307,392	7.77%	\$ 475,630	6.11%
Instruction	49,414,588	50.76%	48,031,616	51.07%	1,382,972	2.80%
Pupil Transportation	5,020,520	5.16%	4,504,738	4.79%	515,782	10.27%
Community Services	9,347	0.01%	14,311	0.02%	(4,964)	-53.11%
Employee Benefits	26,873,595	27.61%	25,895,642	27.54%	977,953	3.64%
Debt Service Interest	2,118,694	2.18%	2,416,997	2.57%	(298,303)	-14.08%
Depreciation	4,808,334	4.94%	4,570,520	4.86%	237,814	4.95%
School Lunch Program	1,302,181	1.34%	1,297,741	1.38%	4,440	0.34%
TOTAL EXPENSES	<u>97,330,281</u>	<u>100.00%</u>	<u>94,038,957</u>	<u>100.00%</u>	<u>\$ 3,291,324</u>	<u>-39.08%</u>
CHANGE IN NET POSITION	<u>\$ (4,259,638)</u>		<u>\$ (1,886,968)</u>		<u>\$(2,372,670)</u>	

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK

**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

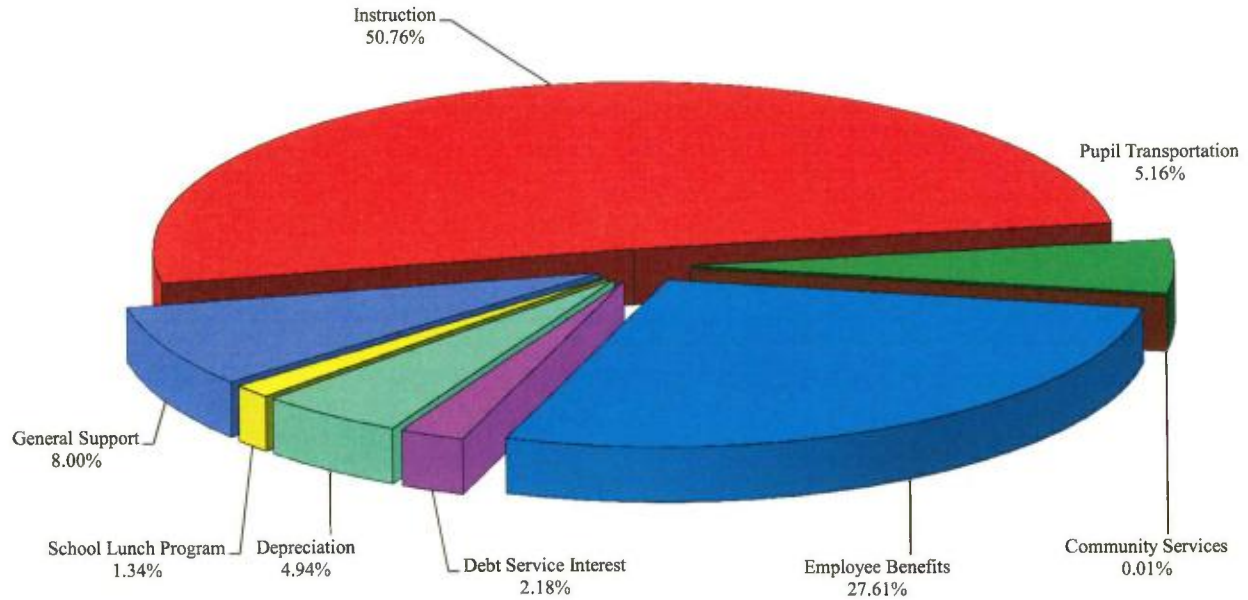


**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

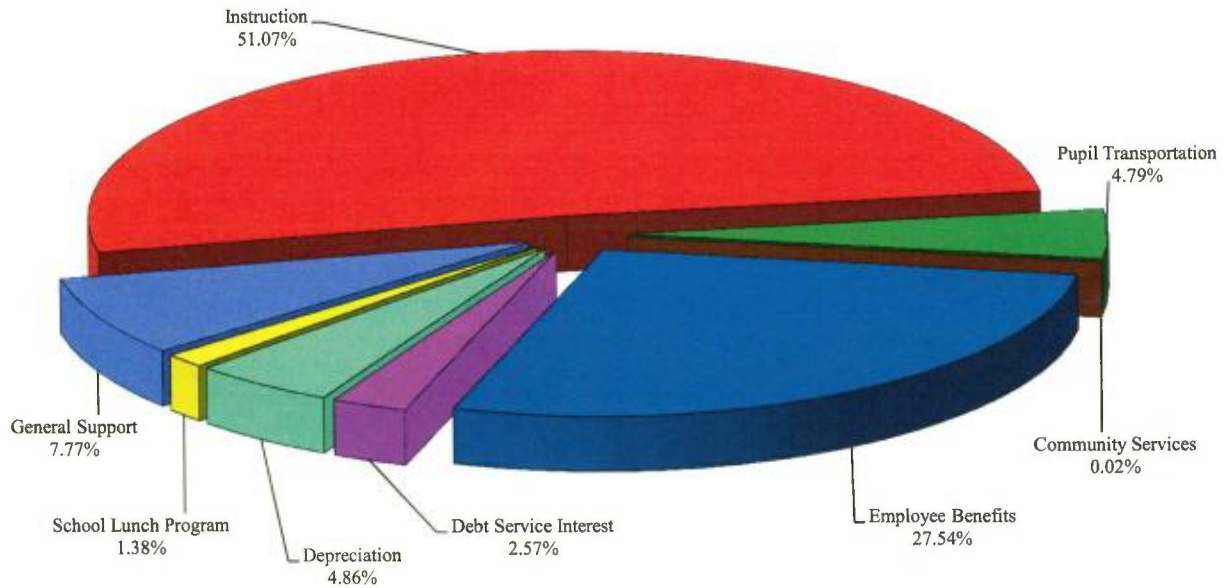


MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK

EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2017



EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

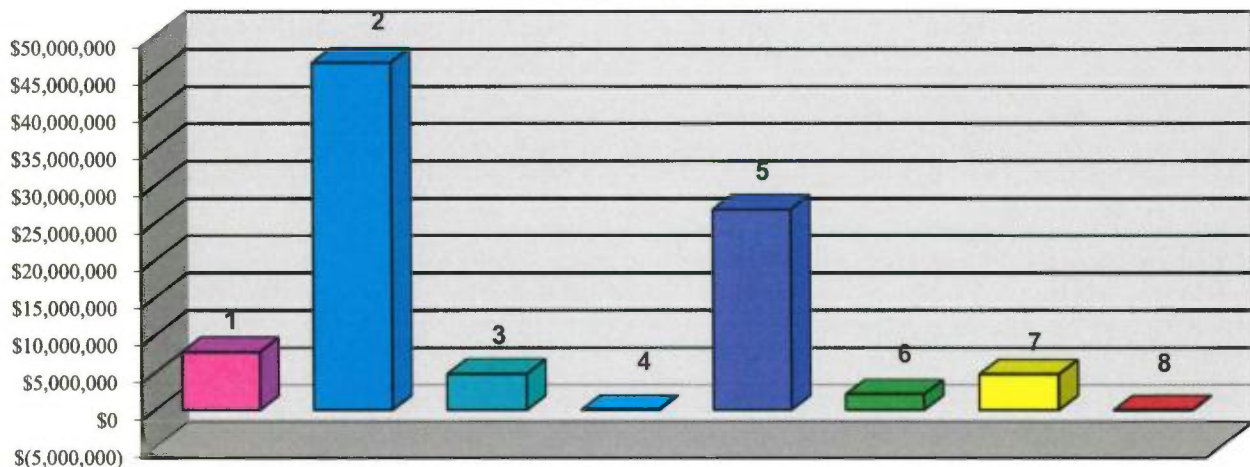


MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

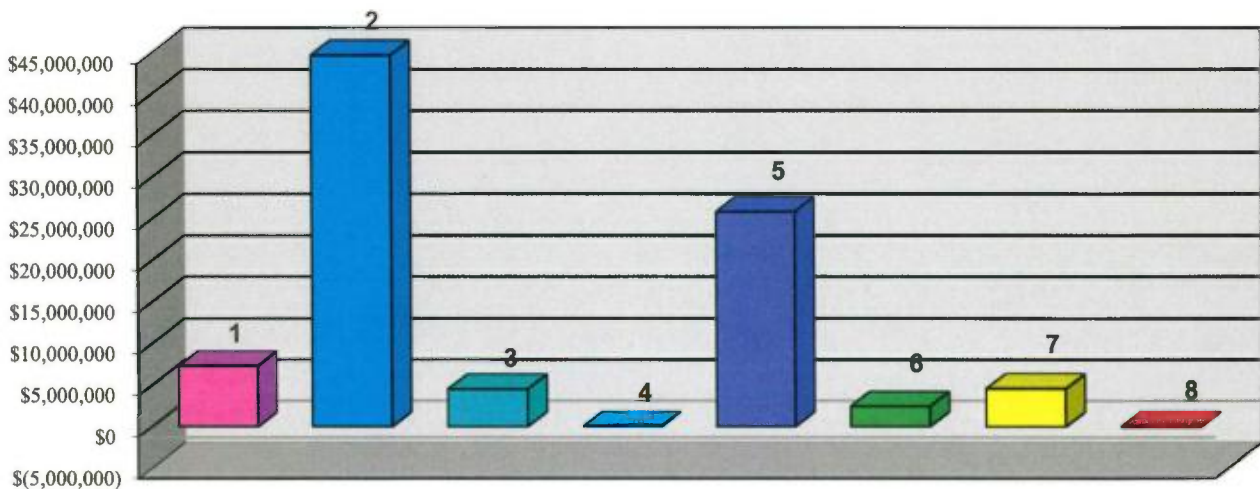
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2016-2017	NET COST OF SERVICES 2016-2017	TOTAL COST OF SERVICES 2015-2016	NET COST OF SERVICES 2015-2016
General Support	1	\$ 7,783,022	\$ 7,783,022	\$ 7,307,392	\$ 7,307,392
Instruction	2	49,414,588	46,548,232	48,031,616	44,759,433
Pupil Transportation	3	5,020,520	4,839,526	4,504,738	4,504,738
Community Services	4	9,347	9,347	14,311	14,311
Employee Benefits	5	26,873,595	26,873,595	25,895,642	25,895,642
Debt Service - Interest	6	2,118,694	2,118,694	2,416,997	2,416,997
Depreciation	7	4,808,334	4,808,334	4,570,520	4,570,520
School Lunch Program	8	1,302,181	(56,763)	1,297,741	(34,713)
		<u>\$ 97,330,281</u>	<u>\$ 92,923,987</u>	<u>\$ 94,038,957</u>	<u>\$ 89,434,320</u>

NET COSTS 2016-2017



NET COSTS 2015-2016



MINISINK VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between non-spendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2017				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 0	18,439,652	\$ 9,874,251	3,896,283	\$ 32,210,186
Special Aid	0	4	0	0	4
School Lunch	23,747	1,350,622	0	0	1,374,369
Capital Projects	0	0	0	(3,789,107)	(3,789,107)
Debt Service	0	172,684	0	0	172,684
	<u>\$ 23,747</u>	<u>\$ 19,962,962</u>	<u>\$ 9,874,251</u>	<u>\$ 107,176</u>	<u>\$ 29,968,136</u>

	June 30, 2016				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 0	17,000,236	\$ 9,409,938	3,838,768	\$ 30,248,942
Special Aid	0	4	0	0	4
School Lunch	25,266	1,364,412	0	0	1,389,678
Capital Projects	0	0	0	(605,579)	(605,579)
Debt Service	0	150,321	0	0	150,321
	<u>\$ 25,266</u>	<u>\$ 18,514,973</u>	<u>\$ 9,409,938</u>	<u>\$ 3,233,189</u>	<u>\$ 31,183,366</u>

General Fund Budgetary Highlights

In assessing the overall operations of the General Fund for the year ended June 30, 2017, actual revenues of \$89,531,539 exceeded actual expenditures and other uses totaling \$87,570,295 by \$1,961,244. The revenue surplus was allocated to a variety of established district reserves to further solidify the district's strong financial position. The district has been working to establish reserves that would provide relief for one full year of expense in the various reserve categories to assist in budgeting and minimize tax levy increases. Consequently, the district implemented a 2% tax levy decrease for the 2016-2017 school year and projected a 1.5% increase for 2017-18.

In reviewing the actual results of operations for the General Fund for the year ended June 30, 2017 as compared to the adjusted budget, revenues exceeded the budget by \$1,202,771 (1.36%) and the unencumbered expenditures were \$8,873,111 (9.08%) under budget. For the prior year ended June 30, 2016, earned revenues exceeded the revenue budget by \$1,256,490 (1.44%) and the unencumbered expenditures were \$8,691,850 (9.06%) under budget.

Real property tax STAR and other tax items were \$414,219 (.9%) under budget as a result of net PILOT agreement revenues. Miscellaneous Revenues were 1,614,869 (483%) over budget due to refund of prior years' expenses and BOCES classroom rental revenue.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

General Fund Budgetary Highlights (Continued)

The District appropriated \$7,856,303 of fund balance to reduce the 2016-2017 tax levy as compared to \$7,060,094 for the prior year. Appropriation of fund balance continues to be managed to ensure that funds are available to meet the programmatic and operational needs of the district while adhering to property tax cap guidelines in order to avoid significant tax increases in the future.

For fiscal year 2017-2018, the District has appropriated \$8,578,951 of fund balance to reduce the tax levy.

Factors that continue to affect the budget process are as follows:

- New York State Property Tax Cap limiting tax revenues during challenging economic times.
- Uncertainty regarding state aid funding and future sustainability due to statewide budget constraints.
- Costs of healthcare benefits due to increasing medical and prescription drug costs within the industry
- Increasing special education program and tuition costs and legislative mandates.

Management believes that the budget adopted for 2017-2018 is reasonably adaptable to any adverse changes that may arise based on the above factors.

The New York State Legislature enacted legislation, Chapter 97 of the Laws of 2011 that establishes a “property tax cap” on the amount that a school district’s property tax levy can increase each year. This new legislation specifies that property taxes levied by a school district generally cannot increase by more than two percent, or the rate of inflation, whichever is less. The law does allow school districts to levy an additional amount for certain excludable expenditures. School districts can adopt a tax levy that exceeds the statutory limit, if the budget that is presented to the public is approved by sixty percent of the votes cast. The legislation took effect beginning with the 2012-2013 school year.

Other Fund Highlights

The Special Aid Fund - for the year ended June 30, 2017, an interfund transfer from the General Fund to the Special Aid Fund in the amount of \$592,155 was made to provide funds for the required 20% local match for the Summer Handicapped Program. The Special Aid Fund balance at year end was \$4.

The School Lunch Fund had expenditures that exceeded revenues by (\$15,309). Fund balance decreased to \$1,374,369 as part of the district’s plan to reinvest surplus into new equipment. The district invested school lunch funds to purchase new ovens at the middle school, ice machines to enhance operations at the high school as well as panini grills, turbo chef ovens and steamers to increase serving options in the food service program. The district intends to continue replacing aging food service equipment to reinvest in the school lunch program over the next few years. The investments have resulted in increased participation from students in the district’s breakfast and lunch programs.

Debt Service Fund ended the year with a fund balance of \$172,684. This fund balance will be appropriated in future years to offset principal and interest payments.

The Capital Fund ended the year with a deficit fund balance of (\$3,789,107). This deficit will be eliminated as projects are completed and permanent financing is obtained.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2017 and 2016, was \$90,749,258 and \$91,152,160 respectively. The total decrease in this net investment was -.44% for the District as a whole (see schedule below). The District expended \$4,481,985 to acquire and construct capital assets during the fiscal year ended June 30, 2017. Assets retired from service had a net basis of \$76,553 and depreciation expense for the fiscal year was \$4,808,334.

CAPITAL ASSETS

Net of Accumulated Depreciation

	<u>School District Activities</u>		<u>% Change</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	
<u>Non-Depreciable Assets:</u>			
Land	\$ 879,619	\$ 879,619	0.00%
Construction in Progress	3,190,197	2,446,699	30.39%
<u>Depreciable Assets:</u>			
Building and Improvements	80,424,092	81,950,665	-1.86%
Furniture and Equipment	1,695,625	1,497,933	13.20%
Vehicles	4,559,725	4,377,244	4.17%
TOTALS	<u><u>\$ 90,749,258</u></u>	<u><u>\$ 91,152,160</u></u>	-0.44%

Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$55,780,000. This amount is backed by the full faith and credit of Minisink Valley Central School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the fiscal year was as follows:

<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
\$ 61,958,937	\$ 0	\$ 6,178,937	\$ 55,780,000

Long-term debt also includes unamortized bond premiums of \$5,156,327 related to various serial bonds used for advanced refunding. The premiums are being amortized over the lives of the bonds which mature between 2018 and 2025.

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of Aa3 to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, 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 Matthew Bourgeois, Assistant Superintendent for Business, at the District's business office located at Route 6, Slate Hill, New York 10973.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

ASSETS

Unrestricted Cash	\$ 13,961,898
Restricted Cash	19,962,962
State & Federal Aid Receivable	4,062,469
Due from Fiduciary Funds	1,251
Other Receivables, Net	654,411
Inventories	23,747
Capital Assets, Net	90,749,258
TOTAL ASSETS	129,415,996

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts on Refunding	2,938,191
Pensions	21,263,715
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,201,906

LIABILITIES

Accounts Payable	1,093,515
Accrued Liabilities	810,736
Due to Other Governments	262
Due to Teachers' Retirement System	3,616,899
Due to Employees' Retirement System	340,776
Other Liabilities	36,025
Bond Anticipation Notes	2,300,000
Overpayments and Collections in Advance	11,234
Unearned Revenue	2,760
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Includes Deferred Refunding Premium \$427,694)	5,147,694
Installment Purchase Debt	261,140
Due and Payable In More Than One Year:	
Bonds Payable (Includes Deferred Refunding Premium \$4,728,633)	55,788,633
Installment Purchase Debt	2,237,182
Compensated Absences	1,256,696
Net Pension Liability - Proportionate Share	4,771,784
Other Postemployment Benefits	72,466,449
TOTAL LIABILITIES	150,141,785

DEFERRED INFLOWS OF RESOURCES

Deferred Revenues	643,026
Pensions	1,251,021
TOTAL DEFERRED INFLOWS OF RESOURCES	1,894,047

NET POSITION

Net Investment in Capital Assets	29,662,765
Restricted	35,203,872
Unrestricted	(63,284,567)
TOTAL NET POSITION	\$ 1,582,070

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS & PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE & CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	
General Support	\$ (11,082,549)	\$ 0	\$ 0	\$ (11,082,549)
Instruction	(74,483,745)	288,384	2,577,972	(71,617,389)
Pupil Transportation	(8,295,113)	0	180,994	(8,114,119)
Community Services	(9,347)	0	0	(9,347)
Debt Service - Interest	(2,118,694)	0	0	(2,118,694)
School Lunch Program	(1,340,833)	711,007	647,937	18,111
TOTAL FUNCTIONS & PROGRAMS	<u>\$ (97,330,281)</u>	<u>\$ 999,391</u>	<u>\$ 3,406,903</u>	<u>(92,923,987)</u>
GENERAL REVENUES				
Real Property Taxes				38,370,518
Other Tax Items				5,793,188
Use of Money & Property				39,441
Sale of Property & Compensation for Loss				426,406
Miscellaneous				1,971,606
State Sources				41,911,513
Federal Sources				151,677
TOTAL GENERAL REVENUES				<u>88,664,349</u>
CHANGE IN NET POSITION				(4,259,638)
NET POSITION, BEGINNING OF YEAR				<u>5,841,708</u>
NET POSITION, END OF YEAR				\$ 1,582,070

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Unrestricted Cash	\$ 13,956,997	\$ 0	\$ 0	\$ 4,901	\$ 0	\$ 13,961,898
Restricted Cash	18,449,927	1,000	1,339,351	0	172,684	19,962,962
State & Federal Aid Receivable	2,417,645	1,599,555	45,269	0	0	4,062,469
Due from Other Funds	2,746,955	0	0	0	0	2,746,955
Due from Fiduciary Funds	1,251	0	0	0	0	1,251
Other Receivables, Net	654,411	0	0	0	0	654,411
Inventories	0	0	23,747	0	0	23,747
TOTAL ASSETS	<u>\$ 38,227,186</u>	<u>\$ 1,600,555</u>	<u>\$ 1,408,367</u>	<u>\$ 4,901</u>	<u>\$ 172,684</u>	<u>\$ 41,413,693</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 739,234	\$ 0	\$ 6,677	\$ 347,604	\$ 0	\$ 1,093,515
Accrued Liabilities	567,630	0	0	0	0	567,630
Due to Other Governments	0	0	262	0	0	262
Due to Other Funds	0	1,600,551	0	1,146,404	0	2,746,955
Due to Teachers' Retirement System	3,616,899	0	0	0	0	3,616,899
Due to Employees' Retirement System	340,776	0	0	0	0	340,776
Other Liabilities	8,966	0	27,059	0	0	36,025
Bond Anticipation Notes	0	0	0	2,300,000	0	2,300,000
Overpayments and Collections in Advance	11,234	0	0	0	0	11,234
Unearned Revenues	2,760	0	0	0	0	2,760
TOTAL LIABILITIES	<u>5,287,499</u>	<u>1,600,551</u>	<u>33,998</u>	<u>3,794,008</u>	<u>0</u>	<u>10,716,056</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Revenues	729,501	0	0	0	0	729,501
<u>FUND BALANCES</u>						
Fund Balance:						
Nonspendable	0	0	23,747	0	0	23,747
Restricted	18,439,652	4	1,350,622	0	172,684	19,962,962
Assigned	9,874,251	0	0	0	0	9,874,251
Unassigned	3,896,283	0	0	(3,789,107)	0	107,176
TOTAL FUND BALANCES	<u>32,210,186</u>	<u>4</u>	<u>1,374,369</u>	<u>(3,789,107)</u>	<u>172,684</u>	<u>29,968,136</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 38,227,186</u>	<u>\$ 1,600,555</u>	<u>\$ 1,408,367</u>	<u>\$ 4,901</u>	<u>\$ 172,684</u>	<u>\$ 41,413,693</u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
<u>ASSETS</u>				
Unrestricted Cash	\$ 13,961,898	\$ 0	\$ 0	\$ 13,961,898
Restricted Cash	19,962,962	0	0	19,962,962
State & Federal Aid Receivable	4,062,469	0	0	4,062,469
Due from Other Funds	2,746,955	0	(2,746,955)	0
Due from Fiduciary Funds	1,251	0	0	1,251
Other Receivables, Net	654,411	0	0	654,411
Inventories	23,747	0	0	23,747
Capital Assets, Net	0	90,749,258	0	90,749,258
TOTAL ASSETS	41,413,693	90,749,258	(2,746,955)	129,415,996
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Amounts on Refunding	0	2,938,191	0	2,938,191
Pensions	0	21,263,715	0	21,263,715
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	24,201,906	0	24,201,906
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 41,413,693	\$ 114,951,164	\$ (2,746,955)	\$ 153,617,902
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,093,515	\$ 0	\$ 0	\$ 1,093,515
Accrued Liabilities	567,630	243,106	0	810,736
Due to Other Governments	262	0	0	262
Due to Other Funds	2,746,955	0	(2,746,955)	0
Due to Teachers' Retirement System	3,616,899	0	0	3,616,899
Due to Employees' Retirement System	340,776	0	0	340,776
Other Liabilities	36,025	0	0	36,025
Bond Anticipation Notes	2,300,000	0	0	2,300,000
Overpayments and Collections in Advance	11,234	0	0	11,234
Unearned Revenues	2,760	0	0	2,760
Bonds Payable	0	60,936,327	0	60,936,327
Installment Purchase Debt	0	2,498,322	0	2,498,322
Compensated Absences	0	1,256,696	0	1,256,696
Net Pension Liability - Proportionate Share	0	4,771,784	0	4,771,784
Other Postemployment Benefits	0	72,466,449	0	72,466,449
TOTAL LIABILITIES	10,716,056	142,172,684	(2,746,955)	150,141,785
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenues	729,501	(86,475)	0	643,026
Pensions	0	1,251,021	0	1,251,021
TOTAL DEFERRED INFLOWS OF RESOURCES	729,501	1,164,546	0	1,894,047
<u>FUND BALANCES / NET POSITION</u>	29,968,136	(28,386,066)	0	1,582,070
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES/NET POSITION	\$ 41,413,693	\$ 114,951,164	\$ (2,746,955)	\$ 153,617,902

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Real Property Taxes	\$ 38,370,518	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,370,518
Other Tax Items	5,793,188	0	0	0	0	5,793,188
Charges for Services	201,909	0	0	0	0	201,909
Use of Money & Property	36,187	0	3,128	0	126	39,441
Sale of Property & Compensation for Loss	502,959	0	0	0	0	502,959
Miscellaneous	1,949,369	0	207	0	0	1,949,576
State Sources	42,525,732	880,529	26,669	0	0	43,432,930
Federal Sources	151,677	1,264,218	621,268	0	0	2,037,163
Sales	0	0	710,800	0	0	710,800
TOTAL REVENUES	89,531,539	2,144,747	1,362,072	0	126	93,038,484
<u>EXPENDITURES</u>						
General Support	7,554,511	0	0	0	0	7,554,511
Instruction	46,525,527	2,278,991	0	0	0	48,804,518
Pupil Transportation	5,599,420	226,242	0	0	0	5,825,662
Community Services	9,347	0	0	0	0	9,347
Employee Benefits	18,405,276	231,669	0	0	0	18,636,945
Debt Service:						
Principal	6,427,518	0	0	0	0	6,427,518
Interest	2,456,541	0	0	0	0	2,456,541
Cost of Sales	0	0	1,377,381	0	0	1,377,381
Capital Outlay	0	0	0	3,183,528	0	3,183,528
TOTAL EXPENDITURES	86,978,140	2,736,902	1,377,381	3,183,528	0	94,275,951
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	2,553,399	(592,155)	(15,309)	(3,183,528)	126	(1,237,467)
<u>OTHER SOURCES & USES</u>						
Premium on Obligation	0	0	0	0	22,237	22,237
Operating Transfers In	0	592,155	0	0	0	592,155
Operating Transfers (Out)	(592,155)	0	0	0	0	(592,155)
TOTAL OTHER SOURCES & USES	(592,155)	592,155	0	0	22,237	22,237
NET CHANGES IN FUND BALANCES	1,961,244	0	(15,309)	(3,183,528)	22,363	(1,215,230)
FUND BALANCES, BEGINNING OF YEAR	30,248,942	4	1,389,678	(605,579)	150,321	31,183,366
FUND BALANCES, END OF YEAR	\$ 32,210,186	\$ 4	\$ 1,374,369	\$ (3,789,107)	\$ 172,684	\$ 29,968,136

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
REVENUES						
Real Property Taxes	\$ 38,370,518	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,370,518
Other Tax Items	5,793,188	0	0	0	0	5,793,188
Charges for Service	201,909	86,475	0	0	0	288,384
Use of Money & Property	39,441	0	0	0	0	39,441
Sale of Property & Compensation for Loss	502,959	0	(76,553)	0	0	426,406
Miscellaneous	1,949,576	0	0	0	0	1,949,576
State Sources	43,432,930	0	0	0	0	43,432,930
Federal Sources	2,037,163	0	0	0	0	2,037,163
Sales	710,800	0	0	0	0	710,800
TOTAL REVENUES	93,038,484	86,475	(76,553)	0	0	93,048,406
EXPENDITURES						
General Support	7,554,511	348,945	(85,647)	0	3,264,740	11,082,549
Instruction	48,804,518	759,857	3,828,120	0	21,091,250	74,483,745
Pupil Transportation	5,825,662	147,894	(196,048)	0	2,517,605	8,295,113
Community Services	9,347	0	0	0	0	9,347
Employee Benefits	18,636,945	8,236,650	0	0	(26,873,595)	0
Debt Service:						
Principal	6,427,518	0	0	(6,427,518)	0	0
Interest	2,456,541	(51,844)	0	(286,003)	0	2,118,694
Cost of Sales	1,377,381	0	(36,548)	0	0	1,340,833
Capital Outlay	3,183,528	0	(3,183,528)	0	0	0
TOTAL EXPENDITURES	94,275,951	9,441,502	326,349	(6,713,521)	0	97,330,281
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(1,237,467)	(9,355,027)	(402,902)	6,713,521	0	(4,281,875)
OTHER SOURCES & USES						
Premium on Obligation	22,237	0	0	0	0	22,237
Operating Transfers In	592,155	0	0	0	(592,155)	0
Operating Transfers (Out)	(592,155)	0	0	0	592,155	0
TOTAL OTHER SOURCES & USES	22,237	0	0	0	0	22,237
NET CHANGE FOR THE YEAR	\$ (1,215,230)	\$ (9,355,027)	\$ (402,902)	\$ 6,713,521	\$ 0	\$ (4,259,638)

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>AGENCY</u>
<u>ASSETS</u>		
Cash	\$ 302,305	\$ 239,135
Other Receivables	<u>0</u>	<u>35</u>
TOTAL ASSETS	<u>\$ 302,305</u>	<u>\$ 239,170</u>
<u>LIABILITIES & NET POSITION</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 1,251
Due to Other Governments	0	1,611
Extraclassroom Activity Balances	0	223,050
Other Liabilities	<u>0</u>	<u>13,258</u>
TOTAL LIABILITIES	<u>0</u>	<u>\$ 239,170</u>
<u>NET POSITION</u>		
Restricted for Scholarships	<u>302,305</u>	
TOTAL LIABILITIES & NET POSITION	<u>\$ 302,305</u>	

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

PRIVATE
 PURPOSE
TRUSTS

ADDITIONS

Investment Earnings	\$	301
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DEDUCTIONS

Scholarships & Awards		500
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CHANGE IN NET POSITION		(199)
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NET POSITION, BEGINNING OF YEAR		302,504
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NET POSITION, END OF YEAR	\$	302,305
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MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of Minisink Valley Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

Minisink Valley Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Joint Venture

The District is one of the component districts in the Orange/Ulster Board of Cooperative Education Services (BOCES). BOCES is a cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture (Continued)

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$11,535,938 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,393,024. Financial Statements for BOCES are available from the BOCES administrative office located at 53 Gibson Road, Goshen, NY 10924.

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental 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. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between program expenses and revenues 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, principally employee benefits, are allocated to functional areas in proportion to the payroll expended in those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Funds Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds Statements (Continued)

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary funds:

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 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. General 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.

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on August 16, 2016. Taxes were collected during the period September 1, 2016 through October 31, 2016.

Uncollected real property taxes are subsequently enforced by Orange County. The County pays an amount representing all uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

G. Interfund Transactions (Continued)

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of United States and its agencies and obligations of the State and its municipalities and Districts.

J. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

L. Capital Assets

Capital assets are reported at cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 5,000	Straight Line	40 years
Buildings and Improvements	5,000	Straight Line	40 years
Furniture and Equipment	5,000	Straight Line	5 - 20 years
Vehicles	5,000	Straight Line	8 years

The board approved an increase in the capitalization thresholds from \$1,000 to \$5,000 effective July 1, 2012. Assets capitalized prior to July 1, 2012 will continue to be depreciated over their remaining estimated useful lives.

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district has two items that qualify for reporting in this category. The first is deferred amounts on refunding in the Statement of Net Position as deferred outflows of resources. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second deferred outflow is related to pensions reported in the Statement of Net Position. For additional information on these deferred outflows related to pensions, see Note 8.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

M. Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The District reports a deferred inflow of resources related to pensions in the Statement of Net Position. For additional information on these deferred inflows related to pensions, see Note 8.

N. Deferred and Unearned Revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred or unearned revenues is removed and revenues are recorded.

Deferred or unearned revenues recorded in governmental funds are typically adjusted prior to inclusion in the District-wide statements.

O. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical or personal time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken in varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the contractual pay rates in effect at year-end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

O. Vested Employee Benefits (Continued)

2. Other Benefits

Eligible District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee based on the contract in place at the employees' retirement date. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

P. Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes are converted to long-term financing within five years after the original issue date.

Q. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classifications

1. District-wide Statements

In the district-wide statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not met the definition of the above two classifications and are deemed to be available for general use by the District.

2. Funds Statements

In the governmental fund statements, there are five classifications of fund balance:

Non-spendable – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$23,747.

Restricted – Includes amounts with constraints placed on the use of resources either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classifications (Continued)

2. Fund Statements (Continued)

Workers' Compensation Reserve

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Property Loss Reserve and Liability Reserve

Property Loss Reserve and Liability Reserve (Education Law §1709(8) (c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the General Fund.

Insurance Reserve

According to General Municipal Law §6-n §3653, must be used for expenditures for any loss, claim, action or judgement for which the school district is authorized to purchase or maintain insurance. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

- R. Equity Classifications (Continued)
2. Funds Statements (Continued)

Tax Certiorari Reserve

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General Fund.

Employee Benefit Accrual Reserve

According to General Municipal Law §6-p, must be used for payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Retirement Contribution Reserve

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted separate and apart from all other funds and a detailed report of operations and condition of the fund must be provided to the Board. The reserve is accounted for in the General Fund.

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

Restricted fund balance at June 30, 2017 consisted of:

General Fund:

Capital Reserve	\$ 5,000,098
Workers' Compensation Reserve	750,000
Unemployment Insurance Reserve	97,277
Property Loss Reserve and Liability Reserve	124,992
Insurance Reserve	8,614,417
Tax Certiorari Reserve	1,612,091
Employee Benefit Accrued Liability Reserve	1,150,000
Retirement Contribution Reserve	<u>1,090,777</u>
	18,439,652
Special Aid Fund	4
School Lunch Fund	1,350,622
Debt Service Fund	<u>172,684</u>
Total Restricted Fund Balance	<u><u>\$ 19,962,962</u></u>

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2017.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

Order of Use of Fund Balance:

The District considers restricted amounts to have been spent when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Limitation on Unexpended Surplus Funds:

NYS Real Property Law §1318 limits the amount of the unexpended surplus funds a school district can retain to no more than 4% of the School District's General Fund budget for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

S. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2017, the District implemented the following new standards issued by GASB:

- GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the year ending June 30, 2017.
- GASB Statement 77, *Tax Abatement Disclosures*, effective for the year ending June 30, 2017.
- GASB Statement 78, *Pensions Provided through Multiple-Employer Defined Benefit Pension Plans*, effective for the year ending June 30, 2017.
- GASB Statement 79, *Certain External Investment Pools and Pool Participants*, effective for the year ending June 30, 2017.
- GASB Statement 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, effective for the year ending June 30, 2017.

GASB has issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The District has implemented Statement 74, as required.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. New Accounting Standards (Continued)

GASB has issued Statement 77, *Tax Abatement Disclosures*, which improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. The District has implemented Statement 77, as required.

GASB has issued Statement 78, *Pensions Provided through Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The District has implemented Statement 78, as required.

GASB has issued Statement 79, *Certain External Investment Pools and Pool Participants*, which addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The District has implemented Statement 79, as required.

GASB has issued Statement 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The District has implemented Statement 80, as required.

T. Future Changes in Accounting Standards

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves the information provided by state and local governmental employers about support for OPEB that is provided by other entities. The District is currently studying the Statement and plans on adoption if and when required, which will generally be for the June 30, 2018 financial statements.

GASB has issued Statement 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District is currently studying the Statement and plans on adoption if and when required, which will generally be for the June 30, 2018 financial statements.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. Future Changes in Accounting Standards (Continued)

GASB has issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses certain issues that have been raised with respect to Statements No. 67, 68, and 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District is currently studying the Statement and plans on adoption if and when required, which will generally be for the June 30, 2018 financial statements.

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, which will enhance comparability of governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations' (ARO), including obligations that may not have been previously reported. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The District is currently studying 2019 financial statements.

GASB has issued Statement 84, *Fiduciary Activities*, which will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2020 financial statements.

GASB has issued Statement 85, *Omnibus 2017*, which will enhance consistency in the application of accounting and financial reporting requirements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2018 financial statements.

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*, which will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2018 financial statements.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. Future Changes in Accounting Standards (Continued)

GASB has issued Statement 87, *Leases*, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2021.

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 in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2017 were as follows:

Original Cost of Capital Assets	\$ 155,606,703
Accumulated Depreciation	<u>(64,857,445)</u>
	<u>\$ 90,749,258</u>

2. In a debt refunding, the difference between the reacquisition price and the net carrying amount of the old bonds is recorded as the deferred amount on refunding and included as a deferred outflow of resources in the Statement of Net Position. However, this amount is not included on the Balance Sheet as it was recorded as an expenditure when it was due, and thus required the use of current financial resources. The balances at June 30, 2017 were as follows:

Deferred Amount on Refunding	<u>\$ 2,938,191</u>
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MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:
(Continued)

3. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expended when it is due, and thus requires the use of current financial resources. This liability at June 30, 2017 was as follows:

Accrued Interest	<u>\$ 243,106</u>
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4. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. The balances at June 30, 2017 were as follows:

Deferred Outflows of Resources - Pensions	\$ 21,263,715
Net Pension Liability - Proportionate Share	(4,771,784)
Deferred Inflows of Resources - Pensions	(1,251,021)
	<u>\$ 15,240,910</u>

5. Long-term liabilities are reported in the Statement of Net Position, but not in the Balance Sheet, because they are not due and payable in the current period. The balance at June 30, 2017 was as follows:

Bonds Payable (Including Deferred)	60,936,327
Installment Purchase Debt	2,498,322
Compensated Absences	1,256,696
Other Postemployment Benefits	72,466,449
	<u>\$ 137,157,794</u>

6. Revenues may be deferred on the Balance Sheet if they are not expected to be received in the current period. However, on the Statement of Net Position, these revenues are earned and not deferred accordingly. Adjustments to deferred revenues as of June 30, 2017 were as follows:

Deferred Revenue	<u>\$ 86,475</u>
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MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Plan Transaction Differences

Pension plan transaction differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:
(Continued)

Explanation of Differences between Statement of Revenues, Expenditures
and the Change in Fund Balance and the Statement of Activities

Total Revenues and Other Funding Sources

Total revenues and other funding sources reported in governmental funds (Schedule 5)	93,060,721
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Because some revenue will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds. However, they are considered to be earned in the Statement of Activities.	86,475
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Loss on retirement of fixed assets is recognized in the entity wide statements under full accrual accounting, whereas it is not in the governmental funds.	<u>(76,553)</u>
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Total revenues in the Statement of Activities (Schedule 2)	<u>\$ 93,070,643</u>
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Total Expenditures & Other Uses/Expenses

Total expenditures and other uses reported in governmental funds (Schedule 5)	\$ 94,275,951
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When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$4,481,985 were less than depreciation of \$4,808,334 in the current year.	326,349
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In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amount actually paid). This is the amount by which compensated absences earned exceeded the amount of financial resources used during the year.	1,256,696
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MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities :
(Continued)

Total Expenditures & Other Uses/Expenses (Continued)

In the Statement of Activities, the expense for other postemployment benefits are measured based on the actuarially determined annual required contribution (ARC) of the District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which the ARC exceeded the amount of financial resources used during the year. 8,049,007

In the Statement of Activities pension expense related to the ERS and TRS defined benefit pension plans is measured as the change in the District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds, however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was exceeded by the amount of financial resources expended during the year. 187,643

Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable last year exceeded the interest payable this year. (51,844)

Premiums and discounts on long-term debt issuances and deferred amounts from debt refundings are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities. This is the amount that was amortized during the fiscal year. (286,003)

Repayment of bond and installment debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (6,427,518)

Total expenses in the Statement of Activities (Schedule 2) \$ 97,330,281

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. STEWARDSHIP AND COMPLIANCE.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4. CASH.-CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4. CASH.-CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL (Continued)

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$	32,300,161

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$19,962,962 within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2017, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 879,619	\$ 0	\$ 0	\$ 879,619
Construction in Progress	2,446,699	3,072,739	(2,329,241)	3,190,197
Total Nondepreciable Assets	3,326,318	3,072,739	(2,329,241)	4,069,816
Capital assets that are depreciated:				
Buildings & Improvements	129,491,564	0	2,329,241	131,820,805
Furniture & Equipment	10,304,014	395,206	(41,346)	10,657,874
Vehicles	8,522,310	1,014,040	(478,142)	9,058,208
Total Depreciable Assets	148,317,888	1,409,246	1,809,753	151,536,887
Less: Accumulated Depreciation	(60,492,046)	(4,808,334)	442,935	(64,857,445)
Capital Assets, Net	\$ 91,152,160	\$ (326,349)	\$ (76,553)	\$ 90,749,258

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 34,787
Instruction	3,977,907
Transportation	756,988
Cost of Sales	38,652
Total Depreciation	\$ 4,808,334

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6. SHORT-TERM DEBT.

Transactions in short-term debt for the year are summarized below:

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance June 30, 2017
BAN maturing 6/29/2018 at 1.4%	\$ 0	\$ 2,300,000	\$ 0	\$ 2,300,000
Total Short-Term Debt	\$ 0	\$ 2,300,000	\$ 0	\$ 2,300,000

NOTE 7. LONG-TERM LIABILITIES.

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	\$ 61,958,937	\$ 0	6,178,937	\$ 55,780,000	\$ 4,720,000
Deferred Premium on Refunding	5,682,217	0	525,890	5,156,327	427,694
Total Bonds Payable	67,641,154	0	6,704,827	60,936,327	5,147,694
Installment Purchase Debt	2,746,903	0	248,581	2,498,322	261,140
Total Bonds and Notes Payable	70,388,057	0	6,953,408	63,434,649	5,408,834
Other Liabilities:					
Compensated Absences	240,937	1,099,841	84,082	1,256,696	0
Other Postemployment Benefit	64,417,442	10,455,300	2,406,293	72,466,449	0
Net Pension Liability -					
Proportionate Share	4,646,522	5,194,650	5,069,388	4,771,784	0
Total Other Liabilities	69,304,901	16,749,791	7,559,763	78,494,929	0
Total Long-Term Liabilities	\$ 139,692,958	\$ 16,749,791	\$ 14,513,171	\$ 141,929,578	\$ 5,408,834

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. LONG-TERM LIABILITIES. (Continued)

Existing serial bond and note obligations are as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Serial Bonds, 2009	2009	2025	1.75% - 3.50%	1,140,000
Serial Bonds, 2011	2011	2037	2.50% - 4.00%	450,000
Refunding Series 2013	2013	2024	2.00% - 5.00%	8,950,000
Refunding Series 2015	2015	2037	1.00% - 5.00%	30,825,000
Serial Bonds, 2016	2015	2019	2.0000%	1,810,000
Refunding Series 2016	2016	2025	2.00% - 4.00%	12,605,000
				<u>\$ 55,780,000</u>
Installment Purchase Debt				<u>2,498,322</u>
Total Debt				<u>\$ 58,278,322</u>

The following is a summary of maturing debt service requirements:

<u>For the Year Ended June 30,</u>	<u>Serial Bonds</u>		<u>Installment Purchase Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 4,720,000	\$ 2,091,488	\$ 261,140	\$ 121,449
2019	4,775,000	1,955,500	274,334	108,255
2020	4,025,000	1,813,400	288,194	94,395
2021	4,175,000	1,645,275	302,754	79,835
2022	4,370,000	4,666,725	318,050	63,539
2023 - 2027	15,740,000	2,207,925	1,053,850	94,917
2028 - 2032	8,975,000	659,856	0	0
2033 - 2037	9,000,000	0	0	0
TOTAL	<u>\$ 55,780,000</u>	<u>\$ 15,040,169</u>	<u>\$ 2,498,322</u>	<u>\$ 562,390</u>

Interest on long-term debt for the year was composed of:

Less: Interest accrued in the prior year	(294,950)
Less: Amortization of premium and deferred amount - bond refund	(286,003)
Plus: Interest accrued in the current year	<u>243,106</u>
Total interest expense	<u>\$ 2,118,694</u>

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS.

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System's website located at www.nystrs.org.

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Tiers 1 and 2 (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Tier 6 (Continued)

than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Post-Retirement Benefit Increases (Continued)

This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credit service times final average salary.

Under Article 19 of the RSSL, eligible Tiers 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of two additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at ages 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55 through 62 regardless of service credit.

Vested Benefits

Retirement benefits after 5 years of credited service except for Tiers 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations noted for service requirements above.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tiers 1 and 2 members may, under certain conditions, claim out of state service.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of the annual benefit. The applicable percentage payable beginning September 2016 is 1.0%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2016 - 2017	3,454,452	1,261,233
2015 - 2016	3,760,213	1,284,248
2014 - 2015	4,801,621	1,642,348

The District chose to prepay the required contributions to ERS by December 15th each year and received a discount.

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

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

At June 30, 2017, the District reported the following asset/(liability) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2017, for ERS and June 30, 2016 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

At March 31, 2017, the District's proportion of the NYSERS net pension asset/(liability) was 0.0298419%, which was an increase of .0008921% from its proportion measured as of March 31, 2016.

At June 30, 2017, the District's proportion of the NYSTRS net pension asset/(liability) was 0.183725%, which was an increase of 0.001356% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District's recognized pension expense of \$1,676,715 for ERS and the actuarial value \$3,230,283 for TRS. At June 30, 2017, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows or Resources			Deferred Inflows or Resources		
	ERS	TRS	Total	ERS	TRS	Total
Differences between expected and actual experience	\$ 70,266	\$ 0	\$ 70,266	\$ 425,805	\$ 639,242	\$ 1,065,047
Changes of Assumptions	957,954	11,209,674	12,167,628	0	162,265	162,265
Net difference between projected and actual earnings on pension plan investments	560,075	4,424,583	4,984,658	0	0	0
Changes in proportion and difference between the District's contributions and proportionate share of contributions	242,265	0	242,265	23,709	0	23,709
District's contributions subsequent to the measurement date	340,776	3,458,122	3,798,898	0	0	0
Total	<u>\$ 2,171,336</u>	<u>\$ 19,092,379</u>	<u>\$ 21,263,715</u>	<u>\$ 449,514</u>	<u>\$ 801,507</u>	<u>\$ 1,251,021</u>

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

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

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>TRS</u>
2018	\$ 601,257	\$ 1,344,284
2019	601,257	1,344,284
2020	521,583	4,780,537
2021	(343,051)	3,711,419
2019	0	1,688,985
Thereafter	0	1,963,241

Actuarial Assumptions

The total ERS pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The total TRS pension liability at June 30, 2016 was determined by using an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. These actuarial valuations used the following actuarial assumptions.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS										
Measurement Date	March 31, 2017	June 30, 2016										
Inflation Rate	2.5%	2.5%										
Projected Salary Increases	3.8%	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
		<table><tr><th>Service</th><th>Rate</th></tr><tr><td>5</td><td>4.72%</td></tr><tr><td>15</td><td>3.46%</td></tr><tr><td>25</td><td>2.37%</td></tr><tr><td>35</td><td>1.90%</td></tr></table>	Service	Rate	5	4.72%	15	3.46%	25	2.37%	35	1.90%
Service	Rate											
5	4.72%											
15	3.46%											
25	2.37%											
35	1.90%											
Projected Cost of Living Adjustments	1.3%	1.5%										
Investment Rate of Return, Including Inflation	7.0%, compounded annually, net of investment expense	7.5%, compounded annually, net of pension plan investment expense										
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 to March 31, 2015	Based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.										
Mortality Improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014										

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

	ERS			TRS	
Measurement Date	March 31, 2017		Measurement Date	June 30, 2016	
	Target Allocation	Long-term expected real rate of return		Target Allocation	Long-term expected real rate of return*
<u>Asset Class:</u>			<u>Asset Class:</u>		
Domestic Equity	36%	4.55%	Domestic Equities	37%	6.50%
International Equity	14%	6.35%	International Equities	18%	7.30%
Private Equity	10%	7.75%	Real Estate	10%	5.40%
Real Estate	10%	5.80%	Alternative investments	7%	9.20%
Absolute Return Strategies (1)	2%	4.00%	Domestic fixed income securities	17%	1.00%
Opportunistic Portfolio	3%	5.89%	Global fixed income securities	2%	0.80%
Real Assets	3%	5.54%	Mortgages	8%	3.10%
Bonds and Mortgages	17%	1.31%	Short-term	1%	0.10%
Cash	1%	-0.25%			
Inflation-indexed bonds	4%	1.50%			
Total	100%		Total	100%	
			* Real rates of return are net of a long-term inflation		

* Real rates of return are net of a long-term inflation assumption of 2.1%.

The real rate of return is net of the long-term inflation assumption of 2.50%.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the ERS and TRS net pension liability calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension asset/(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 referred to above:

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption
(Continued)

ERS	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (8,955,463)	\$ (2,804,013)	\$ 2,397,026
TRS	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(25,674,040)	(1,967,771)	17,915,806

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of the measurement dates indicated below were as follows:

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2017	June 30, 2016
Employers' total pension asset/(liability)	\$ (177,400,586)	\$ (108,577,184)
Plan net position	168,004,363	107,506,142
Employer's net pension asset/(liability)	<u>\$ (9,396,223)</u>	<u>\$ (1,071,042)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	94.70%	99.01%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contributions for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$340,776 of employer contributions. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through state aid intercept. Accrued retirement contributions as of June 30, 2017 based on TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS system. Accrued retirement contributions as of June 30, 2017 amounted to \$3,616,899.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9. INTERFUND BALANCES AND ACTIVITY.

Interfund balances and activity for the year ended June 30, 2017, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 2,748,206	\$ 0	\$ 0	\$ 592,155
Special Aid Fund	0	1,600,551	592,155	0
Capital Fund	0	1,146,404	0	0
Total Governmental Activities	2,748,206	2,746,955	592,155	592,155
Fiduciary Agency Fund	0	1,251	0	0
Totals	<u>\$ 2,748,206</u>	<u>\$ 2,748,206</u>	<u>\$ 592,155</u>	<u>\$ 592,155</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State.

NOTE 10. POST-EMPLOYMENT BENEFITS.

The District provides post-employment health insurance (life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, requires the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2017, the District recognized \$2,406,293 for its share of insurance premiums for currently enrolled retirees.

The District has obtained a rolled forward actuarial valuation report as of July 1, 2016. The total liability indicated in this report for other post-employment benefits as of June 30, 2017 made by the district is \$72,466,449, which is reflected in the Statement of Net Position.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual Required Contribution	\$ 11,511,201
Interest on Net OPEB Obligation	2,898,785
Amortization of Net OPEB Obligation	<u>(3,954,686)</u>
Annual OPEB Cost (Expense)	10,455,300
Contributions Made	<u>(2,406,293)</u>
Increase in Net OPEB Obligation	8,049,007
Net OPEB Obligation - Beginning of Year	<u>64,417,442</u>
Net OPEB Obligation - End of Year	<u><u>\$ 72,466,449</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 10,455,300	23.0%	\$ 72,466,449
6/30/2016	14,489,062	14.8%	64,417,442
6/30/2015	13,660,065	15.4%	52,071,223

Funded Status and Funding Progress.

Funded Status and Funding Progress. As of July 1, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$112,886,097, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$112,886,097. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

Actuarial Methods and Assumptions.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 rolled forward valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included a 4.5% investment rate of return, net of administrative expenses on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of for pre-65 claims 7.6% initially, reduced by decrements to an ultimate rate of 4.5% after 8 years. The annual healthcare cost trend rate for post-65 claims begins at 8.68%, and decreases to 4.5% after 8 years. The level dollar amortization method was used to amortize the initial unfunded accrued liability over a period of 30 years. The remaining amortization period of the initial UAAL at June 30, 2017, was 22 years.

NOTE 11. RISK MANAGEMENT.

General Information

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Consortiums and Self-Insured Plan

The District participates in the Orange/Ulster District Health Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage through August 31. The pool is operated for the benefit of 29 individual governmental units located within the counties. The School District pays an annual premium to the Plan for this health insurance coverage. The plan is considered a self-sustaining risk pool that will provide coverage for its members and Minisink Valley Central School District has essentially transferred all related risk to the Fund/Pool/Plan.

Self-Funded Medical and Prescription Plan

Effective September 1, 2016, the District is self-insured for medical and prescription health insurance benefits for all eligible staff and retirees. Under the program, the District is responsible for claim payments. Empire Blue Cross, Inc. is the third-party claims administrator for the District's health plan. The cost of medical and prescription claims are paid out of employee and employer contributions funded in a separate bank account through Empire. The District pays the medical claims and related administrative fees on weekly basis by funding in advance the separate bank account. Health claims incurred in June and paid in July in the amount of \$449,753 have been recorded as provided by Empire.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11. RISK MANAGEMENT. (Continued)

Consortiums and Self-Insured Plan (Continued)

Self-Funded Medical and Prescription Plan Continued)

To provide claims protection for unanticipated large claims, the District has purchased both aggregate and specific stop loss coverage from HM Life Insurance Company of New York. The aggregate insurance provides full coverage for aggregate claims in excess of 125% of expected claims. The specific stop loss insurance assumes the risk for claims on any individual in excess of \$250,000 paid during the plan year. The plan did incur two high cost claims that triggered reimbursement from the stop loss policy. The claims resulted in reimbursements to the plan of \$246,976 and \$30,514 respectively. The claims did not adversely affect the district's premium renewal for 2017-18 stop loss coverage.

Self-Funded Dental and Vision Plans

Effective September 1, 2016, the District is self-insured for dental and vision insurance benefits for support staff and administrators. (The teachers' union maintains their own Benefit Trust Fund for dental and vision.) Under the District's program, the District is responsible for funding dental and vision claim payments. Delta Dental of New York is the third party claims administrator for the District's dental plan. Davis Vision is the third party claims administrator for the District's vision plan. The claims for dental and vision care are paid out of employee and employer contributions. The District pays the dental and vision claims and related administrative fees on a weekly basis by transferring funds to Delta Dental and Davis Vision.

The District has not purchased stop loss insurance on the self-funded dental or vision plans as they both have a limited potential liability that does not represent a significant portion of the overall health insurance costs. The District's liability is limited to the annual dental maximum per covered individual, which is \$1,500 for active employees and \$1,000 for retirees for the year ended June 30, 2017. The vision benefits are limited to an annual plan maximum of approximately \$250 per covered individual.

NOTE 12. COMMITMENTS AND CONTINGENCIES.

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessments rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions in excess of the Tax Certiorari Reserve will be funded in the year the payment is made.

The district has signed commitments for construction projects which commenced during the 2016-2017 year. The High School, Middle School, and Otisville building projects together are the Phase III B Reconstruction project. These buildings will be completed in 2017-2018.

The Phase III B Reconstruction project has signed commitments of \$3,338,188.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13. ENCUMBRANCES.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. Encumbrances of appropriations of budgets for the year ended June 30, 2017 have been included in the assigned fund balances of the following fund as of June 30, 2017:

General Fund	\$ 1,295,299
Total Encumbrances	<u>\$ 1,295,299</u>

NOTE 14. OPERATING LEASES.

The District leases equipment and property under operating leases. Rental expense for the year ended June 30, 2017 was \$30,729.

Minimum annual rentals for each of the remainder of the lease are:

<u>For the Year Ended June 30,</u>	
2018	\$ 42,900
2019	12,900
2020	12,900

NOTE 15. DONOR-RESTRICTED ENDOWMENTS.

The District administers endowment funds, which are restricted by the donor for the purpose of student scholarships and awards.

The District authorizes expenditure from donor restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the district.

NOTE 16. TAX ABATEMENT.

The Orange County Industrial Development Agency ("the IDA") entered into property tax abatement agreements that reduced the District's gross tax revenues. Generally, property tax abatement agreements are entered into by the IDA under New York Real Property Tax Law, Section 412-a and General Municipal Law, Section 874 in order to induce businesses to acquire, renovate, construct and upgrade certain real property within Orange County. For a qualified and approved project, the IDA takes title or a leasehold interest in the property thereby technically making the property exempt from all real property taxes. However, the IDA requires the execution of a Payment in Lieu of Taxes (PILOT) Agreement with the company which requires the company to pay the current real property taxes, including land and special district taxes, to the County, Town/Village and School District in which it is located and a graduated percentage of taxes upon the improvements constructed on the property.

For the fiscal year ended June 30, 2017, the District abated property taxes totaling \$82,814 under these property tax abatement agreements and received payments in lieu of tax (PILOT) in the amount of \$341,115.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 6, 2017 the date that the financial statements were available to be issued. The following subsequent event has been identified:

Effective July 1, 2017 the District elected to establish a self-funded Worker's Compensation Insurance Plan to pay worker's compensation claims.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2016	\$ 0	\$ 112,886,097	\$ 112,886,097	0.00%	\$ 38,666,788	291.9%
7/1/2014	0	136,916,993	136,916,993	0.00%	33,090,519	413.8%
7/1/2012	0	105,503,682	105,503,682	0.00%	32,379,462	325.8%

In accordance with GASB Statement 45, the District is required to have an actuarial valuation done biennially. Rolled over valuations are prepared for the years that full actuarial valuations are not completed.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT

SLATE HILL, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
<u>REVENUES</u>				
LOCAL SOURCES:				
Real Property Taxes	\$ 38,060,880	\$ 38,060,880	\$ 38,370,518	\$ 309,638
Other Tax Items	6,517,045	6,517,045	5,793,188	(723,857)
Charges for Services	120,500	120,500	201,909	81,409
Use of Money & Property	15,000	15,000	36,187	21,187
Sale of Property & Compensation for Loss	30,000	69,221	502,959	433,738
Miscellaneous	334,500	334,500	1,949,369	1,614,869
STATE SOURCES	43,036,622	43,111,622	42,525,732	(585,890)
FEDERAL SOURCES	100,000	100,000	151,677	51,677
OTHER SOURCES:				
Operating Transfers In	0	0	0	0
TOTAL REVENUES	88,214,547	88,328,768	\$ 89,531,539	\$ 1,202,771
APPROPRIATED FUND BALANCE	9,409,938	9,409,938		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	\$ 97,624,485	\$ 97,738,706		

See paragraph on supplementary schedules included in auditor's report.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT

SLATE HILL, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
<u>EXPENDITURES</u>					
GENERAL SUPPORT:					
Board of Education	\$ 56,669	\$ 76,864	\$ 59,398	\$ 0	\$ 17,466
Central Administration	555,801	568,507	559,294	197	9,016
Finance	702,971	738,920	683,400	5,500	50,020
Staff	375,044	442,064	402,001	14,991	25,072
Central Services	6,107,014	5,896,580	4,821,324	30,222	1,045,034
Special Items	1,152,061	1,152,061	1,029,094	1,140	121,827
INSTRUCTIONAL:					
Instruction, Administration & Improvement	2,161,900	2,188,080	2,094,143	1,400	92,537
Teaching - Regular School	24,668,307	24,613,149	23,273,677	41,332	1,298,140
Programs for Children with Handicapping Conditions	17,220,545	16,163,287	14,084,554	227,389	1,851,344
Occupational Education	2,100,000	2,085,000	1,793,960	0	291,040
Teaching - Special Schools	926,584	1,005,620	875,432	0	130,188
Instructional Media	1,560,427	1,684,338	1,538,139	0	146,199
Pupil Services	2,990,165	3,177,556	2,865,622	1,109	310,825
PUPIL TRANSPORTATION	6,140,268	7,131,951	5,599,420	962,020	570,511
COMMUNITY SERVICES	16,250	16,250	9,347	0	6,903
EMPLOYEE BENEFITS	21,781,684	21,606,628	18,405,276	10,000	3,191,352
DEBT SERVICE:					
Debt Service - Principal	6,367,518	6,404,184	6,427,518	0	(23,334)
Debt Service - Interest	2,491,277	2,537,667	2,456,541	0	81,126
TOTAL EXPENDITURES	97,374,485	97,488,706	86,978,140	1,295,300	9,215,266
OTHER USES:					
Operating Transfers Out	250,000	250,000	592,155	0	(342,155)
TOTAL EXPENDITURES & OTHER USES	\$ 97,624,485	\$ 97,738,706	87,570,295	\$ 1,295,300	\$ 8,873,111
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			\$ 1,961,244		

See paragraph on supplementary schedules included in auditor's report.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

NYSERS Pension Plan
Last 10 Fiscal Years*

	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
District's proportion of the net pension asset/(liability)	0.0298419%	0.0289498%	0.0304224%	0.0304224%
District's proportionate share of the net pension asset/(liability)	(2,804,013)	(4,646,522)	(1,027,743)	(1,374,745)
District's covered-employee payroll	9,277,692	8,556,497	7,905,074	8,298,551
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-30.22%	-54.30%	-13.00%	-16.57%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%	97.15%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
District's proportion of the net pension asset/(liability)	0.183725%	0.182369%	0.179922%	0.176529%
District's proportionate share of the net pension asset/(liability)	(1,967,771)	18,942,345	20,042,154	1,162,006
District's covered-employee payroll	28,350,603	27,394,324	26,577,235	26,116,313
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-6.94%	69.15%	75.41%	4.45%
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%	111.48%	100.70%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this is the third year of implementation prior year information is only available for 4 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

NYSERS Pension Plan
Last 10 Fiscal Years*

	<u>3/31/2016</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Contractually required contribution	\$ 1,247,764	\$ 1,247,764	\$ 1,346,651	\$ 1,627,679
Contributions in relation to the contractually required contribution	<u>1,247,764</u>	<u>1,247,764</u>	<u>1,346,651</u>	<u>1,627,679</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	9,277,692	8,556,497	7,905,074	8,298,551
Contributions as a percentage of its covered-employee payroll	13.45%	14.58%	17.04%	19.61%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Contractually required contribution	\$ 3,759,290	\$ 4,802,225	\$ 4,318,801	\$ 3,061,543
Contributions in relation to the contractually required contribution	<u>3,759,290</u>	<u>4,802,225</u>	<u>4,318,801</u>	<u>3,061,543</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	28,350,603	27,394,324	26,577,235	26,116,313
Contributions as a percentage of its covered-employee payroll	13.26%	17.53%	16.25%	11.72%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this is the third year of implementation prior year information is only available for 4 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND
THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2017

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET	\$ 96,070,850
ADDITIONS:	
Encumbrances from Prior Year	<u>1,553,635</u>
ORIGINAL BUDGET	97,624,485
BUDGET REVISIONS:	
Budget Amendment for NYS Special Grant Revenue:	
3 D Printers	75,000
Appropriated Fund Balance	
3 D Printers	<u>39,221</u>
FINAL BUDGET	<u><u>\$ 97,738,706</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2017-2018 Voter-approved expenditure budget maximum allowed (4% of 2017-2018 budget \$97,407,064)	\$ 3,896,283
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 9,874,251
Unassigned Fund Balance	<u>3,896,283</u>
Total Unrestricted Fund Balance	<u>13,770,534</u>
Less:	
Appropriated Fund Balance	8,578,951
Encumbrances Included in Committed and Assigned Fund Balance	<u>1,295,300</u>
Total Adjustments	<u>\$ 9,874,251</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,896,283</u></u>
Actual Percentage	4.00%

See paragraph on supplementary schedules included in auditor's report.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE			UNEXPENDED BALANCE	METHODS OF FINANCING				FUND BALANCE JUNE 30, 2017
			PRIOR YEARS	CURRENT YEAR	TOTAL		PROCEEDS FROM DEBT	STATE AID	LOCAL SOURCES	TOTAL	
Handicapped Renovations	\$ 25,000	\$ 9,490	\$ 0	\$ 0	\$ 0	\$ 9,490	\$ 0	\$ 0	\$ 9,490	\$ 9,490	\$ 9,490
Asbestos Project	400,000	400,000	0	0	0	400,000	0	0	0	0	0
Storage Building	27,000	54,000	37,228	0	37,228	16,772	0	0	54,000	54,000	16,772
Otisville Plumbing	125,000	125,000	105,775	0	105,775	19,225	0	0	125,000	125,000	19,225
Plumbing/Boiler - Otisville	60,000	60,000	0	0	0	60,000	0	0	60,000	60,000	60,000
Addition to Storage Building/Maintenance Eq.	10,000	10,000	8,954	0	8,954	1,046	0	0	10,000	10,000	1,046
Upgrade Existing Tennis Courts	30,000	30,000	0	0	0	30,000	0	0	30,000	30,000	30,000
Auditorium and Access Road	916,340	916,340	912,783	0	912,783	3,557	916,340	0	0	916,340	3,557
High School Sewer Shed Roof	52,844	52,844	33,328	0	33,328	19,516	0	0	52,844	52,844	19,516
Health & Safety Improvements - H.S.	221,660	221,660	186,757	0	186,757	34,903	0	0	221,660	221,660	34,903
Bus Garage Reconstruction	54,286	54,286	51,608	0	51,608	2,678	0	0	54,286	54,286	2,678
Middle School Improvements	18,367,000	16,400,000	16,148,981	0	16,148,981	251,019	16,400,000	0	0	16,400,000	251,019
High School Improvements	1,333,000	350,000	295,225	0	295,225	54,775	350,000	0	0	350,000	54,775
Gym Door Partition	33,600	33,600	33,600	0	33,600	0	0	0	0	0	(33,600)
Bus Purchase	385,000	385,000	381,940	0	381,940	3,060	0	0	385,000	385,000	3,060
Elementary - Intermediate School Alterations	1,950,000	1,950,000	1,945,719	0	1,945,719	4,281	1,950,000	0	0	1,950,000	4,281
New Otisville School	37,625,000	37,625,000	37,623,026	0	37,623,026	1,974	37,625,000	0	0	37,625,000	1,974
Pole Barn	235,050	235,050	230,263	0	230,263	4,787	0	0	235,050	235,050	4,787
Condition Survey	90,000	90,000	92,863	0	92,863	(2,863)	0	0	90,000	90,000	(2,863)
Middle School Site	0	2,200,000	2,006,064	0	2,006,064	193,936	2,200,000	0	0	2,200,000	193,936
High School Site	0	300,000	203,924	0	203,924	96,076	300,000	0	0	300,000	96,076
New Bus Garage	4,500,000	4,500,000	4,298,132	0	4,298,132	201,868	4,500,000	0	0	4,500,000	201,868
Elementary/Intermediate Excel	13,100,000	10,738,514	10,012,026	0	10,012,026	726,488	10,100,000	483,622	0	10,583,622	571,596
High School Excel	5,764,000	5,531,695	4,630,377	0	4,630,377	901,318	4,600,000	230,023	0	4,830,023	199,646
Middle School Excel	3,668,000	2,525,250	2,525,250	0	2,525,250	0	2,300,000	103,218	0	2,403,218	(122,032)
Otisville Excel	262,000	0	0	0	0	0	0	0	0	0	0
Bus Garage Excel	3,406,000	4,856,563	2,281,606	0	2,281,606	2,574,957	2,400,000	0	0	2,400,000	118,394
Elementary/Intermediate Excel - Phase II	0	602,432	710,671	0	710,671	(108,239)	0	0	0	0	(710,671)
High School Excel - Phase II	0	603,826	510,711	0	510,711	93,115	0	0	0	0	(510,711)
Middle School Excel - Phase II	93,742	93,742	21,052	0	21,052	72,690	0	0	0	0	(21,052)
Elementary/Intermediate Excel - Phase 3	0	0	0	0	0	0	0	0	0	0	0
High School Excel - Phase 3	249,400	334,819	241,679	0	241,679	93,140	0	0	0	0	(241,679)
Middle School Excel - Phase 3	409,000	507,530	507,530	0	507,530	0	0	0	0	0	(507,530)
Excel Phase 3 Sewer	171,600	244,459	337,599	0	337,599	(93,140)	0	0	0	0	(337,599)
Middle School Excel Phase 3A	2,535,000	2,035,345	117,458	1,908,123	2,025,581	9,764	0	0	0	0	(2,025,581)
High School Excel - Phase 3B	3,009,000	2,965,870	0	925,696	925,696	2,040,174	0	0	0	0	(925,696)
Middle School Excel - Phase 3B	989,600	1,029,600	0	287,667	287,667	741,933	0	0	0	0	(287,667)
Otisville Excel - Phase 3B	265,000	268,130	0	47,042	47,042	221,088	0	0	0	0	(47,042)
Elementary/Intermediate 2018	0	0	0	880	880	(880)	0	0	0	0	(880)
Otisville 2018	0	0	0	440	440	(440)	0	0	0	0	(440)
Middle School 2018	0	0	0	4,776	4,776	(4,776)	0	0	0	0	(4,776)
High School 2018	0	0	0	8,904	8,904	(8,904)	0	0	0	0	(8,904)
HS Reconstructive Lighting	450,000	450,000	321,856	0	321,856	128,144	450,000	0	0	450,000	128,144
ES/IS Energy Performance Contract	1,298,970	1,298,970	1,357,244	0	1,357,244	(58,274)	1,298,970	0	0	1,298,970	(58,274)
Transportation Energy Performance Contract	21,649	21,649	2,140	0	2,140	19,509	21,649	0	0	21,649	19,509
MS Energy Performance Contract	931,744	931,744	889,566	0	889,566	42,178	931,744	0	0	931,744	42,178
HS Energy Performance Contract	1,608,463	1,608,463	1,611,876	0	1,611,876	(3,413)	1,608,463	0	0	1,608,463	(3,413)
Condition Survey 2015-2016	0	0	33,858	0	33,858	(33,858)	0	0	0	0	(33,858)
Buses - 2013	0	1,335,735	1,332,375	0	1,332,375	3,360	1,332,375	0	0	1,332,375	0
Buses - 2014	1,057,268	1,057,268	1,057,268	0	1,057,268	0	1,057,268	0	0	1,057,268	0
Buses - 2015	1,543,397	1,543,397	1,539,519	0	1,539,519	3,878	274,294	0	1,271,956	1,546,250	6,731
	\$ 107,274,613	\$ 106,587,271	\$ 94,637,831	\$ 3,183,528	\$ 97,821,359	\$ 8,765,912	\$ 90,616,103	\$ 816,863	\$ 2,599,286	\$ 94,032,252	\$ (3,789,107)

See paragraph on supplementary schedules included in auditor's report.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS, NET		\$ 90,749,258
ADDITIONS:		
Deferred Amount on Refunding		<u>2,938,191</u>
		93,687,449
DEDUCTIONS		
Bond Anticipation Note	\$ 2,300,000	
Short-term Portion of Bonds Payable	5,147,694	
Long-term Portion of Bonds Payable	55,788,633	
Short-term Portion of Installment Debt	261,140	
Long-term Portion of Installment Debt	<u>2,237,182</u>	
Total Bonds and Notes Payable	65,734,649	
Less: Unspent Bond Proceeds	<u>(1,709,965)</u>	
Related Debt		<u>(64,024,684)</u>
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 29,662,765</u>

See paragraph on supplementary schedules included in auditor's report.



Nugent & Haeussler, P.C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the President and Members
of the Board of Education of
Minisink Valley Central School District
Slate Hill, New York 10973

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA

Patrick M. Bullis, CPA
Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA
Justin B. Wood, CPA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund of Minisink Valley Central School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Minisink Valley Central School District's basic financial statements and have issued our report thereon dated October 6, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Minisink Valley Central School 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 Minisink Valley Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Minisink Valley Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of 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 entity'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 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Minisink Valley Central School 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nugent & Haussler, P.C.

Montgomery, New York
October 6, 2017



Nugent & Haeussler, P.C.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the President and Members
of the Board of Education of
Minisink Valley Central School District
Slate Hill, New York 10973

Peter J. Bullis, CPA, FACFEI, DABFA
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Report on Compliance for Each Major Federal Program

We have audited Minisink Valley Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Minisink Valley Central School District's major federal programs for the year ended June 30, 2017. Minisink Valley Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Minisink Valley Central School District's major federal 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; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Minisink Valley Central School 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 federal program. However, our audit does not provide a legal determination of Minisink Valley Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Minisink Valley Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

Jugent & Hausler, P.C.

Montgomery, New York
October 6, 2017

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>SUBRECIPIENT AWARDS</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (food distribution)				
Commodity Supplemental Food Program	10.555	N/A		\$ 106,411
Cash Assistance				
National School Breakfast Program	10.553	N/A		57,664
National School Lunch Program	10.555	N/A		457,193
Cash Assistance Subtotal				514,857
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER				621,268
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through NYS Education Department:				
Special Education Cluster (IDEA):				
IDEA - Part B, Section 611	84.027	0032-17-0686	\$ 55,146	792,800
IDEA - Part B, Section 619	84.173	0033-17-0686	12,093	25,558
Total Special Education Cluster			67,239	818,358
Title I Parts A&D, Basic Program	84.010	0021-17-2260		359,601
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-17-2260		86,259
TOTAL U.S. DEPARTMENT OF EDUCATION				1,264,218
TOTAL PASSED THROUGH NYS DEPARTMENT OF EDUCATION				1,885,486
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,885,486

The accompanying notes are an integral part of the schedule.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION.

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2. NON-CASH ASSISTANCE.

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$106,411 of commodities under the Commodity Supplemental Food Program (CFDA 10.555).

NOTE 3. OTHER DISCLOSURES.

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I-SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Opinion Issued: Unqualified

Internal Control over Financial Reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses

_____ Yes X None Reported

Type of Auditor's Opinion Issued on Compliance for
Major Programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Section 2 CFR-20.516(a) ?

_____ Yes X No

IDENTIFICATION OF MAJOR PROGRAMS:

<u>CFDA NUMBERS</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements as required to be reported in accordance with the Uniform Guidance.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR-20.516(a).

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR-20.516(a).



Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1925

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of
Minisink Valley Central School District
Slate Hill, New York 10973

Report on the Financial Statements

We have audited the accompanying financial statement of Minisink Valley Central School District's extraclassroom activity funds, which comprise the statement of assets, liabilities, and fund balance-cash basis as of June 30, 2017, and the related statement of receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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. 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 entity'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 entity'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 opinion.

To the President and Members
of the Board of Education of
Minisink Valley Central School District

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets liabilities and fund balance-cash basis of the extraclassroom activity funds of Minisink Valley Central School District as of June 30, 2017, and its cash receipts and cash disbursements for the year then ended, on the basis of accounting described in Note #1.

Basis of Accounting

We draw your attention to Note #1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Jugent & Hausler, P.C.

Montgomery, New York
October 6, 2017

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2017

ASSETS

Cash in Checking	<u>\$ 224,661</u>
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LIABILITIES AND FUND BALANCE

Sales Tax Payable	1,611
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Fund Balance, Beginning of Year	\$ 206,874	
Excess of Receipts over Disbursements	<u>16,176</u>	
Fund Balance, End of Year		<u>223,050</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 224,661</u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	CASH BALANCE			CASH BALANCE
HIGH SCHOOL	JUNE 30, 2016	RECEIPTS	DISBURSEMENTS	JUNE 30, 2017
Senior Class	\$ 13,789	\$ 51,256	\$ 64,809	\$ 236
Junior Class	6,547	24,422	25,507	5,462
Sophomore Class	2,023	754	0	2,777
Freshman Class	2,268	3,908	4,446	1,730
Girl's Basketball	958	2,106	1,071	1,993
Girl's Softball	3,722	10,345	3,893	10,174
Choir Club	2,168	25,182	26,863	487
C.A.R.E.	23	0	0	23
Wrestling Club	1,011	8,776	6,187	3,600
Boy's Basketball	2,032	7,584	5,252	4,364
Drama Club	10,370	31,110	30,791	10,689
Tech Club	0	36,948	8,735	28,213
Study Buddies	223	2,825	3,018	30
Football Club	855	0	300	555
National Honor Society	3,136	4,289	4,401	3,024
SADD Club	329	998	731	596
Boy's Soccer Club	513	1,560	1,940	133
Student Council - HS	24,567	1,563	20,505	5,625
Track Club	47	0	0	47
Varsity Club	1,607	211	443	1,375
Girl's Volleyball	2,095	0	0	2,095
Yearbook Club	34,865	14,732	19,493	30,104
Art-Museum Club	893	1,089	728	1,254
Girl's Soccer Club	536	0	0	536
School Store	10,897	12,799	11,628	12,068
FBLA Club	1,826	22,548	23,567	807
Media Club	14	0	14	0
JROTC	7,330	19,733	18,604	8,459
CAP	9,266	2,655	1,694	10,227
Girl's Swim Club	238	5,646	692	5,192
Boy's Swim Club	4,404	18,404	18,238	4,570
Boy's & Girl's Tennis Club	94	0	0	94
Golf Club	238	0	0	238
Cheerleading Club	8,787	47,650	50,310	6,127
Boy's Baseball Club	9,352	23,218	20,032	12,538
Band Club HS	4,735	22,000	19,673	7,113
	<u>\$ 171,758</u>	<u>\$ 404,362</u>	<u>\$ 393,565</u>	<u>\$ 182,555</u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

<u>MIDDLE & INTERMEDIATE SCHOOLS</u>	<u>CASH BALANCE JUNE 30, 2016</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH BALANCE JUNE 30, 2017</u>
Band Club	\$ 5,407	\$ 30,606	\$ 29,692	\$ 6,321
SADD Club	199	0	0	199
Chorus	3,367	6,107	7,140	2,334
Ski Club	964	0	964	0
Student Government - MS	6,111	41,775	39,361	8,525
Tech Crew	234	90	183	141
Yearbook Club	10,990	7,437	4,730	13,697
Chess Club	371	0	0	371
Drama Club	7,473	9,793	8,359	8,907
	<u>\$ 35,116</u>	<u>\$ 95,808</u>	<u>\$ 90,429</u>	<u>\$ 40,495</u>
 Total Extraclassroom Activity Funds	 <u>\$ 206,874</u>	 <u>\$ 500,170</u>	 <u>\$ 483,994</u>	 <u>\$ 223,050</u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT
SLATE HILL, NEW YORK
EXTRAClassroom Activity Funds
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

- (a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of Minisink Valley Central School District. We have included the Extraclassroom Activity Fund balances within the fiduciary funds of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.
- (b) The books and records of Minisink Valley Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.
- (c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.